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Place Branding: A Multiple Stakeholder Perspective

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Abstract:

Cities increasingly brand themselves as an attractive place for tourists, investors, business and workforce. Yet, most place branding efforts do not take the diversity of their stakeholders and the variety of place perceptions into account. Our study, however, reveals significant discrepancies between internal and external stakeholders' mental representations of a place brand, using the city of Hamburg as an example. We therefore argue that place brand management needs to align its brand communication with stakeholders' interests, using an integrated approach to developing city-specific strategies for building target group-specific place brand architecture.

Keywords: *Place Branding, Brand Complexity, Stakeholder Management, Cities*

Track: *Marketing of Public and Non-profit Organisations*

1. Place Branding: Acknowledging Stakeholders

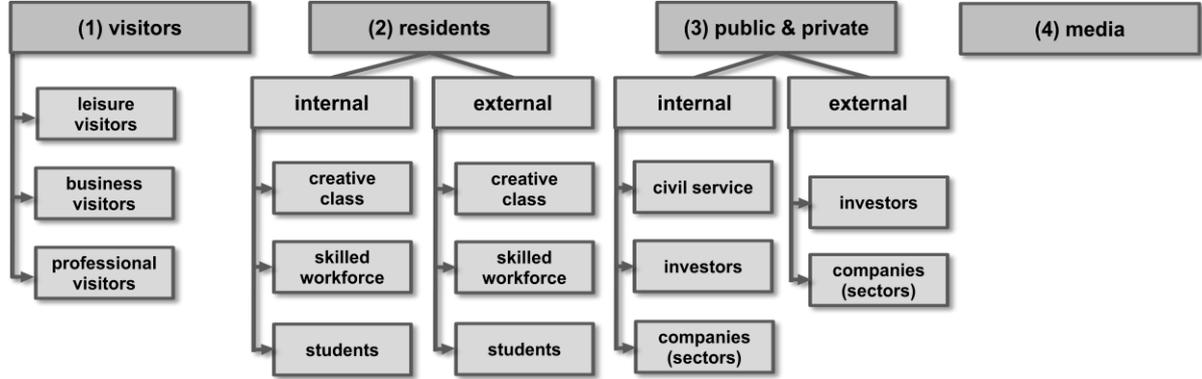
Branding cities has gained popularity among city officials in recent years. This is illustrated by the development and popularity of city brand rankings such as the *Anholt-GMI City Brands Index* (Anholt, 2006) or the *Saffron European City Brand Barometer* (Hildreth, 2011). Several studies observe that places are being more and more conceptualized as brands (Medway & Warnaby, 2008; Zenker, 2011), while Lucarelli and Berg (2011) as well as Gertner (2011) recently published first meta-analyses of this research domain.

Quite often, place marketing campaigns are grounded in the belief that one place brand “fits all” – an external as well as an internal target audience. Yet a brand is, by definition, a network of associations in the minds of individual people (Keller, 1993) and is therefore based on the perceptions of different groups. Hence, the perception of a city (brand) can differ significantly given the various stakeholders’ different perspectives and interests. We thus argue that place branding should focus on the city brand perception of its different stakeholders; consequently, brand managers should develop strategies for how to build *target group-specific place brand architecture*. The current academic discussion shows considerable shortcomings in this respect (Govers & Go, 2009; Zenker & Braun, 2010), since it mainly focuses on the explorative description of a given city brand.

In general, place marketing is “the coordinated use of marketing tools supported by a shared customer-oriented philosophy, for creating, communicating, delivering, and exchanging urban offerings that have value for the city’s customers and the city’s community at large” (Braun, 2008, p. 43). Place marketing is thus a customer-oriented approach, which aims at integrating all the existing and potential “customers” of a given place.

From a theoretical point of view, the core stakeholder groups in place marketing and place branding are: (1) visitors; (2) residents; and (3) business (Kotler, Haider & Rein, 1993). However, the groups actually targeted in recent marketing practice are much more specific and complex. Tourists, for example, can be divided into business and leisure time visitors (Hankinson, 2005) as well as professional visitors such as archaeologists and architects, while residents can be separated into an internal (current residents) and an external group (potential residents). Within these groups, specific target audience segments are found such as students or the so-called creative class (Braun, 2008; Florida, 2004). A third generic group of stakeholders consists of public services, private business, and non-governmental organizations. Again, with the exception of civil service, all these groups can be both internal and external. A final stakeholder group is composed of media (Avraham, 2004), covering everything from travel books to in-flight magazines, TV, daily newspapers and so forth.

Figure 1: Stakeholders in place branding



Zenker and Braun (2010) highlight the individual perception of the target audience in their place brand definition: “a place brand is a network of associations in the consumer’s mind based on the visual, verbal, and behavioral expression of a place, which is embodied through the aims, communication, values, and general culture of the place’s stakeholders and the

overall place design” (p. 3). According to Kavartzis (2008), the perception of a place is formed by three types of city communication: (1) primary communication (place physics), (2) secondary communication (place communication), and (3) tertiary communication (place word-of-mouth). Hence, the place brand is built through the identity of a place and how its image differs between target groups.

The largest difference in place perceptions is expected to be found between the internal and external stakeholders, mainly because of the different needs and knowledge levels of the target audience. Furthermore, as proposed in Tajfel and Turner’s (1979) Social Identity Theory, individuals define themselves as parts of social groups according to, for example, their value setting or geographical closeness. The residence or home of a person thereby determines a strong part of the person’s self, distinguishing strongly between the *We* (In-Group; e.g., residents of Hamburg) versus *Them* (Out-Group; e.g., tourists). Because of this so-called *In-Group/Out-Group Effect* and the difference in knowledge structures based on different levels of experience, the out-group (external target audience) should show more common and stereotyped associations, while the in-group (internal target audience) should possess a more diverse and heterogeneous place brand perception.

2. Empirical Study

2.1 *The case of Hamburg*

Hamburg is the second largest city in Germany with 1.8 million inhabitants (metropolitan region including Hamburg: 4.3 million). The city area comprises 755 km², including 75 km² of harbour (the second largest European harbour). Hamburg calls itself the green metropolis of Europe with 4,700 hectares of wooded area (16.8% of the city area). It is also a city at the waterfront, with 8% of the city area covered with water drawn from three rivers and some smaller canals. Additionally, Hamburg enjoys a healthy tourism industry, with over 8.95 million overnight stays in 2010. Favorite tourist attractions include the harbor and its fish market; the Reeperbahn (the former red light district that is nowadays more famous for clubbing); the vibrant restaurant and bar scene; and the very diverse cultural offerings such as theatres, musicals and museums. Furthermore, Hamburg attracts important economic powers, hosting numerous headquarters from the top 500 German companies. Combined with international trade, Hamburg’s gross domestic product in 2009 was 85.76 billion €. With a foreigner’s population percentage of 13.5 percent, the city features an international touch: nearly 100 different consulates reside in the city, as do a high percentage of second-generation foreigners. The city is also a students’ town, with 18 different universities and about 72,000 students (FSO Hamburg and Schleswig-Holstein, 2011; Hamburg Marketing GmbH, 2009).

2.2 *Procedure and sample: measuring place brand perceptions*

In general, brand perception measurement can be divided into three main approaches: (1) elicitation of free brand associations from target customers with qualitative methods; (2) rating of attributes with quantitative methods like standardized questionnaires on different brand dimensions; and (3) mixed methods such as multidimensional scaling (MDS), the laddering technique based on means-end chain theory (Grunert & Grunert, 1995) or network analysis that combines qualitative research with quantitative methods (Zenker, 2011).

The extant place branding literature mainly represents the first two approaches, while the third approach of mixed methods is not yet widely used, even though these methods have the potential to overcome general shortcomings of the two other approaches. Hence, we used a mixed method – the network analysis – allowing us to capture both, the unique associations of

the target group members and translating those into a comparable brand perception structure in a reliable and valid manner. The method of network analysis (Henderson, Iacobucci, & Calder, 2002) uses data from qualitative research and analyses it quantitatively, calculating the centrality of an association within the network of associations. The objective is to identify top-of-mind brand associations that are strongly connected in the image network and to assess the perceptual differences between groups.

Data was collected via an online survey in which participants were randomly selected from a representative joint online research panel hosted by the University of Hamburg and the University of Cologne. The image associations of the city of Hamburg brand were assessed via an open-ended questionnaire, which asked the participants to identify their 3-5 top-of-mind associations for the city of Hamburg. We also measured the familiarity with the city of Hamburg using an adaptation of the 7-point Likert brand familiarity scale (Kent & Allen, 1994). Afterwards, all qualitative mentions ($N = 1.437$) were coded into 85 different associations by three independent coders. The coder agreement was 96 percent.

The sample consisted of 334 participants, with 174 participants who have lived or are still living in Hamburg (group A: internal residents) and 160 participants who have never been to Hamburg or only gone for a short visit (group B: external visitors). For group A, the average age was 37.8 years ($SD = 15.36$), 46.6 percent were male, and the average familiarity with the city of Hamburg was very high ($M = 5.46$; $SD = 1.20$). For group B, the average age was 34.5 years ($SD = 14.93$), 49.4 percent were male, and the average familiarity with the city of Hamburg was much lower than in group A ($M = 2.63$; $SD = 1.44$).

2.3 Findings

The 20 core associations for both target groups are shown in Table 1. The differences in the rankings are highlighted if the discrepancy in the centrality within the network was more than 10 ranks. For the internal target group, the associations with Hamburg are much more diverse, covering the many different offerings of the city. Moreover, seven associations were exclusively found in this group, such as “nature and free space” and “good universities”.

As expected, the view of the Hamburg brand for the external target group is much more based on a tourist-stereotypical picture of the city (and actually includes the association of “ocean” even though Hamburg is located more than 100 km away from the sea). Additionally, “Harbour” and “Reeperbahn” are strongly connected in this group. Figure 2 illustrates the brand association network of both target groups. The unique associations are highlighted by using a different node shape (diamonds). In comparison with the external target group, the internal target group shows a much stronger network of associations in terms of more connections between the associations.

Figure 2: Perception of the city of Hamburg brand by target groups

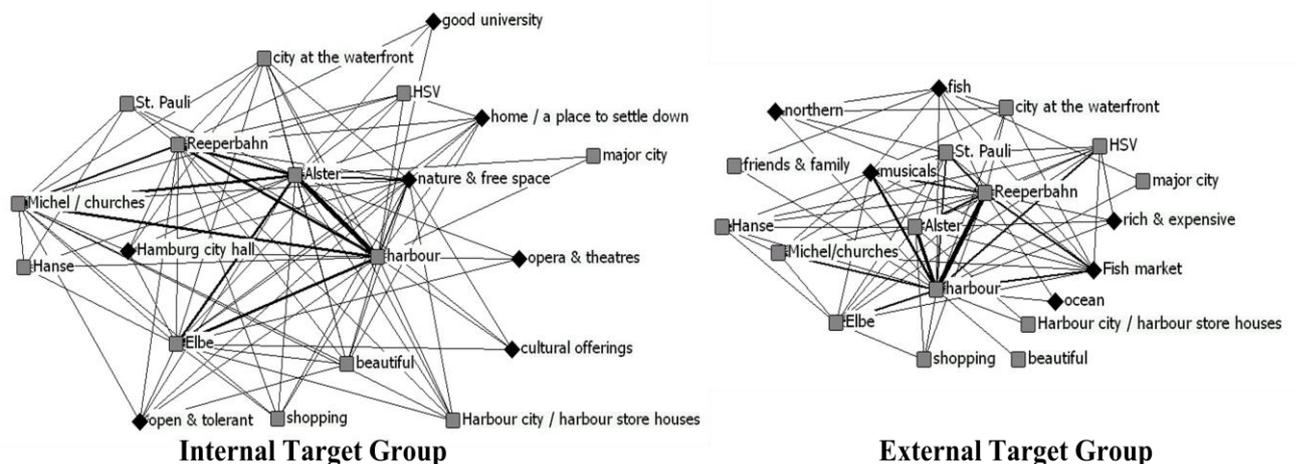


Table 1: Top 20 core association of the Hamburg brand by degree centrality

No.	Group A (internal)	Group B (external)
1	Harbour	Harbour
2	Alster [river]	Reeperbahn [red-light and party district]
3	Elbe [river]	Alster [river]
4	Michel/churches [flagship - tourist attraction]	Fish market [weekly market - tourist attraction]
5	Reeperbahn [red-light and party district]	Musicals
6	Nature and free space	St. Pauli [vibrant district and local soccer club]
7	Beautiful	Elbe [river]
8	City at the waterfront	Michel/churches [flagship - tourist attraction]
9	HSV [local soccer club]	HSV [local soccer club]
10	Shopping	Hanse [historic trade union]
11	Home / a place to settle down	City at the waterfront
12	Open and tolerant	Fish
13	Hamburg city hall	Northern
14	Harbour City / harbour store houses	Shopping
15	St. Pauli [vibrant district and local soccer club]	Beautiful
16	Hanse [historic trade union]	Rich and expensive
17	Cultural offerings	Major city
18	Major city	Harbour city / harbour store houses
19	Good universities	Friends and family
20	Opera and theatres	Ocean

Note. Order by Freeman's degree centrality measurement; strong differences are highlighted

3. Discussion

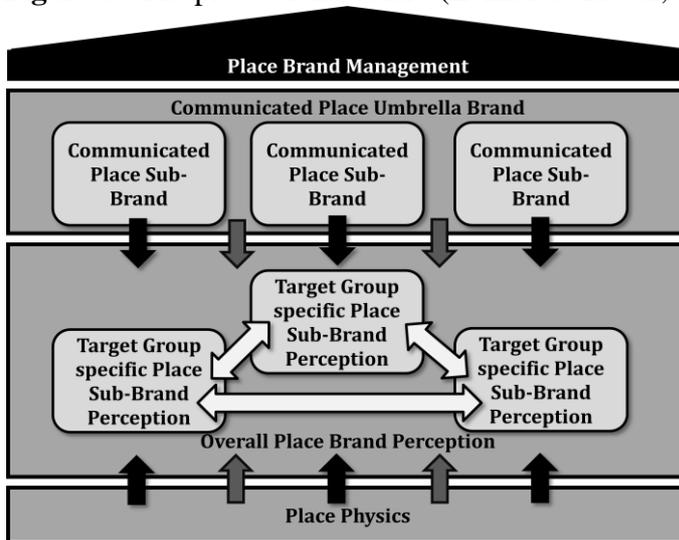
The focus on tourists in place branding often leads to a narrow brand communication, which disregards the complexity of the place marketing target audience and the different brand perceptions of the various stakeholders. The present study shows that the perception of tourists differs significantly from those of residents. For visitors, the image of the city of Hamburg was much more stereotypical (“fish” or “ocean”) than for the resident target group, which revealed a much more heterogeneous image of their city (brand), including “theatres,” “universities” or Hamburg as an “open and tolerant” value setting.

According to Kotler et al. (1993), one of the aims for place marketing is to “promote a place’s values and image so that potential users are fully aware of its distinctive advantages” (p. 18). Since an effective brand communication is based on the existing positive images of the city brand, it is crucial to assess the existing brand associations of the various stakeholders and then to highlight the distinctive advantages of the place. In the case of the city of Hamburg, place marketers so far mainly concentrate on the image of Hamburg as a “city on the waterfront,” a “shopping city,” a “business place” and a city with a lot of cultural offerings like “musicals” (Hamburg Marketing GmbH, 2009). This image strongly fits the perception of Hamburg for its visitors, but it neglects the image held by most of the city’s actual residents (e.g., associating more with “theatres” when thinking about cultural offerings) – a circumstance that results in low identification with the Hamburg brand and even public protest about place marketing activities, such as the “Not in our Name” campaign initiated by Hamburg residents (Gaier, 2010). Consequently, this example demonstrates the urgent need for a more differentiated brand communication, as well as a stronger resident involvement in the place branding process, since residents simultaneously fulfill different roles in such a process: they are not only targets of place marketing itself, but also function as ambassadors for their place brand and therefore “make or break” the branding process (Freire, 2009).

Branding strategies from the field of company branding could help in this regards. For example, the *Branded House* approach, consisting of a corporate umbrella brand and

independent sub-brands that are still marked with the umbrella brand (Petromilli, Morrison & Million, 2002). The aim is to build a strong overall umbrella brand with the help of the target group-specific product sub-brands. Zenker and Braun (2010) translate that approach to target group-specific sub-brands and a city umbrella brand (Figure 3). The argument follows that the marketing structure of places should be organized by their target groups (Braun, 2008).

Figure 3: The place brand centre (Zenker & Braun, 2010)



In the context of our example, the city of Hamburg should use its shared associations (e.g., “harbour,” “city at the waterfront,” and “major city”) for its umbrella brand communication. Another Hamburg sub-brand could aim to strengthen the identity of the current residents (e.g., using the “theatres” association), while associations like “musicals” would be helpful for establishing a strong tourism sub-brand. Other sub-brands (e.g., for investors or students) should also be included. Of course, these sub-brands also influence the perception of the other place sub-brands and the place umbrella brand. A communicated tourist brand with a focus on “musicals,” for example, will also influence the perception of potential new residents or companies. Hence, brand communication must be aware of those associations that could be problematic for other stakeholders – for instance, those that could be helpful for business and industry (e.g., “industrial harbour”) could lower the credibility of other associations for residents (e.g., “nature and green spaces”).

Another advantage of creating target group-specific sub-brands involves the already established organizational structure in city governments. For example, in city structures the tourism office is typically separated from the business development office. By employing the sub-brand approach discussed here, policy-making procedures and place sub-brand management could be very efficient, since no new structures are needed. Furthermore, all of the experience and knowledge about specific target groups within the organization can be utilized. Consequently, this approach will lead to new tasks for the place brand management of the place umbrella brand: namely, the coordination, monitoring and communication between the sub-brand units as key aspects of the process.

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