



Original Article

Place marketing, place branding and foreign direct investments: Defining their relationship in the frame of local economic development process

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ABSTRACT Attracting foreign direct investments (FDI) constitutes one of the primary aims of the regions and cities, globally. In the new internationalized environment, places are characterized by a plurality of efforts to create their images based on their distinctive characteristics, and through this way to attract investments and specialized human resources. Traditional economic factors, such as agglomeration economies, access to the European and national markets, urban infrastructure, but also qualitative ‘soft’ factors, such as the quality of life, urban aesthetic and local development policies, were considered as location criteria for business establishment in potential places. In this framework, the role of strategic planning, place marketing and branding has been increasingly important in Europe and all over the world. The aim of this article is to present, using a conceptual model, the FDI attraction through the use of place marketing process in order to provide answers in three critical points. First, how important and effective is place marketing as a tool in FDI attraction? Second, what are the prerequisites for place marketing implementation so that FDI attraction becomes successful? Third, how important is branding on overall place marketing effectiveness?

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INTRODUCTION: PLACES ... PLACE MARKETING AND THE NEED FOR BRANDING

The role and the importance of regions, and especially of the cities, changes dynamically, becoming entities of vital significance in the frames of the new internationalized environment (Oman, 1996; Scott and Storper, 2003; Turok and Bailey, 2004). Competition has become so intense and intrinsic to local development that places have to take a more entrepreneurial stance in order to remain at the top of a region and enhance their attractiveness to the footloose capital, residents and visitors (for example, Harvey, 1989; Hall and Hubbard, 1998; Van Winden and van den Berg, 2004). International trade, foreign direct investments (FDI), human resources specialization and mobility, technologies transformation, for example, influence deeply the places' competitive profile, creating powerful levels of places' attractiveness (that is, Upper Bavaria, Utrecht, Braunschweig, Haute-Normandie, Basel, Salzburg, Tübingen, Zurich) (Kotler *et al.*, 1999), or the cases of Birmingham, Rotterdam, Toronto and Atlanta (Duffy, 1995). In this framework, the role of strategic planning, place marketing and branding has been increasingly important in Europe (Paddison, 1993; Bradley *et al.*, 2002; Kavaratzis and Ashworth, 2005; Anholt, 2008; Metaxas, 2009).

Focusing on the role of place marketing, we support that constitutes one of the most interesting areas of research the last 20 years, since many places globally and especially in Europe use promotion policies in order to support their images and become competitive among other places (Ashworth and Voogd, 1990; Ward, 1998; Urban, 2002). Fretter (1993, p. 165) and Bailey (1989, p. 3) support that place/city marketing is a main planning tool that contributes to cities' development, especially in the decades of 1980s and 1990s. The international literature of place marketing and, more recently, place branding is full of image-improvements success stories (Schofield, 1996; Melbourne, 2006; Florek and Conejo, 2007; Nuttavuthisit, 2007;

Hanna and Rowley, 2008; Lu *et al.*, 2008) and examples of well-planned and implemented campaigns worldwide (Shir, 2006; Capik, 2007).

Before we proceed further in our analysis, it is necessary to make an important distinction between place marketing and place branding. The American Marketing Association defines a *brand* as a 'name, term, sign, symbol, or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition' (Kotler and Gertner, 2002). Communicating a brand image to a target segment has long been regarded as an important marketing activity in business environment (Reynolds and Gutman, 1984; Park *et al.*, 1986). But in the case of destinations, although the concept of destination image has been an area of study for the past 40 years, the concept of branding is quite new, as far as its determination is concerned and how it is related to the successful implementation of place marketing policies (Westwood *et al.*, 1999; Pritchard and Morgan, 2001; Watkins and Herbert, 2003). According to Hall (1999), the concept of 'branding' includes (a) a clear and distinct image of the place, which truly differentiates it from other competitors, (b) associations with quality and with a specific way of retailing to the final consumer, (c) ability to deliver long-term competitive advantage and (d) overall, something greater than a simple set of nature attributes.

We will adopt the point of view of Anholt (2008, 2005) and Kavaratzis and Ashworth (2005), who referred to two concepts and argued that simple communications are no substitute for policies while constructing and altering the image of a country, or that a city requires more substantial efforts than graphic design, advertising or PR campaigns. Following the arguments above we would say that if the place marketing translates simply in advertising, slogan and campaigns, then we are not referred to a strategically planned process, but in something random, disorganized and opportunistic, and therefore ineffective. On the

other hand, we will also adopt the point of view that place branding leads to the integration and effective implementation of place marketing. In this sense, place branding combines organizing and marketing, or specifically branding seems to be one particular chapter in place marketing (Pedersen, 2004). The crucial point is that place marketing and place branding is a distinctive sort of action involving distinctive methodology and techniques.

Although place marketing importance is supported by the existence of scores of successful references to cities, it has been questioned as a procedure as it comes short of analysing the internal and external environment of places, specifically determining the potential target markets, developing concrete strategies aiming at the satisfaction of the potential target markets that desire to attract, and, finally, presenting a specific methodology to measure the effectiveness of promotion policies adopted in place (region/city) competitiveness. This point is especially important as economic geographers mainly (Cheshire and Gordon, 1998; Cheshire and Magrini, 2001; Rodriguez-Pose and Arbib, 2001) talk about the *Waste Strategies* phenomenon, that is the strategies for the attraction of potential target markets (Zerrillo and Thomas, 2007; Metaxas, 2009), which developed without any kind of evaluation, and consequently they do not generate any profit on local as well as on regional level. Finally, one last downside of place marketing is the unfounded checking of the effectiveness, the planning and the implementation of development policies used by the public local factors. This fact is especially important, as the implementation of policies such as place marketing asks for the active involvement of public and private factors of the place (Metaxas and Petrakos, 2004). The crucial question following this discussion is 'Is place marketing implementation enough?' The answer is negative and of course awards the need of branding. The branding can be thought of as a success if it is able to deliver core urban values that are deemed valid, distinctive, appealing, durable and communicable (Gertner

and Kotler, 2004). Although a highly complex task (Fan, 2006; Tasci and Kozak, 2006), as a key essential in destination development and marketing,

a brand strategy can work to fuse public and private sector interests, increase pride and confidence in places and change how they are seen internally and externally (De Carlo *et al*, 2009). An important feature of the place branding process is that it combines both the aspiration of the city authorities (Kavaratzis and Ashworth, 2005), and the involvement of private initiatives in urban management activities (Negrete, 2009). Finally, the creation of brands can be efficiently used to increase investment inflows to a host place (Jacobsen, 2009).

In this study, we focus on the relationship between place marketing, place branding and FDI attraction. More specifically, by *FDI attraction*, we mean those aspects of the local environment regional authorities/agencies that should build and market in order to attract appropriate foreign investment, and how they should proceed on this process (OECD, 2006, p. 2). In the frame of place marketing effectiveness, this article aims to provide answers to three critical points. First, how important and effective is place marketing as a tool for FDI attraction? Second, what are the prerequisites for place marketing implementation so that FDI attraction becomes successful? Third, how important is branding on overall place marketing effectiveness?

WHY PLACE MARKETING IS A STRATEGIC PROCESS? AN ANSWER IN BRIEF

The answer to this question is simple but very important. Firstly, the philosophy, the design and the operation of the place marketing derive from the principles and practices of the traditional business marketing. Business marketing is a strategic process. Second, place marketing is just a multidimensional process because it refers to locations with particular characteristics and values, but with a different representation of interests in particular issues of growth and competitiveness. Third, the place image as the

'final provided good' requires a well-structured marketing mix to be effective and successful support. The most important issue is that the vision of the city and the development objectives and strategies depended on the local distinctive characteristics and the particularities of each place; and the final strategic place marketing plan in order to become effective should be based on these characteristics. Fourth, combining the dynamic and the values of a place can lead to the creation of a brand that, in order to function successfully and support the marketing, should be based on a strategically effective designed management. Finally, as in traditional marketing, in place marketing and beyond 'final produced good', which is the image of the place, we identify potential target markets, the segmentation process, the evaluation and the development of distribution channels, as well as the selection of the appropriate promotional means, strategies, tactics and alternative scenarios¹. Several studies focus on segmentation of potential target markets, particularly in tourist destinations (that is, Bowen, 1998; Litvin, 2000; Yuksel and Yuksel, 2002; Metaxas, 2005; Kaufman and Upchurch, 2006), to develop distribution channels both inside and outside the target environment (that is, Weitz and Sandy, 1995; Mallen, 1996; Frazier, 1999; Deffner and Metaxas, 2006) and in developing strategies for promotion (that is, Paddison, 1993; Nel and Binns, 2002). Furthermore Deffner and Metaxas (2005, 2006) in the frame of the European programme CultMark, develop a comprehensive, step by step, Pilot Place Marketing Plan, for five regions in Europe, contributing through this way to strategic planning issues in place marketing. In this article, these functions are taken for granted as part of a place marketing mix (PMM), without a further analysis of their relation with nature and their implementation.

BUILDING ATTRACTIVE INVESTMENT IMAGES AND THE ROLE OF FDI

The creation of an attractive investment image constitutes one of the main priorities of places

globally (Head *et al*, 1999; Christiaans, 2002), and especially in Europe the last decades (Stubbs *et al*, 2002). Every region/city looks to raise its 'invest ability' so as to gain advantage in this intense competition, as the attractiveness of an area is basically defined from this criterion (Chevrant-Breton, 1997). 'Invest ability's' emphasis is on how a locality can be made attractive to investors, and on identifying and dealing with those features of the local business environment that mostly detract from its appeal (Begg, 2002, pp. 107–108). International literature has been hosting several scientific approaches concerning, among others, the quality of localized capabilities to satisfy the needs of the foreign investors (Maskell and Malmberg, 1999), and finally the local authorities' role and their partnerships with the private sector in order to increase places' development and competitiveness (Syrett, 1994; Preimus, 2002).

In the context of places' competition, fundamental is the variable of FDI attractiveness, which contributes to regional development by increasing the capital stock and the productive capacity (Parkinson, 1991; Iammarino and Santagelo, 2000; Ioannides and Petrakos, 2000). FDI can bring important multiplier effects resulting from local procurement of materials and services and local spending of wages and salaries and a series of other benefits, including technology transfers, upgrading the efficiency of local suppliers, competitors and customers, contributions to local infrastructure and improved labour force skills (Steganovic, 2008). According to Loewendahl (2001), foreign investors come to a host country not because of the good investment environment as perceived by the authority, but because of the actual benefits from that investment environment. Under this option, the government should understand the requirements of FDI firms and target policies to satisfy them, as investment incentives and motives are one of the core policies in place marketing process part. According to Lim (2005), the host country (place) policy framework for FDI attraction refers to the following: the degree of social/political stability, rules regarding entry and

operations, fair competition between foreign and domestic investors, privatization policy, international agreements on FDI and the host government's attitude towards foreign corporations. Dicken *et al* (1994) and Cheshire and Gordon (1995) supported that the role of the local authorities should focus not only on their attempt to attract FDI, but also on their ability to formulate the proper 'business environment', in the frame of which the businesses will be able to operate effectively. In addition, foreign investors evaluate political stability, general economic development and some other specific conditions (such as the size of the internal market, demand of the population and geographical location) when deciding where to put their investments (Tosics, 2004). Figure 1 shows *Competitiveness* as a 'goal' and as a 'prerequisite' for places (regions/cities) and for the potential target markets, especially FDI (Metaxas and Petrakos, 2004).

Local authorities should design and implement the development of a PMM, which, considering the dynamics of local environments, can lead to a dynamic brand and hence success in attracting FDI. According to recent studies (Florida, 2002; Kotler and Gertner, 2002), places having built strong and dynamic brands have an easier task of attracting firms within the knowledge industries, and finally increased investment inflows. A key point is to understand three basic relations (Jacobsen, 2009): (a) the decision-making processes of the place investor (criteria and dynamic analysis of the potential location), (b) the nature of the place brand, and (c) strategic and operational place brand

management (control, programming, evaluation and feedback). Following the assumption that places can be marketed like products (for example, Rainisto, 2003; Hospers, 2004) or goods (Metaxas, 2003), or commodities (Goodwin, 1993) and including the necessary application of branding principles (Parkerson and Saunders, 2005 cited in Jacobsen, 2009), a place brand is becoming a mix combination of 'assets' and 'values'. On the basis of the analysis of Figure 1 and the general FDI attitude, place branding has to link the 'place's assets and values' with the behaviour and intention of the potential investor to invest. This linkage is established via *place brand equity process* (Jacobsen, 2009). The findings from this part of the framework will support the strategic decisions of place brand management.

In the next section, an approach of multi-complicated relationship between FDI, place marketing and place branding is presented. The article focuses on the discussion, though empirical studies, regarding the significance of place marketing and branding as tools on FDI attraction.

APPROACHING A MULTI-COMPLICATED RELATIONSHIP

Empirical studies and rankings

Cheshire and Gordon (1996), trying to give an answer to the question *is territorial competition beneficial to the wider community?* suggest that there must be some evaluation of development policies between those territorially competitive policies that are pure zero sum and those

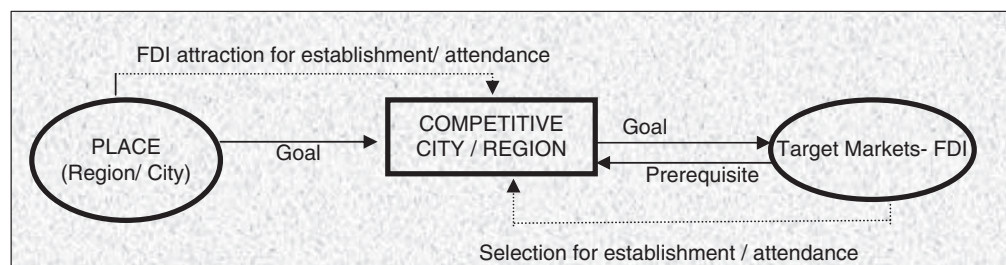


Figure 1: The 'competitiveness' as a goal.
Source: Metaxas and Petrakos (2004).

territorially competitive policies that potentially offer net gains not only to people who live in the territory, but also to the wider community. However, out of these development policies, the ones with the lowest influence and importance, especially mobile investments' attraction, are those related to the direct city promotion and advertisement. This option supports Keating's (1991, p. 190) older thesis, which argued that promotional efforts and activities that cities use in order to support their image and their development are, very simply, ineffective. This stance is also supported, up to a point, by Head *et al* (1999), who concluded that the existence of American promotion bureaus in Japan played a minor role in the final decision of Japanese enterprises to choose the United States as the most appropriate destination for their investments. They came to the conclusion that the promotion bureaus or other types of advertising contributed to the choice of the locality as the most appropriate destination of new investments, only in the case where the potential investor has limited information about this place. Kindra *et al* (1998) also reached almost the same conclusion after examining the criteria for FDI in Asian countries, and concluded that investment promotion activities have not been a determinant or influential factor in FDI generation in the ASEAN region. Instead, the ASEAN region has attracted the attention and interest of investors, based on its enhanced international standing as a profitable and internationally competitive region in which Western firms can invest and conduct business.

These positions are totally in opposition to Place Marketing supporters (Ashworth and Voogd, 1990, p. 45; Kotler *et al*, 1999; Ulaga *et al*, 2002), which identified place competitiveness as an aim, attributing to the place the concept of a 'product' or 'good', supporting promotion policies as one of the main factors on place competitiveness, while at the same time recognizing that the case of place image promotion is something much more complicated and multidimensional. Reese (1992) supported that the appropriate performance of

promotional efforts could cause positive influence on decisions concerning planning policies related to local economic development issues.

Young's (2005) study is one of the few that overviews the role and nature of place marketing in attracting FDI into Central Eastern Europe. He concludes that simple promotional campaigns that aim at raising investor awareness of localities in the region have quite limited impact; and in order to be successful, place marketing must become a sophisticated and complex set of strategies and address investor-specific needs. He provides a case study about Czech Invest, which has been one of the most successful investment-promotion organizations in the region. In the first half of 2006, 84 foreign and Czech investors from the fields of manufacturing, business support services and R&D located in Czech Republic. These firms plan to invest over 3 billion dollars in coming years and to employ nearly 18 000 people (City Invest, Czech, 2006/2007, p. 4). Furthermore, successful promotion policies, for FDI attraction, have been implemented not only in Spain (Barcelona and Madrid) (European Cities Monitor, 2000–2006; Ernst and Young, 2003; Metaxas, 2006), in London and Paris (Chevrant-Breton, 1997), but also in Prague (Strategic Plan of Prague, 2000; Spilkova, 2007) and Budapest (European Cities Monitor, 2000–2006). In addition, several very well-established studies in the area of destination branding (that is, Hall, 1999; Buhalis, 2000; Prideaux and Cooper, 2003; Zevedo, 2004) and nation branding (that is, Anholt, 2002; Andersson, 2007; Szondi, 2007; Rausch, 2008; Pike, 2010) highlight the meaning and practical application of branding as a powerful strategic process designed for the overall economic growth and competitiveness of regions and states.

Figures 2 and 3 present European Cities Image in terms of *Promotion* and *Improvement* (in percentage). More particularly Figure 2 presents the European Cities Image Promotion for the years 2002–2004 in percentage. As we can see, the positions of Prague, Warsaw and

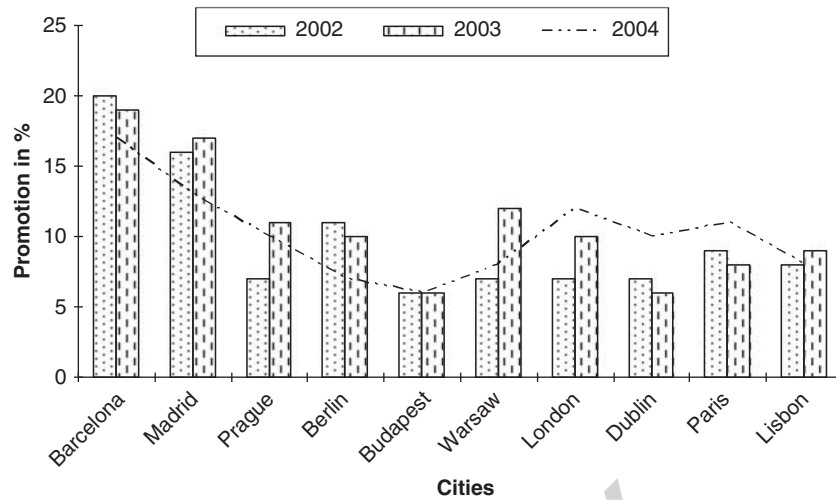


Figure 2: European cities image promotion.
 Source: European Cities Monitor (2000–2006) (Cushman and Wakefield Inc., 2006) – Author elaboration.

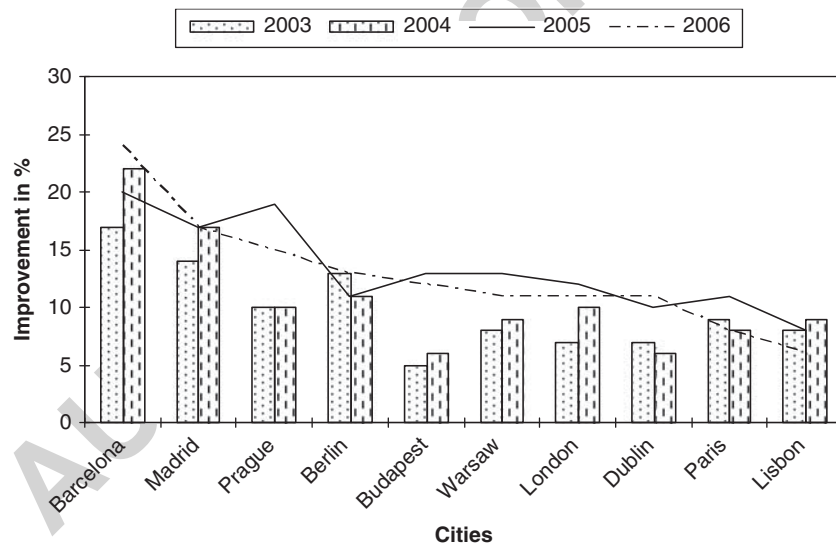


Figure 3: European cities image improvement.
 Source: European Cities Monitor (2000–2006) (Cushman and Wakefield Inc., 2006) – Author elaboration.

Budapest are very high in relation to cities such as Barcelona, Madrid, London or Berlin. Figure 3 presents the same view, showing that related to all presented cities, Prague manages to increase its image improvement, both for 2005 and 2006 in relation to the period 2003–2004.

Following the above analysis and presenting the arguments of place marketing supporters and defenders, the article claims that both sides

have right. Place marketing is a strategic process, and the implementation of promotional activities and policies without strategic planning based on knowledge and ‘know-how’ is not useful. This fact could lead to the creation of waste strategies and finally the whole place marketing process to become ineffective. On the other hand, FDI attraction constitutes a complicated process. For instance, places wishing to attract FDI often launch ambitious

promotion programmes, including a vast array of incentives without a proper evaluation process of what kind of FDI and how much FDI should or could be attracted (Proksch, 2004). This point is crucial and it is related to the analysis of places' environment, distinctive characteristics, internal forces and capacity to audit and evaluate FDI character and quality. In this case, the role of branding, and particularly the place branding equity process, is very important and supportive to the effective implementation of place marketing. Place branding equity based on the traditional product brand building process from the business world is best presented by several studies (that is, Brandt and Johnson, 1997; Moore, 2003). Jacobsen (2009) awards the significance of place brand equity that encompasses 'real and/or perceived assets and liabilities that are associated with a place and distinguish it from others' (Papadopoulos, 2004, p. 43). Jacobsen developed the approach of investor-based place brand equity framework, combining place brand assets and values and how they influence and shape the final selection for plant investment. The intermediate link between the characteristics and values of the place with the behaviour of investors is the place brand equity. This is the approach we will use to some extent below.

Building a conceptual model of successful FDI attraction: Main hypotheses

By taking into consideration several studies (Shapiro, 1987; Zajac and Olsen, 1993; Madhok, 1995; Ghauri and Holstius, 1996), in assessing the prospects for and impact of FDI, it is critically important to consider the motives of the three main actors involved in the process (foreign investor, host government (place and authorities) and host enterprise (local firms)) and to identify the degree to which they are achieved. The selection of the appropriate location of FDI is based on the market theory of the existing demand and supply. FDI take into serious consideration two main factors in order to reach a decision of

setting up at a specific area. First, it is related to what the host area/city/region provides to FDI – in comparison to others – satisfying the needs and expectations of target markets (potential FDI). Second, it is related to the selected area's capacity, strength and knowledge to evaluate effectively which of the potential FDI could cause positive influences not only to the local economy, but to the regional economy as well (Metaxas, 2008). Literature suggests that the main motive of host governments for attracting FDI is to promote economic growth (that is, GDP, employment growth, technological growth, increased exports) (Wang and Bloomstrom, 1992). At a micro-economic or enterprise-specific level, motives can be seen as driven by the need to acquire assets that can be exploited in domestic or foreign markets (Hooley *et al*, 1996; Zerrillo and Thomas, 2007). Firms may be seeking: input of financial and managerial resources, access to investor's own market(s), technical assistance to help improve efficiency, or more general strategic assets such as foreign products and brand names. In addition, in an older view, Wells and Wint (1991) describe three types of promotion techniques used by investment agencies, namely, (i) primary image-building techniques; (ii) primary investment-generating techniques; and (iii) investment service techniques. They are to be used in the communication programmes for effectiveness. Finally, there are several other factors that characterize each place (that is, market size, domestic capabilities and existing levels of FDI, supporting services and so on), which influence the marketing policy mix for FDI attraction (Cho, 2003).

In the following, we will build a conceptual model for FDI attraction by taking into account the market theory of supply-demand in the frame of an internationalized market environment. More specifically, we divide some very important hypotheses in three groups: (a) General hypotheses (Global Market Environment), b) Host place (country, region, city) hypotheses (Supply side) and c) FDI hypotheses (Demand side).

(a) General hypotheses (Global Market Environment):

The starting point is the *competitiveness goal* as presented in Figure 1. Three main hypotheses are related to this goal. The first concerns the ‘competitive place’ that is common goal for place and FDI. This hypothesis is separated in three others: First, the use of place marketing in order this place to become competitive. According to several views (Kotler *et al*, 1999, p. 125; Van den Berg and Braun, 1999; Warnaby *et al*, 2005), place marketing is successful when it satisfies the development objectives of the place but also the perceptions and the needs of the potential target markets (users), in our case FDI. The second concerns FDI and the need for establishment in a competitive place. Finally, the third concerns the role and the significance of branding equity, which is the linkage between the host place values and the FDI behaviour (for example, Jacobsen, 2009; Dinnie and Fujita, 2010). So, these hypotheses are:

Hypothesis 1: A ‘competitive place’ is common goal for place and potential target markets (that is FDI).

Hypothesis 1a: Place marketing has to satisfy the development objectives of the place and the needs of the potential target markets.

Hypothesis 1b: FDI select a competitive place in order to satisfy its development objectives and needs.

Hypothesis 1c: Branding equity is the linkage between the host place and FDI attitude.

(b) Host place (country, region, city) hypotheses (Supply side):

The first one concerns the host place (country, region or city) and the ability, organizing capacity and strength of host government (regional/local authorities) to attract and satisfy FDI perceptions (Van den Berg *et al*, 1997, 2003; Polidano, 2000). The second one concerns FDI, character, perspectives and quality, based on the needs and the distinctiveness of the host

place (Proksch, 2004). The third one concerns the efficient place brand management (Jacobsen, 1999; Papadopoulos and Heslop, 2002) in order place marketing development to become successful. This includes the creation of place image as a ‘final provided good’, regarding the distinctive characteristics of the place (traditional economic factors, geographical mix, technological factors, qualitative factors, urban infrastructure, employment, investment incentives and so on). All these factors are also criteria for business establishment in a potential host place. The creation of the ‘final place image’ as an *investment destination* is based on the situation audit analysis of these factors, leading to the appropriate selection of FDI. The three hypotheses are the following:

Hypothesis 2: Place marketing effectiveness is based on the ability of the local actors to plan and implement development policies for FDI attraction.

Hypothesis 3: Successful attraction of FDI requires a proper evaluation process of what kind of FDI and how much FDI should or could be attracted, based on the distinctiveness of the host place.

Hypothesis 4: Place marketing success based on an efficient place brand management process.

(c) FDI hypotheses (Demand side):

The first hypothesis of this group concerns the character of FDI Industrial and commercial firms’ main concern is related to market accessibility, big clients, market size and demand conditions (Haufler and Wooton, 1999), economic agglomeration and supporting services (Porter, 1994), heavy urban infrastructure and strong investment motives. On the other hand services and R&D firms are mainly interested in specialized human resources, investment incentives and R&D appreciation (CEC, 1993).

Hypothesis 5: Location criteria for FDI establishment are different among FDI production sectors.

The second hypothesis of this group is related to institutional factors such as government policy (Gomes-Casseres, 1991), legal framework, intellectual property rights protection (Oxley, 1999) or political risk (Henisz, 2000), that have been incorporated in the study of foreign investment strategies, notably entry mode choice (Bevan *et al*, 2004). Investors seek locations where the institutional environment facilitates the development of their global firm-specific advantages, and this creates new challenges both for MNE and public policy (Rugman and Verbeke, 2001). So the next hypothesis is:

Hypothesis 6: Institutional factors have a major significance in the FDI decision-making process for establishment.

One important hypothesis is of FDI in territorial development. Foreign firms bring new technologies, new knowledge and new management skills, and local firms can learn from this. Therefore, the presence of foreign firms can improve the competitiveness, the expansion of productive capacities, decrease of unemployment, but fears can also be raised that foreign competitors crowd out local firms, and a net positive effect on the local or regional economy can not be taken for granted (Vasilescu *et al*, 2008). Of course in any case this FDI positive effect is related to place environment and its distinctive characteristics. For example, the instatement of big department stores in an area can contribute to the area's economy through the employment of a great number of people; however, it could evoke disturbance in the local market, affecting negatively the growth of the smaller local business in the frame of an open competitive market.

Hypothesis 7: FDI contribution in territorial development could be positive if the exploitation of the competitive advantages of the area exists (that is natural resources, specialization) and satisfaction of the

basic needs for development (that is new technologies, new knowledge and new management skills to local firms).

And finally, the last hypothesis is the importance of branding equity in the whole process of FDI successful attraction.

Hypothesis 8: Branding equity has a significant role in the FDI decision-making process linking the host place characteristics and values to the FDI decision making process.

The proposed model

The suggested model (Figure 4) in fact comprises a tool of gratification of the cases that had been set in the previous unit. Hypothesis 1 is set as a starting point in which the attempt of all the areas to become competitive destinations attracting FDI in the frame of a universal market and in which the place marketing (Hypothesis 1a) functions as the tool of competitiveness achievement through the gratification of the FDI needs/ expectations as well as the FDI's inclination to be attracted by areas with a high degree of competitiveness (Hypothesis 1b). The linkage between these two areas is place branding operation in general (Hypothesis 1c) and more particularly the place brand equity process (Hypothesis 8). The environment of offering and demand is specified next, where the analysis axis of the model is presented based on the cases that have been set. The goals' gratification in the offering environment, as well as the demand's, can lead to the successful implementation of the host places' image-promotion strategies, as well as to the successful choice of an appropriately competitive destination for new investments.

CONCLUSIONS

The aim of the article was the presentation of a methodological approach, strategically planned

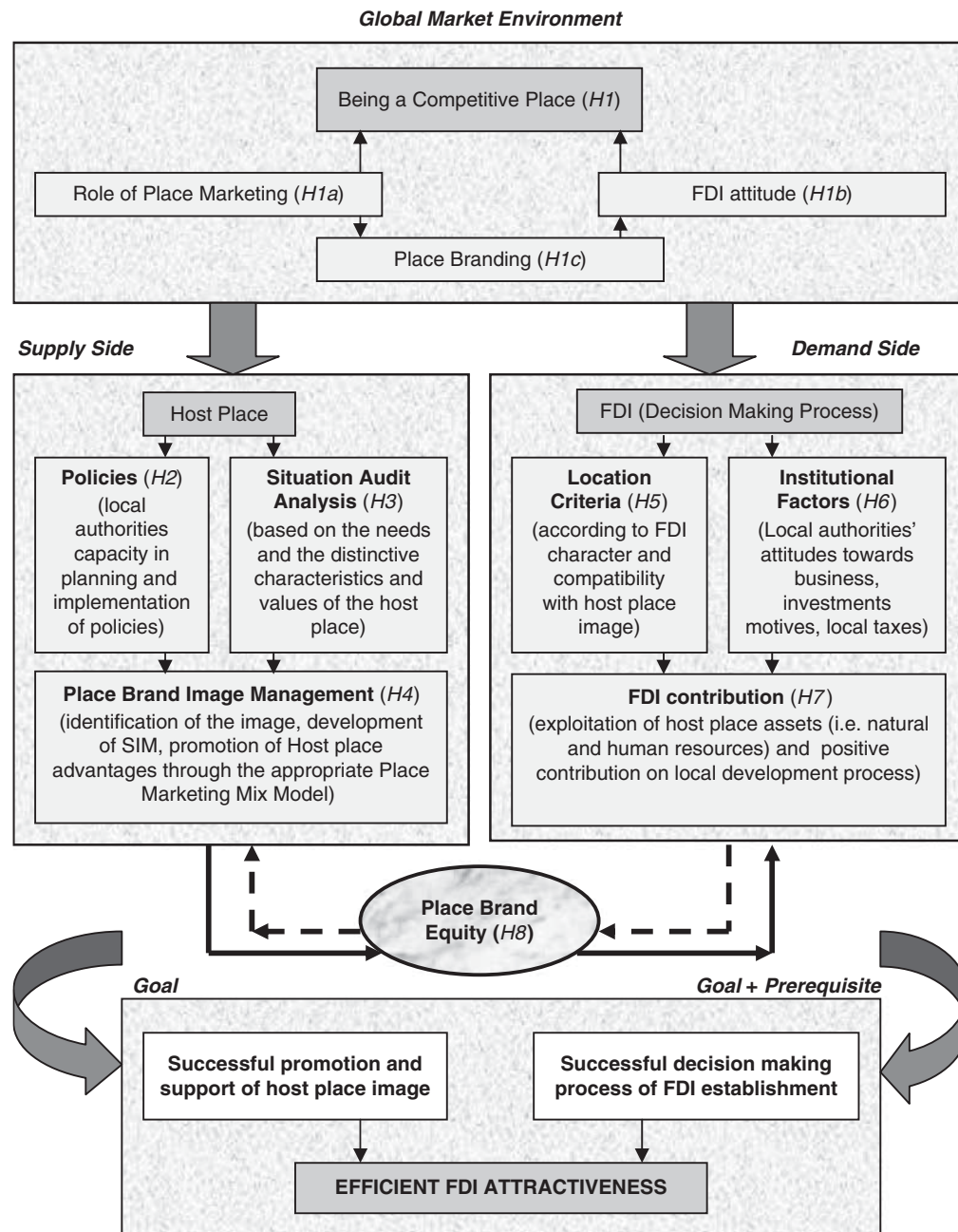


Figure 4: The proposed conceptual model for FDI effective attractiveness.

so as to set the combination of place marketing and place branding as an effective tool for the successful FDI attraction in a potential area, which, in the frame of an international competitive market, wishes to obtain the image of a competitive investment destination. This necessity emerges as the effectiveness of place

marketing is highly controversial in the international bibliography. On the basis of research and opinions, the article claims that the relation between place marketing, place branding and FDI aside from being substantial can also be successful when it functions in the frame of a strategically organized attempt that

works according to the offering and demand in a competitive market. According to Cho (2003), globalization offers better opportunities for small economies to compete for export-oriented FDI, but it also implies more competition between countries. Hence, it is becoming increasingly important for countries to consider what the best-policy approach is for attracting and benefiting from FDI in accordance to their development objectives.

This article presents a methodological framework through which relationships and objectives are developed in attracting FDI. The work takes into account the main assumptions that have to do with both the development environment of marketing and branding and the behaviour of FDI in their selection process. We will claim that place marketing can comprise an effective tool of attracting FDI in areas where the procedure developmental frame has been predetermined and the vision and goals of the area have been clarified. Place marketing in order to be effective should be supplemented and supported by place branding. Especially in the case of attracting FDI, the building process of a place brand equity is necessary because, in the frame of a strategic place brand management, host place values and assets or characteristics should form an attractive and competitive image that will convince with confidence and credibility so that the final decision (behaviour of potential investors is positive and is considered a conscious choice. Furthermore, the fields that FDI can contribute in growth and competitiveness of the area have been specified. On the basis of this, the relationship between place marketing, place branding and FDI could be significant and crucial. In addition, organizing capacity is crucial for the success of marketing and branding processes, and especially on FDI attractiveness. This means that the place management must establish the required financial and human resources so that the image of the host place is promoted effectively. This leads to the issue of political unity and consistency, which sets high challenges for the management of a place. Local, regional, national authorities and decision

makers are responsible for place marketing and place branding planning and efficient performance, fostering, at the same time, economic growth and regional economic development.

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NOTE

1 It is very important to mention that the purpose of the article is to present and discuss the components and phases of the traditional business marketing (4Ps, Kotler, 1986) or other models of differentiated marketing mix (7Ps (Constantinides, 2002; Martinez-Caro and Roemer, 2006; Ivy, 2008) or 8Ps (Morrison, 1999)). The function of marketing and its transportation in the case of places, which is clearly a more complex process than that of the enterprises, is taken for granted. The purpose of the article is not to analyse the processes of market research, the segmentation of target markets determine the distribution channels or final promotion tools. Its objective is not to identify strategies and regular or alternative scenarios and best solutions. This would apply in a case study, but it is not a subject of the present article. These procedures, which compose the operational implementation of a strategically designed marketing mix, are taken for granted and are only mentioned in the article. We do not analyse these procedures and how they operate.

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