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Trends in Destination Marketing of Cities

Publication summary

Destination marketing constitutes a vital element in the successful functioning and healthy growth of a city at all levels. Its effective application and management leads to increased business activity within the city, which in turn leads to the attainment of higher levels of social and economic development. The objective of city marketing is the city's image or identity which is the starting point for developing the city's brand. This research explores possible options for the marketing and identity of the city of Port Elizabeth in South Africa. Questionnaires were distributed to various stakeholders of the city to determine a preferred identity for the city. The results indicate a new unique and internationally accepted identity, T*he Green City,* linking Port Elizabeth to the Nelson Mandela Bay Metropolitan area and heritage, the national green electricity hub, renewable energy research and eco-tourism.

Abstract

Destination marketing constitutes a vital element in the successful functioning and healthy growth of a city at all levels. The objective of city marketing is the city's image or identity which is the starting point for developing the city's brand. This research explores possible options for the marketing and identity of the city of Port Elizabeth in South Africa. Data were obtained through questionnaires which were distributed to 3000 participants who represented various stakeholders who have a vested interest in Port Elizabeth. The results revealed that a 'Green city' linking Port Elizabeth to the Nelson Mandela Bay Metropolitan area and heritage, the national green electricity hub, renewable energy research and eco-tourism was the preferred option.

Key words: Destination marketing, City branding and identity, Green hub.

1.   Introduction and objectives

The image of a city refers to how a place is represented nationally and internationally and plays an important role in influencing people's perceptions and choices in visiting, living in or conducting business in the city (Morgan, Pritchard & Piggott 2002). Cities require an identity and hence it is crucial for the destination to have an unique identity (Leisen 2001; Lo, Mohamad, Songan and Yeo 2012). Internationally, Paris is seen as the *city of love*, Oxford is associated with *education*, Liverpool is associated with *The Beatles* and Salzburg is related with music, specifically *Mozart*. The planned creation of a city's identity can help engender civic pride and enhance the desirability of a city as a place to live, work, shop, visit, study or locate a business. The effective application and management of destination marketing can lead to increased business and leisure activity within the city, which in turn can lead to the

attainment of higher levels of social and economic development (Baker & Cameron 2008).

Port Elizabeth in South Africa is a city of vast potential. Indeed, it could be a said of the city that it is one on the threshold of rising eminence in the coming decades. The recent opening of the Port of Ngqura in the international Industrial Development Zone (IDZ) along its shores in Port Elizabeth; the completion of and the positive findings regarding a feasibility study for the construction of a world-class oil refinery within its borders; the extensive work being done to upgrade its infrastructure and facilities and various other developments all bode well for the future of its inhabitants. Several other factors are indicative of how ideal a location the city potentially is as a tourist destination, not the least of which is its very fortunate location along the Sunshine Coast of South Africa.

Port Elizabeth has attempted many identities from the Friendly City, the Gate Way to Adventure, the Water Sport Capital and an excellent value-for-money-family-fun-in-the-sun-holiday destination. However none of these identities have worked in terms of making Port Elizabeth a chosen destination for visiting, living in or conducting business. Nationally, Port Elizabeth is known as the *Windy City*. This identity confusion forms the base for this research. The expected outcome is a possible identity and indicators which the City of Port Elizabeth can use to build an identity that is credible for the stakeholders.

The research problem investigated is that Port Elizabeth lacks a distinctive destination identity. The research objective of this study was to begin a process of discovery in search for possible insights into how the city can best make positive strides in terms of its image and identity. In this study, data were obtained through questionnaires which were distributed to approximately 3000 participants who represented various stakeholders who have a vested interest in Port Elizabeth. A total of 351 fully completed questionnaires were utilised in this study. They included responses from resident families, business owners, individuals residing in the city, students and tourists. The results indicate a new unique and internationally accepted identity, *the green city,* hosting the national green electricity hub, renewable energy research and eco-tourism.

2. Conceptual framework

A destination can be viewed as "a place that attracts visitors for a temporary stay, including continents, countries, states, cities, villages and purpose-built resort areas" and it is thus a blend of all the services and experiences offered to these visitors (Baker & Cameron 2008: 81). It therefore follows that the definition of destination marketing, as provided in 2004 by the World Tourism Organisation (2013), is "a continuous coordinated set of activities associated with efficient distribution of products to high potential markets and involves making decisions about the product, branding, price, market segmentation, promotion and distribution". Destination marketing is an intensely competitive industry. Several authors have elaborated on the various challenges faced by destination marketing organisations around the world (Kavaratzis 2005; Kerr 2006; Pike 2005).

Pike (2005) summarised the challenges of destination marketing as follows:

- destinations are far more multidimensional than consumer goods and other types of services; and
- the market interests of the diverse group of active stakeholders are heterogeneous and the politics of decision making can render the best of theory irrelevant.

An additional challenge lies in the fact that there is a fine balance to be struck between community consensus and brand theory. In a study of the perceptions of 22 destination marketing experts in the United States, Gretzel et al. (2006) identified 19 challenges for Destination Marketing Organisations. These were tabulated and summarised in the following six broad categories:

- adapting to technological change;
- managing expectations;
- the challenges related to the movement from destination marketing to destination management or city branding;
- the confronting of new levels of competition;
- recognising the importance of establishing partnerships; and
- finding new ways to measure success.

Issues that need to be addressed concern how to create and market an integrated community with its own identity, an environment attractive to employers and an integrated residential, retail and employment workspace design (Le Feuvre 2011). Marketing of places is different from traditional consumer products due to the place being immobile, multifaceted and non-priced (Ashworth and Voogd 1990; Erickson and Roberts 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 (Le Feuvre 2011).

Place branding and associated areas such as destination branding, location branding and place image development are receiving increased attention (Hanna and Rowley 2010). Despite the challenges posed by the place product, the application of marketing techniques to places is growing in frequency given the increasing competition which places now face. Today there are more reasons why places must effectively manage and control their branding, including the need to attract businesses, factories, retailers and leisure facilities and individuals such as residents, consumers and visitors (Kotler et al. 1993). Graham (2002) makes a distinction between two parallel cities that exist simultaneously. The first is the 'external city', which is motivated by creating a distinctive identity or commodity. The second is the 'internal city', the city of the mind. This focuses on lifestyle, diversity and internal stakeholders. The perceptions of the internal city are based on individual experiences and needs (Graham 2002: 1011).

The city's image and brand serves as a conduit for city residents to identify with their city. The essence of the brand must be discovered, identified, brought to the surface and not imagined, created or added from the outside through an artificial process. The brand of a city must respond to two major objectives: to create a unified and attractive image for the outsiders (tourists, businessmen, investors etc.) and to allow a process of social therapy, improving moral and spiritual development by creating a psychosocial route in which the local residents find themselves (Cozmiuc 2011).

Multiple parties designing a brand strategy for a city should thoroughly assess the resources and assets a city possesses now. A city branding strategy can enable a city to leverage its 'tangible and non-tangible assets'. The key elements of the situational analysis for a city are Place, People, Processes and Partners. Branding the city assumes a certain urban identity, an urban image, a reputation and local values (Cozmiuc 2011).

There are four sources of added value for a city according to Cozmiuc (2011). These include the experience of people in the city where many city brands are built on the experiences. Most information is still sent through word of mouth (mouth-to-mouth). If people have an enjoyable experience within a city, they will talk about it; on the other hand, if the experience is negative, the result is also opposed. The second source is how the people are perceived, where there is an immediate association with what the city offers the residents (e.g. Universities, trade, historic sites etc.) The city beliefs are third. Does the city symbolise something? Oxford, in the United Kingdom for example, would symbolise education. The fourth source is the city's appearance. A city's physical characteristics are extremely important in defining cities. Examples would be cities rich in history, for example Boston and London.

3. Research methodology

In this study, data were obtained through questionnaires which were distributed to 3000 participants who represented various stakeholders who have a vested interest in Port Elizabeth. They included resident families, business owners, students and tourists. Convenience sampling was used and 351 fully completed questionnaires were received (8.5% response rate). The structure of the questionnaire was as follows: Section one covered the demographic information. Section two included a set of questions dealing with the image of Port Elizabeth in general, which utilised a five point Likert scale, open-ended questions were included to record positive and negative views of the city. Section three allowed for suggestions in terms of pre-selected themes which included environmental issues, lifestyle and business opportunities and benefits of living in and visiting the city, the city as a major sports destination and the city as a place for adventure. The expected outcome was possible options for the marketing and identity of the city Port Elizabeth and possible theme indicators which the Nelson Mandela Bay Development Agency could use to build an identity as a destination.

4. Findings and discussion

The demographics of the respondents indicate that a significantly high proportion of the responding group to be female (65%) nearly double the number of male respondents (35%). The age range of the respondents represented was between (20 – 60 plus), with a slightly higher number of respondents in the (41-50) 33%, while the age range of (21-30) 30% and (31-40) 30% was evenly represented. The response group was a slightly mature group in respect of age, which is not representative of the population and is thus recognised as a limitation of the study.

The level of education of the respondents indicates 70% of the respondents had a higher education qualification (30% had a diploma, 18% had an under-grade degree and 22% had a post grade degree respectively). 30% had a grade 12 or lower qualification (26% had a grade 12 and 4% did not have a grade 12 qualification). The response group consisted mainly of educated individuals which is a limitation of the study as South Africa has a high proportion of un-educated citizens. A significant number, 32% of respondents indicated that they earn a monthly salary above R20 000 ($2000), while 15% of the respondents indicated that their monthly earnings was below R5 000 ($500). 53% indicated that the combined earnings of the household was between R 4 000 ($400) and R20 000 ($2000).

The four pre-selected themes that were tested in this research (Table 1) show that the *Green City* is the preferred option (38% of the respondents). This is followed by the city's image of being a place of adventure (water-sports, sailing, outdoor activities) and a sports destination (cycle tours, international ironman series and road races).

Table 1: Pre-selected themes.

Theme	Percentage
Green city	38
Adventure	27
Place to live and work	18
Sports destination	17

The largest economic sectors in the Nelson Mandela Bay area are manufacturing, finance, community services and transport. The automotive industry is the largest contributor accounting for 26% of the manufacturing Gross Value Added Community services, trade and manufacturing sectors are the sectors that create the most employment in the area.

Five key sectors which have potential for further growth have been targeted for robust development. Two of these sectors, manufacturing and tourism, are currently active contributors to the local economy, while services and creative industries have the potential to support economic growth. The five key sectors are:

- *Manufacturing* – The manufacturing sector is one of the main sectors contributing to the economy of Nelson Mandela Bay. Nelson Mandela Bay is known as the 'car capital' and serves as the perfect destination for automobile exporting and conferencing;
- *Tourism* - The tourism industry in Nelson Mandela Bay is an ever-growing industry with many investment opportunities that include the R800 million($80 million) International Convention Centre;
- *Services* – The services sector, which includes Information Communication Technology (ICT) and Business Processing Outsourcing (BPO), has shown huge potential to grow into major sectors. The climate in Nelson Mandela Bay is perfect for the services sector;
- *Creative Industries* – With the establishment of a new motion picture (film) office, Nelson Mandela Bay has now opened doors for more investment in this sector;
- *Renewable energy* - Renewable Energy is fast becoming of the fastest growing industries in Nelson Mandela Bay. This industry, although new, will be given a boost by government.

A number of respondents (16%) indicated a fair level of awareness of green energy. However, a majority of respondents (68%) have indicated that a general lack of awareness poses a challenge for the promotion of a greener economy in the city. Most of the sample has indicated a positive attitude towards good green practices and the associated benefits that go along with it. With 83% of respondents showing that they would be either very likely or extremely likely to recycle, especially if facilities were provided to make this process easier. In addition, more of respondents (20%) indicated their motivation would be driven by responsibility for the planet rather than by municipal laws that enforced it (4%).

The use of green energy products reflected as 79% of the sample with a majority using energy-efficient lighting and only 11% indicating no use of green energy products. Recycling and segregation of waste are by far the most common practices that respondents report to use. Recycling account for most half, 43%, and segregation of waste is almost at a third, 28% of all environmental friendly practices. There is an overwhelming 90% of business saying they will invest in training and development for green economy with their workforce. This indicates the willingness in the part of business for participating in green initiatives.

The findings suggest that an aggressive marketing strategy that communicates and establishes Port Elizabeth as the "Greenest City in Southern Africa" is aimed at coordinating and encouraging dialogue between public and private sector stakeholders. This would ensure that the region takes full advantage of the opportunities in the renewable energy sector.

The key objectives of this coordinated initiative include the following:

- To consolidate the region as South Africa's leading producer of renewable energy;
- To establish Nelson Mandela Bay as South Africa's primary centres for manufacturing renewable energy machinery;
- To establish the region as the major centre for research and development and training; and
- To ensure that an innovative regulatory environment is designed that promotes investment in the renewable energy sector and ensures that such investments result in real and substantial benefits for local municipalities and for local communities in terms of income and jobs.

South Africa is currently experiencing an energy crisis and has been plagued by roaming blackouts during the winter months. Port Elizabeth is nationally known as the *windy city*. This negative perception can be turned into a positive image as presently, Port Elizabeth and the surrounding region is becoming South Africa's green energy hub. A number of extensive wind-farms (Figure 1) that will provide alternative and natural energy into the energy grid of South Africa are presently being established.

Figure 1: Wind-farms being established in the Port Elizabeth region.

5. Limitations

Though data collected from these stakeholders could indicate general information about their perception of the identity of Port Elizabeth, nonetheless the sample size is too small to

generalize the results. However, this exploratory research has served as a base for future discussion on Port Elizabeth's identity. In addition, the sample consisted of mostly educated stakeholders, who were older and had a higher than average income than the majority of South African residents. As this is exploratory research to identify possible themes, they need to be matched against more empirical evidence from a larger more representative sample to test their appropriateness. The marketing of cities is complex and many other factors, both tangible and intangible need to be researched with both internal and external stakeholders.

6.   Further research

Kavaratzis (2005) poses a question: *Can the city's identity operate as an umbrella that can cover a multitude of stakeholders and audiences?* Further research needs to be done with a larger sample of stakeholders to test whether the themes identified in this study could in fact operate as that 'umbrella' brand. A city is too complex to just treat it as a product that can be sold using insights from standard marketing theory. Cities are historically grown entities that are made up of people in a built environment and attention needs to be given to 'life between buildings' (Hospers 2009).

7. Managerial implications

Municipal managers must consider internal and external stakeholders when identifying the identity of a city. In an attempt to define the city identity, several components of that place: history, attractions, nicknames, population, economy, tourism, residents, visitors should be taken into account. These can be functional or non-functional, may include experiences in the city, what residents believe about their city, town regional significance and the associations assigned to the city. There are reasons why people choose to live, invest or to travel in a certain city (Cozmiuc 2011).

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