

## Place's Image in Latvia and Peculiarities of Its Perception in the Context of Place Marketing

Viktorija Zaluksne<sup>1</sup>, MBA; Baiba Rivza<sup>2</sup>, Dr hab.oec., professor, academician of Latvian Academy of Sciences

**Abstract.** The research of place marketing and a place's image is presently at its very beginnings in Latvia. Even so, the cities already face serious inter-place competition challenges. Networks of schools and health care institutions are being optimised, and the population moves to other, more attractive cities. In such a situation, a place shall be able to compete with other cities. It is, thus, of crucial importance to know the image of place that the population thinks is attractive and the factors that determine the satisfaction levels of residents with their place of residence. The aim of the study is to elucidate the peculiarities of perception in relation to the place's image and popularity of place marketing measures in various populated areas in Latvia. The study involved interviewing of 280 respondents in various populated areas. The article analyses academic place marketing and place branding literature and presents the results of the interviews. Descriptive statistics methods and the chi-square test were used to analyse the results. The study findings outline that the nature of the image of Latvian cities is mostly positive, although, quite often neutral, which shows that cities do not sufficiently engage in the development of their image. The key elements of attraction seen by the inhabitants in their cities include architecture, and the urban environment and landscape in which the place is situated. The image of a Latvian place is most often characterised by landmarks and annual events that attract tourist flows, while it is to a very small extent related to outstanding companies and popular brands of goods that are manufactured in the particular place. In the majority of cases, cities use their slogans and, to a lesser extent, also their logos as measures by which to increase awareness. Yet, residents are quite often unsure whether any measures are taken at all. It should also be mentioned that monthly income plays an important role in the creation of the satisfaction of residents with their place of residence and that the satisfaction with one's place of residence also increases with growing income.

**Key words:** place image, place branding, place marketing.

**JEL code:** R11

### Introduction

The authors of the present article intend to review the application of place marketing in various populated areas of Latvia. Presently, more and more places, cities, villages, and even whole countries are forced to compete for residents, investment, and tourists who ensure the economic development of these locations. The most frequently viewed situation is the one of the population flowing away from the place and companies seeking wider industrial concentration areas that would ensure the internal market effect, and in such context, territories should be able to announce themselves effectively in this competitive space. The place marketing approach provides this opportunity.

The first attempts to expand the limits of classical marketing in academic discussions had already been seen in the late 1960s and early 1970s (Kotler P., Levy S. J., 1969). However, the first to introduce the concept of place marketing were the scientists O'Leary and Iredal who wrote that "there is an obvious need to create dispositions and change behaviour toward geographic locations" (O'Leary R., Iredal I., 1979). Marketing undertaken in the interests of a geographical location is often referred to in literature as territorial marketing or place marketing. In fact, the concept of place marketing is sufficiently abstract, and thus, can be used for an entire region or country or for a particular place. The word 'territorial' stands for the geographical object in whose interests marketing measures have been taken.

A. Pankruhin (1999), a Russian marketing researcher, defines place marketing as a set of actions aimed at changing or maintaining the attitudes and behaviour of market subjects with respect to particular territories and the nature, culture, and materially-technical resources concentrated therein as well as to the utilisation and reproduction of such resources (Pankruhin, 1999). Place marketing means choosing the most suitable ways for the place to achieve and satisfy the requirements of the target segments that are necessary for its development. A place has achieved this aim when the businesses and residents are satisfied with the economic development of that place and its social environment, and when the expectations of visitors and investors are met (Kotler, et al., 2002). Place marketing, local economic development, and place competitiveness are all concepts that are widely analysed in economic literature. However, the understanding of place marketing is sometimes restricted to a number of promotional activities, thereby unjustly reducing its importance for local economic development strategies. Bradley et al. (2002) stress that place marketing is a consistent strategic process that is closely related to the development of the local economy and the improvement of the place's competitiveness (Bradley, et al., 2002). Place marketing distinguishes four interrelated and complementary base strategies. These are the strategies of infrastructure marketing, human resources marketing, attraction marketing, and image marketing. The image marketing strategy provides for the focussing of attention

<sup>1</sup> E-mail address: viktorija.zaluksne@tvnet.lv.

<sup>2</sup> E-mail address: baiba.rivza@llu.lv.

on the development of propaganda and an informative environment for the developed place. The information campaign is orientated towards the advancement of already existent values in the market created earlier. The place's attraction factors are analysed and the information is disseminated through various information channels depending on the target audience group.

Thanks to this, the key instruments of image marketing are the communicative events that demonstrate the openness of the place in terms of making contacts and allowing external market subjects to study it better and ascertain themselves what advantages lie therein.

In the context of place marketing, a place is perceived as goods, and the aim of place marketing measures is to make these goods attractive for their prospective consumers – residents, investors, visitors etc.

The branding expert Simon Anholt opposes the above approach. Instead, he offers a place branding approach. A brand is a visualised identity that is developed with the objective of branding, a name, logo, slogan, corporate style etc. In other words, goods, services, or corporations are visualised as a result of branding and thereby gain awareness. However, Anholt himself considers this definition incomplete and presents a wider view on the brand. In his opinion, a brand contains all of the aforementioned elements and additionally comprises the corporate strategy, consumer motivation and behaviour, internal and external communications, and ethics and intentions (Anholt, 2005).

Hence, if the object of branding is a country, a region, or any populated place, it cannot be simplified down to a logo, a loud slogan, or other visualisation elements. Anholt stresses that a place or a region cannot be 'sold' as an article in a supermarket. Understanding a place as a project is erroneous in the opinion of Anholt. Only the brand with a logo, a slogan etc. as its elements may be sold. He offers examples from the branding policies of the big corporations, such as Procter & Gamble or Unilever. These companies do not offer a brand to stand for them themselves but rather manage an extensive brand portfolio. He suggests acting likewise in respect to place branding, that is, using the approach in which the most well-known company, service or product of the town or its famous personalities etc. are used as the place's brand. Furthermore, the brand addressee should be able to answer the question, "what is there in this brand for me?" (Anholt, 2005). Therefore, if one speaks about a place as a brand, it should be first established to whom this brand is addressed and how extensive target market it covers.

Another globally recognised branding specialist, Wally Olinss (2003), emphasises that a brand is based on four vectors that act as the driving force of the brand. Depending on the nature of the brand, the relative importance of one vector in relation to the other vectors may be different. Meanwhile, the brand is always the same, regardless of it being the brand for a place or a consumer product. The vectors proposed by W. Olinss are the product, the environment, communication, and behaviour (Olinss, 2003). He offers four brand vectors or driving forces (Environment, Product, Communication, and Behaviour). The environment is the strongest driving force of a territorial brand. For example, a place in this context is seen as an adventure, a place of residence or

work etc. The product as the driving force of a place's development is something through which a consumer learns about the existence of the place and according to which he or she builds associations with that place. This finding corresponds to the brand portfolio approach mentioned by S. Anholt. The promotion of an image in the market is not possible without communication. It determines how the audience is informed about what it might expect from, in this case, a place. This image marketing part includes the development and utilisation of a slogan, vision, commercials, press releases, and other communications elements. Nevertheless, all of the above actions are ineffective if the consumer in the respective place finally does not meet the levels of behaviour expected of him/her. This behaviour is characterised by the way, in which the consumer is treated by everyone who represents, in this case, the place (Olinss, 2003). The authors of the present article interviewed 280 respondents based on the findings involving brand-driving forces by W. Olinss, with the aim of elucidating how residents perceive the image of their place of residence and to what extent the application of the place marketing methods is developed in Latvia.

**Hypothesis:** the place marketing approach is scarcely used in populated areas in Latvia, while the use of this approach might make the place more attractive and in general provide for its economic development.

**Object:** build up an image of populated areas (cities, villages, counties) in Latvia.

**Aim:** to determine the peculiarities for perception of the image of the place and the popularity of place marketing measures in various populated areas in Latvia.

**Tasks:** to analyse theoretical issues involved in place marketing and place branding; to study a perception of the image of place in Latvia based on the finding of theoreticians.

Methodologically, the study is based on interviewing residents and descriptive statistics methods; the chi-square criterion and the statistical independence test are used to analyse the collected data.

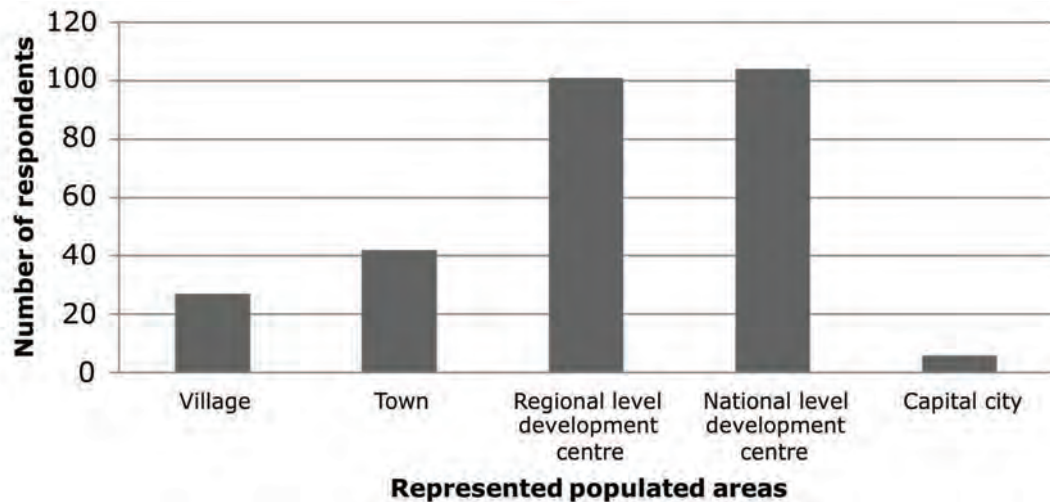
## Research results and discussion

An opinion poll was launched in 2011, comprising 280 respondents from various populated areas in Latvia, within an age range from 18 to 83 years, of whom 234 respondents were females and 46 respondents were males. As to their territorial distribution, respondents were grouped according to the territorial administrative division of their place of residence (Figure 1).

The information from the poll shows that images of populated areas in Latvia are generally valued as positive, neutral, and weak expressed. The value of a vivid image is mentioned to a lesser extent and the negative image is the least mentioned. The results are visualised in Figure 2.

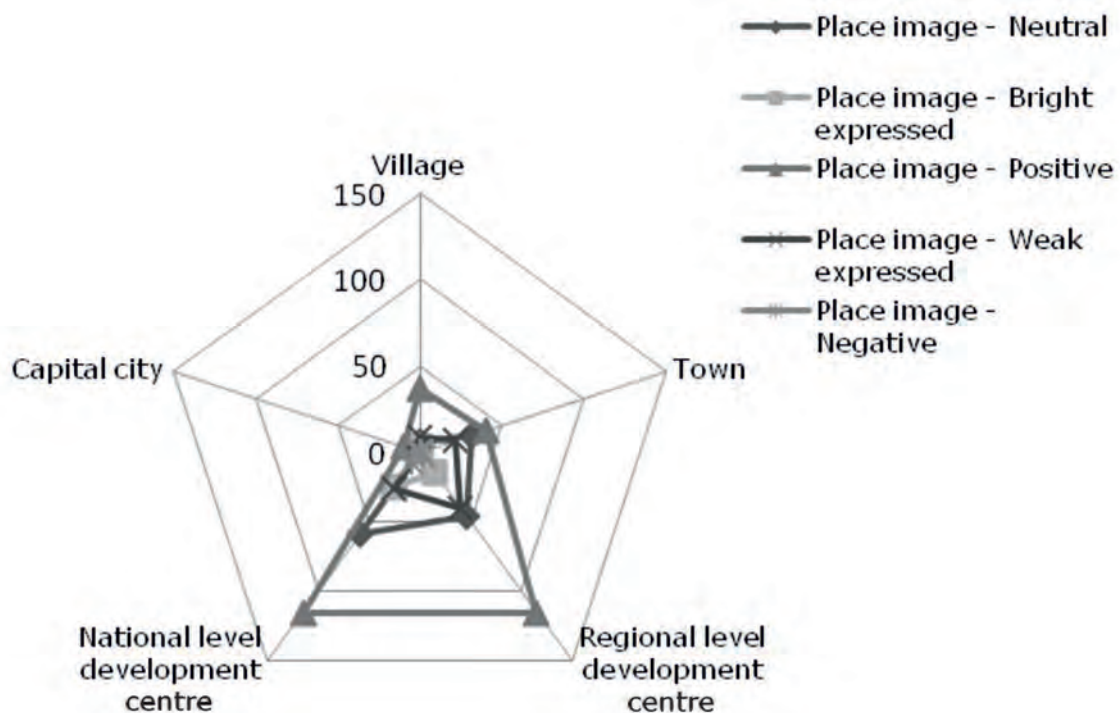
The evaluation of a vivid positive image was gained by the cities of Jekabpils, Jelgava, Liepaja, Rezekne, and Riga, Rogovka village, and the cities of Saldus, Strenci, Talsi, Valmiera, and Ventspils. The evaluation of a "vivid negative image" was comparatively rare and was earned by the cities of Aizpute, Dobeles, Jekabpils, and Jelgava.

Respondents were asked the question "What, in your opinion, characterises the uniqueness of a



Source: authors' construction based on the data array of the opinion poll "Place Image in Latvia"

Fig. 1. Classification of respondents across the represented populated areas

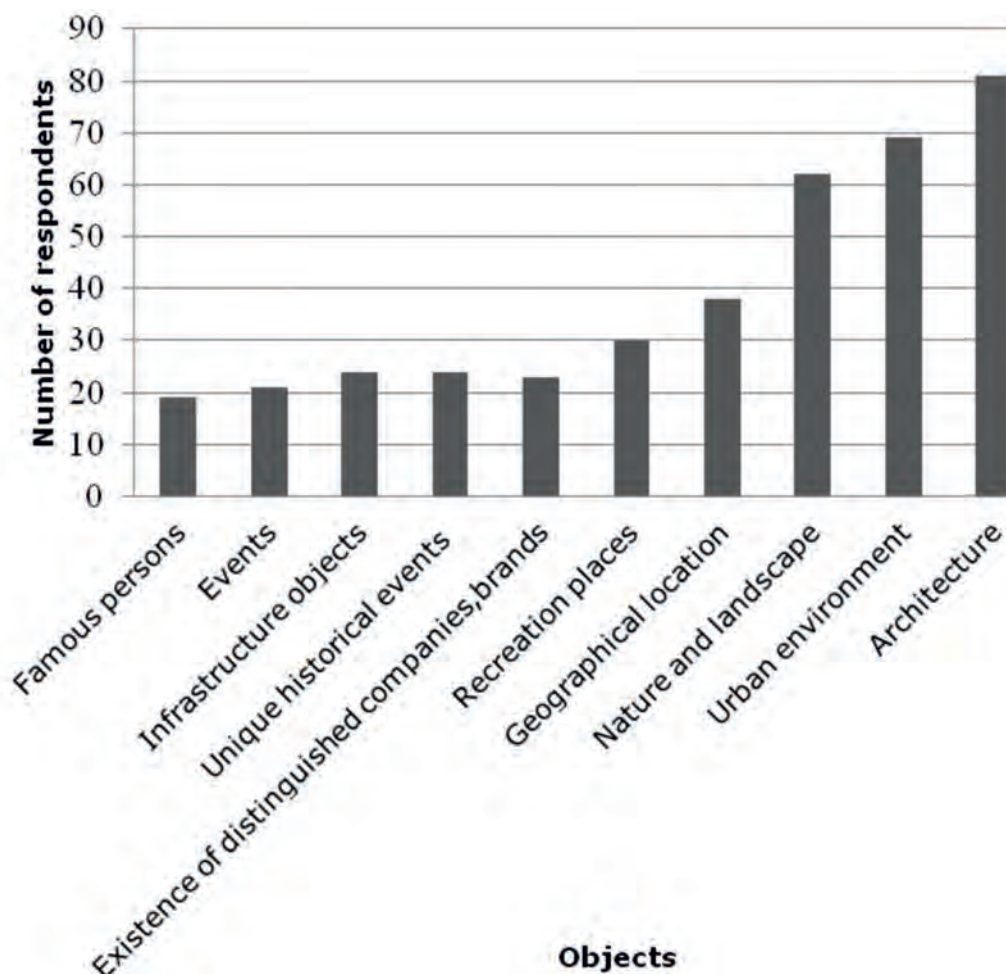


Source: authors' construction based on the data array of the opinion poll "Place Image in Latvia"

Fig. 2. Character of the image of populated areas

place of residence?". The aim of the question was to become immersed to a certain degree in the values of respondents and see what exactly in their opinion creates the uniqueness of a place and is perceived as a value. A minority or 18% of respondents mentioned that there was nothing unique in their place. A total of 81% of those interviewed confirmed that their place was unique and supplemented their answers with examples. Grouping examples given by these respondents resulted in the distinguishing of ten factors

that create the uniqueness of a place according to respondents. Among those provided, the most frequently were answers characterising the place's architecture, urban environment, nature, and landscape. Such components of the place image as the presence of famous persons, events and the quality of infrastructure were among the least mentioned, which makes one think that there is a lack of the aforementioned elements in the places of residence of these respondents. A relationship with unique historical events was also comparatively



Source: authors' construction based on the data array of the opinion poll "Place Image in Latvia"

Fig. 3. Factors determining the uniqueness of the place (grouped according to free answers by respondents)

rarely mentioned, as was the existence of distinguished companies. The results are presented in Figure 3.

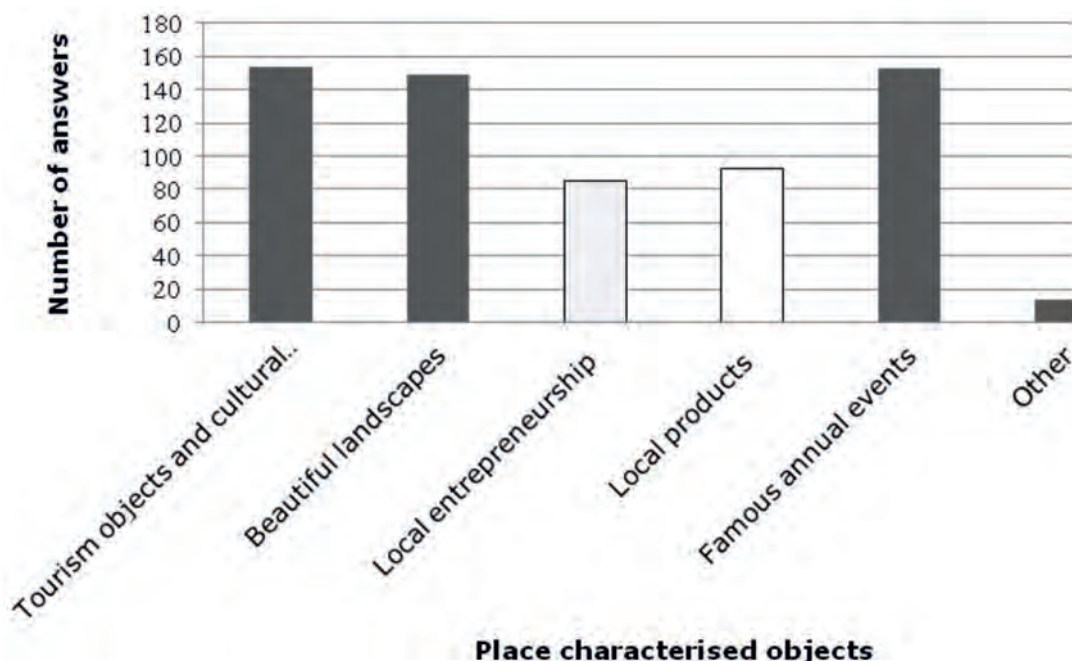
Contrary to the above question, further questions asked to respondents inquired about what exactly characterised their place, providing six particular answer versions. Therefore, it was found that cities are most often characterised by objects and events that are directed at the activation of the potential of tourism sector including, among others, tourism objects and cultural heritage, beautiful landscapes, and famous annual events. Sectors that characterise local entrepreneurship and the representation of local products were less frequently mentioned, which indirectly characterises the insufficient development of industry and entrepreneurship in regions. The summary of results is presented in Figure 4.

It follows that it becomes problematic to develop a place image portfolio based on the product vector.

The article continues with reviewing issues that are related to the implementation of marketing measures for particular territories or that of the communication vector in various populated areas of Latvia. As it has already been mentioned, the place logo and place

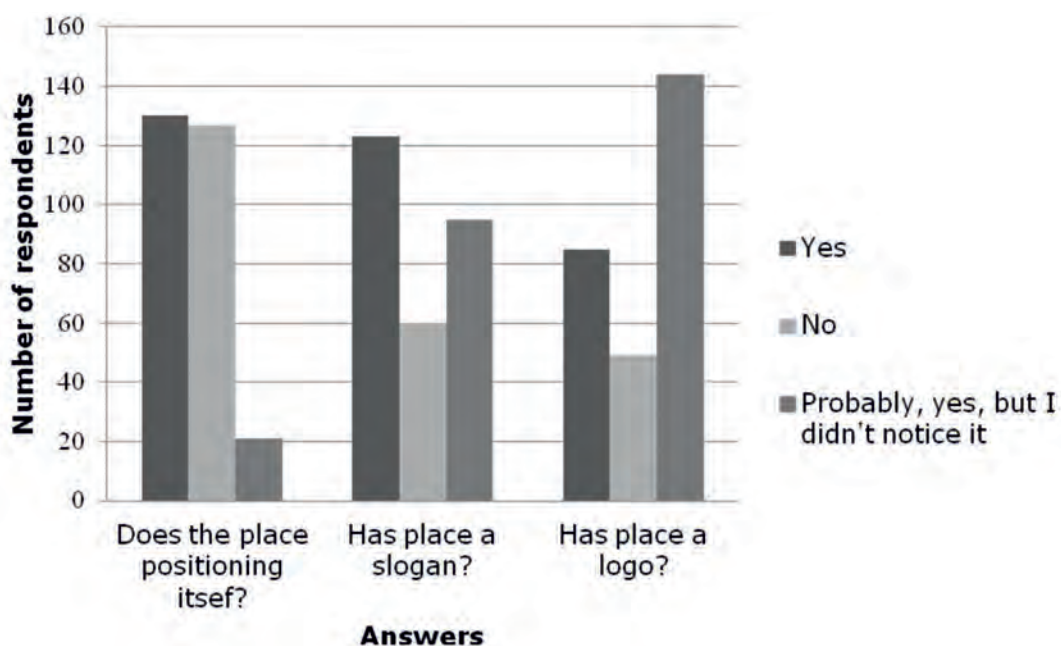
slogan are elements of the place marketing strategy. Therefore, it is important to elucidate whether residents have noticed the use of these elements. Residents were asked questions regarding the way in which the place positions itself and what particular actions residents might have noticed. Therefore, the most frequent answer by respondents to the question "Does the place position itself in any way?" was "Perhaps, but I have not noticed it". The same answers are most frequently provided for the question "Does the place have its own logo?". It can be seen from the answers that respondents had not always noticed that a purposeful place marketing policy is being implemented, or that it is not being implemented in a sufficiently active manner. It is also possible that respondents rarely meet cases in which the place's logo is being used or are not interested in it, which points to certain communications problems between the place's administration and its residents. The situation is different with the place's slogan, because "yes" is the most frequent answer to the question "Does the place have its own slogan?". This is likely to be related to the fact that it is not common for a slogan to be developed artificially. Very often, it has its origin in the place's ancestral background.





Source: authors' construction based on the data array of the opinion poll "Place Image in Latvia"

Fig. 4. Elements characterising the place image



Source: authors' construction based on the data array of the opinion poll "Place Image in Latvia"

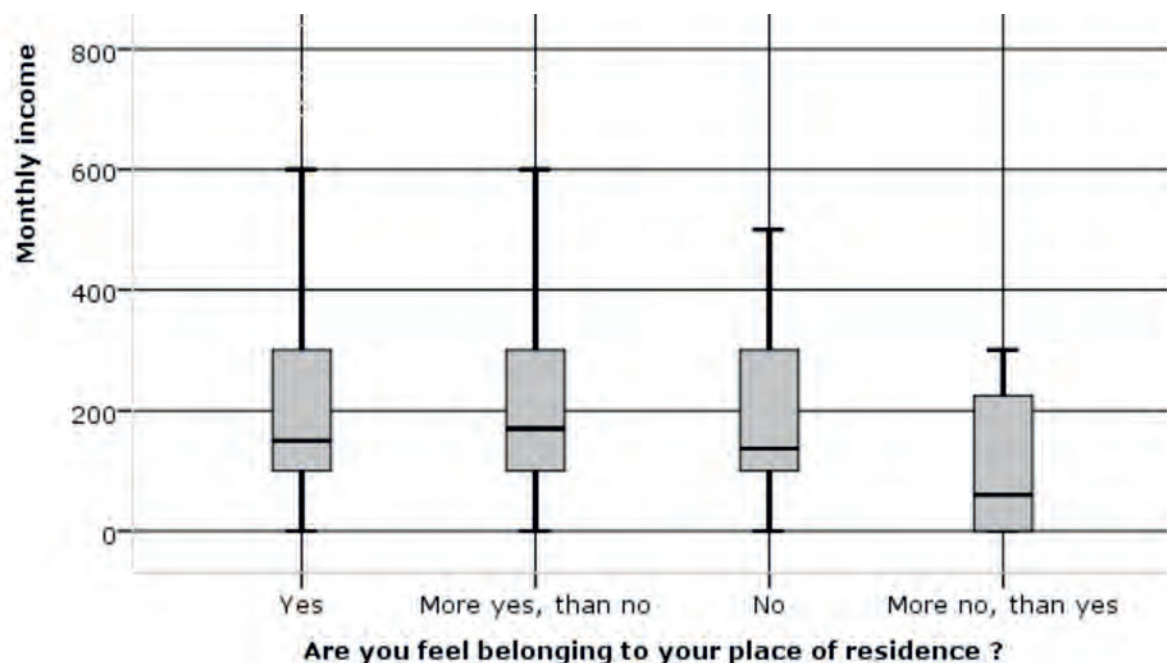
Fig. 5. The application of various place marketing approaches in populated areas in Latvia

Hence, residents are involved in the development of the place image. Answers to these questions are presented in Figure 5.

An assumption may be made on the grounds of the aforesaid that the degree of activity shown when a place positions itself and engages its residents in this process may influence the sense of belonging felt by

residents for their place of residence. By performing the chi-square test, the authors established with a probability of 95% that the presence of place positioning measures influences the sense of belonging of its residents.

The way in which people become involved in the creation of the image of their place and the results



Source: authors' construction based on the data array of the opinion poll "Place Image in Latvia"

Fig. 6. Breakdown of respondents across their sense of belonging to their place of residence depending on their monthly income

brought about by this process is largely determined by personal attitudes of such people to their place of residence, which characterises the "behavioural" vector. Respondents were asked the question "What are your feelings when talking about your place?". The most frequent answer to this question was "I do not think it is of any importance", while 46% of respondents replied that they were proud of their place and 6% of respondents were sometimes reluctant to reveal which place they were from. It should, however, be mentioned that the absolute majority (83%) agreed that they were part of the image of their place. It may be presumed that the sense of belonging of the respondents to their place of residence is influenced by their income. Hence, a primary examination of the poll data was performed with the aim of determining the breakdown of the respondents' answers regarding their sense of belonging to their place of residence depending on their monthly income. The results are presented graphically in the box plot in Figure 6.

It was found that the reply of "Yes, I have a sense of belonging" was preferred by people representing a wide range of income. Amongst them, a quarter had an income below LVL 150, while 75% of those "with a sense of belonging" had an income below LVL 300. The inclination of the median on the left indicates that half of respondents had an income below LVL 200. Respondents who do not have a sense of belonging are located within the income group that is similar to that of those who "belong" but their income does not exceed LVL 300. To obtain more specific results, the chi-square test was used and it was established that the income of residents did have an effect on their sense of belonging to their place of residence.

## Conclusions

The authors of the present article analysed the application of the place marketing approach in various populated areas in Latvia. The analysis of the poll conducted as a part of the study supplied the following results.

1. A study of the respondents' answers to the questions of what characterises the place and what represents the uniqueness of the place reveals that cities are characterised by an extremely marked stress on the element of urban environment. It is valued the highest by respondents. However, answers related to objects that characterise the place rather rarely mention the object 'recreation grounds', which leads to the thought that the existing urban environment potential has not been utilised to a sufficient extent.
2. Although, the application of the product branding portfolio approach for place marketing may be very effective and might even facilitate international awareness. It might be problematic in Latvia because there are few cities or counties that produce recognisable goods. Even so, assistance for local industry may become an important contribution to place or county marketing.
3. Although, each Latvia's place has its own coat of arms, something, which bears evidence of the historical heritage of those cities, enough specific knowledge is often necessary to interpret it. Therefore, cities frequently create their logos and slogans, having absorbed these marketing elements from the commercial sector. In Latvia, this practice is applied in several local government authorities,

but the poll results show that this is not a general practice. Residents in most cases are not aware of the marketing policy of their place or county. The only exception is the public's awareness of the place's slogan that is more frequently used.

4. In general, regardless of people's income having an effect on their attitudes and their sense of belonging to their place of residence, their loyalty is manifested quite vividly through their positive answers to questions that were related to their sense of belonging to their place and their confidence that every one of them is a part of the place's image. Despite social and economic problems and low incomes, people are proud of their place.

### Bibliography

1. Anholt, S. (2005). Some Important Distinctions in Place Branding. *Place Branding, H Stewart Publications*, Volume 1, Issue 2, pp. 116-121.
2. Bradley, A., Hall, T., Harrison, M. (2002). Selling Cities - Promoting New Images for Meetings Tourism. *Cities*, Volume 19, Issue 1, pp. 61-70.
3. Kotler, P., Asplund, C., Rein, I., Haider, D. H. (1999). *Marketing Places Europe: How to Attract Investments, Industries, Residents and Visitors to European Cities, Communities, Regions and Nations*. London: Pearson Education Ltd, p. 376.
4. Kotler, P., Levy, S. J. (1969). Broadening the Concept of Marketing. *Journal of Marketing*, Volume 33, Issue 1, pp. 10-15.
5. O'Leary, R., Iredale, I. (1976). The Marketing Concept: Quo Vadis? *European Journal of Marketing*, Volume 10, Issue 3, pp. 146-157.
6. Olinss, V. (2003). *Par zīmolu. (On Brand)*. Riga: Neptuns. p. 280.
7. Pankruhin A. (1999). *Territorialnij Marketing (Territory Marketing)*. Marketing v Rossii i za rubezom. Issue 5, pp. 11-14.