

**Roberto Bruni
Federica Caboni**

**PLACE AS VALUE
PROPOSITION**

**The marketing
perspective**

Foreword by Gary C. Warnaby

FrancoAngeli

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FOREWORD

Places as Value Propositions?

Place marketing and management, as a subject of academic study, has developed significantly in recent years, with an ever-increasing volume of books and research papers – as well as journals, such as the *Journal of Place Management and Development* and *Place Branding and Public Diplomacy* – devoted to the subject. This burgeoning literature is multi-disciplinary in its orientation, partly reflecting the “*complicated*” and “*slippery*” (Cresswell, 2004, p. 1) nature of the concept of place, which can be studied from a number of different perspectives. Furthermore, the study of place marketing and management is informed by a variety of academic disciplines including geography, management and marketing, urban studies, and public administration etc. Such inherent inter-disciplinarity has the potential to provide rich theoretical insights into how places are managed and marketed, and this book by Roberto Bruni and Federica Caboni is set to contribute to our understanding. *Place as Value Proposition: The Marketing Perspective* draws on the literature from, in particular, the disciplines of corporate strategy (particularly relating to the resource-based view of strategy), and marketing (particularly service(s) marketing) to develop a narrative exploring the concept of places as ‘complex adaptive systems’.

The resource-based view of strategy provides numerous insights into how place marketing and management can be conceptualised. This view of strategy focuses on determining the nature of the strategic resources available to a firm, which can then be exploited in order to achieve sustainable competitive advantage. The resources available to places – which can be nurtured and combined to create some form of spatially-oriented competitive advantage (for example through the concept of ‘clusters’) – have been the

subject of extensive discussion. This is usefully summarised by Musterd and Murie (2010), who make the distinction between the ‘hard’ and ‘soft’ conditions required to attract and facilitate economic development within a locale. Hard conditions include, for example, the availability of capital and an appropriately skilled labour force, good infrastructure and accessibility and a suitable institutional context. Soft conditions include urban amenities such as quality of life, tolerance, openness and diversity of the population etc.

These hard and soft conditions have parallels in the concepts of ‘tangible’ and ‘intangible’ strategic resources, as proposed by de Wit and Meyer (1998). De Wit and Meyer define the former in terms of such ‘hard’ factors as land buildings materials and money, whereas intangible resources can be split into relational resources (e.g. contractual relationships, brands etc.) and competences (e.g. knowledge, capabilities and attitude). This focus on resources has some resonance with developments in – especially service(s) – marketing theory. Indeed, the marketing and management of places has been informed by established concepts emanating from the service(s) literature. However, recent conceptual developments in the marketing field – such as the service-dominant (S-D) logic of marketing (Vargo and Lusch, 2004), and the concept of co-creation (Prahalad and Ramaswamy, 2004) arguably have much to offer the study of place marketing and management.

In their promulgation of a new ‘service-dominant’ view of marketing, Vargo and Lusch (2004) argue that marketing has moved from a ‘goods-dominant’ perspective (characterised by tangible outputs and discrete transactions) to a ‘service-dominant’ logic, where intangibility, exchange processes and relationships are central. This S-D logic is, arguably, of particular relevance to places, given that they have been considered not only in terms of what Cresswell (2004, p. 51) describes as a ‘descriptive’ approach (i.e. “*the world being a set of places each of which can be studied as a unique and particular entity*”), but also from social constructionist and phenomenological perspectives. The social constructionist perspective, Cresswell argues, is still concerned with particular places but is more concerned with understanding more general underlying social processes that are involved in their construction. The phenomenological approach seeks “*to define the essence of human existence as one that is necessarily and importantly ‘in-place’*” (2004, p. 51). In some of the ‘foundational premises’ by which they explicate the S-D logic, Vargo and Lusch (2004, 2008) argue that value is perceived by the customer/user on the basis of ‘value in use’. As a result, enterprises – or in this particular context, *places* – cannot determine and deliver value by themselves, but can only make *value propositions*, arising from a particular assemblage of different elements of the place ‘product’

(Warnaby, 2009). These value propositions can be considered in terms of *resources* at the disposal of the place (i.e. both ‘hard’ and ‘soft’ factors mentioned above), and importantly, the *integration* of these resources to create attractive value propositions aimed at particular types of place users.

However, place users are also active agents; a fact acknowledged by Ashworth in 1993, who, indeed, implies the primacy of the place consumer in this process, stating that, “*Each consumption is an individual experience... Thus, in many logical respects the producer of the place-product is the consumer who produces an individual product by the process of assembly for consumption*” (p. 645). Thus, places are, arguably, co-created, and value only created through the consumption experience. Thus, consumers – in this particular context place users – integrate their own resources – described in terms of operand and operant resources by Vargo and Lusch (2004) – with those of the place in order to create positive urban place experiences. Operand resources are more tangible resources (i.e. money, material objects etc.) over which an individual has ‘allocative’ capabilities, whereas operant resources are those over which the individual has ‘authoritative capability. Arnould, Price and Malshe (2006) conceptualise the individual’s operant resources as *social* (e.g. family relationships, brand communities etc.); *cultural* (e.g. specialised knowledge and skills, life expectancies and history, imagination etc.); and *physical* (e.g. energy, emotions, strength etc.).

There are obvious parallels with the hard and soft factors that places may employ in creating value propositions to attract place users. Perhaps, therefore, the essence of effective place marketing and management lies in the confluence of these various resources to create place-based value for those within.

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INTRODUCTION

For this work, the territory is considered the objective representation of a spatial context under the jurisdictional control of an entity (e.g., the government), whereas the concept of place emerges by the phenomenological and subjective interpretation of the materiality of the spatial context. Place is perceived as a system of values, stimuli, experiences, integrated material and immaterial resources and, for this reason, could be interpreted as a value proposition by its stakeholders and users.

Place emerges as the result of interpretations in a complex scenario and, for this reason, place marketing approaches are useful for developing strategies to stimulate such interpretations, which lead to added value from the integration of resources between actors (value co-creation).

Tangible and intangible elements/resources are at the base of place (Cresswell and Hoskins, 2008) and can represent the place value proposition. As stated by Service Dominant (S-D) Logic (Vargo and Lusch, 2004), value is always co-created, and it is necessary that actors are somehow compatible or available to integrate resources and co-create value through relationships and interactions (Håkansson and Snehota, 1995; Gummesson, 2004; Espejo and Harnden, 1989; Barile, 2009). Thus, knowledge and technology are fundamental to this process (Maglio and Spohrer, 2008). Knowledge and technology have brought about great changes in societies and acted (and shall always act) as 'indirectly involved actors' (or media) capable of influencing value components.

The multitude of interventions actors/networks interactions, material and immaterial resources in the worldwide social and economic dynamic have increased the level of complexity in interactions and perception of subjects, and therefore, the subjective interpretation of places (Cresswell, 2004; 2014).

Managing complexity, subjects have much more opportunity to interpret the place, participating in the value co-creation integrating resources.

This work addresses place marketing, finding new ways to manage the complexity of interpreting place. The integration of theoretical frameworks (S-D Logic, Service Science and Network-Systems theories) allows us to organize the place marketing strategy by following a value co-creation approach. This marketing framework introduces the concept of causality in the process of emerging place within the perception of the stakeholders. The place, in fact, could be the result of a random perception – stimulated by the natural combination of tangible and intangible resources casually combined during the time – or, at the same time, it can be induced (or optimized) causally by a marketing strategy that optimizes resources and relationships in the value proposition, eventually involving stakeholders interested (or potentially interested) in co-creating value and integrating resources.

The systems of interaction and resource integration are then analysed in the context of city centres, presenting the Town Centre Management (TCM) scheme as an aggregation model of economic (and non-economic) activities for the coordinated management of town centres. The work closes by examining the relationships between marketing, management, the government, and stakeholders.

The book is structured as follows:

Chapter 1 describes the role of environment complexity and the changes to world relationships. We select various factors that have brought about societal change, including technology, data, resources integration and service exchange, knowledge and complexity, and dynamic capabilities, and these are discussed with a focus on marketing, management and place marketing.

Chapter 2 contributes to the definition of place. To begin, we analyse the different points-of-view found in the literature. Though this, we identify alternative interpretation schemes using the perspectives of the social sciences. In particular, using marketing and management frameworks, we explain how the territory (and at least part of it) can be perceived as a place and how it is possible to generate benefits and opportunities for the population/stakeholders by interpreting place dynamics.

Chapter 3 presents the state-of-the-art of place marketing and place branding and introduces the concept of value co-creation, which is contrasted with the traditional ‘demand-driven’ approach.

Chapter 4 discusses the role of knowledge and technology in place marketing and value co-creation. We discuss how knowledge and technology

allow actors to integrate resources with efficiency, thereby diffusing the effects of its use in the place.

Chapter 5 focuses on place marketing and management activity within city centres and presents the TCM scheme.

Chapter 6 presents the relationships and implications between government, governance and stakeholders. It begins by identifying the emergent dynamics between territories, society and management frameworks. Drawing from companies' studies, we present the Actor for Actor (A4A) relationship, a particular type of actor-territory relationship. It discusses government, value co-creation and management of decisions during actors-government interactions.

1. MANAGING ENVIRONMENT COMPLEXITY

by *Federica Caboni*

1.1. Introduction

This chapter focuses on environment complexity and its management. We analyse the consequences of recent economic and societal changes (partially precipitated by the financial crisis of 2007). We focus on five change-generating factors and how they have affected society, marketing, management and place marketing. Markets and businesses are immersed in a complex environment and are affected by a multitude of stimuli and activities generated by countless actors. Technological developments have shortened physical, psychological and social distances by increasing opportunities for all kinds of exchanges. For this reason, the study of complexity and developing multi-perspective approaches are fundamental to interpreting change.

1.2. Factors influencing the change

It has always been difficult to understand how the world the economy and society are changing. It seems unlikely that the world will experience long stable periods in the future, which will make it difficult predict and interpret market dynamics. For example, following the financial crisis of 2007, uncertainty has become a constant and survival depends on the ability to interpret the environment, adapt, sense, and transform. A long period characterized by rapid change creates the need for new paradigms and frameworks to study, understand and manage the contextualization of actors in societies and markets. For this reason, it is necessary to learn new approaches, as well as to build new 'tools' and develop alternative uses for existing ones.