TERRITORIAL MARKETING STRATEGY FOR LATVIAN MUNICIPALITIES

Guidelines for developing a territorial marketing strategy

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1. **Introduction**

This document outlines the guidelines for developing a territorial marketing strategy. It is based on the information presented in the previous document, ‘Methodology’. It is advisable to get acquainted with that larger document before proceeding to this one; therefore, in case of any questions the reader should refer there.

These guidelines are intended for the use of a broad category of municipal policy- and decision-makers wishing to ensure that the territorial entity they work for introduces a marketing perspective into its development plan and achieves its strategic development objectives.

2. **The territorial marketing structure**

In the last part, big accent was put on the need of a structured and well-organized marketing strategy involving a number of crucial steps. Summing it up, territorial marketing strategy should be imagined as a continuous process, which is best illustrated as a cycle:

*Figure 1. Territorial marketing strategy structure*

![Territorial marketing strategy structure diagram]

**Source:** Civitta analysis

Territorial marketing, like marketing in general, is a process made up of several sub-processes. Unlike branding simpler entities – like a product, service, company, or person – place branding is more complex.

There are five steps that can be distinguished in coming up with a viable territorial marketing strategy. The beginning of the territory’s marketing offer is in formulating the already existing ‘local distinctive characteristics’. The next step is to define the involved target markets, i.e. who the territory wants to serve. As a third step, it is crucial to define quantifiable aims and objectives that these attracted target markets would help the territory to achieve. There should exist a feedback loop between this step and the territory’s values: i.e. it should be possible to redefine what values the territory is to focus on, based on the strategic aims and objectives set.
Recently, Alūksne municipality has been actively developing a brand image for Alūksne, its administrative centre. It was started by defining the region’s natural, historical, and cultural values. Among many nominations, the chosen landmarks were Lake Alūksne, Hillfort, and the Temple Hill. Another interesting value that was highlighted is the reputation of the wider region’s (Maliena) people for doing things in their own, not necessarily logical, way.

The process involves contributions from various groups of citizens, both inside and outside the region, which helped to define the truly unique and recognizable values.

Next, communication channels need to be chosen. Usually the territory already uses some of them, and if so, an audit of the existing communication channels needs to be conducted — and on its basis, channels can be optimized as needed.

Finally, it is crucial to assess the results of the implemented marketing strategy to see if it helped achieve the desired strategic aims and objectives, to make the necessary adjustments and to be able to define further development goals.

The following sections will go through these five constituent steps in more detail.

2.1. Territory’s values

Developing a territorial marketing strategy that is well-tailored to a specific territory should start with a broad conversation with the territory’s stakeholders, for the purpose of defining the territory’s values and answering the question: “What are the things that constitute the territory’s uniqueness?” (See Example 3).

The best way to do this is to conduct a SWOT analysis, which would help to define the territory’s strong and weak sides, as well as the opportunities and threats presented by the external environment and the territory’s own actions.

Example 3

Recently, Alūksne municipality has been actively developing a brand image for Alūksne, its administrative centre.

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The process involves contributions from various groups of citizens, both inside and outside the region, which helped to define the truly unique and recognizable values.

A territory’s values will differ depending on the defined target markets. This is due to the fact that each audience has different needs and wants, and it is crucial to understand those in order to execute an effective marketing strategy. Therefore, the results of the SWOT analysis should be slightly restructured and territorial values with a potential of a competitive advantage – for living, business, or as a tourist destination – should be highlighted.

To make a territory attractive to potential residents, it has to offer at least one of the following values:

- A place to live;
- A place to raise and educate kids;
- A place to work.
To make the place attractive to **businesses and potential investors**, the following values should be present:

- An advantageous location;
- Business environment;
- Educated and competent working force.

To make a place a destination for **tourists**, the territory’s values would be:

- Sightseeing objects (See Example 4);
- Products and services (See Example 5);
- Events.

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**Example 4**

Daugavpils Mark Rothko Art Centre is a good example of a territorial value based on a historical figure – in this case, Mark Rothko, an American painter who was born in 1903 in Daugavpils (then Dvinsk, Russian Empire).

The museum was opened in April 2013, and this is the only place in Eastern Europe where it is possible to see the original works of the famous 20th century’s artist who was a founder of Abstract Expressionism.

This association with an internationally-recognized figure certainly has the potential to put Daugavpils on a global map.

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**Example 5**

The town of Rūjiena and the locally-produced ice-cream have developed a close link with each other. The well-known ice-cream brand name is often the first thing that comes to mind when hearing the name of the small town in the north of Vidzeme.

Today, the company offers guided tours to the ice-cream factory, which introduces people not only to how the frozen dessert is made, but also to the town of Rūjiena.

The symbiosis between the ice-cream and the town has gone so far the the town uses the ice-cream brand’s typeface on its own website. Perhaps this is too much, but nobody seems to mind.
2.2. Target markets

Based on the previous step, the territory has to determine the markets it is going to target in order to communicate the previously defined territorial values. Broadly speaking, these can be divided into two groups:

- **Internal reference groups**, which include residents and businesses that are already present in the territory in question;
- **External reference groups**, which include potential future residents, tourists, and businesses currently operating outside of the territory in question.

Further segmentation can be made according to the principles of successful segmentation, outlined in the methodology. Namely, the target groups have to be:

- Identifiable and Measurable;
- Substantial;
- Accessible;
- Responsive;
- Viable and Sustainable.

The desired response from each reference group is different: for internal reference groups, this should be *satisfaction*, and therefore, willingness to reside, be employed (for individuals), and operate (for businesses) in the chosen territory.

As for external reference groups, the desired response in working with them is *attraction*, with the further purpose of turning them into internal clients – residents and local businesses, or getting their money and/or social support.

The primary reasoning behind segmentation of potential customers into target markets is the difference in these customers’ needs and wants. It has already been shown that individuals and businesses differ in terms of values they are looking for when choosing a place to reside, start business, or visit as tourists.
2.3. Strategic aims and objectives

Speaking of objectives and aims that the territorial marketing strategy tries to achieve, these should be closely related to the territorial development plan, and answer the following questions:

- How does the territory want to position itself in the eyes of its target groups?
- What does it want to become in the future?
- What is the municipality’s role in working and communicating with these target groups?

Also, as discussed before, the territorial marketing structure shown in Figure 2 includes a feedback loop between the territory’s values and its strategic aims and objectives. This implies that, in the long term, the territory’s strategic objectives should determine its newly created and developing values. Therefore, another important question to answer is:

- What territorial values should the region create and develop in order to maintain the desired direction of the territory’s development?

Aims and objectives should generally be proposed with a specific time frame – short-term or long-term – for easier reference, timely adjustment, and result measurement. It is equally important for these to be quantifiable and not abstract. Moreover, it is preferable to think of how to measure and assess all of the performance and quality objectives and indicators beforehand.

Example 6

The case of Ventspils is a good example of developing its brand image and becoming a demanded tourist destination.

From the heritage of an industrial and oil-transit town in the 1990s, Ventspils has transformed into a holiday town for families, offering a wide range of recreational and active-lifestyle opportunities, sightseeing objects, and events.

Also, this small city has been active in promoting its ‘state within a state’ concept by introducing its own ‘currency’ – the Vents.
2.4. Communication channels

When territory’s values and strategic aims and objectives have been defined, it remains to develop the desired brand image and communicate it through the appropriate and available communication channels.

Each municipality is already involved in communicating something about itself – whether it recognises this or not. Therefore, as a starting point, it would help to audit the existing communication channels, with the objective to check whether they carry the intended message to the chosen target groups, as well as to optimize communication channels and introduce new ones as and if needed. It is essential to determine what kind of message should be communicated and what channels should be used, in order to make the marketing communication effective and relevant to target markets.

The municipality is responsible for developing its **branding**, including but not limited to elements such as:

- Municipality’s coat of arms, flag (see Example 7);
- Municipality’s logo, tourism slogan(s), etc. (see Example 8);
- Correspondence and forms (including such elements as e-mail footers and real estate tax bills);
- Brochures, literature, municipal newspaper;
- Signage (see Example 9);
- Maps;
Furthermore, the municipality may choose to use **new media channels and instruments**, such as:

- Social networks (e.g. draugiem.lv, Facebook, Twitter, Instagram) (see Example 10);
- Municipality’s Wikipedia page;
- YouTube channel.

**Example 10**

I ♥ Saulkrasti campaign on Facebook is an effective way of promoting the small town of Saulkrasti, located on the eastern coast of Gulf of Riga.

All information is provided both in English and Latvian, therefore targeting both local and foreign tourists. It is also a good way of informing the public about recent and upcoming events, such as Saulkrasti Jazz Festival, Vidzeme Cycling Marathon, and town festivals.

Saulkrasti is also well-represented on Wikipedia.

If the municipality’s marketing strategy is **focused on tourism**, it can also use:

- TV and radio advertisements;
- Tourism information centres (TIC) (see Example 11).

**Example 11**

Sigulda is one of the most visited tourism destinations in Latvia. It is located in the Gauja National Park, a unique natural landscape, the only one of its kind in the Baltics.

The park has 221 cultural objects, which shape Sigulda’s image as a place for tourists. The town clearly recognizes this and has recently renovated its actively operating tourism information centre, where tourists can get information, and even buy a can of fresh air from Sigulda.
The town of Cēsis is active in building upon its lasting and solid cultural traditions, and this has been crucial in promoting its name among tourists in Latvia and abroad.

One of the town’s signature events is the Cēsis Art Festival, which started only in 2007, but has since received both regional and state-level recognition.

In a broader sense, there are a number of arenas to express the municipality’s brand. Remarkably, the following can serve both as a value and a communication channel:

- Cultural establishments;
- Sightseeing objects (historical, contemporary, nature trails, etc.);
- Cultural and business events on location (see Example 12);
- Competitions and volunteer works (Lielā talka);
- Sports competitions and teams;
- Representation in exhibitions, business trips, conferences, etc.

Finally, there are a number of arenas which belong to the private sector and are beyond the control of the municipality, which the municipality, however, can influence by providing guidance and encouragement:

- Products: souvenirs, t-shirts, postcards, etc.;
- Shops and cafes (which in smaller municipalities can double as information centres);
- Works of fiction (books, films, or TV series) whose plot is set in the municipality or somehow related to it (see Example 13).

Media is power. Even a single mention of a place in a book, movie, or advertisement can raise public interest instantly.

Television series can serve the purpose well. A local example is the Latvian TV series ‘Enģelu iela 9’, which is set (in a fictional address) and partially filmed in Mārupe.

How could the municipality leverage the free publicity? Perhaps by doing a ‘product placement’ in cooperation with the series’ producers? Or renaming the actual street ‘Enģelu’ (Angel Street) and promoting a mini-tour to the series’ location?
A separate category should include active cooperation with government agencies with functions related to territorial marketing, such as the Investment and Development Agency of Latvia (LIAA). (See Example 14.) It already has a number of success stories to tell, and one of them is given in Example 15.

**Example 14**

The Investment and Development Agency of Latvia (LIAA) lists many success stories of foreign investors coming to Latvia on its website. Among them are: AGA — northern Europe’s leading industrial gas company, Brabantia — Europe’s leading supplier of innovative household products, and CEMEX — global manufacturer of building materials.

All of these enterprises contributed to regional infrastructure development and created jobs for the local population.

**Example 15**

The Dutch company Brabantia is Europe’s leading supplier of innovative household products, with exports to over 80 countries.

The company initially opened a production plant in the Talsi municipality in 2008, after renovating a brownfield site. By 2011, it completed the relocation of its production of laundry dryers and ironing boards to Latvia, employing approximately 75 people.

The main reasons for selecting Latvia included a strong tradition in metalworking, Latvia’s membership in the EU and its Euro-pegged currency, and a business-friendly environment. The company is realizing a number of benefits with its facility in Latvia, including fast reaction to changes in demand by customers in the EU, lower inventory, talented workforce, low employee turnover and a competitive salary/productivity balance.
2.5. Result measurement and assessment

As the concluding step, it is essential to develop key performance indicators that would help to measure and assess the results of the marketing strategy.

This can be done in several ways:

- Assessing if the initially proposed strategic aims and objectives have been reached – both quantitatively and qualitatively.
- Seeing if the communicated message has reached the target audience and if it has responded (this can be measured as the number of hits / views on the Internet or the number of conducted meetings / presentations).
- Conducting regular resident, enterprise, tourist, and inter-municipality surveys, in order to track the municipality’s performance in relation to its marketing strategy.
- Analysing press- and web-publicity of the municipality to see if municipality’s message is received by the target audiences.

When analysing individual marketing activities, it helps to analyse both the Inputs (the activity done) and the Outputs (the impact of the activity). The following questions should guide the definition of goals and objectives for marketing activities:

**Inputs:**

- Has the activity been implemented within the deadline and the planned budget?
- Has it been done to the expected quality standards?
- Is it in line with the best practice?

**Outputs:**

- Has it reached the target audience?
- Has the target audience responded (measured as the number/amount of investment, residents or visitors)?

It is important to remember that upon reaching the fifth step the marketing strategy does not end, but starts in a new cycle. Keeping in mind the previously defined strategic objectives, the territory has to maintain, modify or re-define territory’s values, its target markets and communication channels, and be able to define the intended results.

Last but not least, a municipality’s marketing strategy must be one of its strategic planning documents. It has to be approved and accepted by the municipal council. The supervision of the strategy implementation should be done by the head of the municipality. All municipal employees should be familiar with the strategy and take it into account when making their day-to-day decisions. The implementation of the strategy’s various activities should be the responsibility of the municipality’s relevant specialists, such as the development specialist, the marketing specialist, the public relations specialist, the business/entrepreneurship development specialist, etc.