Chapter 5
Development of a Methodology for Measuring the Residents' Utility Within Place Marketing

Aleksandra Khamadieva

Abstract Different places compete with each other in order to attract the most valuable residents (talented young people, academics, entrepreneurs, etc.). Such residents can make a city well developed and prosperous. The knowledge of what place attributes are important for a particular group of residents will help to attract relevant target audience by developing important attributes for these groups. Even though place marketing and branding have various tools in creating effective marketing strategies for places, there are still some research gaps. For instance, the question about understanding and measurement, which group of residents can be the most valuable for a specific place, remains unanswered.

This question becomes even more complicated when it comes to interregional marketing and branding strategies as two or even more regions unite in order to build up one strong place brand. The answer to this question could help places to build up strong place branding strategies. In this chapter the author tries to explain the importance of researching this issue and propose possible approaches to this.

Keywords Place marketing • Residents • Residents' utility • Place attributes

Introduction

Competition between places for human resources as the basis for the well-being leads to the need of creating attractive images for countries, regions, and cities (Anholt 2010; Zenker et al. 2013). More and more developed countries are seeking not just economic resources but also people (residents; Zenker 2009). Place managers pay attention to retain and attract residents, because residents play crucial role in maintenance of places as they are the main labor force, tax payers, and mediators of the values of places (the ambassadors of culture, traditions, knowledge, and history; Braun et al. 2013). Example of the increased attention of the authorities to attract and retain residents can be the creation of so-called regional development

A. Khamadieva (✉)

National Research University Higher School of Economics, Perm campus, 38 Studencheskaya Ulitsa, 614070 Perm, Russia

e-mail: alexandra.perm@gmail.com

agencies in different regions of Russian Federation, which aim to create attractive living areas. For instance, the activities of these agencies focused on helping new entrepreneurs, on the development of information technologies, and on the development of culture and education in the regions. The results of such activities become scientific conferences, industry, and business forums and development of information and legal assistance centers.

Nowadays increased attention is given to residents as the object of place marketing. Kotler and colleagues (1993) were the first who identified residents as one of four key target groups in place marketing. Thereafter, and until the present time, many theorists and practitioners of place marketing study different target groups (Lucarelli and Berg 2011), but residents are always one of these groups (Braun et al. 2013; Zenker 2009).

Thus, it can be argued that the place exists as long as there are people in it. Place brand includes the idea, the conception, and consumers' opinion, so in order to create an attractive place brand it is necessary to understand the target audience, which will be the carrier and mediator of a certain brand. Due to this, it is becoming more important for place to know their target audience (for whom the place brand is developed), because this is the only way to attract and hold people. However, due to the increased availability of information and flexibility of movement, it is becoming even more difficult to retain and attract residents. Obviously places try to build up positive images in the minds of residents for further development and promotion of their places. This objective becomes even more challenging when it comes to interregional strategies as regions need to create such brand which will unite images of both regions and will develop a synergy. In this case place marketing and branding play essential role as they have tools to effective management of the place by the implementation of competitive advantages of the place (Kalandides and Kavaratzis 2009; Atorough and Martin 2012).

Recently the central debate of place marketing shifts in the direction of place branding (Kavaratzis 2012). The last 25 years are characterized by the increasing number of publications in place marketing and place branding (Lucarelli and Berg 2011).

Place marketing and branding are studied by academics of different fields, for instance, managers, economists, geographers, and others, who use different methods and conceptual frameworks in their studies. Nevertheless, some theoretical aspects of place marketing and branding remain underdeveloped, for instance, the residents' utility. It is believed that development of the place depends on what kind of people live there and what benefits people can give to the place in exchange for a particular place attributes (well-paid jobs, friendly environment, good infrastructure, etc.). On the one hand, there are a huge number of places with completely different set of attributes. On the other hand, there are people (existing and potential residents) who have a set of requirements when choosing a place to live in.

Thus, the designated problem requires setting the following research questions:

1. What are the most significant attributes (or groups of attributes) for people when choosing a place of residence?

According to place marketing experts (e.g., Ashworth and Voogd 1990; Zenker and Martin 2011), the main goal of any place is to ensure satisfaction of as many residents as possible. Satisfaction of residents in some place is determined by the presence or absence of a particular place-specific attributes.

The answer to this question, first of all, will give an opportunity to understand why people prefer some places to others and, secondly, will highlight a group of people (segments) with similar characteristics and preferences. Despite the fact that currently in the place marketing literature there are already several different approaches to the definition of relevant attributes for residents, these approaches require systematization and generalization.

Also the answer to the question about the significance of attributes for residents allows us to distinguish a group of residents (segments) with similar requirements to the place and similar characteristics. In the future, these data will be used to evaluate segments in terms of their utility to the place. Hence, it is expected to assess the utility of each segment and then evaluate the most valuable segments. The relevance of researching this issue is directly reflected in practice. There is no doubt that, on the one hand, some place managers face the problem with a shortage of the highly qualified personnel (Zenker 2009), and on the other hand, the problem of the so-called "undesirable" population (Medway and Warnaby 2008). This is due to the fact that the place authorities are not always able to understand and evaluate what group of people is the most valuable for the place. In marketing theory scientists also ask the question, which groups of stakeholders deserve or require more attention (Mitchell et al. 1997)? If this question is reformulated in the framework of place marketing, it can be specified as follows:

2. How to calculate the utility of a certain segment to the place? What residents' characteristics are important for places in assessing the utility of these segments to a particular place?

The problem with utility is that it can be measured in terms of various subjective factors. Speaking about residents' utility, it is important to find some universal approach because for one place residents' utility can be measured by residents' financial position and the tax payment, for another place residents' utility can be measured by residents' level of education, and for a third place it can be measured with the amount of art facilities, which were created by a particular resident. Thus, first of all, it is necessary to review existing approaches to understanding and measuring the utility and determine its criteria which can be applicable for places within the place marketing.

Based on the identified issues, there is need to set the research aim and objectives. The aim of this chapter is to show the importance of developing a methodological approach to the assessment of the "utility" of the residents within the place marketing.

To achieve this goal, it is necessary to solve the following problems:

1. To analyze the theoretical approaches to assessment of the place attractiveness

2. To systematize place attractiveness attributes according to their significance for people when choosing a place of residence
3. To analyze the approaches of understanding and measuring the utility and determine the criteria of the utility within the place marketing
4. To identify the components of the "residents' utility" within place marketing

The Importance of Different Attributes in Place Branding

Thereby, the first stage of this chapter is to analyze the theoretical approaches to assessment of place attractiveness and systematize place attractiveness attributes. It should be noticed that place attributes approached in terms of Service-Dominant (SD) Logic, according to which the place could be presented as a set of services. Due to SD Logic developed by Vargo and Lusch (2004), any marketing object (product/service) should be considered as a set of services. According to their model, the consumers play the main role in marketing process; that is why the appearance of any need depends only on consumers, not on what companies are trying to produce and sell. It is believed that this approach can create a competitive advantage for the company (Vargo 2011). It should be noticed that in terms of place marketing, places are approached like any other brand as if it were a product or service. Thereby, it is proposed to consider the place as a set of services focused on meeting people's satisfaction, where residents are also the creators of these services. It is considered that an understanding of people's satisfaction with goods/services can improve the quality of goods or services and, therefore, reduce the gap between the expected and the perceived level of purchased goods/services quality in order to lay the premium price for those goods/services. This logic is clearly seen in the touristic brands. However, when it comes to residents, this logic does not work and hence requires another approach. Therefore, for such group of stakeholders as residents, a special model of place brand should be developed.

According to SD Logic within place marketing, the understanding of the important place attributes from the residents' point of view can be approached through several sides. These are place attachment theory, residential satisfaction theory, and residential choice models. All of these theories present different attributes which are crucial to residents. The residential satisfaction theory is based on the fact that satisfaction with living conditions is measured with the difference between actual and desired residents' living conditions (Galster and Hesser 1981). Residents make conclusions about their living conditions according to their own needs and expectations.

Satisfaction measurement model based on these studies allows, to some extent, to predict the behavior of residents in their preferences to some living conditions. For instance, Amerigo and Aragones (1997) introduced a model in which environmental satisfaction attributes are seen as subjective, because they are evaluated by residents. Therefore, it should be emphasized that in addition to the external factors, satisfaction attributes are influenced by the so-called personal characteristics.

"Personal characteristics" include sociodemographic data of residents, as well as personal views of residents, through which the individual compares the current and ideal environment. This assessment defines satisfaction with an environment of a particular individual, who then determines his/her behavior according to a particular environment.

Such residential satisfaction attributes as infrastructure, landscape, and communication with the outside world (the ability to move to other places), urban development, comfort for hearing (no noise), comfort in terms of the environment (the neighborhood), comfort at home, security, deterioration of buildings, and housing insulation were tested in Amerigo and Aragones (1997) model. Over time, the residential satisfaction model was enriched with more attributes, such as construction standards, maintenance and management (Fang 2006), presence of schools and hospitals in the area (Canter and Rees 1982), availability of green space, cleanliness of streets (Bonaiuto et al. 1999), and social climate (Adriaanse 2007).

Thereby, all of the attributes ever presented in the model can be classified into three groups: the site features (external, environment; interior, the housing quality), the individual characteristics of people (sociodemographics, income, etc.), and social networks (neighbors, acquaintances, friends).

Another possible approach to determine the importance of place attributes can be realized through definition of place attachment. Milligan (1998) defined place attachment as the emotional link formed by an individual to a physical site that has been given meaning through interaction. In other words, place attachment can be seen as a connection between people and different places through emotions, senses, and memories, which, in turn, affect their personality. Also Low and Altman (1992) underlined that the word "attachment" emphasizes affect; the word "place" focuses on the environmental setting to which people are emotionally attached. Hence, according to their logic, people can be attached to different attributes of the place where they live. Raymond et al.'s (2010) study analyzed place attachment through different contexts such as personal, community, and natural environment in order to create four-dimensional conceptual model of place attachment.

Another way to bring place attribute into focus is by the models of the place of living choice. According to residential choice model, consumers act in a certain way because of their individual preferences in place attributes. Attributes are divided into two groups: accessible and attractive. Hence, a reasonable consumer chooses place of living by comparison of existing alternatives. The hierarchy of place attributes supposes that availability of workplaces is the basis for decision making, so choosing the place of living is nominal, because people choose the workplace first.

The model of residential choice evolved and was elaborated with various factors during the time. Other factors determining consumers behavior relative to different places were pointed out, such as: cost of living, density of population, taxation, distance to the workplace, quality and availability of shopping centers, fire safety, work of the police, infrastructure, type of housing (lifetime of available housing, apartment square), crime rate, and cultural, leisure, and sport opportunities

(Vargo 2011; Kunzmann 2009; Kyle et al. 2004). Except attributes, some models of residential choice consider sociodemographic characteristics of citizens, which can also influence preferences.

One of the disadvantages of this model is that it estimates all population in general, not taking into account different population groups. But there are some exceptional works: preferences of ethnical groups (Gabriel and Rosenthal 1989), aged population (Duncombe et al. 2001), young people (Garasky 2002), and students (Kaplan et al. 2011). So residential choice model is more of economic kind, while the author expects to study citizens' behavior from the place marketing point of view.

The analysis of literature has shown that in spite of studying the attributes of place attractiveness and contentment by many authors, nowadays there is no single concept and model, which could show the correlation between these attributes.

All mentioned place attributes can be classified in several groups such as:

- Well-developed infrastructure
- Heritage of history, culture, and art
- Favorable social environment
- Leisure opportunities
- Stability of political and economic situation
- The brand

Thus, these groups of attributes can influence residents' choices in choosing a place to leave in. Even though some empirical study is needed in order to rank these groups of attributes due to their importance to the particular segments of residents, it is believed that comprehension of these groups will give place managers a chance to be more clear and precise in assessing significant attributes while developing places' marketing and branding strategies.

Theoretical Approaches to Understanding and Measuring the Residents' Utility

Another important stage of this research as it was mentioned earlier is to understand which groups of residents are the most valuable for the place, so that places with perfect balance of attribute could attract the most preferable residents. Hence, in order to approach this objective, the first thing which should be done is analysis of the approaches of understanding and measuring the utility within the place marketing. Therefore, it is essential to define "utility."

Based on the economic definition, utility refers to the individual demand of getting something of the highest quality while making specific choice (Alchian 1953). Value, usefulness, and equity can be the synonyms of the word utility in different contexts.

According to the mentioned definition, several approaches can be identified in understanding and evaluating residents' utility.

The first approach is assessment of the utility *from the economic point of view*. Economic theory suggests the utility in terms of ordinal or quantitative approaches. Ordinal utility is a subjective utility; in other words, this utility means satisfaction that consumer receives from the good consumed. According to quantitative approach, the amount of utility operations occurs with absolute values. Both of these approaches are not absolutely applicable to place marketing as there is a need to investigate general-purpose method of residents' utility measurement.

Secondly, some practitioners believe that residents' *utility can be determined by the industrial sector which is most developed in the place*. Although this view has the right to exist, it is obvious that that in practice it is not always true. For instance, one of the major industries of Perm Krai (Russian Federation) is the oil refining industry. It must follow that the Perm Krai authority should be interested in attracting oil refining industry workers; however, this has never been a priority in the place development projects.

Similar to this approach is the Florida's approach (2007) about the value of a creative class. According to his view, a creative class has the most positive effect on the development of the place through their creative implementation. One of the essential characteristics of the creative class is the creation of "meaningful new forms." Florida refers to creative class such professions as professions connected with computer technologies, social sciences, education, art, design, architecture, theater, and cinema. Obviously, the presence of people with mentioned professions enriches the place environment, but it can be hardly proved that other professions are less useful to places' existent and prosperity.

Thirdly, evaluation of the residents' utility in terms of marketing can be approached from several aspects. Medway and Warnaby (2008) stated that the place marketing has the management tool such as *demarketing*, which can attract desirable residents or tourists in the place or repel unwanted segments from the place, so-called the process of "crisis place demarking." However, the question about the utility of the residents for a particular place remains unanswered.

It should be mentioned that some residents' utility criteria can be derived from demarketing. For example, Freire (2009) states that the more friendly local people are, the more positive effect it will have on the places' development, because external stakeholders will make a choice in favor of those places, where residents are more amiable, welcoming, and friendly. Thus, it can be concluded that from the perspective of Freire, residents' utility will be determined by its level of friendliness, as it can stimulate the desire to use places by the external stakeholders. In the research Freire clarified what residents' characteristics are the most desirable to have positive effect on tourists.

The problem with this approach is that "residents' friendliness" seems to be the factor of place attractiveness rather than the factor of residents' utility, so it can be hardly used in the development of residents' utility method.

Fourthly, Zenker and Martin (2011) proposed the "citizen equity," which looks at a citizens' value to the place based on predicted future transactions and predicted

Table 5.1 Requirements for obtaining citizenship in different countries

Country/requirements	Contribution to the economy, $	Residency requirement (years)	Language (exam)	Renunciation of the nationality of another country	Test of the knowledge about the laws, traditions, and values of the society	Employment
United Kingdom	320,000	6	No	No	No	Yes
Austria	8,139,600	No	No	No	No	No
Canada	816,000	No	No	No	No	No
Latvia	95,654	No	Yes	Yes	No	No
Cyprus	Yes	No	No	No	No	No
Denmark	No	9	Yes	No	Yes	Yes
Iceland	No	7	Yes	No	No	No
Sweden	No	5	No	No	No	No
Norway	No	7	No	Yes	No	No
Germany	No	8	Yes	Yes	Yes	Yes
Netherlands	No	5	Yes	Yes	No	No
Switzerland	No	12	Yes	No	Yes	No
New Zealand	No	5	Yes	No	No	No
Australia	No	4	Yes	No	Yes	No
Finland	No	6	Yes	No	No	No
Luxembourg	No	10	Yes	No	No	No

future costs. As it is described in the article, future transactions can be made operationally feasible in terms of customers' taxes: the tax revenues of present and potential customers form the central source of a place income and become the basis for place actions. These revenues, minus the predicted costs associated with residency, could be considered as an average gross contribution. However, the authors highlighted that more empirical research is needed. Moreover, another disadvantage of this approach (as the authors mentioned) is the fact that the discount rate could depend on the variety of risk factors, and thus it remains unclear how the rate can be adequately formulated and adjusted.

Another way to understand which people's characteristics are important for places while developing place marketing or branding strategies is to assess what requirements different countries set when they allow a person to get a citizenship of a certain country. It is a well-known fact that every country makes demands to those people who want to get citizenship. So it is believed that criteria of getting the citizenships can be the residents' utility (equity) factors. One of the hypotheses of this research is that countries and places are likely to have similar criteria of the residents' utility (equity).

Hence, the different requirements of countries for getting citizenship deliver valuable insights for the utility a resident has for a place (see Table 5.1).

For instance, it was discovered that many countries grant citizenship for purchasing real estate, establishing business, or large cash deposits. As practiced, for example, in the UK, where in order to get citizenship, you need to invest $320,000 in the economy and stay in the UK for more than half a year during the 6-year period. In order to obtain Austrian citizenship and get the status of "temporary residence permit," you need to invest at least 6 million euros in the country's economy. So, all these gathered factors in turn allowed to highlight important factors of residents' utility (equity).

Conclusion

Taking everything into account, it is concluded that in this chapter the author tried to systemize and generalize approaches in understanding residents' utility factors. Even though more empirical studies are needed in order to measure the importance of these factors to residents, it is believed that this chapter will give new theoretical insight to place marketing and branding and could help place managers to build up more integral approach while developing place branding strategies.

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