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CITY BRANDING AND ITS ECONOMIC IMPACTS ON TOURISM

Abstract. Economic competition of cities from the point of view of tourism, trade and investments is becoming very intensive as the world economy goes global. Certain cities are attracting all of the assets and the attention, while others are becoming more or less invisible. One of the key prerequisities for the success of cities is their overall image, or so-called „city branding". The perception of the city affects its attractiveness to tourists, foreign investors or potential students. Marketing experts are trying to brand or re-brand cities in order to create a community where people will want to live and that will be attractive for the visitors.

Our paper analyzes different approaches to city branding based on empirical statistical data analysis for assessing the relationship between quality of the city brand and average price of hotels in the city. Our results yielded a positive relationship between the value of the cities' brands and the hotel prices in the cities, although the scope is not as big as in the case of the Saffron barometer. Our findings can be explained by the differing concepts of the used indexes: while CBI is more general and includes economic, education and infrastructure aspects, the Saffron barometer is much more tourism-related.

Keywords: tourism, city branding, marketing, international trade, regional development, economic growth

JEL Classification: L83, M31, R11

Introduction

Tourism represents a relatively steady and fast-growing sector of the world economy. However, the dynamics of its growth has been uneven depending on the specific tourist region of the world. More tourism-oriented and tourism-advanced destinations that dominated international tourism in the second half of the last century are now experiencing the effects of the slowdown in economic growth as well as population aging (see e.g. Chiabai et al., 2014). New demand for tourism services is increasing specifically in developing regions. The competition between not only countries, but also between cities, is becoming more intense. Certain cities are attracting all the attention ofpotential tourists, while others are becoming more invisible in their eyes and are losing their attractiveness as tourist destinations.

Current development in the international tourism market and growing public investments in destination marketing are adding up to the importance of the process of city and coun-

try branding. The perception of the city affects its attractiveness to tourists and foreign investors, and also to potential foreign students or local residents. The overall image of the city can be stimulated through a variety of marketing activities (Strielkowski, 2013). Thence, numerous marketing experts are trying to brand or re-brand cities in order to create a community where people will want to live and that is attractive for the visitors.

The aim of this paper is to examine different methodological approaches to city branding and based on the analysis of statistical data, to assess the relationship between the quality of city branding and average price of hotels offered in the city.

In addition, our paper describes a possible methodological approach to city branding – e.g. the way to explore how the strong city brands market themselves, which characteristics they possess and what the city marketers need to do to create strong brands. To quantify relationships between the city brand and price of hotels a regression and correlation coefficient is utilized which is based on secondary statistical data. Our data are drawn mainly from the following sources: European City Brand Barometer from company Saffron Consultant Group, Anholt GfK-Roper City Brand Index a Hotel Price Index.

1. Theoretical Approaches to City Branding

At the theoretical level, a concept of branding is typically developed as a response to changes in the status and role of tourism in the global environment. Nowadays, this concept becomes a subject of numerous studies, analyses and rankings of international institutions. In the following text we will examine the current attitudes of authors and specialized institutions to city branding and brands in general as destination marketing tools.

According to Buncle (2003), destination branding is the sum of perceptions that someone has about a certain place (whether based on experience, hearsay, or a prejudice) which influences his/her attitudes towards that destination at the emotional level. It represents the mix of the core characteristics of the place that make it distinctive and memorable. It is the enduring essence of the place that makes it different from all other places (and competitors). Importantly, a destination brand exists in the eyes of the beholder. It has to be credible and real; it cannot be manufactured. It is the way in which a destination nurtures, develops and presents its core characteristics to its main audiences that enables it to establish, reinforce, or even change its reputation. This is otherwise known as the branding process.

The global competition and last development shows that successful city branding can´t be limited only to communication and marketing but must reach also urban planning, culture, trade and investment.

A key challenge of city branding is the difficulty of delimiting a city's identity and core values in a manner that is widely acceptable, easily marketable, presentable and open to experience in a daily manner. With regard to this, strategies of product branding may be less appropriate in the context of a city where ownership, stakeholder involvement and branding development are more complex (Kavaratzis, 2009).

According to (Seisdedos and Vaggione, 2005), city branding is a holistic and inclusive process. At a professional competency level, city branding requires the combined expertise of at least two disciplines that have only recently begun to dialogue with each other. The process of creating a city brand must be coordinated both from the perspective of marketing techniques and from the viewpoint of urban development strategies including socioeconomic and spatial planning. 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).

Two main issues converge in the branding process. First, city brands are a vehicle to broadcast urban identity. Second, city brands must be seen as an instrument to increase competitive capacity. Territorial competitiveness and strong urban identities are not paradoxical concepts; rather, exploring their synergies can open a window of opportunity for sustainable development.

Kavaratzis (2004) comes up with six key questions that city branding should answer. The questions include (1) what the city indubitably is; (2) what the city feels it is; (3) what the city says it is; (4) what the city is seen to be; (5) whom the city seeks to serve; and (6) what is promised and expected? On that basis, he proposes that branding can be understood within a 3-level communication framework. The first level refers to physical and observable aspects from which a city can be seen. The second level consists of propaganda tools that a city adopts to market itself. The third level is people's communication about a city through their voices, and those of the media.

The cities compete with other places for attention, investment, visitors, shoppers, talent, events, and the like. Accelerated and intensified globalization leads to a situation where the main competition is no longer the city down the road or the town across the bay, but where competitors are places half a world away. And this global competition is no longer limited to the big cities that compete for the HQs of multinational corporations and UN bodies, or for large sports events. Thanks to technological advances and market deregulations, even smaller places can suddenly be confronted with competitors located on another continent.

2. City rankings: data and methodology

There are many different city rankings; some of them more relevant for the city brand evaluation, some less. Among the most popular belong to the rankings listed below. As mentioned above Simon Anholt invented City Brand Index (CBI) which consists of six factors through which a city is perceived and city branding can be evaluated. These factors are presence, place, potential, pulse, people and prerequisites. City Brand Index is a result of the survey assessing the strengths and weaknesses of 50 cities around the world, based on interviews with 20,000 citizens and consumers each year. CBI has been used by many cities to build a robust and all-around successful city environment for businesses, communities, visitors, students and more. CBI measures perceptions of cities among nationals of both developed and developing countries (Papp-Vary, 2013). Anholt describes six factors through which a city is perceived and city branding can be evaluated. These factors, which make up the so-called 'City Brand Index', form a hexagon comprising presence (familiarity and contribution to world culture), place (physical aspects), potential (economic and educational opportunities), pulse (vibrancy), people (cultural alignment) and prerequisites (living standards and infrastructure). The aspects cover both tangible and intangible dimensions of a city's economic and social developments (GFK, 2009).

"Presence" is rating the internalization of the city and the global /knowledge of the city. It also measures the city's global contribution in science, culture and governance. The dimension "place" is exploring people's perceptions about the physical aspect of each city in terms of pleasantness of climate, cleanliness of environment and how attractive its buildings and parks are. The "pre-requisites" determine how people perceive the basic qualities of the city; whether they are satisfactory, affordable and accommodating; as well as the standard of public amenities such as schools, hospitals, transportation and sports facilities. The "people" factor reveals whether the inhabitants of the city are perceived as warm and welcoming, whether respondents think it would be easy for them to find and fit into a community that shares their language and

culture and whether they would feel safe. "Pulse" measures the perception of how exciting and vibrant the city is and if there are interesting things to do during free time. "Potential" measures the perception of economic and educational opportunities within the city, such as how easy it might be to find a job or whether it's a good place to do business or to study at the university (GFK, 2009).

For tourism,whether or not there is a relationship between brand value and the price of selected services and capabilities is a very significant issue. This issue has been addressed by many authors. According to (Forster and Cadogan, 2000), price is probably the most important factor for the average consumer. Consumers with high brand loyalty are willing to pay a premium price for their favoured brands, so their purchase intention is not easily affected by price. According to (Dodds and Monroe, 1985) the use of the brand name significantly increased perceived quality and willingness to buy as compared to using no brand. This statistically significant effect held over all price levels. The evidence is sufficient to argue that the brand effect did not dominate price by its strong effect but enhanced the price effect.

Another methodology is brought by (Hildreth, 2012), who draws The Saffron European City Brand Barometer. The Barometer measures the strength of cities' brands and assesses how well cities use branding to exploit their assets. Saffron analysed European cities with populations of 450,000 or more, plus Manchester, Bristol, Cardiff, Leeds and Newcastle (important UK cities with populations less than that). Altogether there are 72 cities. The analysis is based on two components: City Asset Strength and City Brand Strength. All cities were scored out of 100 and ranked according to both of these two factors. To measure how strong a city's brand could be, Saffron found what the most desirable attributes in a city were and then analysed how each city measured up against these attributes. To determine what people want most in a place, Saffron commissioned a YouGov poll of 2,000 people in the UK. Respondents were asked two questions with a series of multiple choice answers. The most desirable attributes, in order of weighted importance, were: cultural - sightseeing and historical attractions; cuisine and restaurants; good shopping amenities - particularly low cost; good weather; and ease of getting around on foot or by public transport.

Another form of methodology was created by company Cushman & Wakefield (Rossal, 2010), called European Cities Monitor. In total, 500 companies were surveyed from nine European countries. The sample was systematically selected from "Europe's largest companies". A representative sample of industrial, consumer, retail & distribution companies and professional services companies were included. The sample changes typically by around half of the companies each year. The interviewees were Board Directors or Senior Managers, with responsibility for location. All interviews were conducted by telephone in May/June 2010 by mother tongue interviewers. Interviews took an average of 20 minutes to complete. TOP 5 essential factors for locating a business are easy access to markets, customers or clients, availability of qualified staff, the quality of telecommunications, transport links with other cities and internationally and value for money of office space.

Another methodological approach to the evaluation of European cities can be found in the publication, „European Cities and Regions of the Future" (Mc Reynolds, 2014). List of fDi Cities and Regions of the Future shortlists were created from an independent collection of data by fDi Benchmark across 253 European cities and 110 European regions. This information was set under six categories: economic potential, human resources, cost effectiveness, quality of life, infrastructure and business friendliness. A seventh category was added to the scoring – FDI promotion strategy. In this category, 73 European cities and 60 regions submitted details about their promotion strategy and this was judged and scored by the independent judging panel. Cities and regions scored up to a maximum of 10 points under each individual criterion,

which were weighted by importance to give the overall scores. Where data was available at a national rather than city or regional level, a lower weighting was generally applied.

Table 1. A.T. Kearney: Top Global and Emerging Cities (2014)

Global Cities Index (GCI)		Emerging Cities Outlook (ECO)	
Rank	**City**	**Rank**	**City**
1	New York	1	Jakarta
2	London	2	Manila
3	Paris	3	Addis Ababa
4	Tokyo	4	Sao Paulo
5	Hong Kong	5	New Delhi
6	Los Angeles	6	Rio de Janeiro
7	Chicago	7	Bogota
8	Beijing	8	Mumbai
9	Singapore	9	Nairobi
10	Washington	10	Kuala Lumpur
11	Brussels	11	Bangalore
12	Seoul	12	Beijing
13	Toronto	13	Johannesburg
14	Sydney	14	Kolkata
15	Madrid	15	Istanbul
16	Vienna	16	Cape Town
17	Moscow	17	Chennai
18	Shanghai	18	Tunis
19	Berlin	19	Dhaka
20	Buenos Aires	20	Caracas

Source: Hales and Peterson (2014)

Another methodology is presented by (Hales and Peterson, 2014). A.T. Kearney's Global Cities Index ranks cities according to 25 metrics across five dimensions: business activity, human capital, information exchange, cultural experience and political engagement. Business activity is measured by headquarters of major global corporations, locations of top business service firms, the value of a city's capital markets, the number of international conferences, and the flow of goods through ports and airports (weighting: 30 percent). Human capital evaluates a city's ability to attract talent. It is measured by the size of the foreign-born population, quality of universities, number of international schools, the international student population, and number of residents with university degrees (weighting: 30 percent). Information exchange includes accessibility to major TV news channels, Internet presence (capturing the robustness of results when searching for the city name in major languages), level of censorship and broadband subscriber rate (weighting: 15 percent). Cultural experience measures diverse attractions, including number of major sporting events a city hosts; number of museums, performing-arts venues, and diverse culinary establishments; number of international travelers; and number of sister-city relationships (weighting: 15 percent). Last but not least, political engagement reviews how a city influences global policy dialogue as measured by number of embassies and consulates, major think tanks, international organizations and local institutions with international reach that reside in the city (weighting: 10 percent). The weighting of the countries is shown in Table 1.

Empirical model: city branding and hotel prices

Our empirical analysis aims at determining whether there is a significant relationship between country brand and average prices of hotels in the city. To conduct the study, secondary data are used to analyze the effect of the city brand value on the economic efficiency of the city. Namely, we aimed at the European City Brand Barometer organized by the Saffron Consultant Group, Anholt GfK-Roper City Brand Index and Hotel Price Index.

Table 2: The relations between CBI and the hotel price index

Regression	
Multiple R	0,3153293
Value of reliability R	0,09943257
Set value of reliability R	0,07799048
Mean value error	25,3199568
Observations	44

ANOVA					
	Difference	SS	MS	F	Significance F
Regression	1	2972,9501	2972,950091	4,637263	0,037073
Residuals	42	26926,209	641,1002143		
Total	43	29899,159			

	Coeffi-cients	Mean value error	t Stat	P value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Limit	-44,278493	70,49063	-0,628147215	0,533309	-186,534	97,9774	-186,5343	97,97736
	2,69873695	1,2532269	2,153430442	0,037073	0,169623	5,22785	0,169623	5,227851

Source: Own results

Both the European City Brand Barometer and City Brand Index offer a valid yardstick, revealing how cities stack up against one another, brand-wise. The Hotel Price Index (HPI) is a regular survey of hotel prices in major destinations across the world. The HPI is based on bookings made on Hotels.com and prices shown are those actually paid by customers per room night, rather than advertised rates. The HPI tracks the real prices paid per room by www.hotels.com customers around the world, using a weighted average based on the number of rooms sold in each of the market in which www.hotels.com operates. More than 155.000 properties around the world made up the sample set of hotels from which prices were taken. The regression and correlation coefficient analysis is used to analyze the relation between the city brand value and the average hotel prices in the cities.

The F test confirms with 95% probability the relation between the values of the CBI and Hotel Price Index. The critical value of the correlation coefficient is 0,312 with 95% probability if n=40. The value 0,315 of the correlation coefficient confirms the correlation between the brand value of the city expressed by CBI and its average hotel price.

Table 3: The relations between Saffron barometer and the hotel price index

Regression	
Multiple R	0,66804
Value of reliability R	0,44628
Set value of reliability R	0,42898
Mean value error	16,3146
Observations	34

ANOVA					
	Difference	SS	MS	F	Significance F
Regression	1	6864,69	6864,69	25,791	1,6E-05
Residuals	32	8517,31	266,166		
Total	33	15382			

	Coeffi-cients	Mean value error	t Stat	P value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Limit	11,908	15,4358	0,77145	0,4461	-19,534	43,3497	-19,534	43,3497
Brand strength	1,15723	0,22787	5,07849	1,6E-05	0,69308	1,62139	0,69308	1,62139

Source: Own results

The F test confirms with the 95% probability the relation between the values of the Saffron barometer and Hotel Price Index. The critical value of the correlation coefficient is 0,361 with 95% probability if n=34. The value 0,668 of the correlation coefficient confirms and shows the strong correlation between the brand value of the city expressed by Saffron barometer and its average hotel price.

Conclusions and discussions

Overall, it becomes apparent that the competition for residents, tourists and investments has increased substantially among the cities that are interested in the development of their tourism inflows. This is partly because of globalization and technology. Today successful destinations (cities) need to be branded like commercial products. It is possible for a city to have a brand and an image that evolves into a "quality of place". This in turn establishes brand loyalty, which is essential for the economic survival of the city. Crucial parts of city branding are the identification of the unique and irreplaceable brand identity, shaping the identity into the image and finally the communication of the brand values to the target audience.

From the analysis of theoretical concepts described in Section 2 of this paper, it becomes obvious that the city brand is currently one of the important factors that affect the competitiveness of the destination and attractiveness of the destination in terms of tourism. In terms of expertise, however, no match in the definition and measurement of the city brands can be found or traced. Moreover, the sequence of cities varies according to the rated rankings and methodological procedures. Based on the statistical analysis there is a demonstrated relationship between brand value and price of hotels in the cities. As shown in the analytical part above both City Brand Index and Saffron European City Brand Barometer have significant positive relationship with the average hotel prices. Our results showed stronger correlation in the case of the Saffron barometer. The difference can be explained by the different concept and the nature of the indices. Meanwhile CBI is more general and includes economic, education and infrastructure aspects, while the Saffron barometer is much more tourism-related.

Naturally, the city brand's value is not the only and sole factor that influences the price level of the hotel accommodation. Apart from the city brand there are more important factors such as the number of hotels, the size of the domestic market, the currency exchange rate, and the like.

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