

KYMENLAAKSON AMMATTIKORKEAKOULU  
University of Applied Sciences  
Master's Degree in International Business Management

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**PREPARING A MARKETING STRATEGY**

Master's Thesis 2010

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## ABSTRACT

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GRÖNHOLM EIJA      Preparing a marketing strategy  
Case study: Living City Centre of Kotka Association

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place marketing, city centre, image, identity

The objective of this thesis was to prepare a marketing strategy for Living City Centre of Kotka Association. The work was implemented with the members of the association and the executive director Reijo Saksa.

Living City Centre of Kotka Association was founded in spring 2006 for promoting living, enjoyable and safe centers in the City of Kotka. The association has two permanent employees. The main duties are managing the Kotka market places and promoting the stakeholder connections between the business representatives and public authorities.

The theoretical framework of this thesis was based on place branding and strategic marketing planning and communication. The empirical part was implemented as a participatory action research. During this thesis a marketing team was founded and it had six meetings between February and June 2009.

The results have been written based on the memos from the team meetings and the evaluation of the team members. The results revealed that this work was just the beginning of a strategy work. However, some concrete results were achieved, for example a new, temporary employee was hired in June 2009. The most significant shortage related to strategy planning was the lack of time and personnel resources.

This thesis left many challenges to the association and its stakeholders. The marketing team will continue its meetings and the results of this thesis will help them to develop Kotka region to be an appealing and an attractive city with versatile services for its inhabitants and tourists as well as business representatives.

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## 1 INTRODUCTION

### 1.1. Background of the thesis

Due to a depression in Finland in the 1990's the municipalities began to develop the city centers in different ways. Some built pedestrian streets, some built underground parking facilities. The general objective was to create enjoyable city centers which attracted purchasing power and also new residents. The Ministry of the Environment started in 1996 a project called "Better City Centre" where seven cities prepared a development plan to increase the attraction of the city centers.

Also, recent studies related to purchasing power in special trade confirm and support the facts that city centers need to be developed to be more attractive and versatile. It is estimated that the number of households increases by 68 new households each day (Santasalo 2009, slide 12). It is obvious that every new household needs new equipment, furniture and everyday items and that guarantees potential new customers for different businesses.

On 12 June 1997 the national association Living City Centers of Finland Association (EKK ry.) was also founded to promote the development and regeneration of city centers (Kulmanen, Living City Centers of Finland Association history 1997-2007). The board consisted of representatives from municipalities, economic life, city center associations, real estate owners and ministries. The same tendency can be seen today. Nowadays there are approximately 100 members in EKK representing the same organizations as mentioned above.

The City of Kotka is also a member of the Living City Centers of Finland Association. The city has implemented several projects during the last years, which aimed at a more striking and well known city brand. One target was to get new inhabitants and a project called Live in Kotka (2000-2002) to support this objective. The Finnish Housing Fairs were held in Kotka in 2002 and more than 200 000 guests visited Kotka. The local development company Cursor Ltd. has also implemented many city-related projects.

One project, which is running at the moment, is Kymi. Its target is to promote Kymi River and its fishing opportunities for city branding. The scenery and recreation possibilities are also taken into account (Euroopan aluekehitysräho,

<https://www.eura2007.fi/rrtiepa/projekti.php?lang=fi&projektkoodi=A30041>, 3.12.2009).

The most remarkable project, when considering the establishment of the Living City Centre of Kotka Association, was implemented during the years 2005-2007 and was called Everybody's Kotka (Kaikkien Kotka). The project was funded by the European Social Fund (ESF) under the subtitle "Development of subregions and city-regions and securing the functionality and coziness of the communities" (ESR-tietokanta, [http://esrlomake.mol.fi/esrtiepa/loppuraportti\\_S70638.html](http://esrlomake.mol.fi/esrtiepa/loppuraportti_S70638.html), 3.12.2009). The project ended up with three results. One of the results was the decision to establish the Living City Centre of Kotka Association and to start the activities and to hire a managing director for the association.

The idea to prepare a marketing strategy for the association arose from the negotiations between the author and managing director Reijo Saksa. In spring 2008 Saksa was working alone in the association and extra help was needed. A special need for a marketing team existed and an effective beginning organized by an outside operator seemed to be a good solution.

Before I started to plan the content of this thesis, 20 e-mail inquiries were sent on 18 August 2008 to city center associations all around Finland. The basic question was "If your association has a marketing or development strategy, please send an e- or paper version to the sender." Three persons, including the executive director of Living City Centers of Finland Association, answered by e-mail and Hämeenlinna Association sent a membership bulletin 1/2008. At this time no-one had implemented any kind of a strategy. It was a pleasure to notice that in September 2009, there was a comment of the national association's website that the board and the preparing committee were starting to prepare a strategy for the association.

## 1.2. The objective of the study

The main purpose of this thesis is to examine the Living City Centre of Kotka Association and to prepare a marketing strategy together with its entrepreneur members. The most important point of this marketing strategy is that it serves the members and their need and objectives. A second objective is to prepare a strategy which supports the city brand of Kotka. The ultimate result is that the end users also



receive benefits. Those benefits can be discounts, shopping events, better service and comfortable shopping surroundings.

In the second chapter of this thesis it is presented how a marketing strategy should be prepared from the theory point of view and what kinds of organizational facts have to be taken into account. The third chapter describes marketing communications and the fourth chapter describes what is quality place branding. In the fifth chapter of this thesis the association is widely introduced. The examination period was three years.

The general research problem can be described with three questions:

1. Has the association reached the general objectives so far?
2. How do the entrepreneurs work together to achieve common results?
3. Do the association's actions support the city brand of Kotka?

One objective of this study is to examine the marketing strategy group work. Some questions may be stated to make this objective clearer.

1. Did the group achieve its goal?
2. Did the group form an active and cohesive team?

The strategy process is described in chapter seven. The assumption is that the marketing strategy can be made by the entrepreneurs themselves. This would increase the members' interest towards the association and it would bring in other members when it can be proved that common actions would really benefit the single entrepreneur. Another assumption is that, by joint forces the City of Kotka will be more attractive and alive and, through that the existing inhabitants would be more satisfied and new inhabitants might enter the city. Also, tourism is expected to grow with the help of these joint actions.

### 1.3. The basic concepts of the thesis

There are three main concepts which are related to this thesis. The first concept is *place branding*. This concept can also be explained under concepts "place marketing" or "city branding". Place branding originates from branding. According

to Kotler and Keller (2006, 274) the American Marketing Association defines “brand” as follows:

“A name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors.”

*This definition can be changed to the place branding concept by saying that combination of different actions identify the cities and municipalities and with the help of these actions regions and single cities can achieve a competitive advantage.*

The present culture leans towards globalization, advanced leadership and social security. These matters have to be taken into account also in municipalities. People value the brands based on their own images, they have a certain feeling or perception of the brand and they make decisions based on these images. It is obvious that not every municipality need to start branding. It will be enough that each municipality finds their own strengths and they know how to market it to right target groups. Seppo Rainisto (2008, 4) states that each region or area has its own uniqueness, which differentiates it from the others. Today cities compete e.g. in the fields of work force, tourism and business opportunities. The cities want to attract people and organizations to enter the place. A very interesting point has been made by Sebastian Zenker (2009, 23). He writes:

“Today we have to face the challenge of competing in a globalized world for scarce goods, such as residents in general and in particular for those with talents, the so-called “creative class”. This class is the driving force for economic growth, so winning the competition for these individuals is one of the main tasks for cities and regions today. However, to face this challenge using place marketing and city branding, we have to understand the needs and preferences of this target group.”

This statement raises the importance of the concept of differentiation. This and further discussion about the total nature of place branding is presented in chapter two of this thesis.

The second concept is *city centre*. This concept does not have an official content, but Living City Centers of Finland Association has published their view of what living

city centers look like. They presented it as a guideline of national cityscape. The main point is that the city centers are the mirrors of city's vitality. In living city centers, shops and other services are blooming. Services are also accessible, i.e. along good traffic connections and private cars are easy to park. The service concept is personalized and the sense of place is personable. The city centre is a public place, usually with a pedestrian street and these days people can find commercial centers or malls in the city centre.

The third concept is *marketing strategy*. Smith et al. (2002, 69) describes marketing strategy as a mixed package, where the company has taken all the levels into account, pricing, distribution and advertising. Also, competitive advantage has to be exploited. In fact they see different strategies and different types of strategies. They collect definitions of a strategy (2002, 68) and for example according to Subash Jain the strategy specifies direction.

Åhman and Runola (2006, 25) writes about the strategy that it is a very simple concept. It tells where we are going, why we are going and how. It contains a vision and a mission and a description of the actions to achieve the vision and mission. According to them, strategy is constant communications between the stakeholders.

#### 1.4. Limitations to the topic

The Kotka brand will not be examined. The facts that describe the Kotka brand have been taken from previous studies and from the strategic objectives the city itself has produced.

Also no studies or inquiries concerning other city centre associations have been implemented. Based on the internet search, these associations who present their actions in the World Wide Web, the objectives, goals and methods seem to be quite alike. For example, the association in Hämeenlinna (Hämeenlinnan kaupunkikeskustayhdistys, <http://www.kaupunkikeskusta.fi>) does have a lot in common with Kotka.

#### 1.5. Earlier studies related to the topic

Titta Oksanen and Kaarina Skyttä (Jyväskylä University of Applied Sciences, Bachelor's Thesis, May 2006) studied a city centre association in Jämsä. The main

focuses were in networking and in leadership. In Jämsä case the association was recently established and the authors tried to find solutions for future cooperation and the development of the association's vision.

Several studies, on the other hand, have been written about the subjects very closely related to the main topics, place branding and strategic marketing. The appendix 1 was collected as an example of previous studies.

## **2 STRATEGIC MARKETING**

Before explaining the concepts “strategy” and “marketing strategy”, I want to describe the concept of strategic marketing according to Tikkanen et al (2007, 25-55). They describe the mission of strategic marketing and the processes of a strategic marketing as follows.

The mission of strategic marketing:

1. Managing customer relations
2. Managing supplier relations
3. Managing product development
4. Managing other stakeholder relations

The processes, which support the mission of strategic marketing, are the following:

1. Exchange and communications
2. Coordination
3. Adaptation
4. Customer and market knowledge

A strategic marketing plan has to take into account the market environment facing the business. Thus, the emphasis should be on an in-depth understanding of the market environment, particularly the competitors and customers. Strategic marketing of an organization is like a roadmap towards its long term goals and objectives. Strategic management is the process of operationalization of the corporate strategy.

Strategic marketing management involves implementing the principles of strategic management in the context of marketing function in the organization. It consists of strategies relating to market penetration, market development, product development, and marketing mix.

In addition, Wysocki and Wirth (2001, 3) present goals of strategic marketing. According to their opinion, when implementing strategic marketing the organization needs:

- “1. To select reality-based desired accomplishments
2. To more effectively develop or alter business strategies.
3. To set priorities for operational change.
4. To improve a firm's performance. “

The decision makers must make realistic business choices. That means setting also priorities for operational change. The ultimate goal of effective marketing management is to improve a firm's performance.

## 2.1. Corporate mission – vision – passion

### Mission – why do we exist?

Before any organization mission or vision statements can be done, it is vitally important to define the core business. The main question is: “What business are you in?” The purpose of the organization cannot be defined only by the current products or services. Organization’s purpose should be defined in terms of what customer needs the organization meets (Kotler & Keller 2006, 45).

Storbacka (2006, 92) sees that a successful definition of core business should never be vague. The following aspects have to be taken into account and the organization has to:

1. Define markets.
2. Position the organization in the value creation network.
3. Define customer processes.
4. Define key resources.

A Carefully planned definition of core business keeps the business focused on its mission and target markets and helps its management identify new markets for

growth. Furthermore, Storbacka suggests that core business should be defined with the help of a business plan.

After defining the core business the organization needs to create a mission statement. Mission statements are operational guides of the organizations. A mission often includes ethical values. They are not simply slogans, although a mission statement is a short statement declaring in what business the organization operates and who are the customers.

Basically, a mission statement is designed to say exactly what the organization's reasons for existence are. Figure 1 consists of three elements, which need to be taken into account when designing the corporate mission.

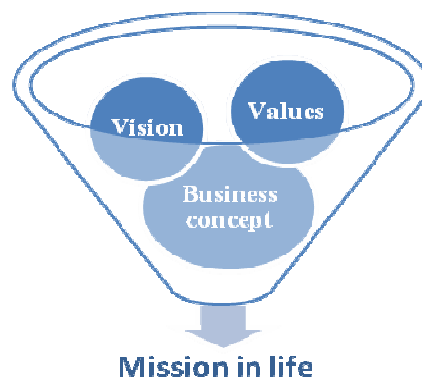


Figure 1. Mission in life according to Kamensky (2008, 70)

Business concept describes the core purpose of the organization. Vision is the desired state of the organization. Values represent those principles in the organization, which create the base for its operations.

Kamensky (2008, 71) also suggests that the corporate mission should be wide and as stable as possible. It should solve the following challenges:

1. How compact or wide should the mission be?
2. From which point the mission is appraised?
3. Which reference groups should be taken into account in appraisal?
4. How feelings can be added into the mission?

According to Kamensky, a compact mission statement usually guides the organization better, but a compact mission becomes old and out of use sooner than a widely written mission statement. Mission statement can be called narrow, if it

presents only current products. If it also presents new product solutions, then it can be described as a wide mission statement. However, if a wide mission is too circumlocutionary written, it might not guide and support the operations at all. The purpose of a mission statement has to be decided carefully, because it limits the operational business area. Limitation could be seen as a positive aspect, because then concentration and development phases are easier to manage. However, a narrow business perspective can be harmful, because the changes in business occur suddenly and reactions and revision need to be instant. A mission statement often describes the customer target groups, but it needs to mention the personnel and owners as well, because of their importance. A mission statement is based on values and it should touch people's emotions. It is not always necessary to make the mission statement rational instead of emotional.

Kotler and Keller (2006, 44-45) write that mission statements have three major characteristics: 1. The mission statement should contain only a limited number of goals. 2. The mission emphasizes the organization's major policies and values. 3. The mission statement also defines the competitive environment within the organization operates.

The association mission statement is no different than a corporate mission statement. City Parks Association (City of Philadelphia, City Parks Association, <http://www.cityparksphila.org/about/mission-statement>, 3.12.2009) has a mission statement, which fulfills all the requirements Kotler and Keller state. In the mission statement the affinities are marked with numbers.

*“From its Founding in 1888 (2), City Parks Association has encouraged the establishment and maintenance of public parks and open space (1) in the city of Philadelphia. (3)*

*City Parks Association acts as a catalyst for change (1) by advancing visionary thinking (2) about natural resources (2) in the urban community. (3)*

*City Parks Association's programs foster ongoing dialogue and collaborative action (1) among people and communities committed to environmental stewardship. (2-3)”*

*Vision – where we are in five years?*

A vision statement is a picture of the future. The vision pushes the organization towards some goal, achievement or result. According to Kamensky (2008, 83-89) vision can be viewed as a difficult concept. A good vision should be strong, impressive and real, but at the same time it should be bold and even frightening. To create a good vision it requires an open mind, passion and imagination.

Kamensky states that a good vision helps the strategic planning. It increases the perception of the most important environmental changes. It also clears the relation between a vision and a strategy. A good vision helps choosing a correct competitive strategy. A good vision is plain and simple, consistence and convincing, strong, impressive and flexible. A good vision should be revised when required. The durability of a vision depends on the field of business, but a good vision should cover at least 10-20 years.

The vision of Marimekko Corporation is as follows:

“Marimekko’s vision is to be the most acclaimed print designer *in the world* and one of the most appealing *design-based* consumer brands. The company's objective is to *grow and succeed* in the international arena as *a Finnish* design company that has a *strong identity*. Business development primarily focuses on *controlled organic growth* in Finland and *selected* export markets.”

(Marimekko, Corporate vision, <http://www.marimekko.fi/ENG//>,  
3.12.2009)

The vision of Marimekko fulfills all the aspects of a good vision. It is bold, gives an impression of quality products and it stresses the origin and the identity of the products. However, the corporation gives a discreet picture by focusing on selecting its business.

A corporate or an organization’s passion is not defined in the literature. There are no theories or explanations concerning this concept. Passion lives in people. Passion expresses strong feelings, hate or love or intense or enthusiastic attitudes towards some issue.



Kamensky (2008, 70-71) writes about mission in life. The Basic question can be stated further: “What is your mission in life and how are you going to succeed?” When people answer to this question and recognize their passions in life, they also find a base for the passion in their work. Corporate passion arises from people’s minds and experiences. It can be stated that managing a corporate passion equals to managing human resources.

*Passion – how do we implement quality management?*

Passion can be found in many levels. It concerns relationships between co-workers, customers and other stakeholders, but is also concerns relations to concepts like quality of work, work satisfaction and career development. The key issues in passion management are interaction and reflective management. Figure 2 describes a diamond of a successful business. It also describes passion for business, because behind each concept there are people with different passions.

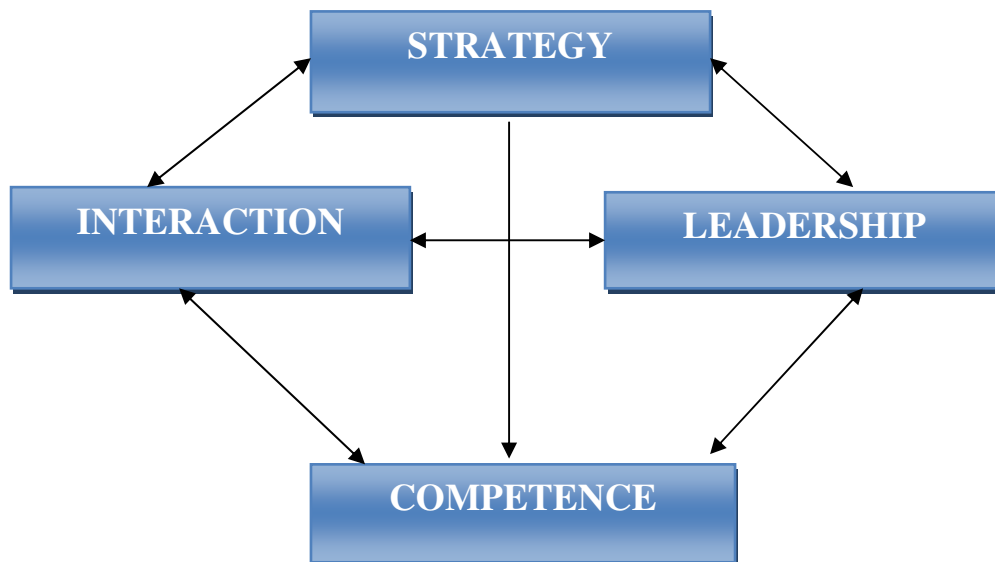


Figure 2. Diamond of successful business according to Kamensky (2008, 30)

## 2.2. SOSTAC Planning

There are many different approaches to building a strategic plan or a marketing plan. There is no single common approach, but there are essential elements which every strategy must have. Paul Smith has invented SOSTAC-planning, which is a registered trademark, in the 1990's (Paul Smith, <http://www.prsmith.org/>, 3.12.2009). Smith & al. (2002, 110-135), describe the stages of SOSTAC as follows:

**S = Situation Analysis** - which means where is the organization now?

**O = Objectives** which means where does the organization want to go?

**S = Strategy** which summarizes how is the organization going to get there?

**T = Tactics** which means what are the strategic details?

**A = Action** which means how is the plan implemented?

**C = Control** which means what about measurement, monitoring, reviewing, updating and modifying.

### *Situation analysis*

In the situation analysis the organization needs to consider how they perform in the markets and what the distinctive competitive advantages are. The effectiveness of the marketing mix should be evaluated. Also the question of the right segments with the right type of customers has to be taken into account. Communication and distribution are vitally important when implementing a marketing strategy, and these channels needs to be revised too. Then there is a question of uncontrollable factors. The organization has to be prepared to face unexpected turns of business and the key issues that affect the company's future must be identified.

### *Set objectives*

During the second stage the organization needs to revise the business mission and the general objectives. Also marketing and marketing communication objectives and the objectives for business development possibilities, both long and short term, have to be examined and reconsidered and maybe even modernized. One of the most important aspects of setting objectives is that the organization tries to make sure that all the objectives are practical and measurable. They need to be specific with numbers, measurable, actionable, reasonable and timed.

### *Strategy*

Strategy will be explained in more detail in chapter 2.3. Basically, a strategy is a summary of how to achieve the objectives. As stated later, a strategy can be prepared for many purposes.

### *Tactical plan*

The fourth stage is about marketing communications. The basic questions are which communication tools are we going to use and how are we going to use them. It is also crucial to think about the message the organization is going to send and the financial resources. The strategic marketing communication will be presented in chapter 3.

### *Action plan*

At this stage the organization needs to think what steps are required to put each communication tool into action. The organization has to decide who is going to do what and when they are going to do it. This is also a question of resource allocation. Performance needs to be measured and the organization has to decide the key performance measurements.

### *Control*

The organization has to know whether it is going towards target or not. If all the intermediate performance measurements show that the objectives cannot be reached, then the organization needs to adjust its operations and revise the strategies, tactics or actions. Good control needs responsible measurements. Also the frequency of measurements needs to be decided. Control includes various types of market research, but they give important information about the customers and markets in general and help the organization to develop its business concept.

Smith et al. suggest adding into SOSTAC three M's, which indicates the key resources. *Men* mean men and women, in other words expertise and abilities to do different jobs. *Money* means budgets and *minutes* mean time schedules and deadlines.

### 2.3. From strategy to marketing strategy

The word strategy originates from Greek word *stratigos* (Karlöf, 2004, 19). It has been stated that there has not been common understanding when defining the concept strategy (Smith et al. 2002, 66). Strategy could be many things and it could be found at many levels. Small, medium and large size companies, governments, military and other organizations, use strategies to define the basis for competition. Strategies usually strengthen collaboration and cooperation between different stakeholders. Strategies could even be found guiding and explaining the individual initiatives. It can be stated that a strategy is an alternative chosen to make a desired future happen.

Strategy is defined in the Oxford Advanced Learner's dictionary (1995, 1179) as follows:

“Strategy is a plan designed for a particular purpose or the process of planning something or carrying out a plan in a skillful way, or the art of planning and directing military activity in a battle or war. “

Peter Doyle (1994, 17-18) defines strategy as:

“Set of decisions taken by management on how the business will allocate its resources and achieve sustainable competitive advantage in its chosen markets.”

Åhman and Runola (2006, 25) define strategy as:

“It tells where we are going, why we are going just there and how we are going there.”

In their opinion, a good strategy is meaningful. At its best a good strategy:

- Brings a feeling of security in changing environment.
- Promotes self-determining actions.
- Makes the decision making easier.
- Inspires people.
- Is a source of innovations.
- Makes the customer choices easier.
- Helps differentiate from other organizations
- Creates possibilities for success.

Gary Hamel (2000, 70-98) created a frame work for business concept, which also includes strategic elements. According to Hamel a business concept consists of four main elements: core strategy, strategic resources, customer interface and value network. These elements are divided into sub-elements. The organization needs to evaluate each of these sub-elements and ask questions to determine the right direction of business. If the organization evaluates for example its strategy assets, they can ask: “What are our strategic assets?” Or “Can we exploit them in new ways?”

It is important that the four main elements are linked strongly together. Customers can be committed to the organization by offering customer benefit. Strategy and resources need to be in balance and it helps if the organization structure is clear and the resources are allocated effectively. Value network can also be described as stakeholders. Boundaries can mean outsourcing or co-operation.

Efficiency, uniqueness, fit and profit booster are factors that determine profit potential (Wealth Potential).

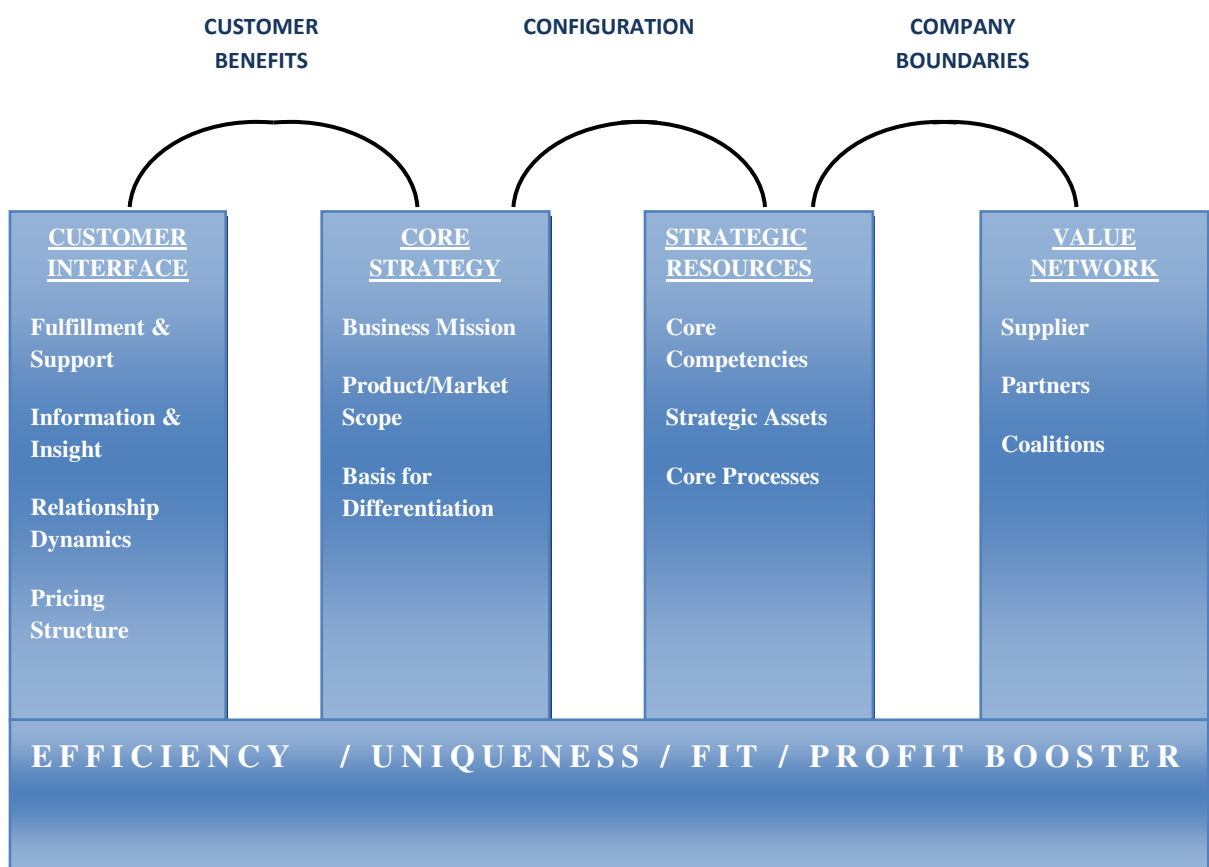


Figure 3. Business concept innovation according to Hamel (2000, 96)

Bengt Karlöf has found the core of the strategy. His definition best describes the meaning of a strategy. He includes three factors into the structure of a strategy: strategic portfolios, strategic business units and strategic functions or processes. The Figure 4 presents Karlöf's thinking. In addition, Kotler & Keller (2006, 47), write about strategic business units, SBUs which is typical for large companies.

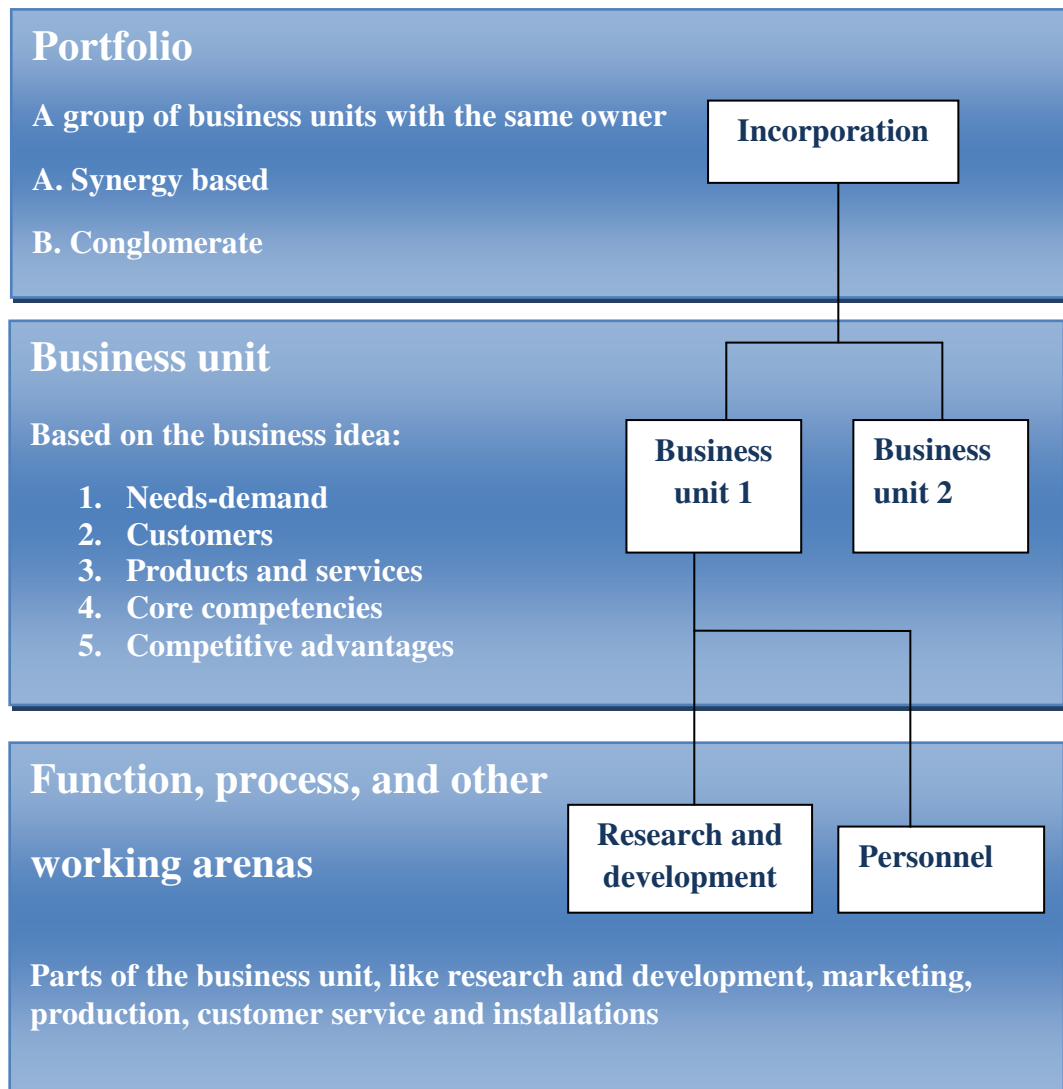


Figure 4. Strategy structure according to Karlöf (2004, 11)

Karlöf's opinion is that the actions of municipalities can be called as a scattered portfolio. The actions of municipalities consist of different fields of actions, for example, social work, education and urban planning. In business, synergy based

portfolios are the most common. However, it is difficult to define synergy. According to Karlöf, synergy is too often mentioned as a reason for corporate mergers. In mergers, it is particularly important to recognize what the real synergy components are and how they effect mergers.

Smith et al. (2002, 69-70) introduce different types of strategies: corporate, operational, marketing, product, distribution, marketing communications and advertising. In addition, two types of strategies which have become even more important for organizations during the last few years need to be mentioned: branding, human resources and environmental strategies.

Based on the literature, it can be stated that the most desirable outcome of strategy work is differentiation (Åhman & Runola, 2006, 30), (Kotler & Keller, 2006, 47). The organization needs to expel its business from its competitors. This means that the products and/or services need to have some added value and through this added value the organization could gain competitive advantage. But differentiation can be more than product differentiation. According to Kotler and Keller (2006, 319-320) differentiation can be implemented within personnel, distribution channels and image.

Jari Taipale (2007, 76-77) argues that customer experiences determine how stable competitive advantages can be achieved by the differentiation strategy. Management of competitive advantage has to aim to strengthen the positive customer experiences. The key issue in the model is communication between the customers and the organization. Communications will be discussed more detailed in chapter 3.

Usually marketing strategy is presented operatively as a list of marketing actions and it is related to marketing mix (Tikkanen, 2005, 168). Peter Doyle (1994, 84-85) sees two cornerstones in marketing strategy. *Target market segment plan* identifies what types of customers the organization is aiming for and the *differential advantage plan* describes the competitors and their strategies and presents the organization's own core strategy.

Tikkanen et al. (2007, 68) also describe the four fields of marketing strategy. According to their opinion marketing strategy consists of:

1. Objectives and content
2. Organization for marketing and sales
3. Marketing processes
4. Supportive systems for marketing

As can be seen, the concepts “strategic marketing”, “marketing strategy” and “principles of marketing” are quite alike. One issue which needs to be added to marketing strategy is marketing mix. It can be stated that marketing mix is a set of marketing decisions to implement the strategic marketing objectives (Doyle 1994, 84). Doyle sees that marketing mix also includes staff and service in addition to product, price, place and promotion. Today marketers talk about extended marketing mix. *There the traditional four P’s are added with three more P’s: people, processes and physical evidence. People equal staff and service equals processes, because process refers to the systems used to assist the organization in delivering the service. Physical evidence is the service mix which allows the consumer to make judgments on the organization. Physical evidence can be brochures, clean and comfortable customer facilities, packaging, uniforms etc.*

### **3. STRATEGIC MARKETING COMMUNICATION**

#### **3.1. Communication**

Communication can be defined as a process which attempts to create shared understanding. The process requires skills in listening, observing, speaking, questioning, analyzing, and evaluating. It is through communication that collaboration and cooperation occur.

Smith et al. (2002, 21) define communication as an interpersonal activity:

“Act of sending information from the mind of one person to the mind of another person.”

The simplest definition of communication includes three components: a sender of a message, a receiver of a message and a message passed from a sender to a receiver (Smith et al., 2002, 22).



Peter Doyle (1994, 239) sees communication as a transmission and receipt of a message. The nature of the communication process and the problems that occur are illustrated in Figure 5. Kotler and Keller (2006, 539) use exactly the same figure to illustrate their marcomodel of the communication process.

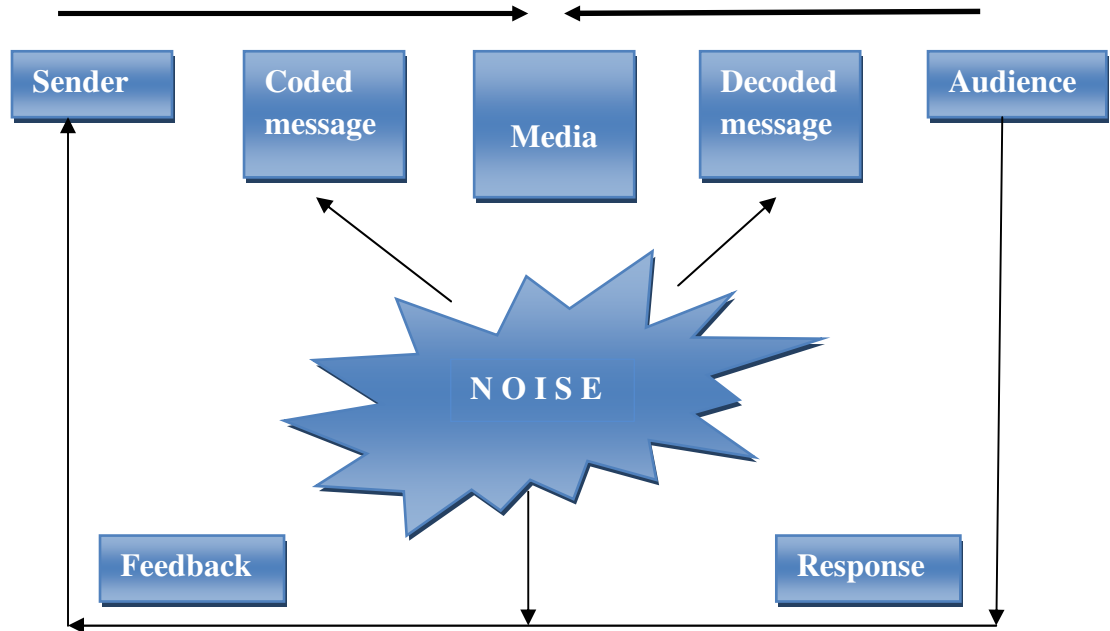


Figure 5. The communication process modified by Doyle (1994, 240), original from Shannon and Weaver

The process starts when a sender wants to send out a message to an audience. The message must be encoded into words, pictures or symbols and the transferred via media to the audience. Then the audience receives the message. Unfortunately that is not always the case. For example if the noise is too loud, then the message might not reach the target audience. After receiving the message, it has to be interpreted or decoded and also responded to. The response could be a denial, an acceptance or a neutral attitude.

The final stage is feedback, which is given by the audience to the sender about the response. The feedback is not automatically given, but today organizations have different channels to collect feedback: inquiries on web-pages or coupon redemption, after sales reports, market research and the organization must guarantee that they receive the facts, feelings and thoughts.

The University of Tampere has published in their web page's a lecture "Introduction to Communication Sciences" written by the associate professor Erkki Karvonen. He also presented the model of Shannon & Weaver. They stated that communication is information transfer. Shannon and Weaver also included the noise in their analysis and Doyle's model equals to Shannon and Weaver's basic model (University of Tampere, Erkki Karvonen, 1.9.2005 <http://www.uta.fi/viesverk/johdviest/>).

Describing the concept of communication is not enough when describing comprehensive *corporate communication*. Heli Isohookana describes that with IMCC model (Internal, Marketing and Corporate Communications) as Figure 6 shows:

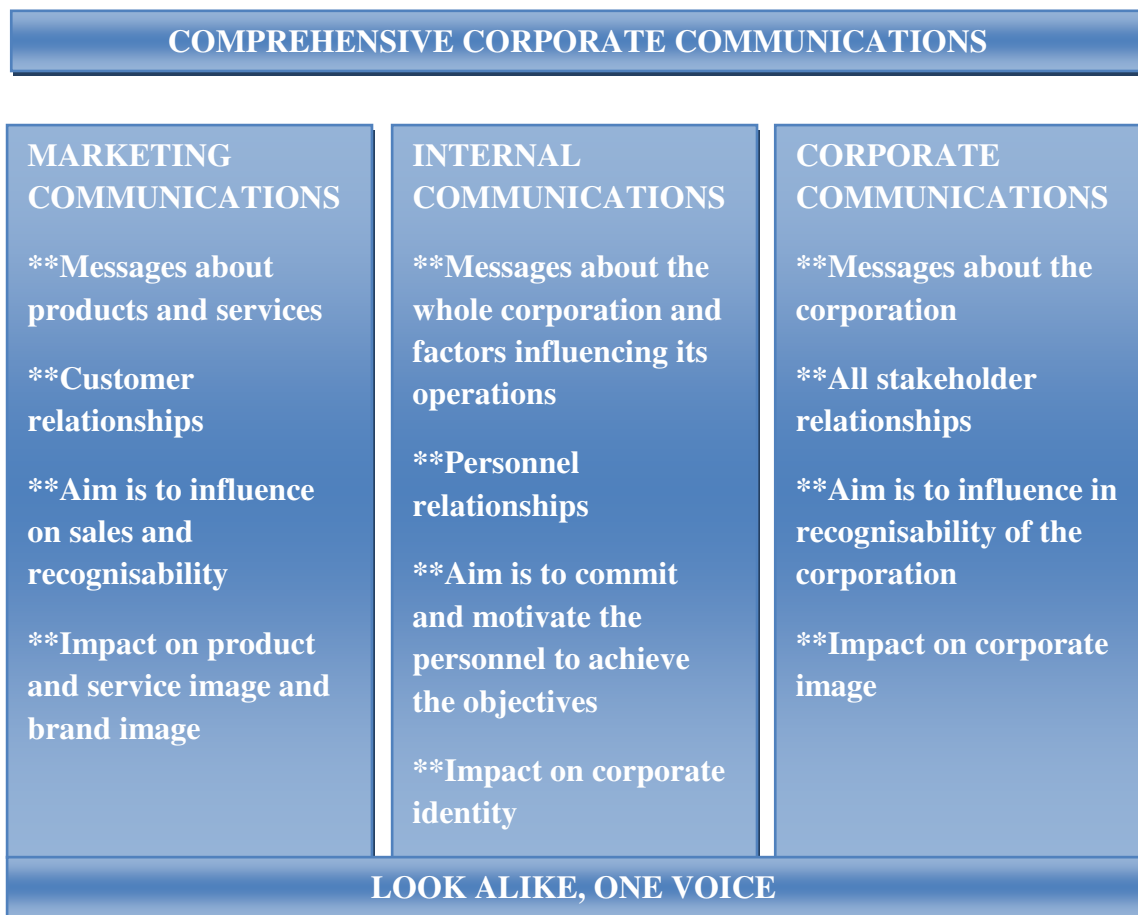


Figure 6. Comprehensive corporate communications according to Isohookana (2007, 15)

Elisa Juholin (2007, 4) writes that many of the large organizations have a wide corporate social responsibility (CSR) towards society. Because CSR involves openness or transparency while also taking into account the will and expectations of stakeholders, it is generally accepted that companies function best when they merge their business with the interests of their stakeholders. Juholin (2007, 4) writes that:

“Communication is considered to be one of the factors of corporate responsibility and one can conclude that communication must also be responsible and respect stakeholder needs and expectations.”

According to Isohookana (2007, 16), an organization has to pay attention to all stakeholders and build a functioning interdependency with them. Marketing communications supports the marketing actions and corporate communications support the whole organization. By public relations the organization creates, maintains and strengthens the relationships of its reference groups. Marketing, internal and corporate communications should form an integrated entirety, which support the whole organization. The same model can be applied to associations and other non-profit organizations.

*Internal communication* has a significant meaning, especially in large organizations. The roots of the internal marketing concept lie in efforts to improve service quality. According to Pervaiz and Mohammed (1995) effective services require motivated and customer-conscious employees. It has been stated that there is a link between employee satisfaction and customer satisfaction, but also that employees are internal customers of a company.

Because the case organization in this thesis is a small association, internal communications won't be handled widely. Traditionally, organizational communication has been considered to be one directional, usually from top to bottom. That kind of thinking has changed, because facilitative leadership has become more common. Also, operational environments have become unpredictable and exact information about a company's future is not available. Top management needs to be in constant communication with the personnel, otherwise the lack of commitment and motivation elements can negatively affect the company image.

Based on my own experiences, many contradictions at the work places originate from lack of knowledge. Juholin (2006, 146) states that communication satisfaction is an indicator of successful internal communications and it is strongly related to work satisfaction. Communication satisfaction also has a significant role in the field of work development. This is because developmental challenges are often related to stakeholder relations and communication.

Large organizations usually have their own intranet and internal web pages. Therefore, it is vitally important for small work units to develop their communicative skills. They need to keep regular, cooperative meetings, because face to face communication has proven its significance. The head of an organization is in an important position, because she/he has the formal authority and is responsible for having for example performance appraisal interviews.

One of the most important issues in internal communication is dialogue. Usually dialogue is understood to be more than just a conversation between two or more people. Dialogue is a procedure for thinking together and it always includes active listening, participation and respect. According to Isaacs (2001, 170-172) for a good dialogue it is necessary to speak straight. Before speaking straight, people need to believe in themselves and believe that their thoughts have value. Speaking straight requires stepping in emptiness and that requires courage. A straight dialogue also contains social responsibility towards the others.

An interesting point was made by Pervaiz and Mohammed (2000).

“Managers can increase employee job satisfaction by treating jobs as products, that is, designing jobs with features that prospective employees value rather than just concentrating on task requirements of the job. Treating jobs as products forces managers to devote the same care to jobs as they devote to products they sell to the external customers.”

This statement strengthens the fact that constant discussions between all the personnel including management are essential, also discussions concerning future requirements and visions. There is no intention to hurt anyone, but the emotions and attitudes towards the issues might be in contradiction. Isaacs (2007, 195-201)

presents four participant types, which all should occur in good dialogue. The necessary participants are an initiator, a supporter, an opponent and a bystander. All these participants have one characteristic, an initiator speaks straight, a supporter listens, an opponent respects and a bystander waits. The quality of actions of a certain organization depends on how widely each of these characteristics occurs in dialogue.

Kotler & Keller (2006, 536) determine *marketing communications*:

“Marketing communications are the means by which firms attempt to inform, persuade and remind consumers about the products and brands that they sell.”

Marketing communications has to be strategically planned and the communications plan needs to be compatible with the organization’s strategy. Smith et al. describe in Figure 7 how marketing communications could support all corporate operations and produce at last profits.

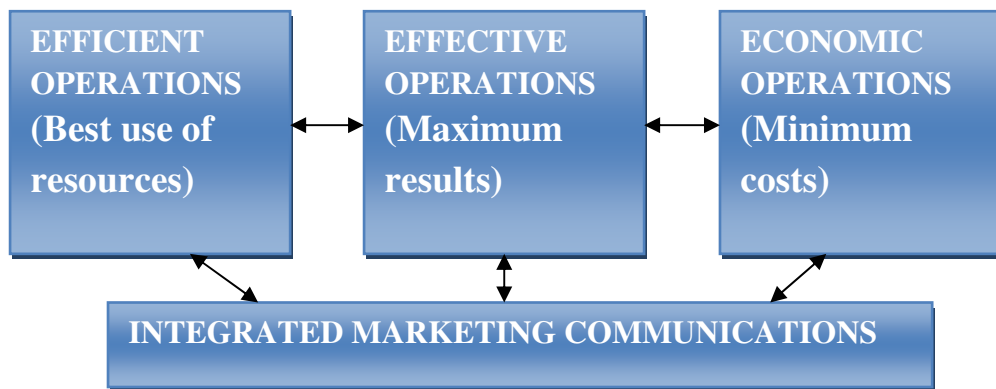


Figure 7. Efficient, effective and economic marketing communication according to Smith & al. (2002, 167)

In this case efficient means the best use of resources, effective means maximum results and economic means minimum costs. Marketing search should also be added to this picture. This is because development is only possible with the addition of a marketing search.

Isohookana (2007, 91-124) describes the levels of marketing communications planning. According to her there are four main levels: first situation analysis, second, planning, third, action and, fourth, follow up. The general planning does not differ from a normal strategy planning process. The second level, “planning”, includes four main elements, objectives, target grouping, message and means.

The objectives can be divided into micro and macro level objectives. In micro level, the first task is to wake up the customer’s awareness and the final stage is purchase and profits to the company. Micro level model examples are AIDAS (attention interest desire action satisfaction) and DAGMAR (defining advertising goals for measured advertising results). In macro level objectives are more related to marketing communication mix. The chain can be described as in Figure 8:

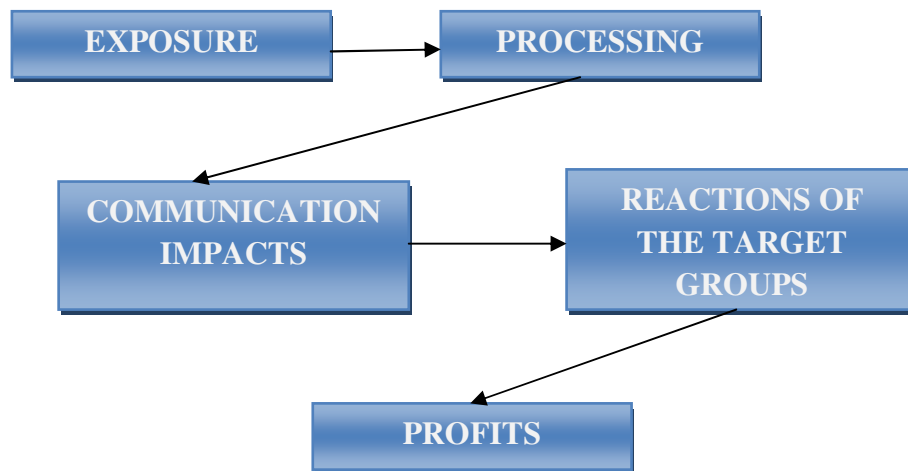


Figure 8. Macro level objective chain according to Isohookana (2007, 100)

Rope and Pyykkö (2003, 271-273) write that sales are based on emotions and the levels of human conceptions can be described. They describe that with Figure 9:

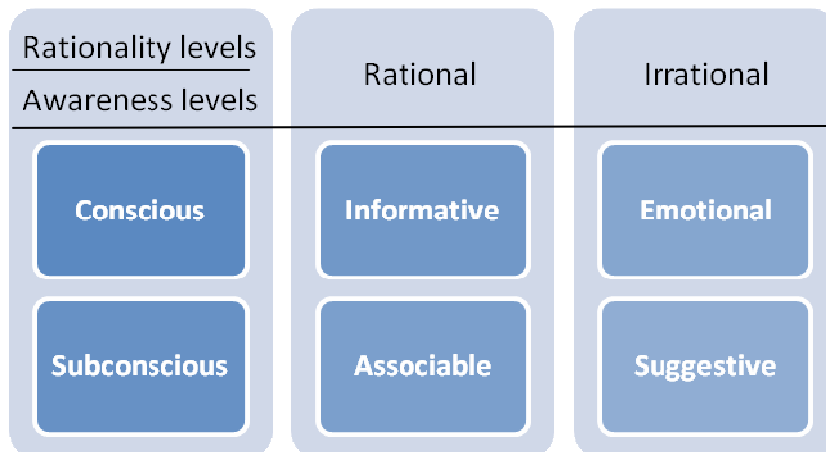


Figure 9. Levels of conceptions according to Rope and Pyykkö (2003, 272)

As can be seen in the figure above, rational conscious factors can be influenced by informative communications, because it is rational and easy to receive. Irrational conscious factors can be influenced by emotional elements. These factors can also be presented visually. Rational subconscious factors can be influenced by associations. Irrational subconscious factors can be influenced by suggestive elements, in other words, passion based communications. The basic thing is to find such irrational and emotional conceptions which promote selling. In addition, such rational reasons need also to be found, which makes the decisions understood and acceptable.

### 3.2. Trust in communication

Trust is a strategically important concept in communication and relationships. A relationship without trust cannot be seen as a relationship at all. It can also be stated that without trust there cannot be qualitative communication or without communication there cannot be any relationships.

The Oxford Advanced Learner's dictionary (1995, 1281) defines trust as:

“The belief or willingness to believe that one can rely on the goodness, strength or ability of somebody”

The key words in this definition are “can rely”. The person believes, without any doubt, in the other party that whatever happens, the other party is willing to help/assist/support her/him. Professor Kirsimarja Blomqvist (2006) has studied trust in business relationships. She states that according to different studies nearly 50-80% of the business networks fail. A common reason for failure is a lack of trust. In business environment qualitative relationships and communications will lead to profits and stronger stakeholder commitment. The conclusion can be drawn that business success is dependent upon a network of positive and trustworthy relationships and communications.

Trust involves a belief that one a partner will act in the best interests of another partner. One of the major challenges in businesses today is the building of trust between the employees, management and all stakeholders to create a healthy and productive work environment. Common understanding of work related issues are important as well as mutuality. Mutuality is the most critical and flexible mechanism for building sustainable trust in a work place or in business-to-business relations.

According to Bryant and Colledge (2002, 38) a key element in relationships is transparency and equitable treatment. Also honesty and fair dealing have become important features in the relationships. There is trust that the relationship will not be abused by either party. Honest and transparent communications are then the tools for making the relationships more valuable.

Based on my own experiences in working life, the moment an employee loses her/his trust in the eyes of a co-worker, a team or a partner, the chances for success within this employee or the whole team are diminished dramatically. Lack of trust could lead to nervousness, inefficiency and conflicts. This leads to poor performance on all levels. This concerns both stakeholder relations and staff. When staff is unsure about their job security, performance levels decreases. Trust if often related to financial performance of an organization. The strategic marketing management emphasizes trust as a means of improving financial performance. Therefore, companies dealing with an uncertain future need trust as a resource for making the stakeholder’s inputs more valuable. According to Seppänen (2008, 59):



“Trust between parties brings collaboration benefits such as information sharing and communication, and reduces collaboration drawbacks such as negotiation costs.”

To build and sustain trust at the most basic level, with customers, a business must manufacture and market quality products or services that are reasonably priced. The organization need to build customer satisfaction. That creates loyalty, which means long customer relationships. Trust is an important part of customer relationships, as well as internal business relations.

Ståhle and Laento (2000, 52-75) write about trust in business environment. Their statement is that the most important part of relationships is trust. The most important competence of a single person is an ability to build relations. In trust building process four different stages can be separated. *The first stage* concerns preparations of a partnership. The process can be started when an appealing and an appropriate partner is found. *The second stage* includes personal contacts and communication situations. This is an important stage, because, according to the authors, trust is based on feelings and intuition and the amount of trust will increase when information is exchanged. Mutual trust limits or opens the possibilities for added value. The Figure 10 describes the increase of trust in partnership. The key issues in the picture are related to communications, listening and constructing feedback.

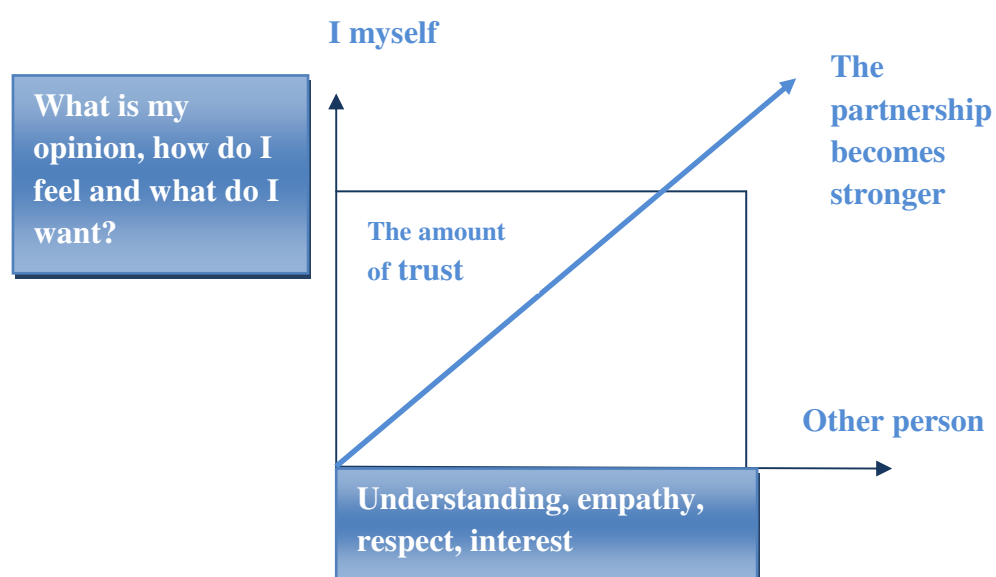


Figure 10. The amount of trust according to Ståhle and Laento (2000, 65)

*The third stage* is concrete actions and cooperation. *The fourth stage* is for evaluation. Trust is based on facts and the interpretations of the facts and these facts have to be evaluated critically and honestly. If the whole organization wants to be trustworthy, it needs to invest in attractiveness, partnership strategies and organization (knowledge management, structures, culture, ethics).

Green (2005, 57-59) describes trust based sales process according to Figure 11. This process equals to a service process and personal management as well.

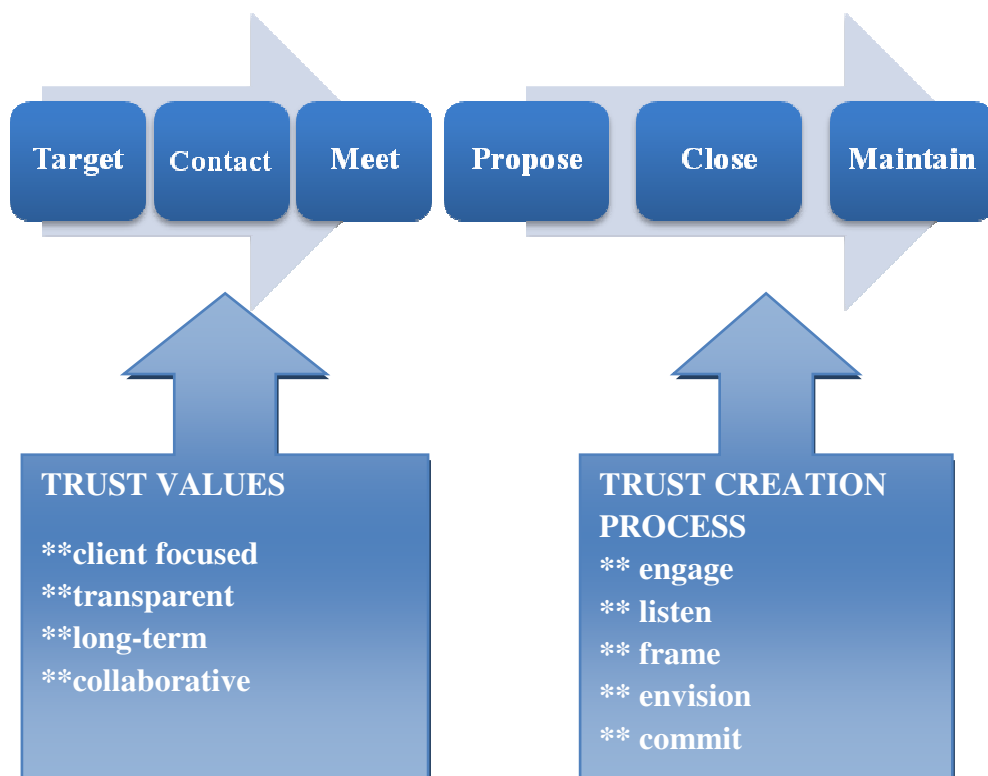


Figure 11. Trust-based Sales Process according to Green (2005, 57)

Five of these elements include interpersonal contacts. At the beginning of the process trust values are important. The organization needs to show that all of the honest actions are customer focused. When the customer has been reached begins the trust creation process which aims to long term commitment and brand loyalty. The customer evaluates the behavior of the organization throughout the whole

process and based on that trust is created. All the means of trust creation need to be applied.

The whole process requires understanding of the economic power of trust, the nature of buyer motivation, and an understanding of how it is that trust is created and people are influenced.

### 3.3. Target grouping

According to Doyle (1994, 59-73) innovative companies today recognize that they can gain profits by acknowledging that different groups of customers vary widely in their behavior, desires, and responsiveness to marketing. By examining customers by profitability and understanding the key elements of the costs and revenues formation, it is possible to increase the current and future profitability of all customers.

Market segmentation refers to subdividing a market along similarity. That is, the members of a market segment share something in common. Target groups or customer segments are groups who share similar preferences for products or services, based on their personal interests. They are never homogenous and they differ in the benefits wanted. The organization could have a segmentation strategy, which defines the strategic base of the target groups

The main purpose of segmentation is to gain a competitive advantage and profits within the segment. Effective market segmentation improves understanding of the customer base and the customer needs. It also provides a clear classification of the customers and leads to the effective implementation of marketing strategies. By target grouping the organization

In consumer markets the segmentation can be based on several profiling factors. Those are geographic (e.g. region), demographic (e.g. age, sex, religion, income), psychographic (e.g. personality, lifestyle, social class) and behavioral factors (e.g. brand loyalty).

In Organizational markets, or Business markets, the organization has to segment markets by benefits sought and the customers, or stakeholders, are highly dependent upon their strategies and operating environment. The most common profiling features in organizational markets are e.g. industry, organizational type, size, location and usage, situation and personal characteristics (Kotler and Keller, 2006, 259).

Rope and Pyykkö (2003, 45-47) present two segmentation models in their book. The first model was called market based progress plan and the second model was called product base progress plan. The main difference between these models is that market based progress plan is totally based on current markets and its profiling. In the second model, the core is the product and its features. But, in the end, in both cases, the chosen segments are the base for supply and marketing.

Juholin (2006, 88-89) sees that target group concept is too marketing oriented and in the corporate communications the concept should be changed to stakeholder concept. It describes better the holistic nature of relationship between the organizations. Juholin states that the organization can only be successful if it has the trust and acceptance of the most important stakeholders. A stakeholder analysis is most important tool and will be discussed later in chapter 7.6.

When an organization is planning its customer target grouping it is good to remember that only a small part of the total customers bring profits. It has been stated that organizations spend most of their marketing budget to non-customers. The customer pyramid has been described as follows (Koski Kai, lecture notes January 2008 & Zeithaml et al. 2001):

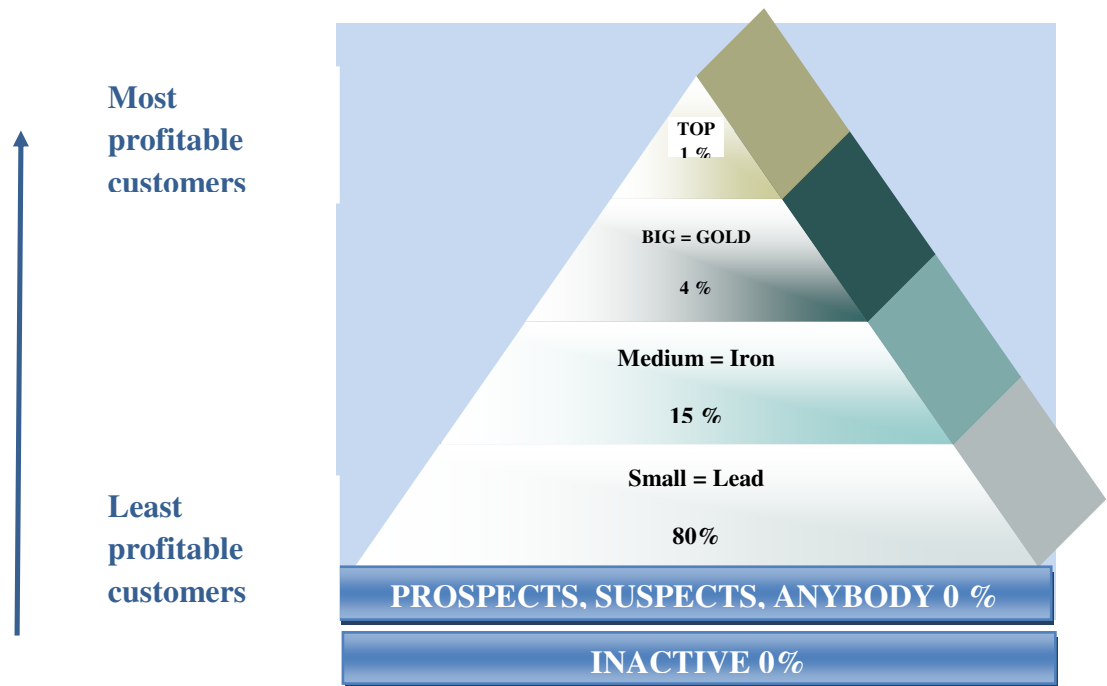


Figure 12. Customer Pyramid according to Koski (2008, 8)

Figure 12 shows that 20% of the customers belong to group which buys 80% of the products or services. 80% of the customers are small and buy only 20% of the products or services. It has been stated that 5-30% of the customers have potential for upgrading in the pyramid. The same rule can be applied to all stakeholders. Based on this, organizations have recognized that not all customers need to be served equally, because there are always customers that only are costs and never become a profitable.

Kotler and Keller (2006, 262) and Doyle (1994, 67) discuss criteria for effective segmentation. The criteria were as follows:

*Kotler and Keller:*

Measurable

Substantial

Accessible

Differentiable

Actionable

*Doyle:*

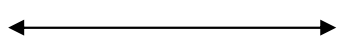
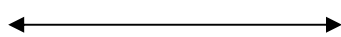
Effective

Identifiable

Accessible

Profitable

Actionable



The common criteria were *accessible* and *actionable*. *Accessible* means that the target groups are effectively reached and served. *Actionable* means that an organization is able to develop such programs which attract and serve the selected groups. Doyle means by *effective* that segments differ significantly from the other segments. *Identifiable* means that the organization need to find customer characteristics, e.g. age or nationality, which link them to some segment. *Profitable* means that financial advantages (lower costs e.g. in manufacturing and marketing) can be achieved by segmentation. Kotler and Keller stress that the size, purchasing power and characteristics of the segments have to be measurable. Substantial is closer to Doyle's profitable, Kotler and Keller see that target groups need to be large enough from the profitability point of view. *Differentiable* is a sign of distinguish segments which also react differently to various marketing mix elements.

#### 3.4. Six markets model

Christopher, Payne and Ballantyne (2000, 20-31) identify six markets model, which is related to relationship marketing. According to these authors:

“The model suggests that companies have a number of markets to whom they need to direct marketing activity and formulate marketing plans. “

The six markets model is illustrated as in Figure 13.

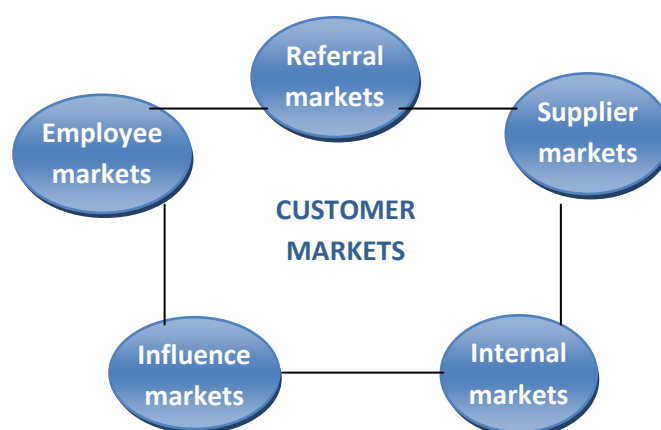


Figure 13. Six markets model according to Christopher et al. (2000, 21)

In *customer markets* the most important issue is that, while the organization concentrates on attracting new customers, at the same time it needs to develop the businesses so that the marketing activities are also directed to existing customers. Many organizations have forgotten to maintain current relationships while the major focus has been on persuading new customers. The key question related to customer markets could be stated as follows: What value proposition can the organization choose to attract new customers and to keep old ones loyal?

*Referral markets* are developing and implementing such marketing actions which stimulate referrals. This has often been the most effective part of an overall marketing plan and the best use of resources. Key referral sources can be used as an example to describe about their processes. The key question related to the referral markets could be stated as follows: Does the organization have special communication links with groups (e.g. experts and professionals) who make recommendations regarding purchasing decisions?

*Supplier markets* aim to ensure long term, cooperation based relations with win-win philosophy. The focus is also on development of both businesses and making sure that both partners become stronger operators in business environment. These objectives can be achieved by making flexible deliveries in time with optimal products. If this type of business concept is included in the strategy, it can reduce costs and improve quality. The key question related to supplier markets could be stated as follows: How are relationships with suppliers and distributors managed effectively?

*Influence markets* include a wide range of sub-markets: governments, regional bodies, municipalities and cities, different associations (e.g. labour, environmental and entrepreneurship associations). The key question related to influence markets could be stated as follows: How can relationships within influence markets be promoted so that all stakeholders enhance and support the actions of the organization?

*Internal markets'* main idea is that every employee represents the organization successfully and with adequate knowledge and skills. All interactions with stakeholders should include quality service concept. Communication is one of the most important tools of internal markets. The key question related to internal markets could be stated as follows: Are the employees and organization's decision makers willing and capable of making a quality value proposition that will develop the business concept and external relations?

Strong relations to *recruitment markets or employee markets* should be part of a personnel strategy. If the organization wants to recruit skilled and highly motivated employees they should have current knowledge of these markets. Also, relations to local or regional educational institutions are useful, because there is a chance of instant recruitment after graduation. The profits are highly dependent on personnel resources and therefore the whole recruitment process is a critical factor. The key question related to recruitment markets could be stated as follows: Does the organization have carefully selected, motivated, trained and skillful employees?

The current stage of each relationship and the desired future stage can be evaluated. Each relation has a scale from 1 to 10.

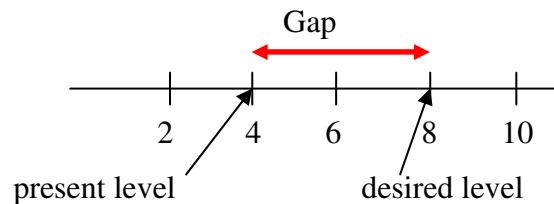


Figure 14. Evaluation of the relationships (Koski Kai, *Delivering Superior Customer Value*, lecture notes, spring 2008).

Each relation must be evaluated by same way. After evaluation the organization sees how the relations are biased. When thinking about the future actions the organization needs to recognize the tools and methods how to reach the target level. What needs to be done for removing the gab?



## 4 BUILDING A PLACE BRAND

Place branding originates from branding. There are also other definitions which are related to place branding like place development and place marketing. From tourism aspect the right term is destination branding and from county aspect it is nation branding. Anholt (Place Branding & Public Diplomacy, 2005, Vol. 1, No 2, 116-121) presents three definitions of branding in his editorial, popular, simple and advanced definition. When these three definitions are combined and revised, one definition formed to be as follows:

*Place branding is the way in which the identity of the city or region is dressed and recognized. It is part of city strategy, stakeholder motivation and behavior, internal and external communications and ethics. It is executed by advertising, marketing, and PR and sales promotion. The concept is mainly used by marketing experts and it also refers to a designed visual identity — name, logo, slogan or corporate livery.*

According to Rainisto (2008, 25) the central issues in branding are identity, image and communications. It needs to be remembered that brand identity is defined by the sender and image by the receiver. The brand creates and maintains the company reputation. It also reflects customers' experiences of the company.

Kotler and Keller (2006, 277) see that brand knowledge consists of all thoughts, feelings, images, experiences, and beliefs of the customers. Brand differentiates a certain company from the other companies. The differences are often related to attributes or benefits of the product.

A brand is strongly seen as a personality of the company. It is an asset, which is defined as *brand equity* and managed by branding strategy. With high brand equity the company is able to achieve competitive advantage in the markets. Aaker sees in brand equity the following characteristics mentioned in Figure 15:

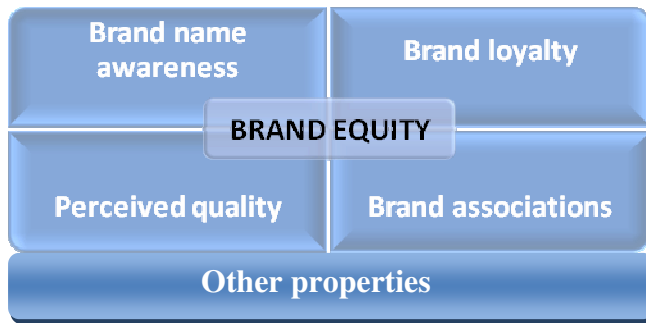


Figure 15. Brand equity elements according to Aaker (2002, 8)

If the company wants to succeed, it has to listen to its customers. According to Keller (2001), the CBBE-model (customer based brand equity) can be thought of as a series of steps, where each step is contingent on successfully achieving the previous step. The four steps are:

1. The first step is to ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class or customer need.
2. The second step is to firmly establish the brand meaning in the minds of customers (i.e., by strategically linking a host of tangible and intangible brand associations).
3. The third step is to elicit the proper customer responses to this brand identity and brand meaning.
4. The final step is to convert brand response to create an intense, active loyalty relationship between customers and the brand.

It is also vital to have a strategy how to keep the promises given. *Brand loyalty* varies, according to Silén (2001, 121), between 20-75%. Usually people are more loyal towards cars and perfumes than daily used foodstuff. Mercedes Benz and Chanel are good examples of products, which have high brand loyalty. One of the main tasks of branding is to commit the existing customers so that they won't buy from another company.

Silén (2001, 125) also writes that brands are created with publicity and sustained by marketing. Rainisto (2008, 27) thinks that the most central areas in brand building are segmentation and positioning, parts of marketing. It is vitally important to recognize the difference in demand between different customer segments. When the company is managing the brand it can use for example surveys to clarify the current

customer needs and with the help of the survey, the company can review the brand situation and make investments to product development or customer services.

#### 4.1. What is a place brand?

Each place, a city, a region or a country, has something special. Finland is known for Nokia, Santa Claus, Fazer and Marimekko, Sweden from IKEA and Marabou. Japan is known for sumo and is often called as land of a rising sun. United States is known for Coca Cola, Microsoft and now Obama is a major part of U.S brand.

All these places have some competitive identity they can compete with. Answer to question, why places need branding, is simple. They need branding because of a survival. Globalization has created a competitive arena where places can now compete with the positive identity and attractiveness. Place branding is more than marketing just a single product or service. Places are public by their nature and try to reach their objectives differentially than business life in general. There is always a social dimension present, because place branding strongly involves people like inhabitants, tourists, business visitors and potential new residents (Rainisto 2008, 12).

People and companies tend to move more easily today, which forces the places to develop their services and surroundings. The whole living environment has to be taken into account, beginning from urban planning, which has become extremely important part of the process when building a place brand. Mäenpää & al. (2000) have implemented a research of Helsinki city planning. They rise up the questions of population structure and development, internationality, the meaning of economic life, participation of the inhabitants and sustainable development. All issues, which effect on the brand identity. Their study also indicates a contradiction in city planning. How to expand because the land will be used? The same problem concerns Kotka. The city cannot expand on the sea, although there have been plans for floating apartments. The joint cities might be the answer, but there will be always barriers, because someone needs to give up their identity.

Anholt describes a competitive identity in Figure 16:

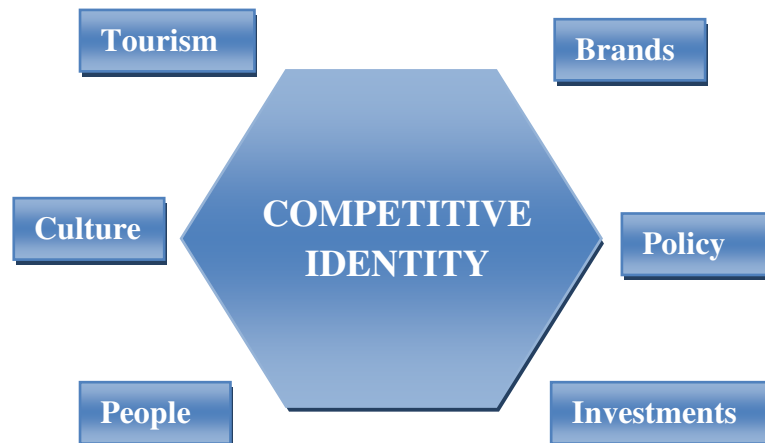


Figure 16. Hexagon of competitive identity according to Anholt (2003, 209)

The concepts in hexagon were part of the Anholt's global survey of consumer perceptions of countries and cities in 2005. In 2009 the concepts in hexagon have changed; exports, governance, culture, people, tourism and immigration and investments (Nation Brands Index, Report Highlights October, 2009, 2-3).

The "brands" were replaced with "exports", which indicate whether people know where the product is made (country of origin – effect) and whether a country has particular strengths in science and technology, and has creative energy. The "policy" was replaced with "governance". This aspect reflects competency and honesty of government, respect for citizens' rights and fair treatment, as well as global behavior in the areas of international peace and security, environmental protection, and world poverty reduction. However, according to Simon Anholt (E-mail 4 November 2009) the concepts can be seen identical. In 2009 the brand nation was United States. It is obvious that the election of Barak Obama as President has been the turning point in U.S image.

According to Rainisto (2003, 47) brand identity is the state of will of the organization. David Aaker (2002, 71) defines brand identity with a question: "How

strategists want the brand to be perceived?” Generally speaking, the core of a brand identity can be asked: “What we are?” and “What we want to emphasize?”.

Furthermore, Aaker and Joachimsthaler (2000, 69) find four brand identity perspectives, which are: 1. Brand as product, 2. Brand as organization, 3. Brand as person, 4. Brand as symbol. They state (2000, 110-111) that if brand identity wants to be emerged into a business strategy the organization needs to ask: “What kind of competence, investments and resources are required?”

When combining Aaker’s and Anholt’s ideas, Figure 17 of brand identity can be drawn:

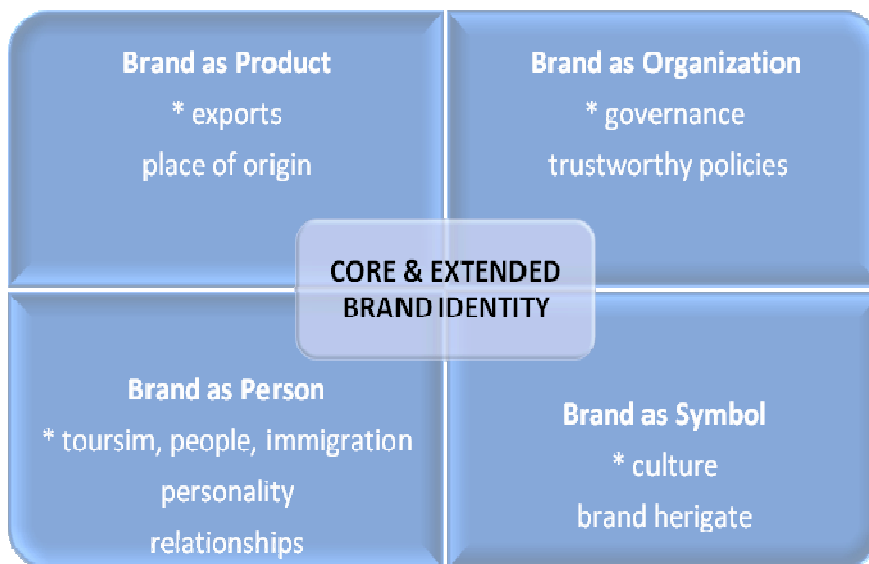


Figure 17. Brand identity

Tourism can be seen also as a part of “Brand as Product” because for many places tourism a core product with many sub-products. However, tourism is also closely linked with persons, which gives personality to the place. Tourism is also about relationships. If the native inhabitants are able to create a trustworthy and open relationship with tourists, it will definitely increase the value of the place. Culture can be placed in all four sections. Culture is “Brand as Product” because most cultural events are leading products of certain place like Maritime Festivals in Kotka, Oktoberfest in Munich. Organization has an own culture and it also has

symbolic meaning. For example Russia can be seen as a symbol of strong culturally oriented country. Literature, theatre, food culture, sports and many other issues give Russia the brand identity. People form a cultural entirety and also exports can be thought in cultural aspect. For example Nokia products form a cultural wholeness, which is without no doubt related to Finland and a trustworthy atmosphere.

Saila Saraniemi (University of Joensuu, 2009) has written a dissertation about destination branding in a country context. Saraniemi suggests that:

“Branding philosophy, rather than being only an implementation strategy for image promotion, relates to a way of understanding the branding process within an organization.”

The cities need to implement the branding strategy so that it describes how the city is understood and what the brand values are and how they manage the brand. The external stakeholders need to be also involved. The brand elements or values have to be chosen carefully. Kotler and Keller (2006, 282) suggest that the following criteria have to be taken into account: memorable, meaningful, likeability, transferable, adaptable and protectable. Only if the place branding process is established in a transparent, assessable and comparable way can this advantage be of long-term use.

A place brand strategy requires a realistic, competitive and very compelling strategic vision for the city. The strategy also needs to ensure that it is supported, reinforced and enriched by everyday communication between the stakeholders. All civil servants, local inhabitants and companies must consistently communicate and demonstrate the same carefully developed brand.

Place branding implementation is done by target marketing. Visitors, tourists, business people and economic life, potential employers and also inhabitants are the target groups in place branding. Place marketing is a typical way to appeal investments and businesses and tourists into certain area. (Rainisto, 2008, 53).

Kotler and Gertner (2002, 257) write in an article, that tourism requires image making and branding grounded in the place's reality. Business, which is looking for a location, is interested in the following issues presented in Figure 18. But at the

same time it is important to realize that all these promotion actions have effect also on inhabitants.

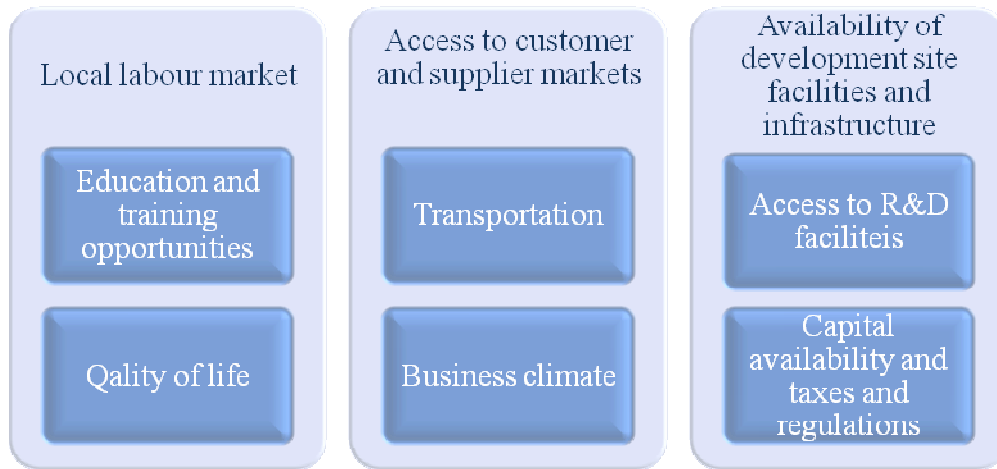


Figure 18. Basic information sought by business searching for a location (modified from Kotler and Getner)

Personally I divide the issues in three sections and Kotler and Gertner mention them separately. The three main categories, which have extreme importance when tempting people and businesses to the city or region, are labour, customer markets and development. The issues under these main categories help the newcomer to make the business successful. So, the meaning of the whole environment is absolutely crucial as stated before.

Rainisto (2004, 46) writes about the key success factors according to European Institute for Urban affairs. There were mentioned the same issues than in above figure. Innovations and strategic capacity can be seen as a part of development issues. Rainisto (2004, 44-45) also writes about critical mass, which tends to center into large city regions, which are the cores of services and financial activities. According to Rainisto, the most successful areas, financially, have been formed by the city regions. This raises inevitably a question of the benefits of join cities.

#### 4.2. Place brand quality

It has been stated several times in the literature that brand is a promise of quality. Products have their own total quality management systems like ISO 9000 standards, but in place branding quality is mainly understood as perceived quality. David Aaker (2002, 17) describes the highlights of perceived quality as;

“Brand association that is elevated to the status of a brand asset for the following reasons:

- Among all brand associations, only perceived quality has been shown to drive financial performance
- Perceived quality is often a major strategic thrust of business
- Perceived quality is linked to and often drives other aspects of how a brand is perceived.”

According to Aaker (2002, 202) a strong brand identity and right positioning create values; these issues provide extension options, improve brand memorability, provide meaning and focus to the organization, guide and enhance brand strategy and provide value proposition and credibility to other brands.

Silén describes brand quality with Figure 19 below.

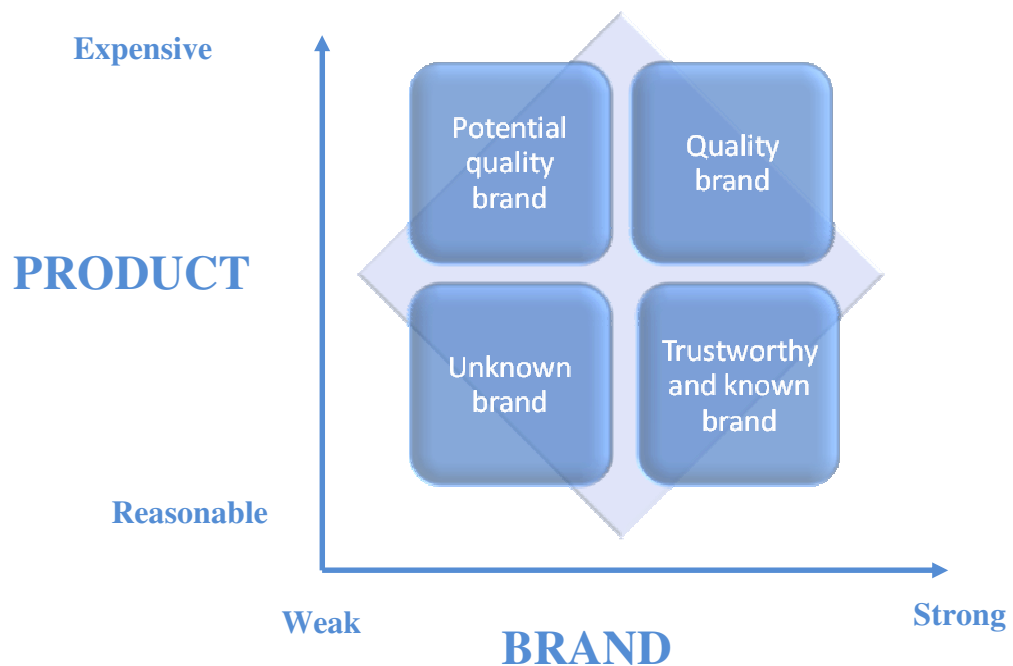


Figure 19. Brand quality according to Silén (2001, 124)



Building up competitiveness and quality culture is a good base for successful place branding. The ideal situation is achieved when brand capabilities and ability to produce quality are in balance.

But what is quality in place branding? Seppo Rainisto (2003, 66) describes success factors for places in his doctoral dissertation and in his books (2005, 21; 2004, 88). It can be assumed that after implementing successfully the mentioned factors, place have received a quality brand. It needs to be remembered that it is not a permanent status and the brand has to be managed and developed carefully.

According to Rainisto (2003, 65) the success factors were pre-selected based on his research findings of the pilot study and discussion in the place marketing literature. The factors are: 1) Planning group, 2) Vision and Strategic analysis, 3) Place identity & Place image, 4) Public-private partnerships, 5) Political unity, 6) Global marketplace, 7) Local development (presented with Global marketplace), 8) Process coincidences and 9) Leadership

When these factors are combined with the attraction factors, soft and hard, here below, a quality place brand has been created, as Figure 20 shows:

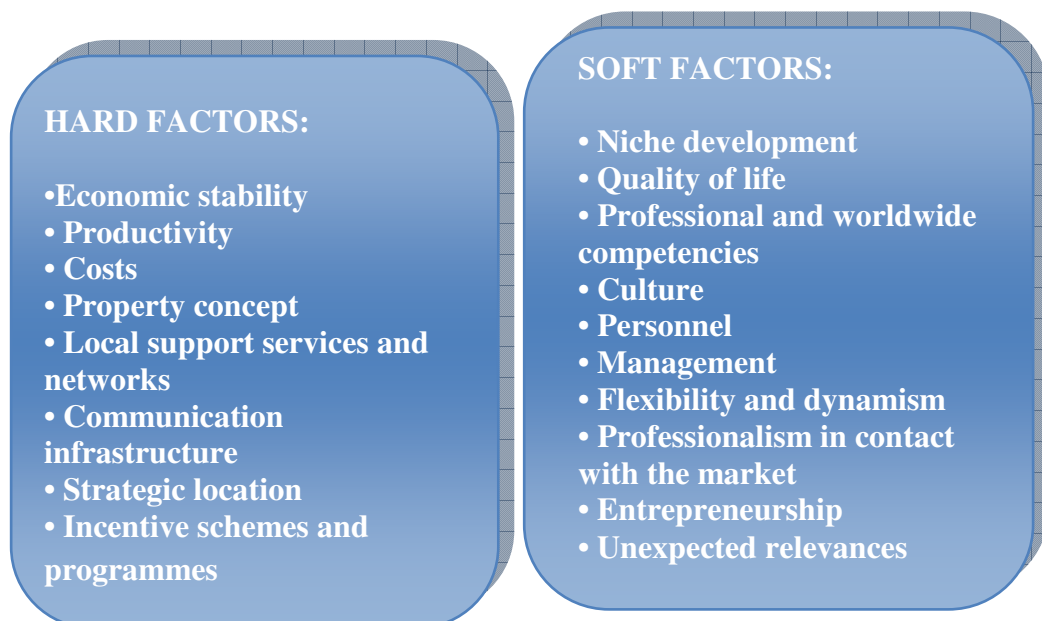


Figure 20. Attraction Factors according to Rainisto (2006, 17), originally written by Philip Kotler

### 4.3. Place brand development

Development work can be done several ways. It can be bought or self-made. It can be a survey, research, analysis or strategy work. Most important thing is that all these methods aim to achieve a better end result, a win-win situation, where all stakeholders gain the most. The brand strategy is always based on the brand core, its values and associations (Kotler & Pfoertsch, 2006, 169).

*Strategic brand analysis* is used when building a brand identity. When the brands need to be revised, also the identity issues have to be taken under observations. Aaker and Joachimsthaler (2000, 67-68) suggest that strategic brand analysis consists of three different parts; customer, competitor and self-analysis. Aaker illustrates this with the Figure 21

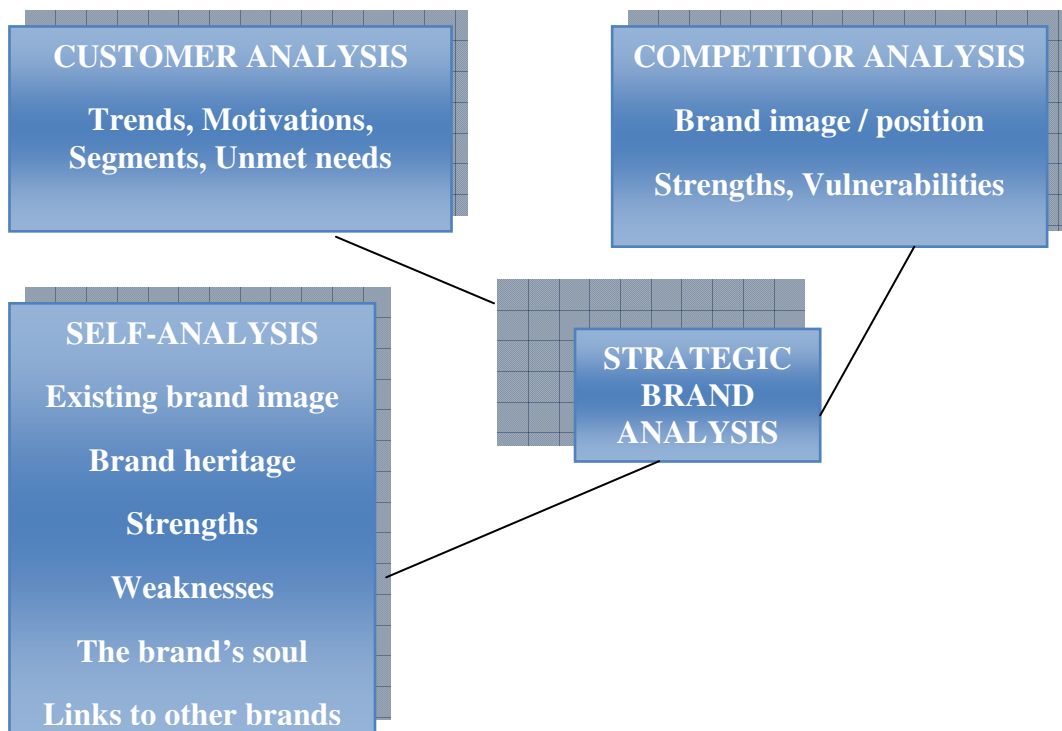


Figure 21. Strategic brand analysis according to Aaker (2002, 190)

Aaker (2002, 192) states an important question: “What functional benefits are relevant to customers?” This concerns each target group and membership benefits of the Living City Centre of Kotka Association.

A strategic brand is one of the most important issues when considering future performance of a certain company (Aaker 2002, 248).

“It may present a meaningful quantity of sales and profits ... and the brand could be a linchpin of other businesses or of a future vision of the firm.”

Seppo Rainisto (2003, 77) presents his *Public-private partnerships* (PPP) concept in this dissertation. It simply means that the public and private sector need to cooperate in the field of place branding to achieve the objectives. Personally I believe that it is mostly a question of skills and resources in public organization. According to Rainisto:

“Successful cooperation with private firms and institutions gives the place more critical mass and also new organizing capacity.”

According to IMF report (2004, 4)

“Public-private partnerships (PPPs) refer to arrangements where the private sector supplies infrastructure assets and services that traditionally have been provided by the government.”

This means that the term describes a range of possible relationships among public and private entities in the context of infrastructure and other services. Kunnat.net - website describes the model as a determinate commitment between public and private sector. The partners develop a commodity and share the expenses, risks and incomes related to implementation. PPP doesn't mean outsourcing except deep and responsible partnership, it means joint working.

Michael Porter (1997) writes about new strategies for inner-city economic development. He presented community based organizations (CBOs), which can, with relevant experience, facilitate improvement, development, and expansion. There is a continuing, vital role for government and for public resources in economic development of the cities to create a favorable environment for business (e.g., assembling and improving sites, training workers, upgrading infrastructure, streamlining regulation). The private sector must play a central role too by investing in the cities. In this thesis, Living City Centre of Kotka Association can be seen as

CBO, because its finance is highly dependent on the City of Kotka and it operates as a mediator between the public and private sector.

*Successful brand leadership* requires, according to Aaker and Joachimsthaler (2000, 22-23), different perspective than before. Globalization, complexity of the markets, and dynamicity of logistics are such factors that drive the public and the private sector to intensify their leadership strategies and implementation. Aaker and Joachimsthaler found four challenges in brand leadership as mentioned in Figure 22.

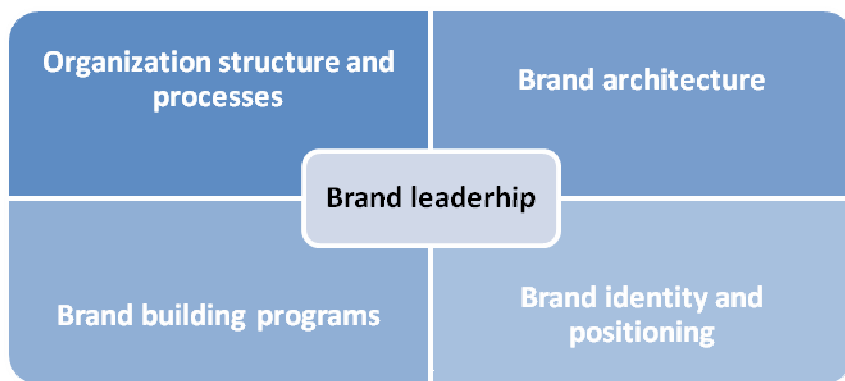


Figure 22. Brand leadership according to Aaker and Joachimsthaler (2000, 49)

In organization level the challenge is included in two issues. The responsibility of the brand strategy is recognized in the right level and the leadership processes are stable and supported and managed efficiently. Organizations need a person or a group, who is in charge of brand leadership.

In brand architecture the challenge is in brand relations. It is vitally important to personalize the roles and the purposes of the supported brands and subbrands. Brands cannot be managed separately. Their relative role has to be defined, instead, within a brand architecture concept. Brand identity is the most distinguished feature in the whole brand leadership model. In brand building programs the challenge is in communications, which is a part of the brand identity implementation. In communications the key issues are integrated interface and the use of several channels (Aaker and Joachimsthaler 2000, 49-52).

Kamensky (2008, 31) describes ten success factors for strategic leadership:

1. Common strategy- and business language
2. Ability, passion and courage to relapse
3. From information flood to understanding and vision
4. Internalize team play
5. Ability to concentrate in essential
6. Sustainability in quarter economy
7. Adequate business intelligence
8. Branch intelligence
9. Overall vision of leadership
10. Network intelligence and communication skills

Brand leadership needs strategic leadership to help to achieve the objectives. The brand cannot be developed without qualitative leadership of the employees or stakeholders. Brand leadership, presented in previous page, is related to business intelligence and human resources management is part of that.

Kamensky presents business intelligence according to Figure 23. A very important note is made by Davenport and Prusak (1998, 170). They state that well managed business intelligence is the base for better decision making future actions. It is important for the organization to know who knows what and when to determine how knowledge is reflected in specific decisions.

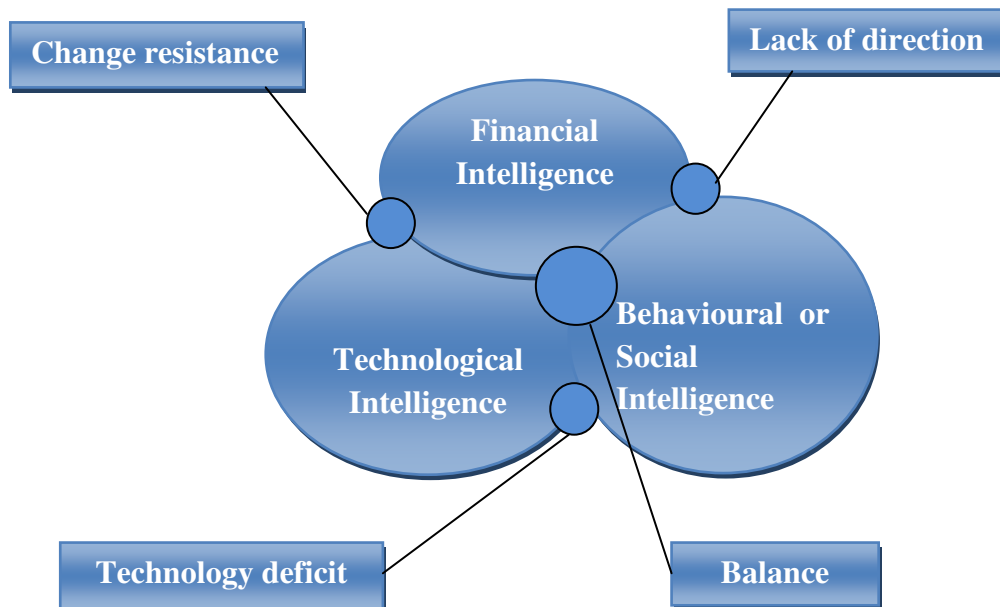


Figure 23. Business Intelligence according to Kamensky (2008, 48)

## 5 LIVING CITY CENTRE OF KOTKA ASSOCIATION

### 5.1. Need for establishing the association - passion

The association was founded in 4 April 2006. Preparations were made under an ESF-project and the idea of establishing a city centre association was under discussions for many years. The need was based on the fact that there were several actors in the region who wanted to promote their own agenda in a context of urban planning and development. There was an obvious passion for co-operation. It can be stated that the public-private relationship-concept (PPP) was need to be developed with the help of Living City Centre of Kotka Association.

General opinion also was that the City of Kotka had three commercial centers with market places (Kotka, Karhula and Karhuvuori). In addition there are two shopping centre areas, Jumalniemi and Prisma, which have to be taken into account when developing the co-operation. It was stated that the dialogue between the several centers was concise, but necessary, if the actors want to centralize resources and create competitive advantage. At least the following benefits were found by centralization of resources:

- customers from outside Kotka region can be reached
- purchasing power of own region will be centralized
- tourists coming to Kotka can be served better
- more work places will be created
- City of Kotka will receive more tax incomes
- the association will activate co-operation between the stakeholders
- the companies will receive synergy by joint events and common marketing

The main objectives of the association were that there would be a broad association for city and commercial centers and the aim was to unite forces, organize events, make initiatives, and develop city centers of Kotka for the benefit of the whole region. One of the main tasks will be services for members.

The mission of Living City Centre of Kotka Association has been written as follows in the annual report of 2007:

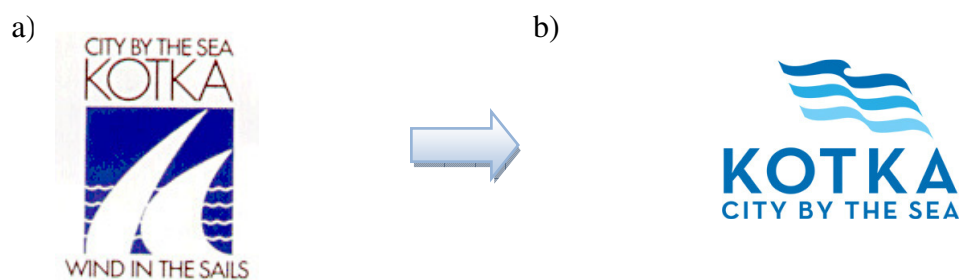
“Living City Centre of Kotka Association, established to develop city and commercial centres of the City of Kotka, promotes the vivacity and comfortability of city and commercial centres of the City of Kotka and develops operational possibilities for business and communities. The association promotes co-operation of its members and improves general operational conditions of its members in the city centres and enhances recognisability of the City of Kotka. “

Although the concept of the Kotka brand was never mentioned in the mission or in the development argumentation, the whole existence of the association is based on improving the image of the City of Kotka. In other words, the association should join all the stakeholders together and act as a mediator and together they will develop lively, enjoyable and safe city centers.

## 5.2. Kotka brand

Kotka has always been known for the sea and several things related to the sea, like harbor, sailors, archipelago and Maritime Festivals. It also has a reputation of an industrial city with paper factories. Kotka is also known for sports and music. Keisarikunta –movie (Pekka Mandart 2004) was a good example of the old City of Kotka and its atmosphere.

The old and the new logo of the City of Kotka are presented here below in picture 24:



Picture 24. Logos of the City of Kotka

The City government handled the new logo and graphic instructions in April 2005. In the old logo, there are two slogans and that has been corrected in the new logo. Colours have been also changed and the logo has been modernized. As it can be seen, the slogan “City by the sea” has remained and that describes the strong maritime nature of the city. In the new logo there is a thought of a river streaming

through the city. Timeless and simplistic wave-figure reflects move, creativity and dynamic life.

Rainisto (2008, 37) states that city itself determinates the brand identity. New city vision of Kotka can be found from the city strategy:

“Kotka- The city by the sea – has global networks and is a magnetic growth centre of the Gulf of Finland. Kotka citizenship means bold creativity, active participation, entrepreneurship, strong solidarity as well as personal and distinctive cultural life. In Kotka social care, lifelong learning and comfortable environment are being appreciated (City strategy 2008 – 2016).”

This vision gives the main customer promise, which refers to a fresh, vital and energetic city full of experiences. All the core *values* are mentioned. The identity can be seen from this vision. All Maritime related items belong to this identity, e.g. the sea gives possibilities, which could be exploited in many ways (logistics, free-time activities and business).

Kotka has four target groups, which equals to the opinion of Seppo Rainisto about target groups in place marketing; inhabitants, entrepreneurs, tourists and converters. There is a different core message for each group.

*Inhabitants:* Price-quality relation in housing

*Entrepreneurs:* The city has a good logistic connections and the second largest export harbour in Finland.

*Tourists:* Kotka is one of the most maritime cities in Finland.

*Converters:* Security, nearness of nature and uncontested traffic

The City Strategy also defines strategic objectives, which are

- Kotka belongs amongst the 15 largest cities
- Economic life of Kotka is active and the city has a magnetic harbor
- Finance is in balance
- Kotka has functional and quality services
- Kotka has a clean and safe living environment



If Simon Anholt's competitive identity and Aaker's brand identity issues were taken into a consideration, Kotka would be able to renew the city brand quite easily. All the four basic elements are in relative good level, as described in this chapter. Kotka is also committed to take immigrants and develop the administration so these objectives fit smoothly to the picture.

When places think about their brand, a swot-analysis is often done to describe strengths, opportunities, weaknesses and threats. Seppo Laaksonen, who created the brand triangle, positioned swot-analysis in earning model –triangle (Laaksonen & Rainisto, 2008, 18) together with products and services, competition environment and design and media. Kyöstiö and Lailavuo (2006, 14) have also analysed swot in their development project concerning the stimulation of marketing of the City of Kotka. Their findings are presented in appendix 2. In the same picture, there is also my opinion of the swot content. Those are marked by a red colour. The timeline between these observations is three years. It can be generally stated that the basic elements are the same, but the environment has changed during the years.

In strengths there are only two different things. The strategic work can be seen as a strength. Karlöf's idea that municipalities consist of several business units, which have own strategies, seem to be the fact in the case of the City of Kotka. The large number of strategies in different branches indicates, at least, desire to develop and revise the city's actions.

All the strategies of the City of Kotka can be found within the link:

[http://www.kotka.fi/alltypes.asp?d\\_type=5&menu\\_id=95&menupath=95#95](http://www.kotka.fi/alltypes.asp?d_type=5&menu_id=95&menupath=95#95)

Another finding was the Maritime Museum, which Kyöstiö and Lailavuo saw as an opportunity. However the Maritime Museum was not ready in 2006.

All the weaknesses mentioned in 2006 can be recognized today as well, except the question of unproductive tourism services. Regional dispersion and three city centres can be linked together. The meaning of age structure was seen differentially. Kyöstiö and Lailavuo put it in the threats. The global and national financial crisis has produced more unemployment, which was not in case in 2006.

In terms of opportunities Kyöstiö and Lailavuo did not mention any new opportunities. All are based on existing factors and development of those. Many new opportunities can be seen in the current crisis situation. Industries have to develop products and production. New services are needed and the region can attract new investors. The entrance of Google and Nordstream are good examples of business development in Kotka-Hamina region. In terms of threats the globalization has already taken place. Kyöstiö and Lailavuo had that right. Social exclusion and criminality are mostly the results of recession, which can already be seen. But they can become a real threat if, for example, unemployment increases. It seemed to be agreed that Russia could also be a threat. The situation in local politics has settled down during the last few years, but I believe that there is a chance of threat in the field of politics.

Tuomas Santasalo has studied the commercial services of the City of Kotka 2007. He stated that the Kotka market place has concise activities. He stated that the meaning of the Kotka market place is more important as an event market place than as traditional market place and the future actions should be directed to event development (Santasalo 2008, 34). However, the market place research in 2006 (Heikkilä & Santasalo, 2006, 46) showed that market places are seldom used to other purposes than traditional market place selling. The market places which participated in the study (15) had prox. 10 other event yearly in the market place. A large part of the events were related to music.

There are a lot of development possibilities and potential in the market places of both Karhula and Kotka. Especially in Kotka, the market place surroundings are excellent, but now the almost empty market place does create a picture of a living city centre. Now Living City Centre of Kotka Association can take its place and answer the challenge. The core competencies of the employees, which are described in chapter 5.3, can now be exploited.

Santasalo (2008, 37) also found that the city structure in Kotka is more multifaceted than in other Finnish cities. He divided Kotka's city centre into the 6 different zones:

1. Commercial core (market place surroundings, Pasaati)
2. Bohemian part of the city (south-east side of Kirkkokatu and Keskuskatu)
3. Park zone (Orthodox park, Palotorninvuori)
4. Culture Harbor (Main harbor area)
5. Maritime Kotka (Kuusinen area and Sapokka Marina)
6. Sapokka water park area

The major challenge will be how to unite smoothly these zones. The summer events of Kotka are known widely, but for example the distance between Sapokka and Culture harbor is too long, if the event perspective is taken into account. These are just the places which appeal to tourists and festival visitors, also according to Santasalo.

According to Pedestrian Street basic research (Wilhelms 29.1.2009, 7) the pedestrian streets are part of the modern city centre, reflecting the living city culture and indicating the commercial intensity of the centre. Santasalo suggested more pedestrian streets around the shopping centre Pasaati, because it would give more out- door shopping space, instead of in-door shopping space. He also suggested that the bus station area of Kotka had to be changed, for example new residential buildings should be built and the first floors should be opened to small shops and businesses. In general, the city centre of Kotka should be kept as a main city centre. (2008, 34-36).

According to Santasalo (2008, 42-45), there are a lot of potential development possibilities in Karhula. The appearance of the main street doesn't give a picture of a compact town and that area should be changed. Also the market place surroundings should be renewed. The plans of a new, high residential building should be put into practice. Jumalniemi area should be designed to attract large businesses and big specialty stores. More business premises can be built, but the traffic arrangements should be changed. The pedestrians have to be taken into account by trying to decrease the inner car traffic

The City of Kotka has no branding strategy. All things implemented are part of the city marketing planning. It has been already stated that branding management

includes several strategies and the whole living environment and they form the entirety together. Van Gelder (2008, 2) writes about the likelihood of successful place branding. According to him, the following characteristics contribute to a place's ability to brand itself; unity (key stakeholders in co-operation), diversity (economical, cultural, social and natural), initiative (previous development efforts by stakeholders) and experimentation (risk taking and tolerance towards failure). In this light, Kotka has all the elements to rebuild a successful brand.

### 5.3. Administration

#### *The board*

The establishing meeting selected a board with ten members. The first chairman was Kari Lehtonen and was selected again in 2007. The board has gathered 6-8 times during each year. The board also has an executive committee, which consists of five members and it coordinates common marketing. The members are representatives from Kotka's business community. The City of Kotka has one place in board. The association has 1-2 yearly meetings. In the spring meeting action report from the previous year and action- and financial reports for the ongoing year are handled.

The persons elected as board members in 4.4.2006 are presented in appendix 3.

Mika Määttä replaced Erkki Eskolin in autumn 2008 and Ari Soikkeli was elected to replace Kirsi Keskitalo in 2009. Other than that there hasn't been any changes in board members.

The structure of the board meetings has remained similar over the years. The board has accepted new members, followed financial conditions and also the time use of executive director. In each meeting the board has received information about the events.

Strategic thinking begins at the board level. That is why its role is so significant. It supervises, controls and sets objectives. It also creates base for the co-operation by acting sincerely and straightforwardly.

*The personnel resources*

The board decided, in the spring of 2006, to start applying for an executive director. 20 people applied on the job by the end of 15 June 2006. The board nominated Reijo Saksa to the job on the 1 September 2006. His basic education is in engineering. He has worked a long time as a managing director of local radio station SBC. He also has experience in the field of entrepreneurship and event organization and production.

The second employee was hired because a new operation was assigned to the association. The association is responsible for market places in the future. Vuokko Kansonen started to work as market place supervisor. Her former duties were related to the real estate business and in the association her main duties are related to the market place business, markets and connections to the market vendors. Also minor office work was expected. The idea was also that, in the future, the market place supervisor can concentrate more on event management related to the market places. That is why in 2009 Vuokko Kansonen started to study producer training.

The third employee was hired in May 2009. Leena Oinonen started to work as an office secretary. The temporary work contract was made by the City of Kotka, which also received governmental support for wage costs. The contract was terminated on 31 December 2009.

The present personnel situation cannot be seen sustainable. The executive director is dedicated to work 110%, he has the passion for work, but still the work unit is vulnerable. If the executive director would become sick. These three employees have totally different work duties and they are also away from the office quite often. The challenge is how to form a complete work unit with common objectives.

In strategic implementation personnel is in the key position. It is important that all the stakeholders understand that the goals, objectives and strategic planning needed to be set in proportion to staff. The operative teams might produce excellent ideas, but if there is no time to put them into practice, something critical might be left out.

#### 5.4. Finance

Appendix 4 shows the cost and income structure of Living City Centre of Kotka Association. The first operating year was based on ESF-project funding. It can be easily seen that, without the support from the City of Kotka, the association spends more money than it earns.

In the light of the cost structure, the volume of the association seems to be increasing. With this cost structure there are no possibilities to increase the number of employees, unless they receive more incomes. An interesting note is that in the budget, membership fees seem to decrease. This phenomenon will be discussed in the next chapter.

The big question in the future is whether the association is capable of increasing sponsoring incomes. According to Kotler and Keller (2006, 592) an optimal sponsorship program has been designed for the event and also the effects of sponsorship have been measured. They wrote:

“Because of the huge amount of money involved and the number of event opportunities that exist, many marketers are becoming much more strategic about the events with which they will get involved and the manner in which they will do so.”

I see the problem in the present situation when it comes to sponsorship. Kotka brand has one remarkable event, The Kotka Maritime Festivals, which has well known sponsors. The main task of this association is not event organizing. It organizes in co-operation with smaller events, but the sponsorship value in these is lower. For example The Fashion Night –event is known locally, but it does not appeal at the national level, because there are several such events in the whole country.

The association has invested in marketing. The share of marketing costs is nearly 20% of the total costs. That allows common marketing, which will be financed with co-operational fees. If the association can increase its incomes, it could invest in even more in common marketing and, that way, carry out its main purposes.

## 5.5. Membership

Table 1 shows the membership development of the association during years 2006-2009.

Year	Number of members
<b>2006</b>	65 (31.12.2006)
<b>2007</b>	140 (31.12.2007)
<b>2008</b>	140 (31.12.2008)
<b>2009</b>	147 (18.3.2009)

Table 1. Number of members

The spring meeting approves membership and co-operation fees. It also determines membership zones. Kotka is divided into three different payment zones; first, Kotkansaari (core centre); second Karhula, Jumalniemi and Prisma; and third, other areas. The membership fee depends on the size of the personnel and in which floor the business is located. Real estate pays the fee according to their square meters. There is also a separate fee for associations and other societies. The membership fee for business varies from 15 to 699 €: s.

As mentioned earlier, the budgeted funds for membership incomes were decreased. The executive director has also stated several times that he hasn't had enough time to concentrate on member acquisition. A summary of the executive director's time use revealed the same. He had used approximately 60 h in 2007 to membership acquisition. Because the members can be seen as internal customers, it is vitally important that all the actions made are directed to improve the quality of membership.

From the strategy point of view, the members are in an extremely important position. The association was created to serve their objectives so that they can get more customers and via that more income. If the association does not know the basic motivating elements or importance of some business resource, it cannot operate effectively. The voice of the members has to be heard. By hearing that voice there is a good ground for co-operational development of the city centers.

## 5.6. Events

The establishing meeting in 4 April 2006 had already stated that the operations of the association will be based on event organizing. During the first operative year there were no events organized. Since then there have been several different events all around Kotka:

- Karhula upswing 9.5.2007
- Karhula Spring Day 26.5.2007
- Summer Swing Kotka 15.-16.6.2007
- Kotka market place opening ceremonies 4.8.2007
- Pedestrian street weekend opening 23.5.2008
- Business –crosses in Karhula 5.9.2008
- Fashion night 9.9.2008
- Big Christmas Parade of Kotka 29.11.08
- Sunday opening for stores 4.1.2009
- Pedestrian street weekend 23.5.2009
- Fashion Night 18.9.2009

It can be stated that all these events have always been planned and implemented in co-operation with the local entrepreneurs. The association has taken the main responsibility in organizing Fashion Night, and the local entrepreneurs have done their part by inventing different events and product campaigns in their stores. The association has collected feedback from each event and mainly it has been positive from both the customer and the entrepreneur point of view.

Strategically it is important that the focus in event organizing stays clear supports the objective of the association and is based on core competences and personnel resources. By organizing events the association will not support the City brand, because the events cannot be so massive and remarkable. However, by organizing smaller events, which promote the local business, the association can fulfil one of its objectives.



## 5.7 Co-operation with other actors

According to the action reports the association has done a lot of co-operation with different organizations. This context has to be made more clear, because in practice there can be several actors and partners. But the main questions are: Who is the most important and who can be nominated as key partners or main target groups. The method behind the following presentation is based on the six markets model, which was introduced in the chapter 3.4. In this case the six markets model contains the following markets:

### 1. Member markets

Existing members and new members

### 2. Influence markets

Living City Centre of Finland Association, Chamber of Commerce, Regional Council, local educational institutes

### 3. Internal markets

Personnel, the board

### 4. Supplier markets

Nitro FX, Media (TV, radio, newspapers etc.), advertising agencies

### 5. End user markets

Tourists, visitors, business visitors, inhabitants

### 6. Key partners markets

The City of Kotka, Cursor Ltd, local entrepreneur associations, market place entrepreneurs, media

The current situation and the target situation in 2015 are described in the Figure 25 below. The detailed plan for six markets model is presented in appendix 6.

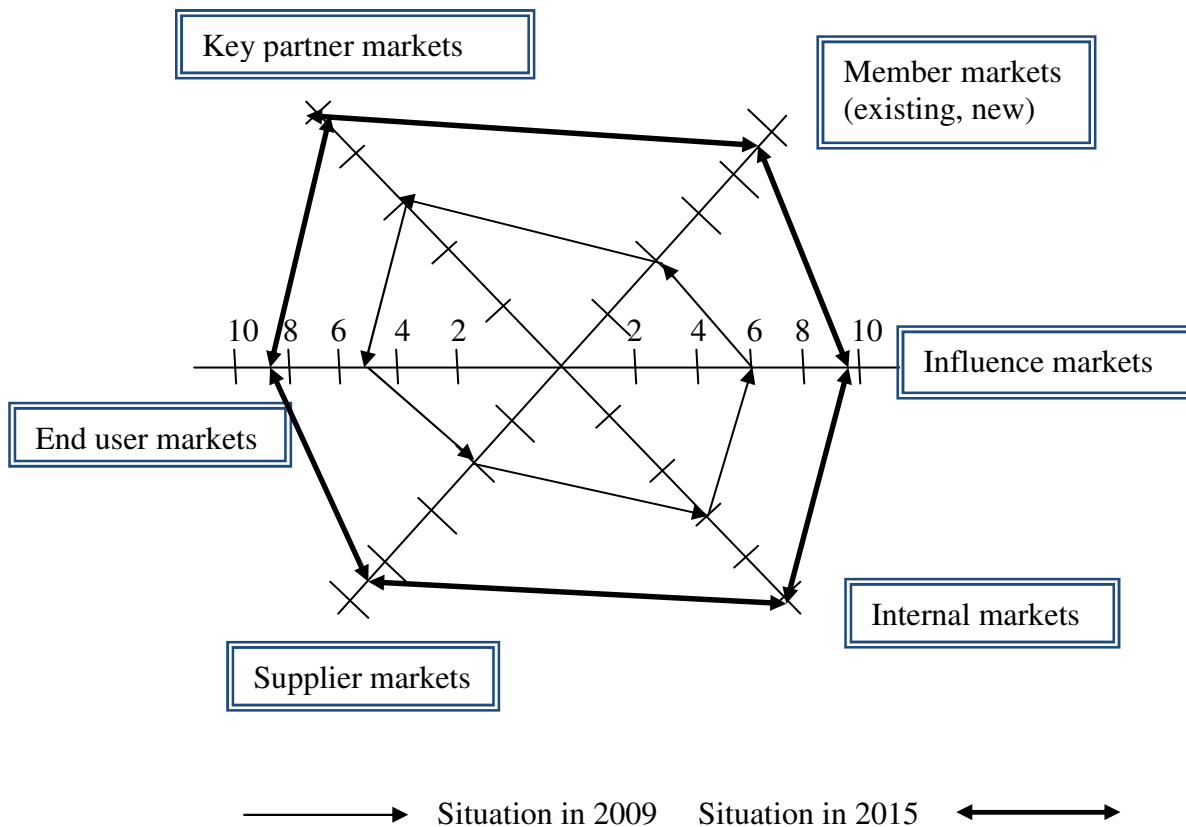


Figure 25. Six markets model related to Living City Centre of Kotka Association

In this case the key partner markets refer to referral markets. Key partners can be divided into two categories, those who support the actions directed to the association and those who support the actions directed to the end users. Because the Living City Centre of Kotka Association is a small employer, and because the growth expectations in this sector are minimal, the employee markets have been left out and end user markets have taken its place.

The current target grouping and partnering are at quite good levels. The figure is asymmetrical, which tells that some target groups need to be taken more into account. The one-headed arrow reflects the lack of responsible partnering. In the future a new, more stable stage may be achieved by improving the connections with actions presented in appendix 6. Then the figure becomes symmetrical and two-headed arrows reflect strong and responsible partnering.

## 6 RESEARCH METHODOLOGIES

### 6.1. Qualitative research

In qualitative research the role of the actor is essential. The objective is usually to understand some phenomena from the eyes of the actor and the research data is collected in a real environment, in real context and situation. In this case the actors were the marketing team members and the meetings were the context.

Caroline Stenbacka (2001, 555) wrote in her article that the whole research and interactive process should be carefully described, because that indicates good quality in qualitative research. This research was mostly based on observations. I participated in every meeting and reported the sessions as memos. The observations are presented in chapter 7.1.

Data and method triangulation also occurred in this study, because data was also received by interviewing the executive director and by reading the minutes of the meetings of the association and by doing observations of the group meetings.

An important notice is that this team did not evaluate their own work. They evaluated the work of others. They were selected based on their interest towards the subject. On the other hand, from the membership point of view, all the team members were also actors, but in this case, the working method (marketing team gatherings) has not taken place so far.

In this research, the generalization of results can vary, because the team could produce totally different data. If some or all the members were changed the group composition would be divergent. On the other hand, the establishment of the team and the work process can be implemented in the same way anywhere.

The study has reflections of social constructivism and therefore it can be stated that there is not only one truth in this context, but several explanations and stories. Pertti Alasuutari writes in his book *Qualitative Research*, about two angles, fact angle and sample angle.

Angle	Material and reality	Truthfulness and honesty
<b>Fact</b>	separate	required
<b>Sample</b>	reality of the material	irrelevant question

Table 2. Fact and sample angle according to Alasuutari (1999, 114)

The two angles divide the research field into two sections and the main difference is in truthfulness. Table 2 presents the difference according to Alasuutari. When the research material is seen as a sample, it is not kept as an argument of the reality or reflection of the reality but part of the reality of the research target. This study has the sample angle, because each member of the marketing team presents the reality of their own community and background. Their arguments reflect the thoughts and position related to the subject, but this is not the ultimate truth, except for the team members.

## 6.2. Action research

The history of actions research starts from the United States in the 1920's. It was Kurt Lewin who coined the phrase action research describing the phrase as a "form of inquiry that would enable 'the significantly established laws of social life to be tried and tested in practice'" (Carr, 2006, 1-16). Evert Gummesson (2000, 116-117) raises the question whether action research is science or not. He states that:

"Action research is the most demanding and far-reaching method of doing case study research."

Gummesson suggests that action research may be closer to consultancy or journalism than science. This statement probably arises from the fact that action research is used so solve real problems and it tries to improve the quality of an organization and its performance.

Action research can be done by individuals or by teams and it eventually changes the reality and the ways things have always been done. Action research also has a social dimension, because usually the respondents work in some community where the work is reflected and analysed against the history and current situation.

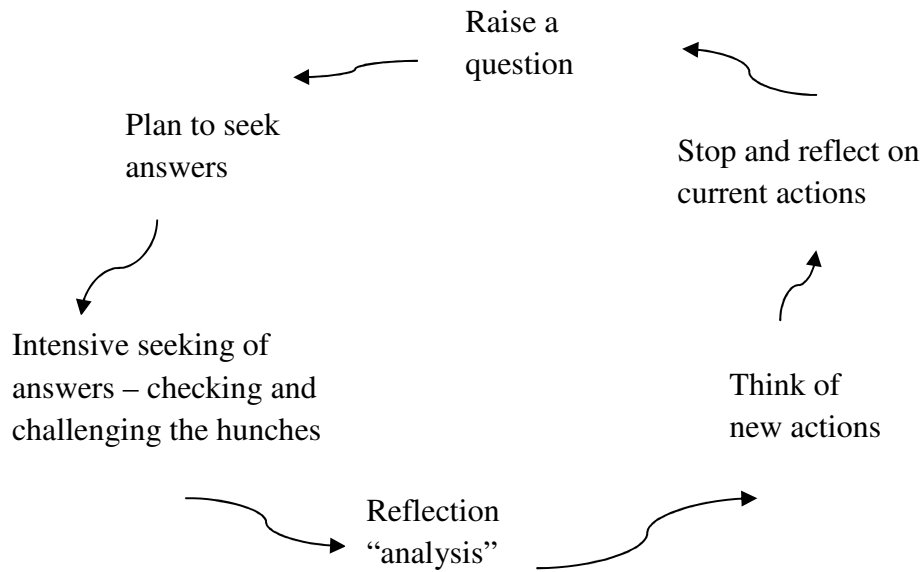
Rory O'Brien (1998) describes the method simply as learning by doing. According to him, if a group of people have a problem, first it has to be identified. Then the group tries to solve the problem and evaluate if the solution has worked or not. If not, the group has to try again. First, the problem needs to be diagnosed by the group. Second, the group plans the actions; and, third, the group takes the action. Then they evaluate and analyse the situation and identify general and special findings.

Also, the researcher has a role in the process. She/he has to act as an observer, a listener, a sparring partner and a reporter. O'Brien (1998, 1-18) thinks that the researcher has to nurture the group until they are ready to take the responsibility themselves. The major challenge for all action researchers is to design a process which can foster maximum creativity and imagination.

### 6.3. Participatory action research

Participatory action research is an approach to improving social practice by changing it and learning from the consequences of change. It is not possible to do any social research without the participation of other human beings. Participatory action research recognizes its interventions in the social situations and it allows and requires participants to give a reasoned justification of their communicative work to others.

According to Wadsworth the process of participatory action research can be described as in Figure 26:



Picture 26. The process of participatory action research according to Wadsworth (1998, 4)

Participatory action research most often arises from an unsatisfactory situation which those most affected wish to alter for the better. The method is collaborative; those responsible for action are involved in improving it. The method requires that people put their practices, ideas and assumptions about institutions to the test by gathering compelling evidence for substantiation. One crucial thing, which has to be remembered during this process, is that all the solutions and new actions have to be tested in real life.

## **7 PREPAIRING A MARKEGING STRATEGY FOR LIVING CITY CENTRE OF KOTKA ASSOCIATION**

So far Living City Centre of Kotka Association has had no strategies, only a mission statement. The board decided to establish supportive teams: marketing, real estates, restaurants and fashion (minutes of meeting 4 September 2007) to strengthen the work of the executive director and to enhance co-operation of the local entrepreneurs and real estate owners.

### **7.1. Diagnosis - defining the problem**

The first meetings between me and the executive director in autumn 2007 were mostly surveying and analyzing the current situation. The executive director was working alone at that time and there were pressures to establish the above mentioned teams. He had no time to start all these teams at the same time and act as secretary. Extra help was definitely needed, but extra costs were not allowed.

The board has nominated an executive committee and it has operated so far as a marketing team. The basic problem seems to be connected with unstructured marketing and with a non-existent marketing strategy. I associated the need for establishing these teams to that fact that the association has operated for only a short period, but the expectations have been huge. Through these teams the association could receive more volume in organizing and also more personnel resources to backup the basic work.

The first question which was answered was: “Is Living City Centre of Kotka Association just a tool for branding or could it be a brand itself?” The basic thoughts were as follows:

The central customer of Living City Centre of Kotka Association is the member of the association. End users achieve benefits through the members. The City of Kotka is the main brand and the most important objective of the association is to implement such actions, which strengthen the main brand.

The pre-plan of the thesis structure was presented 6 May 2008 to the board. It was accepted and the wish was that the work should be ready in the spring of 2009.

## 7.2. Gathering the team

The suggested group size was from 5 to 7 persons. The suggestion was based on thinking that for smaller team grouping will be easier and the team will be easier to manage. The board also wanted business representative of Russian origin in the group. Otherwise there were no limitations related to team forming.

In summer of 2008 the executive director sent an email to all members and asked for volunteers into the marketing team. The original plan was to arrange a meeting with the entrepreneurs where the team's ideas were to be presented. The meeting never took place because time was short. The email questionnaire did not produce any answers. The poor result was explained by the fact that the entrepreneurs received so many emails that, if the issues are not so acute or important, they would be ignored.

A letter to entrepreneurs, appendix 5, was sent at the end of October 2008. Unfortunately only couple of members responded and showed their interest towards the strategy work. The executive director decided to make a phone call to potential members and ask them personally to join the group. Then was just the time for planning the Christmas campaign and therefore the calls were made in January 2009. This method was successful and the following persons signed up for the team:

- Salla Katajamäki, marketing coordinator, Aberdeen Shopping
- Eila Lailavuo, communications manager, City of Kotka
- Anu Markkanen, sales manager, Kristina Cruises
- Leena Partanen, storekeeper, Citymarket
- Tarja Siimes, sales manager, Kymen Sanomat
- Ari Soikkeli, shopping centre manager, Aberdeen Shopping
- Kirsi Tuomala-Pasanen, radio manager, Iskelmä radio
- Annika Vilkki, marketing and customer service manager, Kymen Puhelin

It was also agreed that later on more members can join the team and specialist can be used as consults when required.

- Seppo Grönvall, deputy director of Kotka cultural centre, City of Kotka  
(He was nominated 21 April 2009)



### 7.3. Marketing strategy team meetings

Memos of all meetings are enclosed as appendices 7-12.

*11.2.2009*

The first meeting took place in 11 February 2009. The executive director and the author have agreed that the objectives of the team and thesis work and the association in general will be introduced and also the time schedule and topics have to be decided. The team decided the following schedule and topics:

- 4.3.2009 Events organized by Living City Centre of Kotka Association
- 1.4.2009 Mission and core competences
- 22.4.2009 Membership
- 20.5.2009 How the association supports the Kotka brand?
- 1.6.2009 Indicators of impressiveness and evaluation of the work

It was agreed that the executive director will send the material of the next meeting in advance and that the secretary will be the author who also writes the minutes of the meetings. No chairman was elected. It was also agreed that the association could make the team work more transparent by saving the memos into the extranet.

The most important findings from the first meeting were that representatives from media and advertising agencies have to be invited to the meetings. The common objective is to form an opinion how Living City Centre of Kotka Association will serve the needs of its members. At the same time, the association will try to keep the purchasing power in the area.

*4.3.2009*

The second meeting was on the 4 March 2009. In the opening statement Reijo Saksa showed a video presentation about the events organized in 2008. He also presented the used marketing methods.

### *External marketing*

During the years 2007 and 2008 common marketing was put into practise in different media in South-East Finland and near the Russian border. The executive director prepared a video programme of the City of Kotka and that was delivered to TV-companies both in Finland and in Russia. It was also used in fairs in Finland, Russia and Germany. As well, direct marketing campaigns were implemented towards Russians during five months in the year 2007 and six months in the year 2008. Europa Plus magazines were printed and spread altogether about 120 000 pieces. A special tabloid magazine was prepared for marketing purposes in both years. 200 000 pieces were printed out. As well a Christmas campaign was also planned. It was carried through newspapers and radio in Kotka and Kouvola regions.

The board decided on the 6<sup>th</sup> of February 2007 about the graphic design. The logo, which presents crossing streets and alleys, can be seen below in figure 27.

### **Living, enjoyable and safe centers**



Figure 27. The logo and slogan of Living City Centre of Kotka Association

World Wide Web –pages ([www.kotkankauppatie.fi](http://www.kotkankauppatie.fi)) has been handled several times in the board meetings. On 6 February 2007 the board stated that the network services should be ready by 15 March 2007. Later on, 4 September 2007 the board stated that the net services should be ready by 10 October 2007. In next year, 6 May 2008 the board again handled the question of the web pages. It was stated that the basic information has been saved to the system and the next step is to start delivering the extra net –passwords. In 4 November 2008 the process was ongoing, but it was recorded that the members have saved their information slowly. In general, the pages are still only in Finnish. English version seems to be coming, but Russian version does not exist or at least there is no mention of it. The association

has directed marketing to Russians and the web pages are in contradiction with that fact.

### *Internal marketing*

According to the action reports, between the years 2007-2008 internal marketing was mainly handled by e-mailing. Altogether, 31 e-mail bulletins and one membership newsletter were sent.

The extranet pages work only with user name and password. It was agreed in the beginning that the whole work of the marketing team would be saved to the extranet. By this way all the members can comment on the subjects and the work would be transparent. This never happened.

The executive director described the use of extranet as follows:

Each member has an extranet user name and password. The content of the extranet is only for the member use, minutes of the meetings, instructions, research information and preliminary information related to the events. Saving of this information has been slow. In addition, the entrepreneur can save his/her business information to the extranet and update those. This benefits mostly those entrepreneurs which do not have their own www-pages. In general, the use of extranet is still minor. The most obvious reason for that is the lack of resources.

From the strategy point of view the external marketing seemed equal with the resources. Media has been used widely and extra value has been received by exploiting the executive director's knowledge of producing videos. Use of the internet can be seen as a difficult tool. There has to be enough resources to update and add current information. If the updates are old, then the image of the association might also be old. For example, even though the Fashion Night –event had already taken place, the registration form was still in the pages. If it has to be there, it should at least concern year 2010. Strategically there should be more ways to approach the members and this is going to be the challenge in the future.

The main results of this meeting were two common opinions concerning the event organizing. According to team members the events should be clearly divided into two categories. The first category should be the events which are based on

partnership and the second category should be the events which are the associations own events. In other words, where the association takes the risk, it is responsible for the finance add for the whole event management. It was stated that the association should negotiate with the entrepreneurs every autumn about next year's event, what kinds of events has been planned and what are the costs.

The team defined three main points, which had to be taken into account in event management.

- 1) The events serve the needs of the members
- 2) Comfortability of the environment and ecological issues should be considered in event management
- 3) Every time when entrepreneurs are being approached, a personal contact should be used.

*1.4.2009*

Because there was a lack of participants on 1 April 2009, the assessment of the mission was moved to the next meeting. The only issue which was discussed during the meeting related to the core competence of the employees. In the opening statement Reijo Saksa presented the job descriptions of the two employees. Otherwise the session proceeded by interviewing the executive director.

It was stated before that Vuokko Kansonen was hired because of increasing work load. The tasks of market place management required a full-time employee. According to the executive director there was still a gap between the existing resources and the amount of work. There are still lot of administrative tasks, which now has to be done by the executive director. And because of this, the feeling of urgency exists almost all the time and this urgency can be sensed by the partners as well.

A concrete suggestion was made during the meeting. The association should hire an extra person for the office. That could be possible with the help of the City of Kotka. I am working in an office which is responsible for finding a job to wage supported

employees. With this system, a temporary person could be found. The board accepted the idea (minutes of meeting 21 April 2009) and Leena Oinonen was hired in May 2009.

The association has a lot of experience in event management and that was seen as a major strength. Also, the role of a mediator was also found as an important strength. In the light of event management competence, there is potential to organize big music related events, but now the financing structure does not allow extra risk taking.

*22.4.2009*

The fourth session began with the review of the objectives of the association, because those can be partly seen as a membership benefits. Reijo Saksa also presented actions related to trusteeship, which can be certainly seen as membership benefits.

The team decided that the association has to prepare a list, where all the membership benefits will be introduced. The current problem is that the entrepreneurs are not aware of these benefits.

Based on these two short presentations the team discussed what it is that they wanted as membership benefits. Two things were prominent. Firstly, the entrepreneurs expected that Living City Centre of Kotka Association should organize education. The focus should be in customer service education.

Secondly, the entrepreneurs took notice of the attractiveness of the membership events. It was stated that especially the smaller size companies are missing from the events. The main question was how to make the events so appealing that the association could maximize participation?

*20.5.2009*

The fifth meeting concerned an important subject, the Kotka brand. In the beginning Reijo Saksa presented some general facts about the place brand building. The team

made a common statement concerning the relations between the City of Kotka and the entrepreneurs:

In order to build a complete entirety and support the Kotka brand, the public and commercial services need to utilize common customer experiences, standardizing communications and make the objectives more clear and visible.

The team also suggested the Kotka image should be renewed. According to the participants this could be done by implementing a new brand research. The executive director is responsible for taking the idea forward to Cursor Ltd and the implementation has to be done in 2010.

*3.6.2009*

The subject of the last meeting was changed because the mission of the association needed attention. The deputy chief of tourism Arja Kokkonen was invited to this last session. In the opening statement Reijo Saksa again presented the general, functional objectives and based on these, the new mission was created:

*“The core function of Living City Centre of Kotka Association is to increase the attractiveness of the city centers of Kotka in interaction with local entrepreneurs and public authorities. “*

#### 7.4. Evaluation of the meetings

The evaluation of the meetings should have been done during the last team session, but it was not done. Nor was it agreed how it should be done.

E-mails were sent in 29 September 2009 to all team representatives who had been present at least once (9). The executive director was included. The request was to write a consensual evaluation of the work of the marketing team and answers were to be returned by e-mail.

Five participants answered to the request. The team had to be reminded on 1 October 2009, because only one member had answered. The second notice was not given, although only 3 more answers was received. The third and the last notice were sent in 13 October 2009. All the comments are presented here below:

*Positive things:*

1. New perspectives were obtained, because different actors were represented.
2. The team had common goal.
3. Some old procedures were questioned by asking: could this be done by some other way?
4. Presence of the student brought carriage.
5. The start was good: readymade objectives and framework helped the work.
6. There was time for think tank.
7. The structure was light. It did not take too much time from basic work.
8. Team had pleasant and open spirit.

*This that were missing:*

1. The team did not achieve the goal: prepare a marketing strategy.
2. Concrete actions were not invented.
3. Timetable for future actions was missing.
4. Perceptive and planned discussions did not take place.
5. There were a lack of active participation and new ideas.

*Future team meetings:*

1. The main objective is to prepare a marketing strategy base for the board.
2. Small talk is not wanted in the future meetings.
3. The team should visit some other city centre association.
4. Outside lectures could be used.
5. Better preparations are needed.

In general, all the team members were satisfied with the effective start and good spirit. Most of the respondents saw the work as a preliminary work. Also concrete results were achieved: extra help was hired, the business concept was written and some of the objectives of the association were redefined.

According to the executive director the work strengthened his motivation, because the work seemed to be in a right direction. There are still a lot of expectations towards the future team meetings. The main question still exists: How to create such meetings, in which all the key stakeholders are active, creative and develop the city brand through responsible partnering?

*Team work assessment by the author*

*The assembly of the team* was impressive. All the members work in a managerial position and they all work in a field of marketing. They are all representatives of their own brands and they represent widely different branches of business. This was an optimal situation and obviously an important subject, because so many busy workers were willing to find the time for the meetings.

The following table 3 shows the team member attendance:

Name	11.2.	4.3.	1.4.	22.4.	20.5.	3.6.
<b>Seppo Grönvall</b>	-	-	-	-	-	X
<b>Salla Katajamäki</b>	-	X	-	-	X	-
<b>Eila Lailavuo</b>	X	X	-	-	X	-
<b>Anu Markkanen</b>	-	-	-	X	X	-
<b>Leena Partanen</b>	-	-	-	-	-	-
<b>Tarja Siimes</b>	-	X	-	X	X	X
<b>Ari Soikkeli</b>	-	X	-	-	-	-
<b>Kirsi Tuomala-Pasanen</b>	-	-	X	X	X	X
<b>Annika Vilkki</b>	X	-	-	X	-	-

Table 3. Representatives present at the team meetings

It was agreed in the beginning that more persons will be invited to the group than the optimal amount (in original plan 5-7) would have been. The reason for that is possible absenteeism, which effects the assembly. A negative aspect was the high rate of absenteeism. As table five shows, the absenteeism-percent is nearly 35%. It was surprising that Leena Partanen did not attend the meetings, although she has promised to join the team. A positive thing was that each time the representatives informed the association if they were not able to attend the meetings. Two members were more active than the others, Kirsi Tuomala-Pasanen and Tarja Siimes. They were absent only twice.



Once there was the case that only one member was present, 1 April 2009. In fact, that happened in a quite suitable moment. Then the subject was core competences and the method used, open interview and it was appropriate for three persons. The situation was reminiscent of a work counseling situation. A very confidential space was created. After the session, the executive director said that this was a very important session from a work satisfaction point of view. He got positive feedback, and he also had a chance to reflect his own work critically.

The board also wanted a representative of Russian origin to the team, but that never happened. I once mentioned this to the executive director and he admitted that this fact has been totally forgotten. The association implements Russia-campaigns and a Russian person as a member would have been an important resource to the team.

*Time use and facilities* were according to me well balanced. Because the team had recently been established, it was necessary to meet at least once a month. The original plan was that one meeting would last 1,5 hours, but already the first meeting showed that at least two hours would be needed. Two hours is a short time for development, but, on the other hand, it is the absolute maximum when thinking about the team members and their work load. It has also been generally stated that too long meetings won't produce anything when thinking about the last moments of the meeting. The first meeting started at 08.30 and the second at 08.00, but that was too early for some members, who had to drive from Helsinki to Kotka. All the other meetings started at 08.30.

The meetings took place in the conference room in Rautatiekatu 2 where the association was also located. The executive director provided coffee or tea. The room was big enough and the technique was adequate.

*Preparations* for the meetings were poor. Reijo Saksa had always prepared good presentations about the agreed subjects, but the content of the presentations were never discussed before. From this point of view there should have been more cooperation between me and Reijo Saksa.

It was agreed what kinds of methods would be used during the sessions. Perhaps the reason for this was that neither of the conveners were specialists in group work

activities. It can be stated that both persons relied on free conversation. Whether it produced enough will be evaluated later in this chapter.

*Team leadership* was never given or taken. In other words, the marketing team did not have a chairman and none of the participants took on the role of a chairman. These two factors were also reasons why two hours were not always enough and the conversations fluctuated, sometimes away from the subject. The lack of leadership also gave an impression of unstructured meetings.

*Group cohesion* was a success factor which seemed to form easily. Conversation was open and honest and it was always easy to enter the meetings. Also, conflicts between the members were not seen. The team seemed to be equal and every comment was appreciated. Group formation was based on the fact that people were allowed to be absent. It was expected that there would always be 4-6 persons present. By this method the cohesion was strengthened.

*Activity and innovativeness* of the group were at minimum levels. Even though there was a lot of talk during the sessions, quite a few ideas or development suggestions were presented. For example, the team discussed the Kotka Maritime Festivals and had a common opinion that “something should be done”. But still no ideas were generated, which could have been considered and developed. Many of the team members did have opinions, but they seemed to be their own, not necessarily their background organizations’. Maybe that was one of the reasons for passive innovativeness. The atmosphere cannot be blamed because it was always pleasant and open. All thoughts were allowed and discussed.

Inactivity was also considered in evaluation because the number of prompt answers to e-mail questionnaire was poor. Only half of the members answered. I became into a conclusion that the work was seen non-qualitative and time factor was the final problem which prevented people from answering.

Based on my comments and the comments of the members and, there were several points which were common. Pleasant and open spirit was one of them. But eventually that is not enough when people expect real results. Most of the complaints were related to things which were missing.

*The results* were light. As one of the members wrote, the actual work was not done. The actual work was probably seen only as preparation, and therefore is now even more work needed for future marketing.

There were some concrete results, like the office person hired, the mission, and the decision, that the Kotka brand should be examined with the help of a research work. Those were small steps, but these steps do not forward the goal of marketing planning.

The members wrote in their evaluation that the structure was light and, in the future, small talk is not desirable. The evaluation indicated that part of the group was willing to work intensively to achieve the goal. Also, outside lectures were suggested. This gives an impression that the group wants professional guidance. This is a good thing. The executive director is too close to the subject. If he would continue team leadership, he has to re-position himself and to be ready to receive constructive criticism. In any event, the team leadership has to be given to someone. Otherwise the result will be again the feeling of uncoordinated meetings.

The one of the main questions which rose during the conversations was related to membership benefits. The main duty of the association is the trusteeship. Education was the only concrete thing which became apparent, when benefits were analyzed. The impression is that a big part of the member organizations do not *really* know why they have joined the association. It is a new, advertised community which is supposed to change the co-operational relations in the City of Kotka and brighten the city brand. The member organizations have also a duty towards the association. They need to express their needs clearly, unless they just want to be passive payers. The association members must demand the association act according to their own wishes, and the best places for that is the yearly meetings, where participation has not been active.

It would be wise to continue marketing team meetings with this composition, but the members must be asked whether they are really committed to the work. Preparing a marketing strategy is a demanding process. Each member should consider whether the main work allow for being absent. Time use is another aspect, which need to be considered carefully.

## 7.5. The marketing strategy process vs. SOSTAC

The process of preparing a marketing plan included only the first four elements. However, the tactics part was not fully completed. Action and control parts will be implemented after the marketing team has continued its meetings.

The *situation analysis* was done in two parts. First, the executive director and I went through material, which indicated what has been done earlier. I received all the clerical material available, which helped to form the overall situation analysis. Another part of the situation analysis was the presentations to the marketing team members. Reijo Saksa presented detailed information about the following actions of the association: general objectives, marketing methods, personnel resources, stakeholders, finance and events. The subjects of the meetings were agreed beforehand and that also helped the situation analysis. One thing which was not discussed was the unexpected events. That should be included to future conversations.

The *objectives* of the preparation process were discussed within the team. It was stated that there will be six meetings within four months and that afterwards the team will be called together when needed. During the process the objectives related to actions directed to members, came from the entrepreneurs' point of view. In fact, they were asked to tell what they want from the association. According to the literature, see chapter 2.2., it is the organization which needs to revise its mission and objectives. In the future, when this thesis has been presented to the board, the board needs to set the strategic objectives and goals and revise the mission statement. For example the board should identify how many new members must be joined to the association by the certain time period and how many €'s should be spent to the events the association alone organizes.

The fact is that the association has several *strategic* teams, which are developing its operations. The executive director gives a review about these meetings to the board regularly. Minutes of the meetings have been written of all team session.

The following teams in addition to marketing team have met during the year 2009: Real estate team, Karhula team, Kotka market place team, Fashion Night team and

Christmas event team. In addition Karhula-Jumalniemi event team has met few times. The marketing team was not aware of the contents of the other team meetings. Strategically it will be crucial to make each team work transparent so that separate sub-strategies are widely known among the association. One way of joining these sub-strategies might be a common development day for all teams. It would make the teams' closer but also new stakeholder relations might be occur.

The stage four, *tactical plan*, is more close to the work of marketing team, which was originally planned. After all the objectives and general lines of actions have been decided, it is time to decide about communication tools. This work was never done during the process. Also the core message the association was left in the background. The work team implemented can be seen as a preliminary plan for general marketing objectives.

The fifth stage, *action plan* and the sixth stage, *control*, were left out from the process, because tactical plan was left incomplete. These two stages should be the main focus in the future meetings. Especially the questions of resource allocation and performance measurements need to be considered.

The three M, men, money and minutes were already included in the stages during the preliminary work. The problems might occur in men and money in the future, because resources are limited and there are no expectations of increasing the number of personnel. In the budget the only chance is to increase operating income, if the association wants to expand its operations. Because of the tight financial situation of the city it is possible that the operational support will not increase, however, it might even decrease. Another crucial thing in the future concerns the strategy process management. It needs to be managed with an outside expert or consultant, because the association do not have enough resources to do that and an outsider would bring new perspectives into the process.

## 7.6 Basic elements for marketing strategy

If the association wants to be membership-driven in the future, it needs to offer to the members different treatment, information based decisions (=knowing the members), customer centric service (=tailored by segments) and flexible processes (Day, 1999, 143-144). In addition, the association has to take into account their core competencies. Based on the team meeting in 1<sup>st</sup> of April, the core competencies of Living City Centre of Kotka Association have been defined as follows:

- media related functions
- event organizing
- music related events
- communications
- networking

Competencies mentioned above should be used in the described areas mentioned in Figure 28 to clarify the total advantages to all stakeholders. These four elements should be included into a marketing strategy.

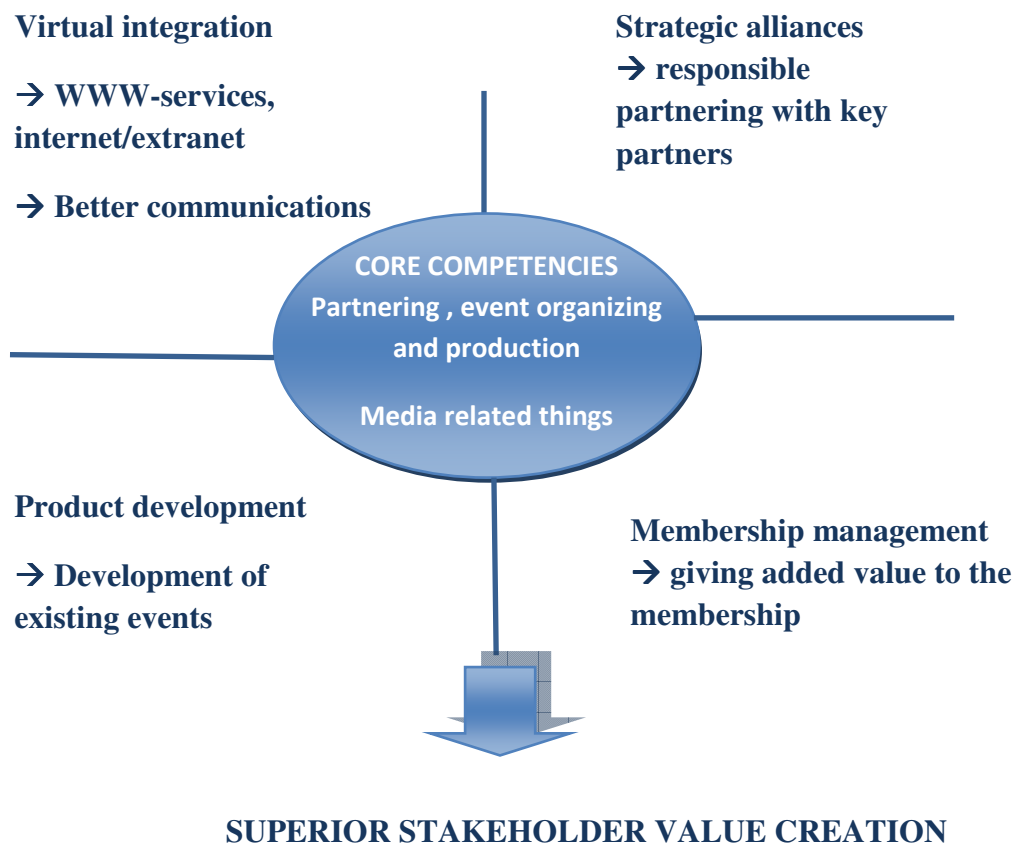


Figure 28. How to create superior stakeholder value

The association has implemented effective marketing towards the Russian tourists. According to Tuomas Santasalo (2007, 7), the number of Russian tourist coming to Finland will increase by approximately 2-3% yearly. Also the number of Russian tourists visiting Kotka is also expected to increase. It has been estimated that there will be approximately 260 000 Russian tourists visiting Kotka in year 2020.

Advertising at boarder or on Russian TV is not enough. Kotka has to fulfil the brand promise in the eyes of Russians. That can only be done by improving service quality. That includes the variety of specialty stores, brand products (Gucci, Boss, Prada etc.) and service in the Russian language. In this matter Living City Centre of Kotka Association could operate as a trainer organizer.

The marketing team prepared a mission statement, but according to the theory it was insufficient. The mission statement is re-written. It consists of two parts and the first part is telling the core objective “to increase the attractiveness of the city centers”. The way how it is done, is described then. The only addition is the word “dialogue”. It refers to open and honest communication between the key partners. The cooperation needs to be more than interaction. There must be a deeper element and that comes with dialogue.

The second part of the mission statement refers to envisaging. There is a genuine desire to develop the business opportunities and living environment of the Kotka region. The vision is urban flow of the city centers. This modified mission statement also makes the values more concrete. To be committed and to implement quality events gives the stakeholders a promise of responsible partnering.

**The core function of Living City Centre of Kotka Association is to increase the attractiveness of the city centers of Kotka in interaction and dialogue with local entrepreneurs and public authorities.**

**Living City Centre of Kotka Association acts as a committed promoter for urban flow by organizing quality events and advancing visionary thinking about place branding in Kotka region.**

Figure 29. Modified mission statement of Living City Centre of Kotka Association

Other aspects which need to be considered when preparing a marketing strategy are the following recommendations of the marketing team:

**Living City Centre of Kotka Association organizes:**

**1) Events based on partnership**

For example Kotka Day, where the City of Kotka is the responsible organizer or Karhula market place actions, where the entrepreneur association of Karhula is the responsible organizer.

**2) Own events (2)**

The other could be Fashion Night and the other event could be organized in Karhula area.

The association should join together 2-4 current events. By this way it could be possible to offer visibility to national sponsors and the association could have more volume to marketing.

It is vitally important that:

**1) The events serve the objectives of the members.**

**2) Comfortability and ecological aspects of the environment are taken into account.**

**3) Each time the association is approaching the entrepreneurs they use personal contacts.**

The entrepreneurs want a systematic approach to marketing planning. Next year's marketing resource negotiations need to be implemented during each autumn.

The association should organize customer service training to its members. It also should be part of implementing a new brand research during year 2010.

Figure 30. Issues to be considered in marketing strategy



### 7.7. Plan for communication strategy

The plan for communication strategy is presented in appendix 6. In general, the six markets model is explained in the chapters 3.4 and 5.8. In this case it is important to stress, that this is a preliminary plan for communications and for example the marketing team has not handled this suggestion. This plan will be presented to the marketing group later when it continues its meetings.

The goal is to improve and strengthen all stakeholder connections. That will only succeed by selecting the target groups, core messages and the communication tools. In target grouping the customer markets have been changed to membership markets. Referral and employee markets have also been changed, because in the association's point of view the end users and the key partners are more important. Recruitment is not relevant because there are only two permanent vacancies. Key partners have been divided into two sections, partners who are in relation to the association and partners who are in relation to end users.

When defining or profiling the target groups, it is important to recognize the functions of each group. One operator can be part of several groups like in this case media. It is a key partner but also a supplier.

The goals and measures concerning the end users were quite difficult to define. Those figures should equal to the numbers of Kotka Tourists services and need to be checked when the marketing team work continues. Relevant in goal setting is to change the structure of members. Today about 120 members from 150 belong to small group and are only paying the membership fee. They don't participate in the meetings or be active in campaigns. The association needs to turn these passive members into the active members. The Pareto-rule (20/80) is true in this case.

Communication mix is generally presented and each marketing effort needs to be planned separately before each campaign. Responsibility of the communication strategy implementation belongs to the board, but there are actions in which the executive director has a significant role, like the supplier relations.

## 8 DISCUSSION AND CONCLUSIONS

Kymen Sanomat published in 28 November 2009 newsprint that Reijo Saksa has been elected to the board of Living City Centres of Finland Association. That is an acknowledgement of hard work in local association and a vantage point for further development.

Development is needed in the future if the association wants to fulfil all the objectives. I sent e-mails to Mr. Simon Anholt and Mr. Philip Kotler and asked about the future challenges in place branding. According to Simon Anholt:

“The most important challenges are the same as they ever were: finding the political will, patience, wisdom, courage and imagination to change the way the country works - since it's the only way to change the way the country is perceived!”

(E-mail from Simon Anholt 4.11.2009, 22:49)

Anholt's perspective to place branding is usually wide. He handles the subject nationally and globally. However, this statement can be changed into city concept as well. If the regional and local politicians find new ways for changing the way how the region or city operates, new strengths to place branding can be found. The innovation work can be done within the city strategies or within multi-professional teams, which are normally established by civil servants for certain purpose.

Scenarios and strategies are needed because of the fast changes and unpredictable events which can effect on the competition environment. One thing, which needs to be taken into account, is tacit signals. Signals can be signs or phenomenon which occur in early stages but have ramifications (Kamensky, 2008, 178-180). Tacit signals also occur in human resources, although in HR the most common expression is tacit knowledge. If the organization is able to recognize tacit knowledge and use it properly, strategies will be easier to put in practice and all the stakeholders understand and approve the strategies. Approval needs to be increased by effective communications (Kesti, 2005, 57-60).

Mr. Kotler found future challenges in:

- Getting skilled place planners
- Getting political support of a good plan backed by adequate resources
- Imagining new editions to a place to make it a "must" see

(E-mail from Philip Kotler, 28.10.2009, 14:55)

Kotler's opinion equals to Anholt's opinion. Both stress the importance of political element and imagination towards something new. Kotler also stressed the importance of skilled persons. In the light of these statements, Living City Centre of Kotka Association should invest in effective strategy work. Board representatives, teams and skilled personnel should be in constant communication and also tight connection to the City of Kotka is needed because the basic frames of city development are done by the city representatives.

Hamel reminds that what is not different is not strategic (Hamel, 2000, 69). Therefore it is vitally important to differentiate the products and services. A revolutionary thinking is necessary if the place branding concept and brand image need to be developed.

Living City Centers of Finland Association held its yearly conference in Kotka 26.-27.8.2009. I also had a pleasure to participate in this conference. The most interesting issues in this conference were discussions about the future and future strategies. The City Mayor Mr. Henry Lindelöf described Kotka as a city, which is creating tomorrow. He envisaged Kotka as a Future Centre with strong logistic connections and as a Centre of Expertise. According to him, Kotka needs to find deeper grounds for its existence in order to succeed in the national and global competition.

Figure 31 presents the concept how a vision turns into a strategy. Before any strategies can be written, the past, present and future markets vs. core competencies need to be analyzed. After the analysis objectives can be stated. The objectives should strongly support the vision otherwise our promise to stakeholders might be left weak.

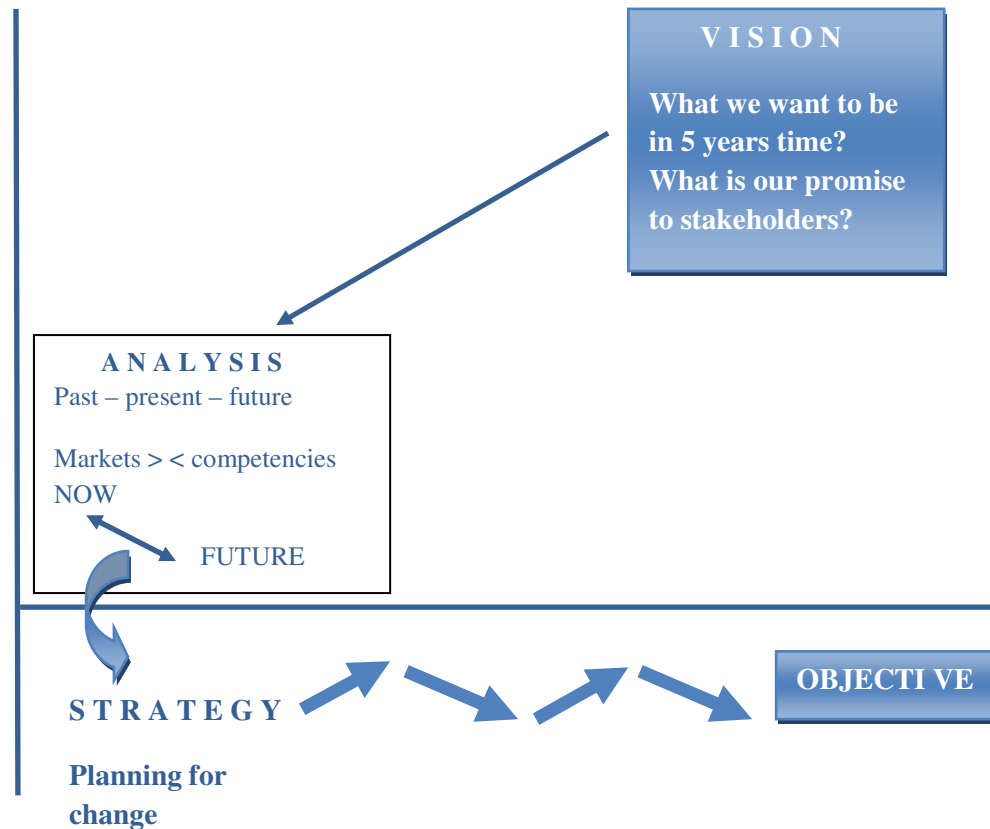


Figure 31. About strategy according to Kai Koski (2007, slide 3)

The arrows from strategy to objective indicate flexibility in changing environment. They also might indicate different roads. Aaltonen et al. (2005, 141-152) presented Eckhart von Hochheim's four roads value theory, which is useful in this case. The roads are via positiva, via negativa, via creativa and via transformativa. These roads are signs of creative and responsible actions and indicate the values of a good life. All roads are needed. Positive thinking indicates power and energy and it can be used towards negative feelings although negative feelings and critics must be allowed. If creativity disappears, then joy and energy disappears. Transformative road balances the creative road. It encourages to change, which aims to a collective and caring world. If the objectives are reached by preceding these roads, the objectives become realistic but also human.

Different teams of the association are planning actions for future events and development. The new proposition for mission statement needs to be taken into account in all team work. In order to achieve the vision (promise to the stakeholders)

the teams should leave the safety area and move to the insecure area of business envisioning. Only by that way new ideas and innovations can be produced.

One of the key question in research problem was “How do the entrepreneurs work together to achieve common results?” Based on the team work the answer is co-operation and partnership. But the whole thesis process showed that it requires a lot of efforts and resources from all stakeholders to create successful and responsible partnering. The main question in the future is how to get committed members to cooperate? The association needs to make the common interest so visible and concrete that all stakeholders and members are willing to improve the living and business environment of the City of Kotka.

For me the whole process has been demanding. It took almost 2,5 years to finish the whole work. The most remarkable element in this process has been a lack of time. It occurred in all levels, in my work, in executive director’s work and in team work. It gave sometimes a feeling of non-commitment.

My biggest concern in the future is how the personnel can handle all the tasks and reach the objectives with the current resources. The expectations are high but the personnel resources are inadequate and vulnerable. This small team should consist of two professionals, which both accomplish each other’s skills. Sydänmaanlakka (2007, 259) describes the future ideal organization as a docile and a healthy community. He stated that we should build the organizations for people, not adapt people for organizations. The organization has ability to re-new itself and foresees the coming changes. In my opinion Living City Centre of Kotka Association is not ready for this.

However, the thesis process has been very instructive and I have learnt a lot from place branding, strategy implementation and team work. I have also had a chance to familiarize deeply myself with the association and that has given me a splendid base for creating this thesis. I also think that this has been a valuable start to the association and this thesis benefits its purposes.

Related to team work, the most important finding was that without thorough preparations the end result is weak. If I started the process from the beginning I would act differently. The team work with the executive director could be more

intensive and lot more things could be prepared in advance. There should also be a clear structure for each team meeting (subjects, methods, objectives and timing) and the responsibility of the team management could be a joint venture.

According to my opinion the lack of time was the main reason for not achieving the whole target. However, many concrete issues were presented and implemented, which made the process joyful. I was especially satisfied when I managed to place the wage supported employee to the association.

If there was a chance to invite an outside coach or mentor to manage the marketing team process, there would have been more invisible results. But the financial situation prevented such purchase. One challenge in the future is the quality of the strategies. If the association is willing to invest in the future, they are going to find funding for consultations.

The fact that the work of the marketing team is based on actual need and that the team continues its meetings, have created a positive spirit and continuance to the further processes of the association.

*“There are no secrets to success. It is the result of preparation, hard work and learning from failure.”*

*- Colin Powell –*

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<b>AUTHOR</b>	<b>NAME OF THE STUDY</b>	<b>CENTRAL CONTENT</b>
<b>Aniluoto, Mäenpää, Manninen, Villanen, Espoo 2000</b>	Sanat kivettyvät kaupungiksi	A study concerning the process of Helsinki urban planning and ideals
<b>Arppe Milja Turku 2005</b>	Vetovoimainen Kaupunkikeskusta Pro gradu thesis	The commercial development of Kaarina city centre
<b>Heikkilä Mikko, Santasalo Tuomas, 2006 Lahti</b>	Tori osana kauppaa ja kaupunkia	The study examines market places as a commercial place and as a physical environment. The study offers a cross-section of Finnish market places in spring 2006.
<b>Heimonen, Veli-Matti 2007 Vaasa</b>	Internal branding in business-to-business environment	The study measures the holistic brand image through internal branding in the business-to-business environment
<b>Kaurijoki Mari 2005 Tampere</b>	Markkinoinnin rooli yrityksen strategian muodostamisessa	The study views strategic tasks, position and authority of marketing
<b>Kyöstiö Pipsa, Lailavuo Eila 2006 Kotka</b>	Kotkan markkinoinnin tehostaminen	Marketing plan for the city of Kotka 2007
<b>Lehtonen Teemu J 2002 Tampere</b>	Organisaation osaamisen strateginen hallinta	The study describes case organization's strategic competences
<b>Oikarinen Ilkka 2008 Helsinki</b>	Helsingin kävelykeskustan suunnittelu ydinkeskustan kadunvarsiliikeryittäjien näkökulmasta	Planning of the Car-Free Zones in the Helsinki City Center - Point of View of the Storefront Owners
<b>Rainisto Seppo 2003 Espoo</b>	Success factors of place marketing  Doctoral dissertation	A study of place marketing practices in northern Europe and the United States
<b>Santasalo Tuomas 2007</b>	Kotkan kaupalliset keskustat	A structural analyses of the city centers of Kotka
<b>Varis Mika</b>	Sijainti kävelykeskustassa – erikoistavarakaupan ja kuluttajapalveluiden kilpailuetu	Competitive advantage of location?
<b>Zimmerman Kaj 2008 Helsinki</b>	Alueellinen imago ja identiteetti liikkeessä	Processes and phenomenon related to image and identity of regions

**STRENGTHS**

- \*\* Location, near the Russian border and the metropolitan area
- \*\* Sea, river, archipelago
- \*\* Culture, Maritime Festivals and other events
- \*\*Maretarium, parks, harbour, logistics, basic industry
- \*\* Maritime Museum
- \*\* Strategy work (12)
- \*\* Harbour, sea, archipelago, Kymi-river,
- \*\* Location, logistic
- \*\* Culture and sports

**WEAKNESSES**

- \*\* Tourist services has not been productized
- \*\* Location, there are not enough residents / customers on the sea side
- \*\* Quality and quantity of services
- \*\* Regional dispersion
- \*\* Lack of community spirit
- \*\* Parochialism
- \*\* Old image as an industrial town
- \*\* Population structure = ageing
- \*\* High rate of unemployment
- \*\* Only few business innovations
- \*\* Three city centers
- \*\* Insiders

**OPPORTUNITIES**

- \*\* Location, sea-lanes
- \*\* Archipelago → has to be productized
- \*\* Image, Maritime Museum
- \*\* Sports, history
- \*\* Russia
- \*\* Russia, cruising tourism
- \*\* Industrial development
- \*\* Consolidation of municipalities (Pyhtää -Kotka- Hamina-Virolahti-Miehikkälä)
- \*\* Educational possibilities
- \*\* Increasing service businesses
- \*\* National and foreign investors
- \*\* Market places

**THREATS**

- \*\* Environmental threats like oil catastrophe
- \*\* Age-composition of the residents
- \*\* Unexpected changes in Russian trade
- \*\* Globalization
- \*\* The poor condition of the Baltic Sea
- \*\* Criminality
- \*\* Social exclusion
- \*\* Political incoherence
- \*\* Changes in Russian trade, financial situation or natural resources

## APPENDIX 3

**The board members of Living City Centre of Kotka Association**

NAME	ORGANIZATION
Kari Lehtonen, chairman	Anttila Department store
Eila Lailavuo	City of Kotka
Erkki Eskolin	Ympyrä Ltd.
Ismo Räty	Sechouse Ltd.
Marjo Kattelus	Kymen Sanomat
Risto Paasi	Expert Karhunpesä
Sirkku Lipponen	Karhula Shopkeepers
Pentti Leisti	Osuuspankki
Kirsi Keskitalo	Pasaati shopping centre
Jouko Anttila	Euromarket department store



**Cost and income structure of the association**

**APPENDIX 4**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Operating costs</b>				
Personnel, provisions	28 000	53 000	67 272	84 000*)
Machinery	2 000	0	0	
Rent	1 800	1 900	3 200	3 500
Marketing costs	0	25 500	24 000	30 000
Event services	0	9 500	7 000	8 000
Travelling	6 200	6 000	5 500	5 000
Education (personnel)	1 000	1 000	400	800
Meetings	1 000	1 200	3 000	2 500
Administrative costs	0	2 000	8 000	8 200
Administrative services	0	4 000	2 000	3 600
Insurance	0	500	500	1 000
Membership fees	0	400	371	700
Postal services	1 000	0	0	0
Copying	1 000	0	0	0
Data / computers	500	0	0	0
Market place costs				7 000
Other expenses	2 000	4 000	4 934	3 500
<b>TOTAL</b>	<b>44 500</b>	<b>109 000</b>	<b>126 177</b>	<b>157 800</b>
<b>Operating incomes</b>				
Sales (advertising, sponsoring)	0	23 000	30 000	32 000
Other sales (market places)	0	0	0	40 000
Membership fees	0	25 000	22 000	17 362
Co-operation fee	0	11 000	9 900	7 500
Support from the city	0	50 000	60 000	60 000
Project funding	44 500	0	0	0
<b>TOTAL</b>	<b>44 500</b>	<b>109 000</b>	<b>121 900</b>	<b>156 862</b>
			-4 277	-938
<b>RESULT</b>		<b>4 277</b>	8 951	

\*) Personnel costs in 2009 includes prox. 35 000 € performer fees

Living City Centre of Kotka Association

**INVITATION**

Rautatienkatu 2 A 3 krs

48100 Kotka

23.10.2008

Honoured members,

**MARKETING STRATEGY OF LIVING CITY CENTRE OF KOTKA ASSOCIATION**

The action plan of Living city centre of Kotka Association contains service marketing, common event marketing and marketing development. ***Now You have a change to influence!***

The strategic work will be done as a qualitative research, where participatory action research is the core method. The marketing strategy will be implemented in cooperation with the members. The general planning of the work, team meetings and literature part will be done as a student work. The strategy team will consist of 5-7 business representatives. The meetings will be held during November 2008-February 2009, prox. 1-2 times/month. The meetings take place during work days, max. 1,5 hours.

Things to be considered in strategic marketing team work:

- association mission - vision
- target groups / marketing are
- core competencies/ advantages for the end users
- internal and external marketing
- media strategy
- marketing budget

***If You are interested in joining the marketing strategy team, please contact Eija, 7.11.2008 at the latest.***

During November the team members will receive an invitation to the first meeting.

***Yours,***

***Eija Grönholm***

MBA-student

Kyminlaakso university of Applied Sciences

GSM 040 355 9386 (workdays between 8-16 o'clock)

E-mail: [eija.gronholm@kotka.fi](mailto:eija.gronholm@kotka.fi)

***Reijo Saksa***

executive director

## APPENDIX 6

SIX MARKETS		Defined (who are they)	Goals / Timing	Measures	Communication	Responsibility
<b>MODEL</b>					<b>mix</b>	
<b>1</b>	<b>Membership markets</b>					
	- existing members	Entrepreneurs and real estates operating in Kotka region	150 loyal and committed members Increase the numer of top By the end of 2011	Keep 95% of the existing members From 30 to 50	Personal selling,sales promotion, direct marketing,	Board and personnel
	- new members	Entrepreneurs and real estates operating in Kotka region	Committed members by the end of 2011	50 new members	E-mails, internet, personal selling	Board and personnel
<b>2</b>	<b>Influence Markets</b>	Living City Centre of Finland Ass.	Constant responsible partnering	Number of attendance in board	Public relations	The board + RS
		Chamber of Commerce	Constant responsible partnering	to different teams and meetings	Public relations	The board
		Local educational instututes	1-3 thesis work by the end of 2011	2 completed thesis	Public relations	The board
		Regional council	Constant responsible partnering	Number of attendance	Public relations	The board
		City of Kotka	Constant responsible partnering	to different teams and meetings	Public relations	The board
<b>3</b>	<b>Internal Markets</b>	Personnel	Committed and skillfull staff	All vacansies filled, absence%	Direct marketing	RS + board
		The board	Active board	Attendance- %	Direct marketing	Chairman
		The executive committee	Innovative committee	Number of new ideas	Direct marketing	
		Teams	Strategies by the end of 2010	Ready made strategies	Direct marketing	Chairman
<b>4</b>	<b>Supplier Markets</b>	Nitro FX	Web-pages completed by 31.5.2010	No errors occur	Personal selling	RS
		Media (local and national)	Designed campaigns	€ used	Personal selling	RS
		Advertising agencies	Designed campaigns	€ used	Personal selling	RS
		Booking agencies	Designed campaigns	€ used	Personal selling	RS
<b>5</b>	<b>End user Markets</b>	Visitors	Attractive identity	15% more first time visitors	Advertising,	Board
		Tourists + Russian tourists	Attractive identity	15% more first time visitors	events, fairs	Board
		Business visitors	Applealing business environment	10% more business visitors	sales promotion,	Board
		Inhabitants	Satisfyed inhabitants	5% increase of inhabitants	internet	Board
<b>6</b>	<b>Key partner Markets</b>	City of Kotka A+B	Support Kotka brand	The results of the brand research	Personal selling	Personnel
	A in relation to the ass.	Local entrepreneur associations A	Two events together with them	Implemented events	Personal selling	RS
	B in relation to end users	Cursor Ltd A, Media B	Russian tourists -campaign, research	Implemented events	Personal selling	RS

<b>Subject</b>	Marketing strategy team meeting
<b>Time</b>	11.2.2009 at 8.30–10.30 o'clock
<b>Place</b>	Rautatiekatu 2, Kotka
<b>Present</b>	Annika Vilkki, Kymen Puhelin Eila Lailavuo, City of Kotka Reijo Saksa, Living City Centre of Kotka Association Eija Grönholm, student
<b>Absent</b>	Anu Markkanen, Kristina Cruises Leena Partanen, Citymarket

## **1. Opening**

Reijo Saksa opened the meeting by welcoming everybody to this first meeting.

## **2. The objectives of the team**

Eija Grönholm described shortly the content of the thesis and the theoretical frame. One chapter will handle the Living City Centre of Kotka Association. Theoretical frame consists of strategic marketing planning, place branding and mass media strategy.

The team discussed generally about the expectations and what issues should be brought out. Reijo Saksa delivered the business concept for the year 2009 as a background material.

It was a common statement that resources will be needed for ideation. It was agreed that all the media representatives will be invited to the team meetings in the future. Also the representatives from advertising agencies were seen necessary to be present. The objective of the team is to create a common understanding how the association best serves its members and supports the purchasing power's existence in the area.

Reputation –concept was seen important when talking about place branding. It was stressed that learning together is important and that the association directs its operations to such activities which will give the members the maximum benefits. When the team discusses about marketing, both internal and external marketing has to be handled.

## APPENDIX 7/2

The marketing team will continue its meetings after the strategy work is ready. At that point it also makes concrete plans for marketing implementation. The team work should be ready in the beginning of June so that the student is able to continue her written analysis.

### **3. Team meetings**

It was decided to meet according to the following time table and handle the issues stated below:

4.3.2009	Implemented events
1.4.2009	Business concept and core competence
22.4.2009	Membership
20.5.2009	How the association supports the city brand?
3.6.2009	Evaluation of the team work

The team will meet always in Rautatiekatu, beginning at 8.00 o'clock. The meetings will take about 1,5 hours each. Reijo Saksa will prepare material for the next meeting and send it by e-mail in advance. Extranet-pages can be utilized for making the strategy work transparent.

### **4. Closing**

Reijo Saksa thanked all the participants and closed the meeting after lively discussion at 10.30 o'clock.

The memo was written by *Eija Grönholm*

<b>Subject</b>	Marketing strategy team meeting
<b>Time</b>	4.3.2009 at 8.00–10.00 o'clock
<b>Place</b>	Rautatiekatu 2, Kotka
<b>Present</b>	Tarja Siimes, Kymen Sanomat Salla Katajamäki, Aberdeen Shopping Ari Soikkeli, Aberdeen Shopping Eila Lailavuo, City of Kotka Reijo Saksa, Living City Centre of Kotka Association Eija Grönholm, student
<b>Absent</b>	Anu Markkanen, Kristina Cruises Leena Partanen, Citymarket Annika Vilkki, Kymen Puhelin Kirsi Tuomala-Pasanen, Iskelmä radio

## **5. Opening**

Reijo Saksa opened the meeting by welcoming everybody to this second meeting.

## **6. Events organized by Living City Centre of Kotka Association**

Reijo Saksa present a video about the events organized in 2008. The presentation included clips about Fish Markets, Kotka Day, the openings of Karhula market place stage, Fashion Night and Christmas Opening.

The association used money in 2008 to the following events:

Openings of Karhula market place covered stage, 1 350 €

Fashion Night, 16 500 €

Christmas Opening in Kotka City centre, 1 000 €

10 evening events in Kotka market place, 9 480 €

## APPENDIX 8/2

The participants also received an Event Calendar, which was collected by the association together with City of Kotka. In addition, the executive director gave a proposition of what kinds of events should be organized and in what prize so that people will also come from the outside of the economic zone to participate.

The team discussed about what is the role of Living City Centre of Kotka Association as an event organizer. It also thought over what is the objective of the impressiveness, i.e. how much new purchasing power is wanted into to area.

The common opinion was divided into two parts:

- 1) Events based on partnership, e.g. Kotka Day, where the City of Kotka is the responsible organizer or Karhula market place actions, where the entrepreneur association of Karhula is the responsible organizer.

- 2) Own events

The other could be Fashion Night and the other events could be organized in Karhula area.

The biggest problem is that there is no money for implementing and marketing the events. Each time the association needs to collect the participation fee from the entrepreneurs. The problem is also personnel resources. At this stage the team stated that each autumn the association should organize negotiations with the entrepreneurs and agree what kinds of events will be organized and what is the stake of the entrepreneurs financially.

When the team discussed about sponsoring, it was suggested that 2-4 events could be joined together as one event. By this way it could be possible to offer visibility to national sponsors and the association could have more volume to marketing.

The participants aligned three major aspects which need to be considered when organizing events:

- 1) The events serve the objectives of the members

- 2) Comfortability and ecological aspects of the environment are taken into account

- 3) Each time the association is approaching the entrepreneurs they use personal contacts.

Finally, it was decided that the Pedestrian street weekend will be held on the 23<sup>rd</sup> of May instead of 22<sup>nd</sup> of May, which was the original plan.

## **7. Team meetings**

It was decided to meet according to the following time table and handle the issues stated below:

1.4.2009	Business concept and core competence
22.4.2009	Membership
20.5.2009	How the association supports the city brand?
3.6.2009	Evaluation of the team work

It was decided that the team will meet always in Rautatienkatu, beginning at 8.30 o'clock.

## **8. Closing**

Reijo Saksa thanked all the participants and closed the meeting after lively discussion at 10.00 o'clock.

The memo was written by *Eija Grönholm*



<b>Subject</b>	Marketing strategy team meeting
<b>Time</b>	1.4.2009 at 8.30–10.30 o'clock
<b>Place</b>	Rautatiekatu 2, Kotka
<b>Present</b>	Kirsi Tuomala-Pasanen, Iskelmä radio Reijo Saksa, Living City Centre of Kotka Association Eija Grönholm, student
<b>Absent</b>	Anu Markkanen, Kristina Cruises Leena Partanen, Citymarket Annika Vilkki, Kymen Puhelin Tarja Siimes, Kymen Sanomat Salla Katajamäki, Aberdeen Shopping Ari Soikkeli, Aberdeen Shopping Eila Lailavuo, City of Kotka

## **9. Opening**

Reijo Saksa opened the meeting by welcoming everybody to this third meeting.

## **10. Core competencies**

Core competencies were handled from the executive director's view, because the other employee, Vuokko Kansonen was not able to participate in this meeting. The competencies were approached with a free interview -working method. First the executive director answered questions related to him and second, related to Vuokko Kansonen.

There is no exact list of duties concerning the executive director. The main duties of Vuokko Kansonen have been described as follows:

- Market place sales
- Markets
- Market place stage reservations and connections to customers
- Market place team
- Maintain the Event Calendar
- Media follow up
- Lists of event participants
- Permissions and Teosto-announcements

## APPENDIX 9/2

At first the team discussed about the core competencies in general level. It was stated that the core competencies should be directed to the benefits of the members. At the moment a dominant factor is unfortunately a lack of time. Although last year another employee was hired, there is still such clerical work, which takes time from the executive director.

On the other hand, the fact that the governance of market places was transferred from the City of Kotka to the association has produced extra work. Vuokko Kansonen does mainly those tasks now. To help the situation, it was suggested that the association should apply for wage supported employee from the City of Kotka. The person could take incoming calls when other employees are in the meetings, act as a meeting hostess and secretary and do all the daily routine work. By this way the work load of Saksa and Kansonen could be decreased and they can concentrate on their core competencies. An extra employee will also help during a summer time to collect the market place fees.

In the previous meeting it was stated that number of own produced events must be limited so that the association can concentrate on its core duties. Now the common opinion was that when the association is utilizing events and competencies, it should at first look at the advantage of the region and seconds the advantage of members.

Next the executive director was asked to tell about the things he could do best and about the things he has implemented successfully as an executive director of Living City Centre of Kotka Association. According to Reijo Saksa, his biggest strength is wide working experience whereby he has ability to align with members and stakeholders. He has worked as an event organizer and has a long history in radio broadcasting business. In addition to these, Reijo Saksa has worked as an entrepreneur. Other strengths he mentioned were high motivation for work, fearless attitude towards challenges and experience in organizing things. According to this opinion, Saksa can handle the social relationships well and his community relations are wide. He saw himself, above all, as a mediator and he thought the best achievements have been within this area.

As an actor of Living City Centre of Kotka Association, Reijo Saksa had created good negotiation connections between the City of Kotka and the entrepreneurs. This could be seen e.g. in good cooperation around the Kotka market place. As a result of association's cooperation also the business corporations have become closer to each others. Reijo Saksa has received positive feedback from the City Mayor and it is a sign of an approved work. Obviously the work has supported the basic idea of the association and all his competencies have been in effective use. Positive publicity has been received through successfully implemented events.

The executive director was asked what he wanted to do more. He would like to implement more join marketing and utilize music related events.

What hinders the implementation is the fact that there are no budgeted funds for event organizing. Risks are also included into the event organizing and the Living City Centre of Kotka Association hasn't got afford to risk taking. Example of this kind of an event was in summer 2007 a two-day event called Summer Swing. Purely the performer's fees were proximately 17 000 €. The total budget for this event was 40 000 €. The Living City Centre of Kotka Association was not the primary organizer, it operated as a partner.

According to Reijo Saksa, the major strengths of Vuokko Kansonen are her real estate experience and good connections to house managers. On the other hand, house managers are not so badly wanted into the real estate team than the real estate owners, but of course the relations to house manager can be used in the fields of daily property management.

The work duties of Vuokko Kansonen have already stated. Her achievements have been in getting new merchants to market places and creating good connections to the market and market place merchants. The biggest asset was seen in producer –training, which is organized by vocational school of South Kymenlaakso and the main studies are executed in tourism and travelling. With the help of this training the executive director expects more skills to event organizing. After Kansonen has graduated, she is able to achieve more responsible tasks.

## **11. Team meetings**

It was decided to meet according to the following time table and handle the issues stated below:

22.4.2009	Membership
20.5.2009	How the association supports the city brand?
3.6.2009	Evaluation of the team work

## **12. Closing**

Reijo Saksa thanked all the participants and closed the meeting after deep discussion at 10.30 o'clock.

The memo was written by *Eija Grönholm*

<b>Subject</b>	Marketing strategy team meeting
<b>Time</b>	22.4.2009 at 8.30–10.30 o'clock
<b>Place</b>	Rautatiekatu 2, Kotka
<b>Present</b>	Kirsi Tuomala-Pasanen, Iskelmä radio Anu Markkanen, Kristina Cruises Annika Vilkki, Kymen Puhelin Tarja Siimes, Kymen Sanomat Reijo Saksa, Living City Centre of Kotka Association Eija Grönholm, student
<b>Absent</b>	Salla Katajamäki, Aberdeen Shopping Ari Soikkeli, Aberdeen Shopping Eila Lailavuo, City of Kotka Leena Partanen, Citymarket

### **13. Opening**

Reijo Saksa opened the meeting by welcoming everybody to this fourth meeting.

### **14. Benefits of Living City Centre of Kotka Association**

It can be generally stated that benefits of the actions of city centre associations are several. The key function is to influence in city image and to get more purchasing power. The benefit can be specified as follows:

- Living city centre enhance businesses
- The improvement of affectional picture of the city increases attractiveness
- The continuous communications between the city and business promotes cooperation and information flow

Reijo Saksa presented the objectives of the association, which can also be related to membership benefits:

- More purchasing power to the area/region → attractiveness
- The increase of business possibilities among companies and real estates
- Functional and comfortable city centers
- The increase of cooperation between regions and business
- Better accessibility
- Versatile events
- Positive cooperation spirit
- The increase of Kotka brand
- Positive affectional picture

The marketing team handled 4.3.2009 operations, which aim to fulfil the objectives mentioned above.

Living City Centre of Kotka Association is a trustee. The main operations are:

- Statements
- Joint marketing and communications
- Connections to the City of Kotka
- Tourism
- Needs and wants of the members
- Applicable projects
- Networking
- Databank

In addition, Living City Centre of Kotka Association keeps presentations and provides lectures, which tells the members e.g. how to increase business profits. In addition, the association obtains membership benefits e.g. by negotiating media and educational discounts.

The representatives present in this meeting did not have information about the member benefits of the association. It was decided that the executive director compile a list of all membership benefits.

### **15. Needs of the entrepreneurs**

The team discussed about the membership benefits from the entrepreneur's point of view. Two issues were clearly above others.

The first thing was training. The association should take more significant role as a training organizer. Especially the representatives wanted customer service training. From the customer point of view it is essential that the customer feels welcome to do shopping. One thing which the team members wanted to bring forth was the meaning of habitu . It brings added value and it is the customer's personal commitment. This same commitment was expected from the entrepreneurs.

Kotka Maritime Festivals were also under discussions. It seemed be true that still part of the entrepreneurs think that Maritime Festivals are a totally worthless event and they don't want to utilize it in any ways.

The team made some suggestions about the ideas which could be implemented during the Maritime Festivals. Those were campaign discounts, which should be planned together and also congruent decorations.

The second thing was related to event organizing. The key question is how to make such appealing events that more entrepreneurs will participate, especially small business representatives? The problem is the lack of resources, because the entrepreneur, who is working alone, cannot leave the store. So in this case the benefit of a single event has to be seen so strong that this entrepreneur will see the participation worthwhile and hire e.g. temporary help.

The development and cooperation between tourism businesses is part of the role of the association. The team saw that even more compact relation between the tourism businesses is desirable, because

**FLOW CREATES FLOW!**

## **16. Team meetings**

It was decided to meet according to the following time table and handle the issues stated below:

20.5.2009 How the association supports the city brand?

3.6.2009 Evaluation of the team work

## **17. Closing**

Reijo Saksa thanked all the participants and closed the meeting at 10.30 o'clock.

The memo was written by *Eija Grönholm*

<b>Subject</b>	Marketing strategy team meeting
<b>Time</b>	8.30–10.30 o'clock 20.5.2009
<b>Place</b>	Rautatiekatu 2, Kotka
<b>Present</b>	Kirsi Tuomala-Pasanen, Iskelmä radio Anu Markkanen, Kristina Cruises Tarja Siimes, Kymen Sanomat Salla Katajamäki, Aberdeen Shopping Eila Lailavuo, City of Kotka Reijo Saksa, Living City Centre of Kotka Association Eija Grönholm, student
<b>Absent</b>	Leena Partanen, Citymarket Ari Soikkeli, Aberdeen Shopping Annika Vilkki, Kymen Puhelin

## 18. Opening

Reijo Saksa opened the meeting by welcoming everybody to this fifth meeting.

## 19. How Living City Centre of Kotka Association supports the Kotka brand?

Reijo Saksa presented general facts, which are often related to place branding:

- The city has to define a city image itself → state of affect
- Regional and characteristics identity is needed and it should consist of many operational and environmental factors.
- Attractiveness draws businesses and employees to the region
- Mission will change into a strategy, services, experiences and reactions change into a reputation. The receiver comprises an image → brand identity.
- Brand identity will be strengthened by marketing and communications and it will change into brand.
- Brand identity designates a direction, a purpose and a meaning to the brand.
- Good image makes the relations easier between the city and its personnel, residents, customers, businesses, authorities, decision makers, media, investors and suppliers.

It was commonly stated that this association could be the link between the city and the members. The common objective is to make Kotka a stronger brand.

Both parties need to utilize common customer experiences, standardize communications and make the objectives more clear, so that public and private services could form an entirety, which support the City brand.

Marketing is primarily controlling of images and communications can be interpreted as a promise and action is fulfilling the promises.

Kotka's slogan is Kotka, City by the Sea and the logo looks as follows:



The team presented modernization of the City image. Traditionally Kotka is related to Maritime Festivals, harbour, seamen, restaurant Kairo, sports and wood industry. Today the Maritime Centre Vellamo is the key product of Kotka, but what else is there in Kotka?

Answer to this question could be received by new brand research. It is vital to know what the opinion of a non-residence is about Kotka. In the future it could be possible to build and develop Kotka brand to match the customer opinions. Reijo Saksela will determine with Cursor Ltd the possibilities for implementing the research during the next year.

The meaning of cooperation was stressed during the conversations. Good common spirit will be achieved and created by smooth cooperation. The aim is to launch a slogan in local level: "The customer of my competitor is also my potential customer!"

Seppo Rainisto, who has studied several images of city centers, has said that a city can only have one centre. It is almost a legend that City of Kotka has the problem of three city centres, in which Karhula, Jumalniemi and Kotka are competing against each others. The team had a clear opinion regarding this matter. Only by cooperation and responsible partnering a positive result can be achieved in a favour of each stakeholder.



## **20. Team meetings**

It was decided to meet according to the following time table and handle the issues stated below:

3.6.2009      Evaluation of the team work

## **21. Closing**

Reijo Saksa thanked all the participants and closed the meeting at 10.30 o'clock.

The memo was written by *Eija Grönholm*

<b>Subject</b>	Marketing strategy team meeting
<b>Time</b>	3.6.2009 at 8.00–10.00 o'clock
<b>Place</b>	Rautatiekatu 2, Kotka
<b>Present</b>	Kirsi Tuomala-Pasanen, Iskelmä radio Tarja Siimes, Kymen Sanomat Arja Kokkonen, City of Kotka Seppo Grönvall, City of Kotka Reijo Saksa, Living City Centre of Kotka Association Leena Oinonen, Living City Centre of Kotkan Association Eija Grönholm, student
<b>Absent</b>	Anu Markkanen, Kristina Cruises Leena Partanen, Citymarket Annika Vilkki, Kymen Puhelin Salla Katajamäki, Aberdeen Shopping Ari Soikkeli, Aberdeen Shopping Eila Lailavuo, City of Kotka

## **22. Opening**

Reijo Saksa opened the meeting by welcoming everybody to this, so far last meeting.

## **23. Mission statement**

During the previous meetings the mission statement was not revised. The process was agreed to relegate to this meeting. In the beginning Reijo Saksa showed once more the functional objectives of the association. The team discussed about the core mission and based on the conversation, the following mission statement was written:

*The core function of Living City Centre of Kotka Association is to increase the attractiveness of the city centers of Kotka in interaction with local entrepreneurs and public authorities.*

#### **24. Further team meetings**

The work of this marketing team will be needed in the future when the association begins to plan concrete marketing actions. The time for the next meeting was not scheduled. The executive director will gather the team when necessary. Eija Grönholm's thesis will be introduced both to this team and the board.

#### **25. Closing**

Reijo Saksa thanked all the participants and closed the meeting at 10.00 o'clock.

The memo was written by *Eija Grönholm*

EIJA THANKS ALL THE MARKETING TEAM MEMBERS AND WISHES SUCCESSFULL TIMES AMONG HOME, WORK AND THE LIVING CITY CENTRE OF KOTKA ASSOCIATION.

