Market Research and target market segmentation in Place Marketing procedure: A structural analysis

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Abstract

The purpose of the paper is to present a structural analysis of market research and target market segmentation procedures in Place Marketing implementation. The paper focuses on city’s internal and external environment in micro-macroeconomical level, trying to set up a wide range of important questions concerning the planning and the successful performance of Place Marketing. The first part of the paper analyses Place Marketing as a strategic procedure. The second and the third parts examine the role of market research and target market segmentation in the Place Marketing process. The fourth part presents a structural analysis, by putting market research and target market segmentation procedures into city’s internal and external environment, in a variety of areas of analysis. Furthermore, some very important questions related to each area and environment of analysis are discussed. The article supports that this structure is characterized by flexibility since it can be used in more specialized research fields, such as: tourism, culture, innovation, business activities, leisure and recreation etc.

Key words: place marketing, market research, target market segmentation, city’s internal and external environment

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1. Place Marketing procedure

Place/city marketing constitutes one of the most interesting areas of research the last twenty years, since many cities globally and especially in Europe use promotion policies in order to support their images and become competitive among other cities (Ashworth and Voogd, 1990; Kotler et al, 1993; 1999; Duffy, 1995; Ward, 1998; Bramwell και Rawding, 1996; Selby and Morgan, 1996; Hope and Klemm, 2001, Avraham 2000, 2004; Urban, 2002). Bramwell (1998) supports that the marketing of place products should be based on the overall vision and the policy goals for the place, what influences which city products, and promotional images are targeted at which users. In addition Uysal et al., (2000) argued that for a place to become a recognized destination presents a difficult marketing challenge, since to maintain a positive image in the minds of visitors may be even more difficult because alternative and competitive destinations are always pushing the limits of market competition.

Place Marketing supporters, who begin with the traditional theory of Marketing ‘4ps’ (product, price, place, promotion) [Kotler, 1986], identify local economic development and city competitiveness as goals, attributing the concept of “product” or “good” to the city itself, and recognizing the promotion strategies as one of the most important factors of cities competitiveness, knowing at the same time that city image promotion constitutes something more complicated and multi-dimensional. They come short of the analysis of cities’ internal and external environment, the justified identification of the potential target markets, the development of particular strategies for potential target markets satisfaction and also the presentation of a specific methodology of Place Marketing effectiveness measurement (Metaxas and Petrakos, 2004). This very point is especially important since economic geographers mainly, (Cheshire and Gordon, 1998; Cheshire and Magrini 1999, 2001; Rodriguez-Pose and Arbiz, 2001) talk about the ‘Waste Strategies’, phenomenon, that is the strategies for the attraction of potential target markets, which developed and performed without any kind of evaluation and consequently they do not generate any profit on local as well as on regional level.

2. Market research

Market research constitutes a very important part of an effective Place Marketing Plan implementation (van Limburg 1998; Jansen-Verbeke and van Rekom 1996, Garrod et al, 2002). The majority of studies focus on tourism and cultural development of cities and regions, using primary researches and econometric – quantitative analysis. These researches concern the investigation of tourism trends globally, the analysis of tourists’ behavior and their particular characteristics, the auditing of strengths and weaknesses of cities in order to become competitive in international tourism and cultural market etc. Garrod et al (2002), presents the findings of a postal survey of all of Scotland’s 510 paid
admission attractions in 1999. The survey explored perceptions of the range and severity of visitor impacts, relating these impacts to factors such as attraction type, admission prices, visitor numbers and ownership status. Furthermore, Lim and McAleer, (2001) focus their analysis on forecasting quarterly international tourist arrivals in Australia, using exponential smoothing methods for the period 1998(1)–2000(1), while Balaz and Mitsutake, (1998) using marketing surveys and statistical data from national and international sources, investigate the emerging patterns of tourism exchange between Japan and transition countries of Central Europe, in order to explain the tourist flows, the tourist behavior and the motives for visiting this region. In addition Deffner and Metaxas (2003) and Metaxas and Deffner (2004), investigate the role of museum marketing and management on place attractiveness, using market research analysis in public museums of Greece, while Uysal et al, (2000) and Chen (2003), examined the competitive position of Virginia with eight other eastern US states, by using marketing surveys to Virginia residents and households, in order to understand the strengths and weaknesses, to identify the distinctive characteristics and to audit those opportunity areas that would enable Virginia to win a share from competitive areas.

3. Target market segmentation

Target market segmentation is related to the focus on specific target-markets and especially on tourist (Chen, 2003; Kastenholtz et al, 1999). Several studies used segmentation analysis in order to examine the most profitable segments in existing target groups that best maximize value to the destination. Carmichael’s study (2002), explores the spatial impact of the Barnes Exhibit (Ontario, Toronto) in a segmentation analysis of ‘out-of-town’ Barnes Exhibit visitors, by using gravity models to describe the distance decay effect, while Mykletun et al, (2001), used multiple logistic regression analysis and independent variables such as the nationality, household income, education age, travel party composition and trip purpose, in order to identify the destination’s most valuable visitor segments as well as the destination’s relative ability to satisfy each of them, in Bornholm island of Baltics.

Target market segmentation takes place on local, regional, national and international level. According to Short and Kim (1998), the basic target markets concern foreign enterprises, tourists, future residents, while Lecomte and Gollain, (1992), talking about Paris and London, identified as target markets, culture, tourism, the high technology centers, the international bank and financial companies. Furthermore, Kotler et al., (1999:33), support that the most significant target markets are visitors, residents and working population, enterprises and industries and the foreign markets.

Based on Ashworth and Voogd’s classification (1990:49) there are three basic segmentation strategies: a) concentrated strategy, that focuses on one specific target market. The most important part of this implementation concerns the identification of the
particular characteristics of the selected target market, in order for the provided city's image to meet the perspective image that this target market has for the selected cities, b) differentiated strategy, by choosing various target markets but also a different strategy of proceeding each of them and c) undifferentiated strategy, when target markets’ treatment is the same for all, offering a stable process for each of them separately.

4. Putting Market Research and Target Market Segmentation in City’s internal and external environment

4.1 Market research in city’s internal and external environment

Market research in cities internal and external environment concerns the analysis of various areas that are recognized as significant before the planning and the performance of a Place Marketing Plan. These areas have a common base, but their analysis is different, since in internal environment the analysis concerns the microeconomical level, while the analysis of the external environment concerns the macroeconomical dimension. The areas of analysis are (table 1): a) Trends and attitudes in the city: This analysis concerns the identification and the evaluation of trends and attitudes on matters such as, the tourism, the culture, leisure activities, the technology and innovation, the character and the level of business actions, the values and the traditions of the place etc. The main aim is the investigation of the demands, the needs and the perceptions of the existing city’s target markets and its region, as well. These target markets are: residents, enterprises, public economic organizations (i.e. chambers of commerce and industry), non profit organizations, training centers, technological institutes, universities, cultural, tourism and environmental associations etc., b) Local forces, partnerships development and delegation of roles and responsibilities. This second area of analysis focuses on the role and the contribution of cities forces (actors) to the development and the competitiveness of cities (localities). Furthermore, it’s been examined the level and the character of the partnerships between cities actors in order to promote and support the image of the cities effectively, c) Identification of the potential target markets: The identification of the target markets is based on the auditing of cities distinctive characteristics, the creation of distinctive goods applying to the target markets, in local and regional cities environment, d) Residents and other city’s target markets: Identification of those target markets that are the most profitable for the city, the type of communication and cooperation processes with the residents and the other target markets of the city, e) Competitors in regional level: This area concerns the analysis of competitors in regional level, since other cities act competitively in order to reinforce their position among other cities in the same
region. A very characteristic example is that of Larissa-Volos dipole in Thessaly region of Greece, where two cities with different competitive advantages compete each other (and cooperate also) in the same region (Thessaly region), in order to dominate one upon the other (Metaxas T., and Kallioras D, 2003) and f) Promotion strategies: this last area of analysis concerns the planning, the evaluation and the performance of strategies, tactics and alternative scenarios per target market taking into account the particularities that they present.

Table 1 presents the areas of analysis of market research procedure in the internal and external environment of a city. Each area is accompanied by some very important questions, which compose a structural analysis of market research planning and performance.

4.2 Target market segmentation in city’s internal and external environment

In the case of target market segmentation there are also particular areas of investigation and analysis, concerning city’s environment. More particularly these areas concern the following (table 2): a) Segmentation of trends and attitudes as they derived from market research, categorizing the needs and the perceptions of the target markets (the existing demand), but also the levels of satisfying these needs from city’s environment (the existing supply), b) Segmentation of the strategies, tactics and alternative scenarios: This analysis concerns the evaluation and the final selection of strategic axes of actions implementation, defining the excellent strategies, the tactics and the existence of flexible alternative scenarios and finally the evaluation of specialized techniques for each action development per sector of target market, c) Segmentation criteria: The identification of the main segmentation criteria includes three big categories of analysis:

− Segmentation of residents’ characteristics: the residents constitute the major potential target market of cities environment. The effective promotion and the provision of city’s ‘goods’ require the segmentation of their characteristics, since in market research process, they’re trends and their purchasing behavior have been identified.

− Segmentation of city’s characteristics: this process concerns the categorization of economic, urban, technological, environmental, commercial, cultural and leisure facilities that each city has and offers to the potential target markets. This phase presupposes the identification of a city’s distinctive characteristics, the justification of the selected target markets and the segmentation based on their particularities and their purchasing behavior.

− Segmentation of city’s actors: It concerns, the segmentation of roles and actions that a city’s actors take up in the city’s environment (who is doing what, how and when),
the level of their specialization (degree of their effectiveness), the ways of connections between them and with the potential target markets.

d) **Segmentation of competition areas:** In this case segmentation concerns the identification of the market share that the city holds towards its competitors, both on a general level and according to its distinctive characteristics, in order to improve its position among other competitor cities.

Table 2 presents the areas of analysis of target market segmentation procedure in the internal and external environment of a city. Each area is accompanied by some very important questions, which compose a structural analysis of target market segmentation planning and performance.

### 5. Conclusions

The article focuses on the analysis of market research and target market segmentation procedures, significant parts of Place Marketing effectiveness. Both procedures can plan and performed in city’s internal and external environment following the structural model that the paper proposed. The final provided good of the city is its image. So, we can’t develop a strategic place-marketing plan, in order to promote this image successfully, without answering first some basic questions with regards to the auditing analysis of the situation in the internal and the external city’s environment (a structural analysis). Each of these questions constitutes a guide-tool of analysing each area effectively. The effectiveness of each area analysis depends on city’s planners and marketers’ ability to provide the appropriate answers each time.

Furthermore, the success of target market segmentation presupposes the quality and the degree of effectiveness of Market research (representative qualitative and quantitative analysis of the current situation). Therefore, we could support that market research and market segmentation, take place after SWOT and PEST analysis and before the place/ city marketing plan implementation.

Finally, the article supports that the proposed structural analysis is characterized by flexibility since it can be used in more specialized research fields, such as: tourism, culture, innovation, business activities, leisure and recreation etc.
Table 1: *Internal and External city environment (Local and Regional)*

<table>
<thead>
<tr>
<th>Areas of analysis</th>
<th>Answers to questions (Internal)</th>
<th>Answers to questions (External)</th>
</tr>
</thead>
</table>
| **Trends and Attitudes in the city:** | **Basic questions:** - What is the degree of the local and regional trends and attitudes, which influence the locality’s (city’s) development policies?  
- How easy is it for the locality to follow these trends or to adopt these attitudes?  
- Does the locality have the appropriate development policies to satisfy the internal market demands effectively? | **Basic questions:** - What is the degree of the European and international trends and attitudes which influence the locality’s (city’s) development policies?  
- How easy is it for the locality to follow these trends or to adopt these attitudes?  
- Does the locality have the appropriate development policies to satisfy the market demands effectively? |
| **Actors contribution and partnerships between:** | **Basic questions:** - How is the local economic development connected with urban policies?  
- What is the role of the private sector (enterprises) to local development achievement?  
- What is the role and the level of power of Local Self-Government to local development achievement?  
- What is the role and the level of contribution of Universities, business incubators and innovation centers?  
- How easy is it for the locality to evaluate these trends and to adopt successful mechanisms of development actions and promotional activities? | **Basic questions:** - What are the appropriate external partners that the city has to be co-operated?  
- What will be the fields of these co-operations?  
- What is the role and the level of contribution of Local Self-Government to the development of these co-operations?  
- What will be the expected profits of these co-operations?  
- How easy is for the locality to plan and develop these co-operations? |
| **Roles and responsibilities per actor** | **Basic questions:** - Who will be on charge of the strategic planning procedure?  
- Who will distribute the roles and the responsibilities between the contributing actors?  
- Who will be the decision maker/makers?  
- Who will implement the Place / City marketing plan. | **Basic questions:** - Who will be on charge of the development of co-operations with the external partners?  
- Who will distribute the roles and the responsibilities between the contributing actors?  
- Who will evaluate the quality and the level of effectiveness of these co-operations?  
- What will be exactly the mission and the scope of each external co-operation? |
| **Strategies, Tactics and alternative scenarios** | **Basic questions:** -Does the city have the capacity to plan and to perform strategic promotional actions in co-operation with the other cities in periphery area  
-Are these promotional and development actions related with the locality’s vision and goals?  
-Are these promotional and development actions related with the periphery’s development, also?  
-What is the additional value on the locality’s and the periphery’s development concerning external strategic actions adopted by the locality? | **Basic questions:** - Does the city have the capacity to plan and to perform strategic promotional actions in co-operation with other cities or organizations in abroad?  
-What will be the plan, the scenarios and the character of each co-operation?  
-What will be the ‘actions promotional package’ for each co-operation?  
-What is the additional value on the locality’s and the periphery’s development? |
**Potential target markets (per sector) based on the recognition of the local distinctive characteristics**

Distinctive good ➔ distinctive characteristic ➔ particular target market

**Basic questions:**
- What are the potential target markets, which the locality addresses to?
- What are the distinctive characteristics of the selected potential target markets (per target market)?
- How profitable are the selected target markets considering their contribution to locality's economic development?
- Is the wrong (inappropriate) target markets selection procedure related with the waste strategies development?

**The citizens and the internal city's actors**

Identification of the profitable citizens target market markets, identification of the partnerships between the city's actors, city's linkages with city's needs and expectations, citizens contribution-

Developing Social Marketing

**Basic questions:**
- How the city should be act in order to meet citizens' needs and expectations?
- What are the main parameters, that the city takes into account in order to plan and implement an effective Social Marketing process?
- Does the city have the required ability and knowledge to develop effective linkages with the citizens?

**Competitors**

Definition of specialized competition areas, competition strategies etc, identification of the internal cities competitors.

**Basic questions:**
- What are the main competition areas the locality is faced with?
- Does the locality identify its comparative advantages in order to face its competitors?
- Could the city create a comparative advantage in case it doesn't have any?

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- What are the main competition areas the locality is faced with?
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- Could the city create a comparative advantage in case it doesn't have any?

Source: based on Metaxas (2002)
Table 2: Internal and External city environment (Local-Regional and National - International)

<table>
<thead>
<tr>
<th>MARKET SEGMENTATION</th>
<th>Areas of analysis</th>
<th>Answers to questions (Internal)</th>
<th>Answers to questions (External)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Segmenting trends and attitudes per:</strong></td>
<td><strong>Basic questions:</strong></td>
<td><strong>Basic questions:</strong></td>
<td><strong>Basic questions:</strong></td>
</tr>
<tr>
<td>Development and promotional area (culture, tourism, environment etc.)</td>
<td>- Does the locality have the required capability to face the potential demand?</td>
<td>- Does the locality have the required capability to satisfy the potential demand of foreign markets?</td>
<td></td>
</tr>
<tr>
<td>Potential target markets favors (the existing demand)</td>
<td>- Does the locality have the required supply to attract the selected potential target markets?</td>
<td>- Does the locality have the required capability to transform or to re-construct its image in order to attract the foreign target markets?</td>
<td>- How easy is for the city to transform a negative image (if there is one) to positive one?</td>
</tr>
<tr>
<td>- The level of trends and attitudes satisfaction (the existing supply)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Segmenting Strategies, tactics and alternative scenarios per locality case study:</strong></td>
<td><strong>Basic questions:</strong></td>
<td><strong>Basic questions:</strong></td>
<td><strong>Basic questions:</strong></td>
</tr>
<tr>
<td>Main strategies (excellent) per sector and action</td>
<td>- What are the main characteristics of these strategies?</td>
<td>- How are the selected strategies linked with the approach of the selected target markets?</td>
<td></td>
</tr>
<tr>
<td>Alternative scenarios per sector and action</td>
<td>- How are the performed strategies (per studying area) linked with an area’s economic development?</td>
<td>- How are the selected strategies linked with the promotion of city’s image globally?</td>
<td></td>
</tr>
<tr>
<td>Tactics per sector and action</td>
<td>- How are the performed strategies linked with the regional area?</td>
<td>- How are the selected strategies linked with the selected profitable target markets?</td>
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</tr>
<tr>
<td>Specialized techniques per sector and action</td>
<td>- Which of these strategies are waste strategies?</td>
<td>- Under what conditions the segmentation of strategies can be successful?</td>
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<tr>
<td><strong>Basic segmentation criteria:</strong></td>
<td><strong>Basic questions:</strong></td>
<td><strong>Basic questions:</strong></td>
<td><strong>Basic questions:</strong></td>
</tr>
<tr>
<td>- Nationality, Sex, Age, Family structure</td>
<td>- What is the accessibility level of penetration to the selected target markets?</td>
<td>- What will be the segmentation criteria if the locality decides to approach specific international target markets (i.e. FDI, alternative types of tourism, people with special needs, athletes etc)?</td>
<td></td>
</tr>
<tr>
<td>- Occupation, Educational level, Social class</td>
<td>- What specialized segmentation strategies does the city have to perform in order to segment these target markets?</td>
<td>- What will be the evaluation and feedback processes?</td>
<td></td>
</tr>
<tr>
<td>- Income, Religion, Hobbies, Traditions, Favors</td>
<td>- What means, methods or techniques does the city need to use in order to perform segmentation process effectively?</td>
<td>- How the locality will use the information in order to build an effective promotion package offering to these markets?</td>
<td></td>
</tr>
<tr>
<td><strong>Basic segmentation criteria (per citizens, per city’s area, per actor):</strong></td>
<td><strong>Basic questions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizens: Sex, Age, Family structure, Occupation, Educational level, Social class, Income, Hobbies, Favors</td>
<td>- How the city will use the primary data in order to create effective segmentation policies (methods)?</td>
<td>Concern only the internal environment</td>
<td></td>
</tr>
<tr>
<td>City’s area</td>
<td>- How easy is for the city decision makers and the planners to implement segmentation policies per all the city’s internal target</td>
<td></td>
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</tbody>
</table>
Population, income, distance from city’s center, social infrastructures, city’s area internal structure, the existence of technological centers, schools, commercial stores, leisure and recreation places etc.

**City’s actors** (public authorities, enterprises, social, economical, environmental, cultural organizations and agencies, Universities and technological centers etc.)

Internal operation structure, actions, specialised stuff, character, linkages between them, linkages with the citizens, the visitors markets and categories?

- How necessary is for the city to implement segmentation policies?
- How these policies associated with the city’s internal development, the citizens’ quality of life and the social marketing process to become effective and successful?

**Segmenting competition areas:**
- Market share per location according to its attractiveness capability (generally)
  (tourism, culture, international events, economic activities etc.)
- Market share per location according to its distinctiveness capability (particularly)
- Comparison analysis between the locality’s current position (market share per development sector) and the positions of its competitors.

**Basic questions:**
- What are the main segmentation strategies that competitive locations with similar characteristics use successfully?
- Does the city have to concentrate its segmentation strategy only on particular target markets, with low or high degree of competition?
- What are the mechanisms / methods that the city have to use in order to keep its comparative advantage (if it has) among the other competitive locations?

**Basic questions:**
- What are the main segmentation strategies that foreign competitive locations with similar characteristics use in order to analyze and segment international target markets?
- How the selected segmentation strategy that the locality performs, is related to the effective implementation of promotional strategies against to its competitors?
- How the selected segmentation strategy that the locality performs is related to the successful assertion of a profitable target market?
- How the selected segmentation strategy can help the locality to increase its market share among its competitors?

**Source:** based on Metaxas (2002)
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