

A strategy for measuring the place marketing performance of business improvement districts in South Africa

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ABSTRACT

Businesses in city centres are increasingly faced with the problem of attracting customers due to competition from suburban shopping centres, high levels of crime and grime, and the inability of local municipalities to provide sufficient public services to core business areas. The business improvement district model is a model implemented for ceasing and reversing the decline in the economic health and environmental quality of city centres by imposing an ad-valorem levy on property owners located within the district in order to fund its operations, which include services like security, sanitation, landscaping and place marketing. Place marketing has become central to achieving increased place competitiveness, stakeholder satisfaction, urban regeneration, and the development of a unique place identity, image and brand.

Business improvement districts need to demonstrate cost-effectiveness and evidence the additional value to the area that accrues from their place marketing efforts. At the time of conducting this study, no evidence could be found of a strategy that has been devised to measure the place marketing effectiveness of business improvement districts in South Africa. In addition, very little research has been conducted on the place marketing activities of business improvement districts, not only in South Africa, but also around the world.

The purpose of conducting this study was therefore to devise a strategy for measuring place marketing performance of business improvement districts in South Africa. By measuring the effectiveness of their place marketing activities, business improvement districts are able to identify discrepancies and purge problem areas timeously. This will enable place marketers to reach their objectives more effectively and efficiently. In addition, place marketers will be able to make more informed strategic decisions concerning the allocation of resources.

The study was qualitative in nature and followed an exploratory research design. Judgement sampling was used to select suitable research participants, and data was collected by means of conducting in-depth interviews with managers who were involved in the design, implementation and control of place marketing strategies. A sample size of nine research participants was realised.

The results indicated that even though business improvement districts included in this study regard place marketing to be one of the primary functions of a business improvement district, it is still trumped by the provision of services like security and sanitation. The results further indicated that none of the business improvement districts included in this study have a formal strategy at hand for measuring the performance of their place marketing activities.

Based on the results, this study proposes a strategy for measuring place marketing performance of business improvement districts in South Africa. In addition, this study provides a list of proposed key performance indicators for business improvement districts to select from when measuring the performance of their place marketing activities.

It is recommended that business improvement districts devise a comprehensive place marketing strategy with clearly defined goals and objectives that are closely aligned with its overall vision and mission. It is further recommended that business improvement districts in South Africa consider the significance of measuring place marketing performance, and to adopt the strategy and its respective key performance indicators proposed in this study to evaluate the performance of their place marketing strategies.

Key words

Marketing, place marketing, business improvement district, performance measurement, place marketing evaluation, marketing control, South Africa, urban regeneration.

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CHAPTER 1: INTRODUCTION AND CONTEXTUALISATION

1.1 INTRODUCTION

This chapter presents the introduction and background to the present study. The reason for conducting the study is motivated and the core theoretical constructs are presented. In order to present sound insight into the issues this study aims to address, the chapter commences by providing a brief overview of the Business Improvement Districts (BIDs) in South Africa. The main theoretical constructs, namely place marketing and the measurement of place marketing effectiveness, are then discussed with specific reference to the role they play in BIDs today, as well as the problem areas that have been identified with regards to these constructs. The objectives of the study, both primary and secondary, are then presented followed by a brief overview of the research methods implemented in order to address these objectives. This chapter conclude with an outline of the structure of this study.

1.2 BUSINESS IMPROVEMENT DISTRICTS

Businesses in city centres are increasingly faced with the problem of attracting customers due to competition from suburban shopping centres. Moreover, the lack of sufficient funding for local municipalities prevents them from providing adequate public services, and as a result, is unable to keep these areas from further decay. Areas that are in decline and with heightened levels of crime and grime prevent desirable customers from frequenting the area, and as a result profitability levels of businesses in the area are adversely affected (Dorritie, 2010:3). According to Morcöl and Zimmermann (2006:32), the rise in popularity of *improvement districts* can be attributed to the abandonment of city centres, the inefficient funding of local municipalities, and stakeholders' increasing search for finding alternative means to public service provision.

Internationally, a variety of different terms are used to denote improvement districts, including *Business Improvement Districts* (BIDs), *Special Improvement Districts* (SIDs), *Public Improvement Districts* (PIDs), *Neighbourhood Improvement Districts* (NIDs), *Municipal Improvement Districts* (MIDs), *Business Improvement Areas* (BIAs), *City Improvement Districts* (CIDs), *Special Assessment Areas*, *Special Services Districts*, and *Business Assistance Districts* (Dorritie, 2010:2; Heimann, 2007:26; Hoyt & Gopal-Agge, 2007:946). A review of the literature pertaining to improvement districts around the world suggests that the most widely implemented term used to denote such an area is *Business Improvement District* (BID), and as such will be used throughout this study.

In a similar fashion, different naming conventions appear in international literature for referring to the central business area of a city. The terms most often used to describe these areas include *Downtown*, *City Centre*, *Local Business Environment* and *Central Business District* (CBD) (Berman & Evans, 2010:277; Didier *et al.*, 2012:921; Hanks & Harker, 2013:10; Rogerson & Rogerson, 2010:577). In South Africa, the most common term used to refer to the core business area of a town or city is the CBD. Since this study is concerned with BIDs in South Africa, the term CBD is used to denote the central business district of a town or city.

It is important to note that the terms *CBD* and *BID* are not synonymous, and are therefore defined differently. A CBD can be defined as the core business area of a town or city in which most of the retail and commercial activity takes place, and where there is a great deal of both pedestrian and vehicular traffic (Berman & Evans, 2010:277; Hanks & Harker, 2013:10). On the other hand, Dorritie (2010:2) defines a BID as an *organisation* comprised of local property owners and merchants. In contrast, then, to a CBD, a BID is a demarcated zone within the CBD (Miraftab, 2007:603).

BIDs were developed in Canada where the growing number of out-of-town retail parks and the relocation of city centre residents to the suburbs were having a detrimental effect on the profitability levels of businesses located within CBDs (Hoyt, 2006:229; Justice & Skelcher, 2009:739).

The origins of BIDs can be traced back to a Canadian businessman residing in Toronto who realised the dangers of the decentralisation of populations from CBDs to the suburbs as well as the increased competition posed by out-of-town shopping areas, and set out to form an association comprised of business owners and property owners within the affected urban areas to pay a monthly fee so as to maintain and improve the environment in which their respective businesses and properties are established (Michel, 2013:1013-1014). In this manner, BIDs were regarded as an effective method for ceasing urban decay and for regenerating affected areas. One of the more significant contributing factors to urban decline was the inability of local municipalities to provide adequate public services in order to maintain the urban areas, and as such, BIDs were able to use collective stakeholders action to finance the provision of such services (De Magalhães, 2012:146). Cook (2008:776) adds in this regard that BIDs appear to offer a private-sector-led solution to revive CBDs and to address declining public services within these areas.

By imposing an additional levy on its members, BIDs are able to finance supplementary public services in order to make it safer, cleaner and more attractive to desirable stakeholders (Didier *et al.*, 2013:121-122). Morcöl and Wolf (2010:906) describe BIDs as legislated associations that are

established and managed by local property owners and that employ self-financing mechanisms in order to provide supplementary services to its members so as to maintain delineated urban environments and keep them free from crime and grime. In essence, BIDs function as a mechanism for regenerating CBDs that have fallen victim to severe economic decline and urban decay.

What renders BIDs salient and important for future consideration, is their ability to provide public services in areas in which local municipalities are unable to do so; to effectively contribute towards urban regeneration; and the development of BIDS into well-managed public-private organisations (Meek & Hubler, 2006:32). According to McCarthy and Doyle (2011:176), most BIDs exist for periods ranging between three to five years. Their perceived success is indicated by the success of renewal ballots once the period has ended, with the vast majority of BID stakeholders voting for renewal of the BID. BIDs often expand their areas after the initial BID period, or new BIDs may have been created alongside existing ones. This provides evidence of the effectiveness of BIDs in their attempt to regenerate decaying urban areas.

Since its origins in Toronto in the late 1960s, the BID model has become central to urban regeneration projects in North America and various countries around the world. The transferability of the BID concept from country to country has been remarkable, and it is now regarded as an international model of urban regeneration (Donaghy *et al.*, 2013:472; Hoyt & Gopal-Agge, 2007:949; Lippert & Sleiman, 2012:61). According to Cook (2008:777) and Morcöl *et al.* (2014:796-797), BIDs have spread to all states of the United States of America, most provinces in Canada, as well as other countries around the world, including the United Kingdom, Ireland, Germany, the Netherlands, New Zealand, Serbia, Albania, Jamaica and South Africa. BIDs in South Africa form the primary focus of this study, and as such are discussed in greater detail below.

1.2.1 BIDs in South Africa

Since the 1990s, BIDs have been established in South African cities to aid in the regeneration of moribund urban areas and to provide public services in town and city centres where local municipalities do not possess the necessary finances to do so (Didier *et al.*, 2013:121; Heimann, 2007:43; Peyroux, 2012:182). According to Heimann (2007:18), South African city centres have become dysfunctional and poorly integrated over the past 20 years. The local municipalities of towns and cities across the country do not have the necessary means and capabilities to provide clean, safe and attractive urban environments. In addition to decentralisation and the loss of related employment, the decline of South African cities can be attributed to the shift in a majority of the commercial activity to the suburbs from the 1970s onwards; this was compounded by the

relocation of large retailers from the city centre to the suburbs in the 1980s; and the 1990s saw the relocation of major companies to the suburbs as a result of heightened crime levels, poor infrastructure and vagrancy prevalent in the CBDs. As a result, buildings located in city centres were unoccupied, property owners were not receiving rental income, property values dropped and as a result, municipal rates followed suit which led to the inability of municipalities to finance the provision of public services to the area (Peyroux, 2012:185).

Van Eeden (2013:136-137) propounds that in response to this capital flight and more recently the growing interest in support of CBDs for a variety of social and economic reasons, municipalities across South Africa have embarked upon efforts to regenerate decaying urban areas. Michel (2013:1019) states that various forms of privatised governance were considered as possible means to cease and reverse the prevailing urban decay, with the BID concept being one such form. After research conducted on BIDs, the Toronto-origin model was adopted as a promising resolution to the rapid deterioration of CBDs in South Africa (Didier *et al.*, 2013:121). The implementation of BIDs addressed a mutual concern among stakeholders within both the private and public spheres over commercial and economic deterioration in CBDs and the associated decline in municipal rates and property values. BIDs were introduced in South Africa by prominent figures in the private sector as an improvised solution to the prevailing decay in CBDs, with the first of these being established in Johannesburg's CBD in 1993 (Didier *et al.*, 2013:121-125).

BIDs were first established in the CBDs of larger cities such as Johannesburg, Cape Town, Durban and Pretoria. Once secured in major CBDs and following its success in the regeneration of moribund urban areas, BIDs proliferated to a number of different towns and cities in South Africa (Didier *et al.*, 2013:128). According to the Johannesburg CID Forum (2018), there are currently more than 50 BIDs in South Africa, with more currently being established in the economic nodes of affluent areas where stakeholders are concerned over perception issues, property values and the occurrence of possible urban decay.

Heimann (2007:23) notes that in order to regenerate CBDs, BIDs in South Africa strive towards: (1) regenerating urban areas that have been affected by urban decay and economic decline; (2) improving the safety, cleanliness and attractiveness of urban environments; (3) to improve the urban pattern through the development of more compatible land uses for new housing developments; and (4) to engage in social development by providing opportunities for employment and by addressing vagrancy within the areas in which they are established. BIDs aim to achieve these objectives by providing supplementary public services to BID members and by implementing various other BID-related practices.

1.2.2 Services offered by BIDs

According to Meek and Hubler (2006:32), BIDs attract support from relevant stakeholders providing supplementary public services to a delineated business area. A clear distinction is made between the services that are provided by the local municipality and those provided by BIDs; and therefore, government and BIDs regard each other as mutually advantageous to the vision, mission and objectives of these entities. The social and economic development within a strictly defined area, usually in CBDs, is one of the primary objectives of a BID. BIDs are able to address this objective by: (1) determining the precise location of the BID and defining its boundaries; (2) gaining the approval of the majority of property/business owners within the confines of the BID to partake in the BID; (3) devising a formal district plan and taxation schedule; and (4) establishing a steering committee or board that uses the funds accumulated by the taxation incurred by property/business owners to provide the necessary goods and services (Monk, 2012:20).

Michel and Stein (2014:5) note that BIDs differ with regards to their respective functions and to the types of services they offer. The majority of BIDs worldwide concentrate their work on those services regarded as most effective in increasing the value of real estate and the turnovers of businesses in the particular area (Peyroux *et al.*, 2012:111-112). According to Dorritie (2010:3) and Lippert (2010:481), the services offered by BIDs usually include traditional public services such as security, trash collection, landscaping and infrastructure. In addition, there has been an increasing recognition of the potential of BIDs to achieve more ambitious outcomes such as education, employment and environmental initiatives. BIDs are also becoming more involved in strategic planning activities such as urban planning and devising marketing strategies (Grunwald *et al.*, 2013:622; McCarthy & Doyle, 2011:176-177; Miraftab, 2012:293).

It is, therefore, increasingly important for BIDs to devise and implement effective marketing strategies. This is because increased competition posed by suburban shopping centres is making it difficult for businesses in CBDs to attract customers (Dorritie, 2010:3). In addition, Fox (2013:22) argues that there is still a negative perception of CBDs that does not reflect the positive changes brought about by the establishment of BIDs. One of the main objectives of devising an effective marketing strategy is to improve the perception of BIDs with a view to increase the public use of BIDs and to attract more customers to these areas (Monk, 2012:31). Eshuis *et al.* (2013:507) propound that marketing has therefore become a strategy widely used by municipalities and regional authorities in the governance of cities, towns, and districts in order to increase the competitiveness of places and to attract target markets. These measures include promoting and creating positive perceptions, and also *product development* in the sense of developing the place in a way that responds to the demands of target markets. Since BIDs have become an international model of urban regeneration, the wider impact of BID strategies that transcend the

provision of services such as safety, landscaping, infrastructure and sanitation must be considered (Hoyt & Gopal-Agge, 2007:949). For BIDs to be successful requires the ongoing investment of resources when developing effective marketing strategies in order to develop a clear brand position and a positive image (Runyan & Huddleston, 2006:61).

1.3 PLACE MARKETING

While CBD regeneration is typically associated with bricks-and-mortar upgrades, its success is often associated with how well these improvements increase positive perceptions and use of the area. Therefore, marketing campaigns are often cornerstones of regeneration efforts – whether as rebranding initiatives, event-specific campaigns, or simple reminders to visit the area (Anderson *et al.*, 2009:126). Eshuis *et al.* (2014:152) supports the notion that marketing has clearly become an important driving force in urban development and regeneration.

Kavaratzis and Ashworth (2008:151) propound that places experience the need to differentiate themselves from each other by emphasising their unique characteristics and place offerings in an attempt to achieve various social and economic objectives. These sentiments have given rise to conscious attempts by places around the globe to design a distinctive place image, and to promote this place image to particular target markets. Therefore, a business-based model of governance of cities, towns and districts has developed. Business practice relies on branding and marketing to promote places (Zavattaro, 2012:213-214). According to Kavaratzis and Ashworth (2008:150), various advances within the marketing science and associated fields have shaped the concept of *place marketing*.

Place marketing can be described as the implementation of marketing tools to geographical locations. Braun (2008:43) defines place marketing as “the coordinated use of marketing tools supported by a shared customer-oriented philosophy for creating, communicating, delivering, and exchanging urban offerings that have value for the city’s customers and the city’s community at large”. As can be seen from this definition, the coordinated use of marketing tools is significant in place marketing. Within the literature, a variety of strategies and tools are suggested as components of a *marketing mix* for place marketing. Place marketing does not only concern the geographic location, but also the perceptions of, and identity of the place (Eshuis *et al.*, 2014:154).

Place marketing strategies are used by BIDs, not only in South Africa but around the world in order to assist in the development of positive perceptions of a place; shaping and improving the perception of once decayed CBDs (Marquardt & Füller, 2012:154). According to Fox (2013:15), BIDs are often the sole organisation in a region that promotes the CBD as a place to work, live, and play. Through the implementation of various place marketing strategies and activities, BIDs

are able to promote the regenerated CBD as a *live, work and play* environment for affluent customers. In addition, BIDs make use of place marketing strategies to improve the perceptions of the area in which they are established, with the explicit aim of attracting capital (i.e. businesses, tourists, residents, customers and investment) from elsewhere (Niedomysl & Jonasson, 2012:225-226). As such, place marketing is not merely implemented as a promotional tactic focussed at developing positive perceptions, but also as a component of a marketing-led development of BIDs.

A very important benefit derived from place marketing for BIDs can be realised by considering the marketing concept, which entails gaining a better understanding of the specific demands of the customers. A more profound understanding of BID customers will therefore enable BIDs to develop a more targeted approach to appeal to potential customers. In other words, BIDs that want to attract and retain specific stakeholders can be more successful in their attempts if they were aware of the preferences and needs of the target markets and if they were to invest in an attractive environment according to these preferences and needs.

The three main target markets identified in the literature on place marketing and branding are residents, businesses, and visitors (Braun *et al.*, 2013:18). In a highly competitive arena in which stakeholders have a wide variety of options, it is important for BIDs to have a well-defined target market and to customise promotional messages in order to effectively communicate with their targeted audience. A more targeted and customised approach to the demands of the BID's target market has a better chance of being successful than an unfocused effort. Place marketing provides a BID with a set of tools (such as branding, segmentation and marketing communication) that can contribute to the effectiveness of the targeted approach for specific stakeholder groups. The place marketing activities that are implemented in order to improve the image and perception of BIDs are especially significant, particularly in a competitive environment where the media has a prominent effect on the perceptions of stakeholders (Braun, 2008:46). Fox (2013:22) propounds that changes in perceptions of the district constitute a central means for BIDs to measure their performance.

1.4 MARKETING PERFORMANCE MEASUREMENT

Marketing professionals are under ever-increasing pressure to justify expenditure on marketing. The inability of marketing to demonstrate its contribution to organisational performance has weakened its standing within organisations. Therefore, more research on the measurement of marketing performance is required (Gao, 2010:25). According to Homburg *et al.* (2012:1), guided by the demands for greater accountability in marketing management, many organisations have spent considerable resources extending and improving their marketing performance

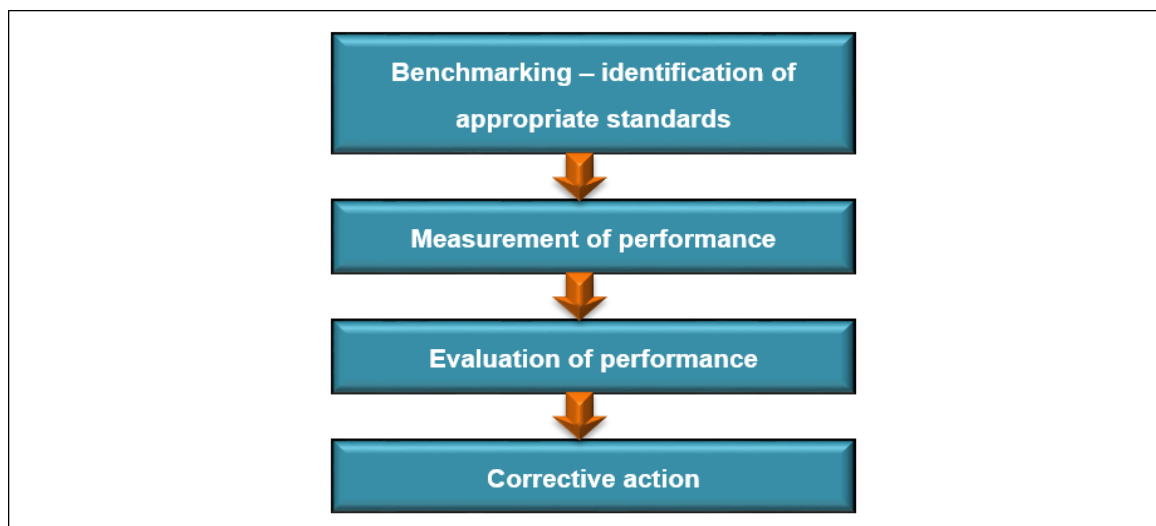
measurement systems. An important task in this regard is to design an appropriate marketing performance measurement strategy and set of performance variables (metrics/KPIs) for marketing control purposes.

Performance evaluation and control are key components of the strategic marketing process. It often happens that the intended marketing strategy differs from the realised strategy due to various reasons, including changes in the business environment of the organisation, inappropriateness of the strategy, or poor implementation. The ongoing process of measuring and evaluating the performance of a marketing strategy and the effectiveness of its implementation is referred to as marketing control (Jooste *et al.*, 2012:454).

1.4.1 Marketing control

Wood (2010:248) defines marketing control as “the process of setting standards and measurement intervals to gauge the marketing progress, to measure interim results after implementation, to diagnose deviations from standards, and making adjustments if needed to achieve the planned performance”. Marketing control therefore allows organisations to determine whether their chosen marketing strategies are indeed leading to the expected performance. By implementing effective marketing control, discrepancies in the existing marketing strategies can be identified and rectified accordingly. Figure 1:1 portrays a typical marketing control system.

Figure 1:1 A marketing control system



Source: Adapted from Wood (2010:249) and Reed (2010:323).

The marketing control process begins with the objectives that have already been set, as well as the detailed forecasts, budgets, schedules and/or KPIs that have been developed to track post-

implementation progress toward the objectives. The standards that should be met to show progress at each interval of measurement must then be identified. According to Reed (2010:322), there are two types of standards, namely *comparative* standards (based on a comparison with competitor performance, industry averages, world best practices and historical performance levels) and *ideal* standards (established on what is regarded as perfect).

The next step in the marketing control process is to measure and evaluate the marketing performance. Gao (2010:30) defines marketing performance as the effectiveness and efficiency of a business's marketing activities with regards to market-related objectives such as revenue, growth, and market share. According to Wood (2010:226-227), marketing performance can be measured by using the following four tools:

- **Schedules** are time-defined plans for coordinating and accomplishing tasks related to a specific programme or activity such as new product development. Individual schedules can be prepared with starting and ending dates as well as responsibilities for the major tasks within a programme, plus an overall schedule that reflects the key tasks and target dates for implementing marketing plan programmes.
- **Forecasts** project the estimated level of sales and costs for the specific period covered by the marketing plan. The comparison between planned and realised performance levels can allow management to purge the identified problem areas by adjusting the activities related to sales and costs.
- **Budgets** refer to the allocation of finances reserved for specific purposes during a specific period of time. Once the marketing strategy has been implemented, one must determine whether the expenses incurred have exceeded the allocated budget or not.
- **KPIs** are specific numerical standards used on a regular basis to measure selected performance-related activities and outcomes. The point is to examine interim results by applying KPI measurements at set intervals and to analyse the progress of the marketing plan objectives.

Once performance has been measured and evaluated, problems and deviations are identified. Wood (2010:251) propounds that when responding to identified deviations, one of three corrective actions can be taken: (1) make amendments the marketing schedules, strategies and/or budgets; (2) alter existing KPIs or select new KPIs to measure performance; or (3) review and amend the expectations and objectives of the marketing strategy.

1.4.2 Measuring place marketing performance

Technological advancements in public transport and perforated trade barriers have led to places around the world fiercely competing for visitors, residents, skilled labour, investment and other resources in order to achieve their respective economic, social and commercial objectives (Hanna & Rowley, 2011:458-459). It therefore seems that the question currently facing places is not *whether* to implement place marketing strategies, but *how* to implement and control these place marketing strategies most effectively.

It therefore becomes increasingly necessary to measure place marketing performance in order to identify problems and discrepancies in both the short-term and long-term place marketing objectives. Once these problems have been identified, various corrective actions can be taken in order to improve the effectiveness and efficiency of place marketing strategies. Despite the clear importance of measuring place marketing performance, no strategy of measurement has yet been developed to measure place marketing performance of the place marketing strategies implemented by BIDs in South Africa.

1.4.3 Towards a strategy for measuring place marketing performance

Various elements contribute towards the development of a performance measurement strategy. According to Pergalova and Angulo-Ruiz (2011:2-3), the relevant elements of a framework for measuring place marketing performance are as follows:

- The stakeholders

Stakeholders play a strategic role in place marketing. The stakeholders who participated in the design and implementation of the BID's place marketing strategy should assist in the design of a measurement strategy as they are well-versed with the place marketing objectives that need to be achieved. Thus, relevant stakeholders who are responsible for developing, implementing, and/or evaluating the BID's place marketing strategy should be identified.

- The target market(s)

Selecting appropriate target markets is a core aspect of place marketing. Identifying these target markets is therefore a requirement for successful place marketing, as it forms the foundation for the objectives of the marketing efforts. Therefore, by identifying the BID's respective target market(s) will help to formulate specific place marketing objectives.

- Factors (resources)

Factors pertaining to resources play an influential role in place marketing, particularly in creating the place image and perceptions. Places are constantly striving to create and use their competitive advantage in order to lure desirable stakeholders (Rainisto, 2003:15). BIDs should identify, promote and/or develop place marketing factors (see section 3.5.2) that are aligned with the needs and preferences of targeted stakeholders so as to attract these stakeholders to the BID. Place marketing factors are therefore considered to be core resources that enable a BID to achieve its place marketing goals and objectives (Pergalova & Angulo-Ruiz, 2011:3).

In addition to the above elements, Wibisono (2011:110) propounds that there are various other elements that should be considered when developing a performance measurement strategy, namely:

- Analysing the BID environment

Identifying the various elements (both internal and external) of the environment in which the BID is established allows for the formation of customised performance measurement strategies. An analysis of the BID's environment has therefore become the foundation for determining performance variables and performance standards when developing a performance measurement strategy.

- Formulating statements

The performance measurement strategy should be closely tied to the vision, mission and objectives of the BID. The choice of performance measures is therefore determined by considering the particular vision, mission and objectives of the BID. The aim and purpose of a performance measurement strategy is to gauge whether the BID is moving in the right direction to realise that vision.

- Analysing current performance measurement methods

It is important to analyse the existing performance measurement strategy of the BID (if indeed available) with a view to identify possible errors, and thereby preventing the duplication of such errors when developing a new or adapted performance measurement strategy.

- Determining performance variables (KPIs)

Identifying and selecting the most applicable and relevant KPIs is the most important step in developing a performance measurement strategy. A large number of KPIs is available. The choice

of KPIs implemented to measure the BID's performance should be based on the optimisation between the degree of importance and the practical aspects of implementation, as it would not be feasible to use all the available KPIs.

The present study aims to identify and explore the aforementioned elements in pursuit of integrating the newly acquired insights pertaining to developing a strategy for measuring place marketing performance of BIDs in South Africa. The development of such a strategy is a response to an identified problem area within the place marketing management of BIDs in South Africa. The primary problem area identified was the lack of effective place marketing effectiveness measurement. In addition, it has been noted that BIDs in South Africa do not possess a formal place marketing strategy, albeit awarding great prominence towards their place marketing efforts. Internationally, it has been noted that very few, if any, studies have been conducted on BIDs and their place marketing efforts. The following section provides a discussion of the identified problem areas, and presents a motivation for this study.

1.5 PROBLEM STATEMENT

The ability of BIDs to regenerate moribund urban areas makes them an important area of study. According to Dorritie (2010:14), decisions concerning the establishment of BIDs and the rollout of various BID services must be well informed. Greater attention should therefore be given to establish whether BIDs are, indeed, achieving the regeneration and development objectives they claim to address at a cost borne by BID members.

Very few studies have been conducted in order to determine the degree of success BIDs attain in pursuing their respective objectives. Lippert and Sleiman (2012:74-75) state that only by conducting experimental studies on the success of BIDs in achieving their objectives and by investigating the effectiveness of the implementation of BID-related services will allow one to deduce to the value of BIDs as a method to cease and reverse urban decline. BID-related practices mainly include, but are not limited to, capital improvement, maintenance, sanitation, security and place marketing (Meltzer, 2011:67; Peyroux, 2012:182). Sanitation and security are regarded as the primary focus of many BIDs around the world, and therefore numerous studies have explored these practices (Cook & MacDonald, 2011:448; Gross, 2013:354; Grunwald *et al.*, 2013:626; Hoyt & Gopal-Agge, 2007:949; Michel & Stein, 2014:15; Monk, 2012:1). Studies have also been conducted on determining how BID-related practices, specifically those relating to maintenance and capital improvement, affect the value of properties located within BIDs (Ellen *et al.*, 2007). However, other BID-related practices, such as place marketing, have been neglected. This is despite the fact that place marketing is regarded as one of the most important interventions within BIDs today (Heimann, 2007:44).

BIDs located in CBDs are finding it increasingly difficult to survive due to fierce competition posed by suburban shopping centres (Dorritie, 2010:3). One of the primary objectives of BIDs is to improve the profitability levels of businesses located in the district in order to retain them and to increase their operations in the area. In order to attract more customers and investment and to improve perceptions, BIDs aim to promote a unique identity and image that can justify the additional hassle of travelling to the BID from the suburbs (Caruso & Weber, 2006:204-205). Zavattaro (2012:214) asserts that just as businesses must attract a large number of customers to survive, municipalities using business-based forms of government (like BIDs) are using the same marketing practices. In addition, cities and municipalities that have declined might regard effective place marketing as an incentive to diversify and change the perceptions of the area. As such, there has been considerable discussion concerning tactics that might improve the place marketing strategies of BIDs in order to attract more customers to the area and to improve perceptions of BIDs and the urban milieus in which they are established (Hanks & Harker, 2013:10).

According to Fox (2013:22), changes in perception of a district are an integral way in which many BIDs gauge their success. BIDs operate on the assumption that their practices contribute towards positive changes in the perceptions of the district that should, in turn, translate to the district becoming a more welcoming place for both customers and investors. However, BID stakeholders as well as academic researchers have come to recognise that there are often still negative perceptions of a district that does not reflect the positive changes brought about by the establishment of BIDs (Braun 2008:139). Maheshwari *et al.* (2011:209) propound that effective place marketing strategies may change negative perceptions of an area.

In order for BIDs to attract more customers and investment, and to improve negative perceptions of BIDs, effective and efficient place marketing strategies must be developed and implemented (Anderson *et al.*, 2009:126; Maheshwari *et al.*, 2011:209; Marquardt & Füller, 2012:154). For BIDs to improve the effectiveness of their place marketing strategies, a relevant strategy for measuring place marketing performance must also be developed and implemented. By measuring place marketing performance, problems in the respective place marketing strategy and deviations from the strategy can be identified (Wood, 2010:251). BIDs can then adjust their place marketing strategies in order to improve their effectiveness by considering and purging the problem areas that have been identified after engaging in place marketing performance measurement.

In recent years, scholars and government advocates have argued strongly for the use of performance measurements within economic development programmes. The implementation of performance measurements is usually integrated into an overall strategic programme or plan (Caruso & Weber, 2006:192). Due to the fact that BIDs do not regularly measure their place

marketing performance, very little data exists that can guide strategic decisions for the future. Dorritie (2010:10) propounds that data relating to the performance of BID-related practices would help BIDs to decide which strategies are effective and which are not (for example, would the deployment of security guards lure sufficient customers to the BID without the use of an effective place marketing strategy?) (Donaghy *et al.*, 2013:471; Dorritie, 2010:11). BIDs therefore require relevant data that is current in order to help them to decide on the most appropriate strategies to implement that will ultimately help to achieve the objectives most effectively and efficiently (Caruso & Weber, 2006:188; Justice & Goldsmith, 2006:111).

According to Pergalova and Angulo-Ruiz (2011:1), despite the importance of place marketing for BIDs, the practice of determining place marketing performance of BIDs has not received sufficient attention in academic literature. Extant place marketing literature mainly considers the outcome of place marketing efforts (i.e. perceptions, image or brand attitudes formed) without examining *how* the relevant place marketing strategies have performed in achieving the results. By measuring place marketing performance, BIDs would be able to identify strengths, weaknesses, and constraints, and ultimately develop responsive place marketing strategies, either exploiting strengths or correcting or compensating for weaknesses (Aaker & McLoughlin, 2010:99).

At the time of conducting this study, no evidence could be obtained from the extant literature of a strategy that has been developed for the purpose of measuring place marketing performance of BIDs in South Africa. The development of such a framework will enable BIDs to measure place marketing performance, and by so doing, identify discrepancies in their current place marketing strategies. As a result, BIDs would be able to amend their current place marketing strategies in order to improve effectiveness and efficiency. Implementing an effective place marketing strategy could attract more stakeholders to the area by altering negative perceptions that may exist of BIDs and the urban environments in which they are established (Aaker & McLoughlin, 2010:99; Anderson *et al.*, 2009:126; Maheshwari *et al.*, 2011:209; Marquardt & Füller, 2012:154). Therefore, the main motivation for conducting the present study is to develop a strategy for measuring place marketing performance of BIDs in South Africa.

1.6 RESEARCH OBJECTIVES

The following primary and secondary objectives have been formulated for this study:

1.6.1 Primary objective

The primary objective of the study is to develop a strategy for measuring place marketing performance of BIDs in South Africa.

1.6.2 Secondary objectives

The following secondary objectives were developed as a means to achieve the primary objective:

- (1) To establish the formation, structure and scope of BIDs in South Africa.
- (2) To determine the place marketing activities of BIDs in South Africa.
- (3) To identify the stakeholders who are involved in the development, implementation, and/or evaluation of place marketing strategies of BIDs in South Africa.
- (4) To identify the target markets of BIDs in South Africa.
- (5) To explore the place marketing objectives of BIDs in South Africa.
- (6) To identify the place marketing factors of BIDs in South Africa.
- (7) To investigate how BIDs in South Africa currently measure place marketing performance.

1.7 METHOD OF INVESTIGATION

This section provides a brief outline of the methods used to conduct the empirical research for the study – a discussion of these is provided in Chapter 6. This section commences with an explanation of the research design that was implemented, followed by a discussion of the research instrument used, the sampling plan, data collection method, and the techniques used to analyse the data.

1.7.1 Research design

For the purpose of this study, an exploratory research design was used. Exploratory research is conducted when the topic under investigation has not yet been studied or where very little information is available, and where a researcher attempts to develop initial ideas and a more focussed research question, and also when the population size of the study is relatively small (Bradley, 2010:511; Burns & Bush, 2014:10; Struwig & Stead, 2007:7). Since this study aimed to gain current, relevant background information from a small population size, about the general nature of the research problem, in an area that has not been studied before, the decision to implement an explorative research design is motivated.

The study was explorative in nature and therefore a qualitative research design was selected. This type of research design was selected in order to gain an in-depth understanding of how BIDs in South Africa implement and evaluate place marketing strategies, and thereby aiming to improve

the efficiency of quantitative research by using the results of the study to develop a strategy for measuring place marketing performance (Bradley, 2010:230; McDaniel & Gates, 2010:116; Zikmund & Babin, 2013:100). In addition, very little research has been conducted on place marketing strategies of BIDs and their performance. Thus, exploratory research is required and a qualitative research design provides this capability better than any alternative designs (O'Leary *et al.*, 2004:340).

1.7.2 Research instrument

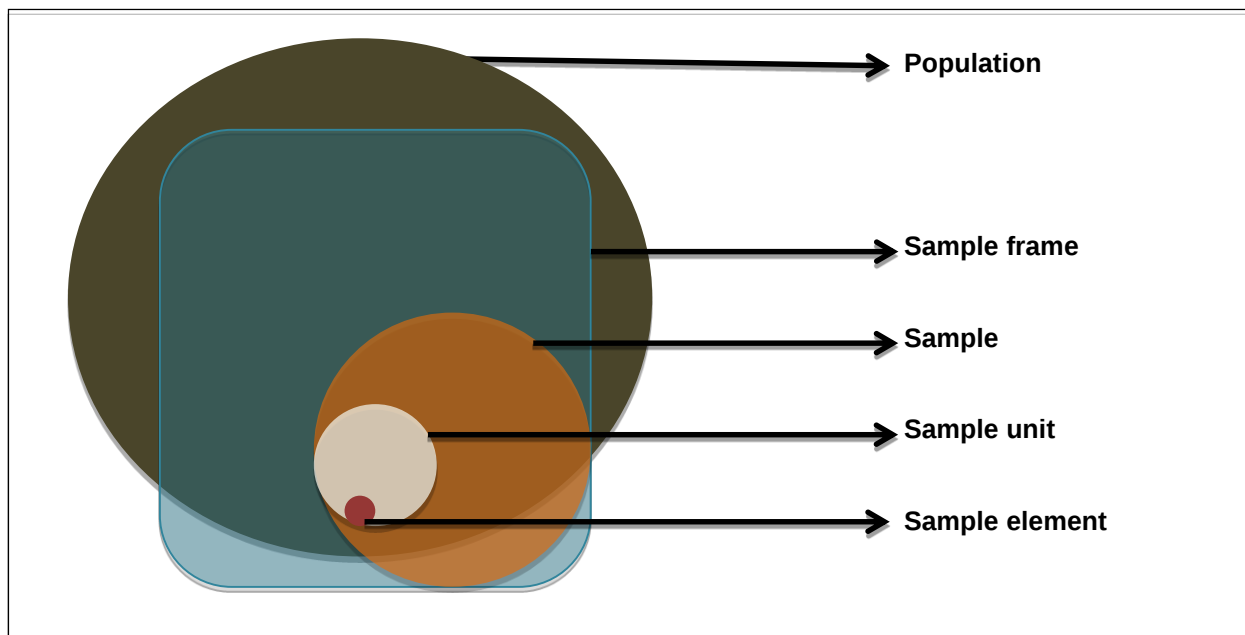
In order to collect the primary data for use in this study, a qualitative research approach was used. In-depth interviews were conducted with research participants, in which a semi-structured interview guide was used to prevent the interview from digressing into a trivial conversation. The interview guide included the following sections (see Appendix B):

- Section A: Introduction to the study.
- Section B: Formation, structure, and scope.
- Section C: Place marketing strategy.
- Section D: Performance evaluation of place marketing strategy.
- Section E: Closure.

The interview guide was then used when conducting 55-60 minute in-depth interviews with research participants selected from the sample population, as explained in the following section.

1.7.3 Sample plan

The process of selecting a relatively small group of people who have the same characteristics and preferences as those in the total population from which it is drawn is called sampling (Silver *et al.*, 2013:151). Sampling has its own basic terminology: population, sample frame, sample, sample unit, and sample element (Burns & Bush, 2014:238; Struwig & Stead, 2007:110). These sampling concepts are represented in Figure 1:2.

Figure 1:2 Basic sampling concepts

Source: Adapted from Burns & Bush (2014:238).

The sampling used in this study plan is summarised in Table 1:1. No sample frame has been specified for the study. Therefore, an appropriate method of sampling was used to draw the sample from the total population.

Table 1:1 Sampling plan for the study

Design elements	Application to empirical study
Target Population	
Sampling elements	All the managers/executives who are actively involved in the development, implementation and/or evaluation of the place marketing strategy.
Sampling unit	Business Improvement District (BID).
Extent	The Republic of South Africa.
Time	November/December 2017.
Sampling procedure	Non-probability, judgement sampling.
Sample size	Nine participants.

Sampling elements were selected from the population by means of a non-probability judgement sampling method, which implies that each sampling element was chosen deliberately so as to fit certain criteria with which participants were expected to be involved, or have an influence on, the

place marketing strategies of the particular BID. A sample was drawn from the target population, as it was not possible to conduct in-depth interviews with the entire population.

Finally, this study's sample size was largely determined by reaching the point of saturation, which refers to a point that is reached during qualitative data collection where very little new evidence is obtained from each additional sampling unit. There is thus a point of diminishing return where increasing the sample size no longer contributes to new evidence. A sample of 6 to 10 participants usually suffices when conducting a qualitative study (Padgett, 2012:75). Even though an initial sample size of 10 research participants was proposed, the point of saturation was reached when conducting the 8th in-depth interview. The point of diminishing return was specifically realised when asking participants questions relating to the place marketing activities of their respective BIDs – with most participants stating that they do not have any formal marketing strategy, measurement strategy and/or corrective action plan in place. The point of diminishing return was confirmed by conducting an additional interview, and thus a total sample size of 9 research participants was realised.

1.7.4 Data collection

Struwig and Stead (2007:243) concur that qualitative research favours in-depth analyses that entail examining the dynamic interaction of the individual, the context and interdisciplinary facets. The primary data was collected for this study by conducting in-depth interviews with research participants. The conversations were recorded on a Dictaphone and were transcribed by a professional digital audio and video transcription services provider prior to further analysis.

1.7.5 Data analysis

According to Gibbs (2007:1), qualitative research produces a voluminous collection of data that must be processed through analytic procedures into a clear, understandable, insightful, trustworthy and even original analysis. Data analysis plays an important role in turning a large quantity of data into defensible, actionable sets of conclusions and reports, thereby unleashing the potential of marketing intelligence (Aaker *et al.*, 2007:431). Grbich (2013:26) states that the outcome sought by conducting data analysis in qualitative studies is the development of explanatory concepts, models and strategies.

After considering all the available approaches to qualitative data analysis, the Morse and Field approach (1996) was selected for this study. This method of data analysis was chosen because a clear distinction between various steps of analysis is outlined and the method is user-friendly. In addition, the Morse and Field approach has been successfully implemented as method of analysis in academic work of management and marketing disciplines (Botha, 2009; Maritz, 2012;

Niemann, 2005). Morse and Field (1996:103) identify four key steps that were followed in analysing the qualitative data collected for this study:

- (1) Step 1: Comprehend
- (2) Step 2: Synthesise
- (3) Step 3: Theorise
- (4) Step 4: Recontextualise

In steps 1 and 2 of the Morse and Field approach, the ATLAS.ti program was used to code the collected data and to apply category analysis so as to identify categories and themes from the collected data. The data analysis and codebook for the study is available on the CD-ROM at the back of this thesis.

According to Silver *et al.* (2013:105), good research is *good* because it generates believable data as a picture of reality. This can be achieved by using a data collection instrument that can consistently generate similar results when used repeatedly (referred to as reliability), and can measure what it intends to measure (referred to as validity). Malhotra and Birks (2006:140) define reliability as “the extent to which a measurement reproduces consistent results if the process of measurement were to be repeated”. Therefore, reliability refers to the consistency of findings that enables findings to be replicated (Proctor, 2005:208). According to Burns and Bush (2014:111-112), whilst reliability relates to the accuracy and stability of measure, validity relates to the appropriateness of the measure to assess the construct it purports to measure. In qualitative research, both reliability and validity concern trustworthiness (Rolfe, 2006:305; Struwig & Stead, 2007:133, 143). The aim was to deliver truthful results and to limit errors in the qualitative research design of the study by focusing on achieving trustworthiness throughout the research process. Guba (1981) proposes four criteria that should be considered by qualitative researchers in pursuit of a trustworthy study:

- (1) Credibility (in preference to internal validity)
- (2) Transferability (in preference to external validity)
- (3) Dependability (in preference to reliability)
- (4) Confirmability (in preference to objectivity)

A discussion on how the data was analysed for this study by using the Morse and Field approach, as well as how the four criteria proposed by Guba to ensure trustworthiness was adhered to is provided in Chapter 6.

1.8 PROPOSED CONTRIBUTION OF THE STUDY

An analysis of the literature was conducted based on BIDs, both internationally as well as in South Africa, as well as on the constructs related to the problem areas identified with regards to BIDs in South Africa, namely marketing, place marketing, and the measuring of place marketing performance (see Chapters 2, 3, 4 and 5). The literature that was analysed, combined with the empirical results, was used to address the secondary objectives of this study. By achieving the secondary objectives, the primary objective of this study could ultimately be addressed, which was to devise a strategy for measuring the place marketing performance of BIDs in South Africa. This strategy is presented and discussed in greater detail in Chapter 8.

1.9 CHAPTER DIVISION

A brief description of the main elements and focus points of the study is set out below. A schematic representation of the chapter outlay is depicted in Figure 1:3.

Figure 1:3 Schematic representation of chapters**Chapter 1: Contextualisation of the study**

This introductory chapter serves as an overview of the problem that constitutes the focus of this study. It also explains how the identified problem areas are addressed throughout the course of the study. The chapter commences with a brief overview of the BID model, and continues to discuss the constructs associated with the identified problem areas within South Africa's BIDs which are addressed in this study, namely marketing, place marketing, and the measuring of place marketing performance. The problem statement is provided, followed by a brief discussion of the research methodology.

Chapter 2: Marketing

This chapter presents a perusal of literature on marketing by firstly discussing the evolution of the marketing concept and providing a definition of marketing as it is applied in this study. The chapter proceeds by discussing the marketing process and each of its constituents, after which a detailed explanation of the marketing strategy is presented. A brief overview of how consumer behaviour affects the decision-making process follows, and the chapter concludes by explaining the importance of marketing control, which is an important aspect of this study. The discussion of the

marketing concept is to present relevant insights into the importance of and to thus act as a prelude to Chapter 3, in which the marketing concept is extended to the practice of place marketing.

Chapter 3: Place marketing

Even though the concept of place marketing is not a new phenomenon, very few academic studies have been conducted pertaining to its impact and significance. As it is a relatively vague concept in academia, this chapter provides a brief explanation as to how the concept originated, followed by a more comprehensive discussion of place marketing by considering the various different definitions obtained from the place marketing literature. The chapter proceeds by explaining how a place can be commoditised into a product that can be marketed to an array of different target markets. A discussion pertaining to how place marketing developed from the traditional concept of marketing is then provided, after which the differences and similarities between these two forms of marketing are clarified. The chapter continues by providing a discussion on the importance and effect of place marketing today, which is an important factor to consider in the context of the present study. The levels of place marketing are then delineated, after which the chapter concludes by providing a brief discussion on the necessity and importance of measuring place marketing performance, which is discussed in greater detail in Chapter 4.

Chapter 4: Measuring place marketing performance

This chapter commences by providing a brief overview of marketing control, as well as the importance of businesses to practice effective marketing control measures. Then follows an analysis of the marketing control process by discussing each step of the process. Various performance measurement systems used by businesses today are explored, and a number of different performance measurement systems devised for the purpose of measuring overall business performance (specifically focussing on marketing and place marketing performance) is discussed with reference to the deficiencies of these systems. The chapter proceeds with a discussion of the performance measurement of place marketing activities, and emphasises the current deficiencies and problem areas prevalent in this area of place marketing practice. Finally, the chapter concludes by providing an explanation of the importance of conducting further research into the field of place marketing performance measurement, as well as a discussion of the requirements necessary for devising a strategy to measure place marketing performance.

Chapter 5: Business improvement districts

In this chapter, the origin of BIDs and their global proliferation is discussed. A detailed definition of the BID concept is provided, after which the process of forming a BID is explained. The chapter continues by an explanation of the different forms of BID governance and the various financing

mechanisms utilised by BIDs across the globe. South Africa is one of the many countries that have adopted the BID model in order to regenerate decayed urban milieus. The chapter continues by providing an analysis of BIDs specific to the South African context. The literature has indicated that BIDs are finding it increasingly difficult to measure the results of their various place marketing activities, and therefore the chapter concludes by a discussion on the gap that currently exists in the measurement of a BID's place marketing performance.

Chapter 6: Research methodology

This chapter provides insights into the marketing research process that was followed when conducting this study. The chapter includes a discussion of each of the respective stages of the marketing research process, and provides an explanation as to why specific methodologies and research designs have been selected to address the problems identified in the study, and to achieve the secondary and primary objectives. The chapter also presents the research design, research instrument, sampling plan, data collection, and the method selected for analysing the data and the approach used to ensure the trustworthiness of results.

Chapter 7: Empirical results

The purpose of this chapter is to report the empirical research results. The chapter commences with a review of the in-depth interview questions that appeared in the interview guide, and presents the interpretation categories that are identified in step two of the Morse and Field approach. The chapter concludes by providing a detailed explanation of the main findings in each of the identified themes.

Chapter 8: Conclusions, limitations and recommendations

This chapter concludes the study by presenting specific findings and recommendations in light of the results that were obtained. The conclusions pertaining to each secondary objective are provided (these are based on the main findings reached in Chapter 7). Based on research results obtained by conducting this study, a strategy for measuring place marketing performance of BIDs in South Africa is proposed.

CHAPTER 2: MARKETING

2.1 INTRODUCTION

The purpose of this chapter is to provide insight into the science of marketing, which constitutes the fundamental theoretical foundation of this study. The chapter commences with a discussion on the development of marketing theory and practice, after which the definition of marketing is delineated with particular reference to its development and adaptation over time. Following the discussion pertaining to the origin and definition of marketing, the chapter proceeds with an effusive analysis of the marketing process and subsequently provides a concise explanation of each of its respective constituents. A detailed description of the marketing strategy ensues by means of an explication of each of the individual components it comprises. The chapter continues with a discussion on how the study of consumer behaviour affects the marketing strategy, specifically focusing on the consumer decision-making process. The chapter concludes with a brief explanation of the importance of effective marketing control and measurement.

2.2 THE DEVELOPMENT OF MARKETING THOUGHT AND PRACTICE

The strategic and applied field of marketing has always played a role in achieving various business objectives; however, its importance has varied greatly over time (Kurtz, 2015:8). In 1960, the *Journal of Marketing* published an article written by Robert Keith entitled “The Marketing Revolution”. Keith (1960) identified four eras of increasingly sophisticated marketing. He based his findings on the marketing efforts applied by the Pillsbury Company of which he was then an executive vice-president and director. According to Keith (1960), Pillsbury’s revolution in the sphere of marketing began within a production era extending from its beginnings in 1869 into the 1930s. The production era was followed by a sales era that began in the 1930s and which extended to 1950. The remainder of the 1950s was characterised as the actual era of marketing, when the consumer was regarded as the centre of Pillsbury’s business activities. At the time when Keith’s article was published in 1960, he believed that Pillsbury was entering a fourth era, one characterised by marketing *control*, an era that was subtly more advanced than the marketing era of the 1950s (Jones & Richardson, 2007:15).

In view of the literature pertaining to the history of the evolution of marketing theory and practice, it is evident that very little consensus exists among marketing scholars regarding the various time periods and naming conventions of each progressive era of marketing. Table 2:1 provides an overview of how various marketing scholars interpret the evolution of marketing in a diverse range of contemporary marketing textbooks.

Table 2:1 Eras of marketing in contemporary marketing textbooks

Author(s)	Eras
Waters (2007:132)	Production orientation (up to 1920s) → sales orientation (1920s-1950s) → marketing orientation (1950s-present)
Burton (2008:87)	Production (1870-1930) → sales (1930s-1950s) → marketing (1950s-present)
Wierenga (2010:54)	Marketing as distribution (1900-1960) → marketing as (brand) management (1960-2000) → customer-centric marketing (2000-present)
Kurtz (2015:9-10)	Production (pre-1925) → sales (1920s-1950s) → marketing (1950s-1990s) → relationship (1990s-present)
Sims and Quatro (2015:7)	Production (1800s-1930s) → sales (1930s-1950s) → marketing (1950s-present)
Baker and Saren (2016:27)	Production (1850s-1920s) → sales (1920s-1950s) → marketing (1950s-present)
Pride and Ferrell (2016:14-15)	Production (1850-1900) → sales (1900-1950) → marketing (1950s-present)
Berkowitz (2017:12-14)	Production era (1800s-1900s) → sales era (early 1900s-late 1940s) → marketing era (late 1940s-present)

Even though the theory and practice of marketing have evolved over time, Tedlow and Jones (2015:10) propound that some aspects of marketing have remained consistent. For example, marketing *always* involves someone who has a need to be addressed and someone else who claims to possess the ability to address it. Jones and Richardson (2007:22) affirm that the profit motive was yet another aspect that remained consistent across all the evolutionary eras of marketing. However, during the production and sales eras, profit was supposedly a by-product of efficient production and sales volume. However, most marketing orientations recognise that profit is the primary objective of a business, and that satisfying consumers' needs is the means to achieve that specific objective.

Providing value and satisfaction to consumers can be achieved through building and maintaining effective relationships with the business's consumers. The necessity of managing the business's relationships, sometimes called consumer relationship management (CRM), is perhaps the most important contribution of modern marketing theory and practice. CRM is the overall process of building and maintaining profitable relationships by delivering superior value and satisfaction to consumers (Armstrong *et al.*, 2012:18; Kotler & Armstrong, 2015:13). Kurtz (2015:10-11) therefore includes CRM as a separate era in the evolution of the marketing concept that originated in the 1990s and still continues to grow in significance today.

In recent years, significant changes have taken place in the field of marketing, especially with regards to the emergence of the Internet and various digital social networks. With the advent of online social networks, how people do things assumed a new dimension for consumers and businesses alike, and as a result also for the practice of marketing (Erragcha & Romdhane, 2014:137). In light of this, Kurtz (2015:9) mentions a final era of marketing, the latest and current era of marketing, known as the social era. By considering the latest literature in the evolution of marketing theory and practice, five respective eras in the history of marketing can be identified (see Figure 2:1). These are discussed subsequently.

Figure 2:1 The five eras of marketing thought and practice



Source: Kurtz (2015:9).

2.2.1 The production era

The production era is regarded as the first of the five marketing eras portrayed in Figure 2:1. According to Schiffman and Kanuk (2014:5), the production era spanned from the 1850s to the late 1920s. During this time, most businesses focused only on the production function and on perfecting the production capabilities of the business. Production was regarded as the creator of economic value during this era – an era in which business success was often defined solely in terms of production success (Kurtz, 2015:9; Wilkie & Moore, 2012:54).

Reed (2010:6) propounds that businesses generally began to focus on production by the end of World War II, when there was a great demand for manufactured products and a scarcity of supply of such products. Schiffman and Kanuk (2014:5) state that since it was an era when demand exceeded supply, consumers were generally happy to purchase a generic form of the products they required. Neither the consumer nor the business placed any particular emphasis on the variation of production, but were satisfied enough with the ability to produce larger quantities of a specific product.

Therefore, one of the primary objectives of businesses during the production era was achieving high production efficiency at low costs with the aim of producing for mass distribution (Armstrong *et al.*, 2012:13; Kotler & Keller, 2016:42). Lamb *et al.* (2018:4) concur by stating that the

production era was based on a philosophy that primarily focused on the production capabilities of the business, rather than on whether the products that were being produced were effectively meeting the specific needs and wants of consumers. According to Kurtz (2015:9), the prevailing attitude of businesses during this period was that a product would sell itself. Therefore, businesses rather focused on the mass production of products, after which they searched for consumers in the marketplace in order to improve sales of the already produced products.

2.2.2 The sales era

The second era of marketing is known as the sales era, with a time frame extending roughly from the 1930s to the early to mid-1950s (Schiffman & Kanuk, 2014:5). The focus on production, as well as the increased sophistication of production techniques during the production era, resulted in increased product output. Output indeed grew at an astounding rate, until such a point when businesses were unable to expand their operations any further due to an oversupply of products (Kurtz, 2015:9). Cant and Van Heerden (2013:10) assert that a situation in which supply exceeds demand caused businesses to realise that the primary focus should not solely be on producing but also on selling products. Wilkie and Moore (2012:54) claim that mass production capabilities required more complex and varied distribution systems, as well as a more sophisticated understanding of tools that could influence mass consumer demand and to improve overall sales levels. The focus therefore shifted from production to selling. As a result, the sales era followed quite naturally from the expanded capacity that was created during the production era.

The primary objective of businesses during the sales era was to maximise sales volume, and therefore to sell as many products as possible at any given cost (Cant & Van Heerden, 2013:10). According to Cant and Van Heerden (2013:10), profit was still not regarded as the primary objective of businesses during the sales era. The basic assumption was that sales volume was the key to profitability – the higher the sales volumes, the higher the profit margins. The entire premise of the sales era was therefore based on the belief that consumers would be inclined to purchase more products if aggressive sales techniques were implemented by the business, and that higher sales volumes would result in higher profit levels (Lamb *et al.*, 2018:4). This obviously was not true, as higher sales may incur higher costs for the business, bringing economies of scale into play and resulting in lower profit levels.

According to Kurtz (2015:9), businesses with a sales orientation assume that consumers will not purchase nonessential products and that the task of personal selling and advertising is to persuade them to buy. Armstrong *et al.* (2012:13) state that the main aim during the sales era was to sell products that the business produced rather than producing what consumers wanted. Jones and Richardson (2007:20) add that businesses were, however, conscious of the specific

needs and wants of consumers, yet remained focused on getting rid of the products they produced. Thus, persuasion was necessary in the form of aggressive sales techniques (Kotler & Keller, 2016:43). Kurtz (2015:9), however, argues that aggressive selling has high risks as it focuses on creating sales transactions rather than on building long-term, profitable relationships with consumers, which is regarded as a core aspect of the marketing function today. Although marketing departments began to emerge from the shadows of production and engineering during the sales era, they tended to remain in subordinate positions.

2.2.3 The marketing era

During the mid-1950s, an increasing number of businesses proceeded to shift away from a sales-orientated perspective and started to embrace a marketing-orientated perspective (Kotler & Keller, 2016:43; Kurtz, 2015:9-10; Schiffman & Kanuk, 2014:5). Cant and Van Heerden (2013:11-12) are of the opinion that this shift in perspective from production and sales towards a focus on marketing can largely be attributed to consumers having developed more sophisticated needs. Also, consumers who were in a better financial position to satisfy these newly acquired needs. In addition, there were a larger variety of competing products from which consumers could choose. Businesses, therefore, soon realised the importance of the marketing function. The primary objective of a business during this era was to be more effective than competitors in creating, delivering, and communicating superior value to consumers (Cant & Van Heerden, 2013:11-12; Kotler & Keller, 2016:43). Armstrong *et al.* (2012:13-14) and Kurtz (2015:10) suggest that focusing on creating value for consumers is an assured pathway to increased sales and profits. Therefore, this was the start of the third era, generally referred to as the marketing era (Schiffman & Kanuk, 2014:5).

At the heart of the emerging marketing era was the realisation that it was time for businesses to focus their attention on consumers and their particular preferences; that is, to regard consumers' needs as prevalent when devising business objectives and strategies (Schiffman & Kanuk, 2014:5). Jones and Richardson (2007:20) concur by stating that during the marketing era, it was indeed necessary to focus strongly on consumers and their specific needs. Therefore, businesses focused increasingly on producing products and services that matched consumers' particular needs and preferences, and that would, in effect, lead to improved satisfaction among consumers. The task was, therefore, to find not the right consumers for products, but the right products for consumers (Kotler & Keller, 2016:43).

To consider what consumers wanted rather than to focus on what a business finds easiest or least expensive to make, is in keeping with the marketing concept (Kurtz, 2015:10; Schiffman & Kanuk, 2014:5). The marketing concept entails that the key to achieving business goals lies in

determining the needs and wants of consumers, and in delivering the desired products more effectively and efficiently than competitors in the market (Dibb & Simkin, 2013:3). Cant and Van Heerden (2013:11-12) define the marketing concept as a managerial philosophy in which a business should focus on meeting the needs of consumers, on ensuring that all departments and people in the business are focused on satisfying the needs of consumers and, in the process, make a profit. The marketing concept, which entails a crucial change in management philosophy, can be linked to the shift from a seller's market to a buyer's market.

The advent of a strong buyer's market created the need for consumer-orientated thinking by businesses. Businesses had to actively market products, not just produce and sell them (Kurtz, 2015:10). A change from the sales era to the marketing era resulted in an emphasis not only on the sales message and the price, but also on the quality of products, their packaging, the methods of distribution and the necessity of providing information by means of marketing communication (Cant & Van Heerden, 2013:11-12). Kurtz (2015:10) maintains that marketing was no longer regarded as a supplemental activity performed after completing the production process; instead, marketing began to play a leading role in all facets of a business.

Today's fully developed marketing concept is a widely applied consumer orientation with the objective of achieving long-term success for the business (Kurtz, 2015:10). All facets of a business must contribute first towards assessing, and then towards satisfying consumer demands (Lamb *et al.*, 2018:4). Walker and Mullins (2014:11-12) concur that market-orientated businesses are characterised by a consistent focus by personnel in all departments and at all levels on the demands of consumers and on competitive circumstances in the market. They also are willing and able to quickly adapt products and functional programmes to address changes in the environment. Such businesses pay a great deal of attention to consumer research prior to the design and production of products. Businesses that implement market-driven strategies are better equipped to understand their consumers' expectations, buying behaviour, and needs by conducting research on consumers in order to acquire relevant knowledge pertaining to their desires; to gather new product and service ideas; and to test proposed product improvements. Businesses can, therefore, design products with advantages and levels of quality compatible with the specific requirements of consumers (Kotler & Armstrong, 2015:11; Kurtz, 2015:10). This, according to Armstrong *et al.* (2012:14), leads to increased profits by creating lasting relationships with the right consumers based on the creation of value and satisfaction.

Table 2:2 lists the primary differences between the production era, the sales era, and the marketing era.

Table 2:2 A comparison between the production, sales, and marketing eras

Production era	
P1	Demand exceeds supply. There are shortages and intense hunger for goods.
P2	There is little or no competition within product markets (between businesses selling the same goods to the same markets).
P3	The focus is on the business, and not on the consumer.
P4	Businesses produce what they can and focus on solving production problems.
P5	Businesses produce limited product lines.
P6	Products sell themselves. Wholesalers and retailers are unsophisticated in their selling and marketing techniques.
P7	Profit is a by-product of excelling in production of products.
Sales era	
S1	Supply exceeds demand.
S2	There is competition within product markets.
S3	Businesses are conscious of consumers' wants, and some market research is conducted.
S4	Businesses must dispose of the products they produce, and therefore focus on selling.
S5	Businesses produce limited product lines.
S6	Hard selling is necessary, backed by advertising.
S7	The primary goal of the business is sales volume; profit is regarded as a by-product.
Marketing Era	
M1	Supply exceeds demand.
M2	There is intense competition within product markets.
M3	The focus is on the consumer; the purpose is to satisfy consumers' needs and wants.
M4	Consumers determine which products are produced.
M5	Businesses produce extensive product lines.
M6	A wide range of marketing activities is used and coordinated to satisfy consumer demand.
M7	Businesses focus on profit rather than sales volume.

Source: Jones and Richardson (2007:18).

Apart from the production era, the sales era, and the marketing era, Kurtz (2015:10-11) identifies an additional two eras in the evolution of marketing, namely the relationship era and the social era. Both these marketing eras contribute to the theory and practice of marketing as we understand and apply it today.

2.2.4 The relationship era

According to Kurtz (2015:10-11), the fourth era in the history of marketing, known as the relationship era, emerged during the 1990s and continues to grow in importance today. Businesses now build on the marketing era's consumer orientation by focusing on establishing and maintaining relationships with both consumers and suppliers. Kotler and Keller (2016:43) refer to this concept as relationship marketing (RM). RM can be defined as developing mutually satisfying long-term, value-added relationships with key constituents over time in order to earn and retain their interest in conducting mutually beneficial business (Kotler & Keller, 2016:43; Kurtz, 2015:10-11). A more detailed explanation pertaining to RM is provided in section 2.4.4.

Kotler and Keller (2016:43) affirm that a primary objective of marketing today is to develop deep, enduring relationships with people and businesses that directly or indirectly affect the success of the business's marketing activities. Strategic alliances and partnerships among the business's key stakeholders, including manufacturers, retailers, and suppliers often benefit everyone involved (Kurtz, 2015:10-11). The necessity of managing the business's relationships is perhaps the most important new idea in modern marketing (Armstrong *et al.*, 2012:18; Kotler & Armstrong, 2015:13). Kotler and Armstrong (2015:13) define CRM as the overall process of building and maintaining relationships with consumers by delivering superior value and satisfaction.

Only a few businesses still practice true mass marketing – i.e., selling in a standardised way to any consumer who comes along. Today, most marketers realise that they do not wish to build and maintain a relationship with every consumer. Instead, businesses are now targeting fewer, more profitable consumers. Popularly known as “selective relationship management”, businesses make use of consumer profitability analysis to weed out less profitable consumers and to target profitable ones for pampering. Once businesses have identified profitable consumers, they can create attractive offers and bespoke handling to keep the attention of these consumers and to earn their loyalty (Kotler & Armstrong, 2015:17).

The rapid growth of the Internet and the World Wide Web (www) since the mid-1990s has shaped the way in which businesses and individuals operate, communicate, and obtain and synthesise information. It has enabled businesses to share information and information processing across and beyond their commercial boundaries, thereby reshaping the nature of their relationships with their consumers, suppliers and competitors (Reed, 2010:10). According to Moncrief *et al.* (2015:46), RM has been a driving philosophy in business since the mid-1990s. However, digital social networks and related technology changed the interactions between consumers: the new social dimension allows one to keep up with friends, celebrities, and the latest “it” products.

2.2.5 The social era

Due to consumers' easy accessibility to the Internet and the creation of digital social networks, the social era of marketing is currently underway. This marketing era is seen as building on the notions that emerged during the previous marketing era, namely the relationship era, since businesses are making use of the Internet and digital social networks to engage with consumers and for the marketing of various products (Kurtz, 2015:11). According to Zhou and Wang (2014:27), consumers' increased accessibility to the Internet and mobile technology, coupled with the widespread use of digital social networks, has allowed businesses to improve their interaction with their consumers. Erragcha and Romdhane (2014:138) concur that this interaction values the power of social contexts in the creation of affective relationships, reference groups, membership groups, and virtual communities. The social era of marketing is described by Layton (2012:207) as a transition from a focus on consumers' individual preferences to one where a business's consumers are practically embedded in dense and complex digital social networks that frame and influence consumer choices. As such, the consumer is more profoundly involved in the marketing process today than at any other time in the history of marketing (Wood, 2011:2).

Major advances in technology, global competition, the Internet and social media have awarded consumers more choices and more power, transforming them from being passive entities in the buying process to active, controlling participants that create and share information and needs (Trainor, 2012:317; Wood, 2011:2). Reed (2010:11) contends that consumers are empowered by their access to information about businesses and their respective products. Many businesses today no longer communicate information about their products to their consumers; instead, their consumers are providing the business with information pertaining to exactly what it is that they require. Marketing communication has therefore become a dialogue rather than a monologue (Erragcha & Romdhane, 2014:138; Moncrief *et al.*, 2015:47). Ranchhod and Gurau (2007:2) purport that consumers have taken control of the marketing process, stating exactly what products they require, when they require them, and how they wish to acquire them. Likewise, by making use of new technologies, businesses can have timely access to consumer, product, and market intelligence data, and in so doing, can respond effectively and efficiently to consumer requests with the specific information necessary (Kumar, 2015:3).

The growing importance of the Internet and digital social networks has therefore prompted businesses to focus much of their attention on a concept known as social media marketing. Tuten and Solomon (2015:21) define social media marketing as the use of social media technologies, channels, and software to create, communicate, deliver, and exchange offerings that have value for a business's stakeholders. According to Kumar (2015:5), businesses in the social era of marketing make effective use of social media to (1) refer more consumers to purchase products

and services from the business; (2) discuss the business with fellow consumers and prospects, consequently influencing them to transact with the business; and (3) to engage in a dialogue with the business (in the form of providing feedback to consumers). With the advent of social media marketing, the days of mass marketing are numbered. Consumers now have the choice of opting in or out of a business's marketing messages and advertising (Ranchhod & Gurau, 2007:2).

Consumers of the social era of marketing not only have the power to decide if they would like to be exposed to a business's marketing messages, but they no longer feel the need or desire to physically interact face-to-face with a business's representative or salesperson (Marshall *et al.*, 2012:353). This is due to consumers' ability to acquire pertinent information through the Internet and social media. According to Marshall *et al.* (2012:353), many consumers today, especially those who constitute the younger generational segments, actually prefer not to have face-to-face contact with salespeople when purchasing products.

Demographic changes have also contributed to the dawn of the social era of marketing. Global population increase, cultural transformations, the rising affluence of consumers in third-world countries, easy access to credit, and the increasing influence of Generation-Y consumers (those born between 1976 and the late 1980s) contributed to what is described as a consumer society (Reed, 2010:12). Reed (2010:12) continues by stating that Generation-Y consumers have largely endorsed the rapid growth in popularity and the use of social media platforms like Facebook and Twitter.

In essence, today's consumer has become more demanding and volatile. As such, businesses should adapt their marketing efforts by incorporating social media and various other new digital social networks in order to grow closer to their consumers, and at the same time adapt themselves to their needs. If a business does not adhere to the ever-increasing needs of the new social consumer, it will most certainly lose its relevance (Erragcha & Romdhane, 2014:137). Kumar (2015:5) acknowledges that social media has gained rapid momentum and widespread adoption due to its ability to instantly identify and interact with consumers, its speed of communication, and its ease of use in influencing consumer experience. As such, new media and advanced social technologies have a significant impact on the future course of marketing, and should be addressed by all consumer-orientated businesses.

By considering the five eras of marketing, one can see how the science of marketing has evolved over the years, and still continues to evolve today (Mela *et al.*, 2013:17). Erragcha and Romdhane (2014:137) proclaim that marketing is considered to be a constantly evolving discipline. As marketing theory and practice changed over the years, so too did the terms used to describe the practice of marketing. The following section provides a discussion on how the definition of

marketing changed and evolved over the years in accordance to the aforementioned eras of marketing theory and practice.

2.3 TOWARDS A DEFINITION OF MARKETING

Due to the influence of a variety of different factors on the marketing environment, the discipline of marketing has changed and evolved considerably over the past few decades (Brunswick, 2014:105). Therefore, the official definition of marketing has changed and evolved concurrent with these changes. According to Reed (2010:23), the American Marketing Association (AMA) has provided the official global definition of marketing since its establishment in 1937, which is widely adopted and used by both academics and practitioners in the marketing world. The AMA is considered to be one of the most prominent professional bodies in the field of marketing with unparalleled leadership in the sphere of marketing excellence (Reed, 2010:23). The AMA's various definitions of marketing over the years are subsequently discussed.

2.3.1 The definition of marketing: 1935

The National Association of Marketing Teachers, a predecessor of the AMA, adopted the first official definition of marketing in 1935, stating that marketing entails “business activities that direct the flow of goods and services from production to consumption” (Gundlach, 2007:243; Hult *et al.*, 2011:46; Sheth & Sisodia, 2015:108). The AMA adopted the definition in 1948, after which they reviewed and slightly modified this original definition of marketing in 1960. The amended definition reads as follows: “Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers” (French *et al.*, 2010:21; Kapoor & Kulshrestha, 2014:2; Lüdicke, 2006:19). Lusch (2007:262) explains that the main objective of most businesses during this time was the production and distribution of tangible products. It is therefore that the original definition of marketing focused on the supply and distribution of goods and services. Darroch (2010:78) explains that one of the reasons why the original definition focused on the efficient management of supply and demand was in order to restore equilibrium in the marketplace. According to Kaminski (2018:21), the mere fact that the concept of marketing was defined as a business function spurred the starting point of broadening the concept and making it more inclusive.

The original definition of marketing was criticised from various quarters as being too restrictive (Hunt, 2015:8). The early definition was particularly scrutinised with the publication of a position paper by the Marketing Staff of the Ohio State University (1965:43), which suggested that in order to be more inclusive, marketing should rather be defined as “the process in a society by which the demand structure for economic goods and services is anticipated or enlarged and satisfied

through the conception, promotion, exchange, and physical distribution of goods and services” (Dawson, 2015:19).

In 1969, without devising a new or altered definition of marketing, Philip Kotler and Sidney Levy suggested that the original definition of marketing should be broadened even further to include non-profit businesses. Kotler and Levy advanced this notion in their 1969 article entitled “Broadening the marketing concept”, which appeared in the January 1969 version of the *Journal of marketing*. According to Kotler and Levy (1969:11), non-profit businesses conduct business in a similar fashion to any other major commercial business. Non-profit businesses therefore make use of all the primary business functions, including the financial, production and human resource functions. It would therefore suffice to say that non-profit businesses engage in marketing activities as well, or indeed, marketing-like activities. Non-profit businesses also recognise and apply the traditional tools of marketing to various extents, including product improvement, distribution, pricing, and communication (Kotler & Levy, 1969:11-12). Apart from non-profit businesses, Kotler and Levy (1969:11) acknowledge that countries (geographic locations), too, make use of marketing activities to promote themselves to citizens of other countries. This observation became a foundation for broadening the concept of marketing towards geographical territories, which in effect lead to the development of the place-marketing concept, which forms the theoretical basis of Chapter 3 of this study.

Kotler and Levy’s argument for broadening the concept of marketing met with much criticism from marketing’s academic environment. In an article by David J. Luck entitled “Broadening the concept of marketing – too far”, which was published in the July 1969 edition of the *Journal of marketing*, he provides various critical comments towards Kotler and Levy’s notion of extending the marketing concept. According to Luck (1969:53), Kotler and Levy’s argument to broaden the concept of marketing, and to make it more inclusive, is based on premises that could lead to confusion regarding the essential nature of marketing. In addition, Luck argued that Kotler and Levy were calling for an alteration of the existing definition of the concept of marketing, but failed to provide a new definition of marketing, or at least explicit guidelines as to how the (then) current definition of marketing could be changed to meet their requirements. Kaminiski (2012:22) concedes that the primary argument Luck made against Kotler and Levy’s idea was that the absence of the limitation of the marketing sphere by both the types of entities applying marketing and the viewpoint of the objectives of their activeness. Therefore, if a definition were to be formulated according to Kotler and Levy’s requirements, no limitations to the concept of marketing could be set in terms of institutions and/or the ultimate purpose of its activities. Luck (1969:53) added that “if a task is performed, anywhere by anybody, that has some resemblance to a task performed in marketing, that would *be* marketing”.

Despite the criticism on the broadening of the marketing concept, Kotler was undeterred and remained steadfast in his view that the concept of marketing had to be broadened for the benefit of the marketing science as a whole. According to Kotler (2005:114), broadening the marketing concept can be defended on the following grounds:

- Marketing helps practitioners in non-profit sectors to become more successful in pursuing their goals.
- The marketing field can benefit by recognising new issues and developing new concepts that can be brought back to and can offer insight into commercial marketing practice.
- By expanding its territory, marketing can gain more attention and respect for what it can produce.
- Marketing can become more attractive as a discipline for study to a wider audience of young people who have little interest in the commercial for-profit world.

In his article entitled “The role played by the broadening of marketing movement in the history of marketing thought”, which appeared in the *Journal of public policy and marketing* in 2005, Kotler treats the broadening of the marketing concept as one of the most important scientific accomplishments in the field of academic marketing, which has had a crucial influence on the development of marketing thought and practice (Kaminiski, 2012:22; Kotler, 2005:114). Kotler (2005:114) claims that the broadening movement subsequently introduced several new areas to the study of marketing in the following order: (1) social marketing; (2) educational marketing; (3) health marketing; (4) celebrity marketing; (5) cultural marketing; (6) church marketing; and (7) place marketing.

2.3.2 The definition of marketing: 1985

Even though the first official definition of marketing received much criticism from various authors in the sphere of marketing science, it was still widely used and remained fairly constant for a period of 50 years before being revised. After much deliberation, the AMA published an official new definition of marketing in 1985, which read as follows: “Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods, services, and ideas to create exchange processes with target groups that satisfy consumer and organisational objectives” (Hult *et al.*, 2011:46; Lusch, 2007:264). Reed (2010:23) argues that the revised definition focused on marketing as being a managerial function. The primary purpose of this definition is therefore to satisfy the objectives of consumers as well as businesses by making use of the marketing mix’s 4 Ps (product, price, place, and promotion) concept to facilitate the

exchange processes between relevant target markets. In addition, the definition explicitly states that marketing is very much a practice of planning and execution. In addition, Lusch (2007:264) argues that the updated definition of marketing was much more consumer-centric. The new definition clearly signalled that marketing was about businesses marketing to consumers.

However, the newly adopted definition of marketing did not escape scrutiny. In his article entitled “Defining marketing: a market-oriented approach”, which appeared in the 1989 *European journal of marketing*, Christian Grönroos argued that the new definition of marketing was almost as narrowly delineated as its predecessor. Grönroos (1989:53) stated that the traditional marketing tools, consisting of product, price, place and promotion, have become too limited. This was largely due to the additional 2 Ps, *politics* and *public relations*, which Kotler added in the context of his article entitled “Megamarketing” that was published in the March-April version of the *Harvard business review* in 1986. In fact, Booms and Bitner (1982) suggested that there could be as many as 7 Ps in services marketing. Therefore, Grönroos (1989:53) argued redefining the core of the marketing concept was doomed to fail in light of the fact that the previous definition was found to be too limited, even though the new definition included new perspectives and thus improved on the older definition. It is thus felt that no significant alteration to the previous definition has occurred to make it relevant to new and changing environments. Cooke *et al.* (1992:18) advised that the definition of marketing needs to be altered in order to reflect significant changes in the environment, and/or changes of our knowledge of the environment. Gummesson (2005:317) supports this view by stating that “marketing theory must reinvent itself and be refined, redefined, generated, and regenerated – or it will degenerate.” Grönroos (1989:54) further argued that the new definition of marketing offered by the AMA in 1985 states *what* marketing is, because it offers a list of items. The logical consequence, however, is that anything other than product, price, place, and promotion, is by definition *not* marketing. It is therefore, due to an array of various critical comments against the revised definition, especially the defining role of the 4 Ps that Grönroos, among other critics (Achrol & Kotler, 1999:162; Day & Montgomery, 1999:3; Sheth & Parvatiyar, 2000:140), called for a newly revised, truly market-oriented definition of marketing. As such, Grönroos proposed a Nordic definition of marketing in 1989 that read as follows: “Marketing is to establish, develop and commercialise long-term consumer relationships, so that the objectives of the parties involved are met. This is done by a mutual exchange and keeping of promises” (Grönroos, 1989:57). This definition indicates the paradigm shift in marketing in which the consumer, and building a relationship with him or her, and providing value to the consumer, became a focal point of the marketing discipline. This view of the consumer was eventually reiterated in the AMA’s revised definition of marketing in 2004.

2.3.3 The definition of marketing: 2004

Following the events described above, the AMA announced a new definition of marketing in 2004. The new, revised definition of marketing reads as follows: “Marketing is an organisational function and a set of processes for creating, communicating and delivering value to consumers and for managing consumer relationships in ways that benefit the business and its stakeholders” (Gundlach & Wilkie, 2009:259). Lusch (2007:265-266) contends that the focus on creating value for the consumer, and building relationships with consumers and other stakeholders, signalled a significant improvement to the 1985 definition of marketing. The stakeholder perspective in the 2004 definition was regarded as a step forward by not limiting marketing to businesses with the roles of institutions and processes, as well as clearly acknowledging marketing’s impact on society (Sheth & Uslay, 2007:306). However, the AMA’s 2004 definition was not accepted by all marketing academics and practitioners, and so, too, attracted much criticism and concern from marketing’s academic community.

Prominent among these concerns was the notion that the 2004 definition characterised marketing as overly narrow in its domain and perspective. In particular, some scholars expressed their concern that defining marketing narrowly as an “organisational function and a set of processes” excluded the its systematic and aggregative features of marketing, as well as the institutions, actors, and processes beyond the business that have long been recognised to be vital components of marketing (Gundlach & Wilkie, 2009:259-260). Lusch (2007:265) argues that the 2004 definition did not go far enough in capturing a “marketing with” philosophy, which was a prominent factor arising in practice during that time, and suggests that the consumer is endogenous and a partner in the co-creation of value. This philosophy is increasingly being expressed and developed in what has become known as the service-dominant logic of marketing. Under service-dominant logic, consumers are active participants that bring needed skills or competences to the exchange process; in this context, they are endogenous to the marketing process. The role of the consumer is central because he or she is a co-creator of value (Kotler & Keller, 2016:27). In addition, the 2004 definition was criticised because (1) it is marketer and management-oriented and ignores marketing’s societal impact; (2) it does not capture the prevalent, complex, and dynamic nature of networks; and (3) it does not capture the intensity and value of interaction between marketers and consumers (Berthon & John, 2006:196; Gundlach, 2006:106; Wilkie & Moore, 2006:226-227).

2.3.4 The definition of marketing: 2007

The various criticisms attracted by the AMA’s 2004 definition prompted the process of reviewing and then revising the definition, culminating in the adoption of a revised official definition in late

2007. The 2007 definition of marketing is as follows: “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for consumers, clients, partners, and society at large” (AMA, 2018; Gundlach & Wilkie, 2009:260). The revised definition is certainly a step forward. It maintains a stakeholder perspective, and it does not limit the scope of marketing to commercial businesses. The roles of institutions and processes, as well as marketing’s impact on society, are clearly acknowledged. Furthermore, the revised definition refrains from stating that marketing is about “managing” consumers or relationships. It incorporates both the traditional view (the exchange paradigm) and the current one (the value creation paradigm) (Sheth & Uslay, 2007:306). Dann (2008:92) argues that whilst there are valid reasons to criticise the new marketing definition (as discussed subsequently), the changes between the AMA’s 2004 and 2007 definitions of marketing have also brought benefits for marketing as a science. Three immediately identifiable areas that are beneficial are the recognition of non-consumer recipients of marketing outputs, the revival of exchange theory, and the recognition of co-creation of value through consumer-consumer exchange. Co-creation of value among consumers and with businesses, and the importance of value creation and sharing have become important themes in the development of modern marketing thought (Lusch & Webster, 2011:129).

According to Hult *et al.* (2011:47), the 2007 AMA definition still maintains a market-orientated perspective by explicitly focusing on “consumers, clients, partners, and society at large”. Partners and society at large are vague, undefined entities from a managerial perspective. However, consumers, clients, and partners are at the centre stage and are the focus of marketing. Thus, the AMA’s 2007 definition of marketing once again downplays or fails to make explicit stakeholders such as regulators, the local community, and a host of secondary stakeholders such as special interest groups, the mass media, trade associations, and competitors. These stakeholders are not always partners, but are present in the concept “society at large” (Hult *et al.*, 2011:47). Nonetheless, Maignan and Ferrell (2004:4) advocate that society at large is such a broad concept that it is not included in a description of the six major primary stakeholder groups of consumers, employees, suppliers, regulators, shareholders, and the community. Smith *et al.* (2010:6) therefore insist that a more appropriate definition of marketing should include the role of multiple stakeholders in determining value creation.

In conclusion, the 2007 AMA-adopted definition of marketing appropriately: (1) acknowledges the activity of marketing, the institutions of marketing, and the processes in marketing; (2) recognises the role of marketing in creating, communicating, distributing, and exchanging market offerings; and (3) points out how the normal, everyday, ethical, and responsible practice of marketing benefits consumers, clients, partners, and society. As such, the definition offers much to

commend, especially for any marketing practitioner or academic as a professional discipline (Hunt, 2015:63-64). The AMA reviewed the definition once again in 2013 (Brunswick, 2014:111), and refrained from making any changes to it. As such, the official definition of marketing, as is used in both academia and practice today, remains that of the AMA's 2007 version. Therefore, in the present study, marketing is defined according to the official 2007 AMA version.

The official definitions of marketing, as provided by the AMA over the past few decades, are summarised in Table 2:3 below.

Table 2:3 American Marketing Association definitions of marketing over time

	AMA (1935)	AMA (1985)	AMA (2004)	AMA (2007)
Definition	Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers.	Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational objectives.	Marketing is an organisational function and a set of processes for creating, communicating and delivering value to consumers and for managing consumer relationships in ways that benefit the business and its stakeholders.	Marketing is the activity, set of institutions and processes for creating, communicating, delivering, and exchanging offerings that have value for consumers, clients, partners, and society at large.

Source: Adapted from AMA (2018); Gundlach (2007:243); Gundlach & Wilkie (2009:259); and Lusch (2007:264).

According to Armstrong *et al.* (2012:9), marketing is both a managerial and social process. Kotler and Keller (2016:27) therefore argue that a distinction can be made between a managerial and a social definition of marketing. In a managerial context, marketing involves building profitable, value-laded exchange relationships with consumers (Armstrong *et al.*, 2012:9). One of the more recent social definitions of marketing is provided by Kotler and Keller (2016:27) and reads as follows: "Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products of value with others".

By considering the official definition of marketing as provided by the AMA, as well as the more recent social and managerial definitions of marketing, one can deduce that marketing is widely regarded as a process (Thomas, 2008:21). Kotler and Armstrong (2015:28) concur that marketing is a process by which businesses create value for consumers and build strong relationships in order to offer value to their respective consumers. The creation of value for consumers and the

establishment of strong, long-term relationships with them are possible through the implementation of an effective and efficient marketing process (Ranchhod & Gurau, 2007:5-6).

2.4 THE MARKETING PROCESS

One of the earlier definitions of the marketing process is provided by Bartels (1968:32) who describes the marketing process as a process of interaction among the participants, during which the respective expectations may or may not be satisfied. Sanchez (1999:92) describes the marketing process as the set of activities through which businesses identify and exploit opportunities to serve consumer needs. Kotler (cited by Martins & Brooks, 2010:82) continues by defining the marketing process as the process of analysing marketing opportunities, selecting target markets, developing the marketing mix, and managing the marketing effort. Cant and Van Heerden (2013:3) extend Kotler's official definition of the marketing process by stating that the marketing process includes the activities of understanding the business's mission and the role that marketing plays in fulfilling that mission; setting marketing objectives; scanning the environment; developing a marketing strategy by selecting a target market strategy; developing and implementing a marketing mix; implementing the strategy; designing performance measures; evaluating marketing efforts; and making changes if needed. In carrying out its activities, the marketing process functions through various technological systems for identifying consumer needs and applying available technological means to create products to satisfy those needs (Sanchez, 1999:92). Griffith *et al.* (2014:309) concur by referring to the marketing process as a vehicle through which a business's products flow. Motiwala (2008:111) emphasises that an understanding of the relationships and interdependence between the business and its consumer is essential to the marketing process.

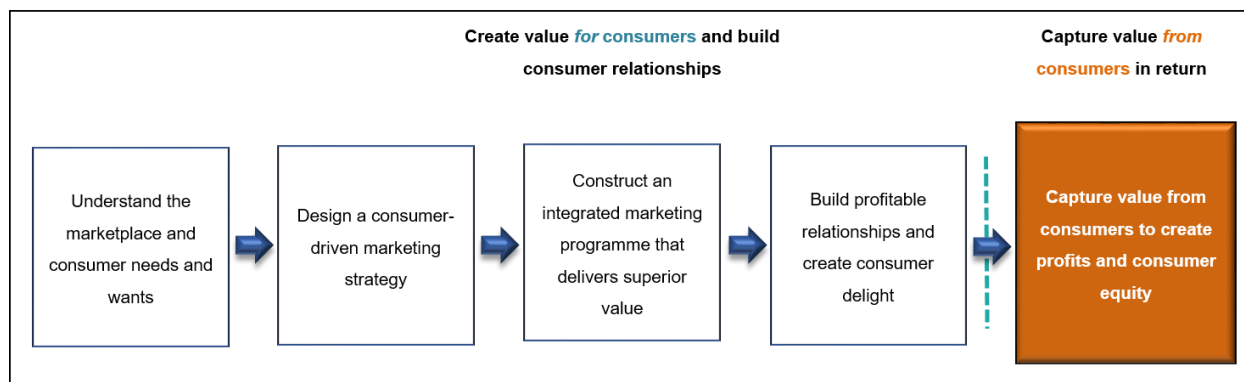
According to Wooliscroft *et al.* (2006:109), the marketing process, like any other process, extends over time. It can be viewed as a series of steps that needs to be arranged in the most effective sequence. The process is marked by a definite direction that can be defined in terms of what is happening to the product along the way. The product starts in the form of materials that are relatively raw and unspecialised, and ends up as a relatively refined and specialised article, shaped to address a type of need and fitted to the specific requirements of the individual consumer who buys it. Should the marketing process fail to meet the specific need required by the consumer, new patterns of behaviour evolve that are typified by shifting of marketing, changes in competitive status, innovation, survival, and adaptive behaviour (Bartels, 1968:32). Creveling *et al.* (2006:22) suggest that the marketing process and its deliverable must be designed for efficiency, stability, and, most importantly, measurable results.

Webster (cited by Ranchhod & Gurau, 2007:5-6), suggests that the marketing process should include the following:

- Value-defining processes: These are processes that enable a business to understand the environment in which it operates better, understand its own resources and capabilities more clearly, determine its own position in the overall value chain and assess the value it creates by analysing its consumers.
- Value-developing processes: These include processes that create value throughout the value chain, such as the procurement strategy, new product and service development, design of distribution channels, strategic partnership with service providers and, ultimately, the development of the value proposition for consumers.
- Value-delivering processes: These processes enable the delivery of value to consumers, including service delivery, consumer relationship management, marketing communications management, product and service enhancement and support services for consumers.

Marketing processes can improve business efficiency and productivity. Marketing process improvements are therefore very important to a business, since those that are able to improve their business processes are more likely to perform better than businesses that do not (Tyagi & Sawhney, 2010:87-93). Asare *et al.* (2013:527) describe the improvement of a marketing process as the continuous improvement of processes associated with identification, acquisition and retention of consumers. The outcome of a study by Asare *et al.* (2013) demonstrates that a business's performance is affected by improvements to its marketing process. The authors found that there is a positive and significant relationship between marketing process improvements and financial performance as well as consumer satisfaction levels.

The marketing process involves five steps. According to Kotler and Armstrong (2015:28), the first four steps create value for consumers. First, businesses need to understand the marketplace and the specific needs and wants of consumers. Next, the business must design a consumer-driven marketing strategy with the goal of acquiring, keeping, and growing their consumer base. In the third step, businesses construct a marketing programme that actually delivers superior value to consumers. All these steps form the basis of the fourth step, which entails building profitable relationships with consumers and creating higher levels of consumer satisfaction. In the fifth and final step of the marketing process, the businesses reaps the rewards of building and honing strong relationships with consumers by capturing value from these consumers (Kotler & Armstrong, 2015:28). The five steps of the marketing process are portrayed in Figure 2:2.

Figure 2:2 The marketing process

Source: Adapted from Kotler and Armstrong (2015:5).

The various steps of the marketing process, as portrayed in Figure 2:2, are discussed in the subsequent sections.

2.4.1 Understanding the marketplace and consumer needs

As a first step, marketers need to understand consumer needs and wants, as well as the marketplace in which they operate. Five core consumer and marketplace concepts are discussed below, namely (1) consumer needs, wants and demands; (2) market offerings; (3) consumer value and satisfaction; (4) exchanges and relationships; and (5) markets.

2.4.1.1 Consumer needs, wants and demands

According to Kotler and Armstrong (2015:6), consumer needs are a fundamental underlying concept of marketing. A need can be defined as a situation in which a discrepancy exists between a consumer's actual state, in which there is felt deficiency, and their desired state (Kotler & Armstrong, 2015:6; Kurtz, 2015:182). According to Kurtz (2015:182), a consumer who realises the urgency or significance of the discrepancy between their actual and desired states will be motivated to do something so as to rectify the disparity. The greater the discrepancy between a consumer's actual and desired states, the stronger the consumer's motive will be to satisfy the need (Kardes *et al.*, 2015:237). Perreault *et al.* (2015:121) therefore describe a need as the basic force that motivates a consumer to do something. The motivation to satisfy a need drives a consumer's buying behaviour (Kurtz, 2015:182). Dibb *et al.* (2012:150) conclude that by purchasing various products and services, consumers are able to satisfy both their current and their future needs. As such, marketers attempt to make a need "felt" and then influencing a consumer's motivation to satisfy their needs by purchasing specific products (Kurtz, 2015:182). Kardes *et al.* (2015:237) concur, stating that marketing activities can influence a consumer's motivation to satisfy their various needs and wants via advertising, endorsement, promotion and

product placement. Kotler and Keller (2016:31) advise that in order to gain a competitive advantage, marketers must help consumers to become aware of their needs, and then help consumers to learn what they want to acquire in order to satisfy their realised needs.

A plethora of needs exist and these differ from person to person; needs also change constantly. Once a consumer has satisfied a specific need, a new and different need may arise (Dibb *et al.*, 2012:150; Perreault *et al.*, 2015:504). Needs include basic human requirements such as food, water, air, clothing and shelter. In addition, humans have social needs of belonging, affection, recreation and entertainment, as well as various individual needs such as knowledge and self-expression (Kotler & Armstrong, 2015:6; Kotler & Keller, 2016:31). Consumer needs are described in greater detail in section 2.6.1.1.

According to Kotler and Keller (2016:31), needs change into wants when directed to specific goods and services that might satisfy the need. Through effective marketing tactics, needs can be converted into wants by focusing on the benefits resulting from the acquisition of specific goods and services (Kurtz, 2015:12). A want can be described as the form that a need takes as the need is shaped by various cultural, societal and individual influences (Kotler & Armstrong, 2015:6). Perreault *et al.* (2015:121) propound that a want is simply a need that is acquired during the course of a consumer's life. Wants are described by Kardes *et al.* (2015:237) as "need satisfiers" that are shaped by a consumer's culture, experiences, and personality. As a consumer's purchasing power increases, wants are converted to demands. According to Kotler and Armstrong (2015:6), by considering their resources and various wants, consumers demand goods and services with benefits that provide the highest level of both value and satisfaction.

It is important for businesses to gain an understanding of the respective needs, wants and demands of their consumers. Employees at all levels of the business must keep abreast of the latest consumer needs, wants and demands. This could be achieved by conducting regular consumer research and engaging in effective data analysis (Kotler & Armstrong, 2015:6).

2.4.1.2 Market offerings – products, services and experiences

Businesses can satisfy a consumer's needs and wants through a market offering. A market offering is described by Kotler and Keller (2016:32) as a value proposition with a set of benefits that satisfies identified needs. The value proposition is made tangible by an offering that includes a mixture of various goods and services, experiences, and/or information offered to consumers so as to satisfy their respective needs and wants (Kotler & Armstrong, 2015:6). Kurtz (2015:12) maintains that in order to address particular needs, consumers must acquire various products and services on a continual basis.

A product is a tangible, need-satisfying offering of the business that can be acquired via exchange to satisfy a consumer's need or want (Ferrell & Hartline, 2014:12; Perreault *et al.*, 2015:206-208). Ferrell and Hartline (2014:12) confirm that products may include goods, services, digital products, ideas, concepts, information, experiences, property, businesses, people and places. Most consumers think about a product in terms of the satisfaction it provides. Perreault *et al.* (2015:206) suggest that satisfaction may require a "total" product offering, including a suitable product with the required features, clear instructions, appropriate packaging, excellent aftersales services and a familiar and/or trustworthy brand name.

When purchasing a physical, tangible product, it is relatively easy to deduce exactly what one is buying prior to purchasing the product. The various product attributes are easy to identify. The consumer can thus "confirm" their expectations about the attributes of the product they are purchasing. In contrast, services are intangible in nature. One cannot "see" what one is purchasing. Rather, a service is experienced, used, or consumed (Perreault *et al.*, 2015:208). Tangible products are produced and then purchased by the consumer. With services, the process is somewhat reversed. Services are sold first and then produced at the time of consumption by the consumer. Thus, the producer and consumer have to interact in order to produce the service (Baker & Hart, 2008:541).

According to Dibb *et al.* (2012:16), both direct and/or indirect marketing activities can help a business to sell its products and services. Cant and Van Heerden (2013:20-21) contend that if a product and/or service is sold in a lucrative market, a number of competitors will enter that market, or could possibly already be selling similar products in the market. By selling its various products and services, a business is able to accumulate financial resources that could be used to develop new and innovative products. By developing and selling new products in the market, a business can satisfy consumers' changing needs and wants more effectively and efficiently, which in turn generates more profits for the business (Dibb *et al.*, 2012:16). As such, by providing the consumer with various products and services, the business can accumulate sufficient financial resources in order to remain innovative with their products in the marketplace, and thereby gaining a competitive advantage. On the other side of the spectrum, by providing the consumer with new, innovative products and services, the consumer can satisfy his/her specific needs and wants. Dibb *et al.* (2012:27) concur that the long-term survival of a business greatly depends on constantly developing new and innovative products that satisfy the ever-changing needs and wants of consumers.

2.4.1.3 Consumer value and satisfaction

Consumers can select from a wide variety of goods and services in order to satisfy their needs. According to Kotler and Armstrong (2015:7), consumers go about selecting and purchasing goods and services based on the expectations they have formed regarding the value and satisfaction that various market offerings will provide. Perreault *et al.* (2015:20-21) accentuate that a consumer's decision to select and purchase one product over another is primarily based on how well the specific choice will fulfil their needs and satisfy their wants. A consumer will select and purchase the product that he/she perceives to deliver the most value, which is primarily a combination of various aspects, such as quality, service, and price. The perception of value increases with quality and service, however, decreases with price (Kotler & Keller, 2016:33).

Kotler and Keller (2016:33) define value as the sum total of both tangible and intangible costs and benefits of a given product for a consumer. Consumer value is described by Ferrell and Hartline (2014:12) as the difference between the benefits that a consumer perceives from a product and the cost and sacrifice incurred to obtain those benefits. Consumers generally select – and keep on purchasing – those products that afford them the greatest need-satisfaction in terms of the sacrifice that they must make. Often the sacrifice is not only in monetary terms; sometimes consumers are also willing to suffer some degree of inconvenience to obtain the desired product that awards them the highest level of satisfaction (Cant & Van Heerden, 2013:21).

Satisfaction reflects a consumer's judgement of a product's perceived performance in relation to expectations. If performance falls short of expectations, the consumer is disappointed; if it matches expectations, the consumer is satisfied; if it exceeds them, the consumer is delighted (Kotler & Keller, 2016:33). Purchases deliver the highest level of satisfaction when a consumer's entire experience with the product meets or exceeds the consumer's respective needs (Perreault *et al.*, 2015:205). Consumers who are satisfied will most likely repeat the purchase and tell others about their worthy experience. Dissatisfied consumers often switch to competitors and disparage the product to others (Kotler & Armstrong, 2015:7).

A business that offers superior value to consumers is likely to acquire more consumers, as well as retain existing consumers (Ferrell & Hartline, 2014:12). To this end, Conti (2013:226) accentuates that providing value to consumers should be a key focal point of all business activities. Consumer value and satisfaction are salient building blocks for developing, maintaining and managing strong and meaningful relationships with consumers (Kotler & Armstrong, 2015:7).

2.4.1.4 Exchanges and relationships

Marketing occurs when people decide to satisfy needs and wants through exchange relationships. Kotler and Armstrong (2015:7) describe the term “exchange” as the act of obtaining a desired object from someone by offering something in return. Exchange is defined by Ferrell and Hartline (2014:9-10) as the process of obtaining something of value from someone else by offering something in return. Usually, exchange occurs when products and services are acquired in return for financial remuneration. In order for exchange to occur, Ferrell and Hartline (2014:9-10) propose five conditions that must be met: (1) there must be at least two parties to the exchange; (2) each party must have something of value to the other party; (3) each party must be capable of communication and delivery; (4) each party must be free to accept or reject the exchange; and (5) each party must believe that it is desirable to exchange with the other party.

Marketing consists of actions taken to build and maintain desirable exchange relationships with consumers, involving a product, service, idea or other object. Beyond simply attracting new consumers and creating transactions, the goal is to retain current consumers and grow the number of transactions they conduct with the business. Businesses want to build strong relationships with consumers by consistently delivering superior value (Kotler & Armstrong, 2015:7). Perreault *et al.* (2015:21) propound that building relationships with consumers requires that everyone in a business must work together to provide superior value for consumers before and after each purchase.

2.4.1.5 Markets

The concepts of exchange and relationships lead to the concept of a market. A market can be defined as an aggregate of current and prospective consumers who, as individuals or as part of a business, have similar needs, wants and preferences for specific products, and who have the ability, willingness and authority to purchase such products (Dibb *et al.*, 2012:211; Ferrell & Hartline, 2014:8; Kotler & Armstrong, 2015:8). Consumers who comprise a market are of two types and therefore constitute two different kinds of markets: (1) business markets, and (2) consumer markets. Business consumers are those who buy on behalf of a business and usually purchase products that enter into the production of other products, aiding in the business's operations or that are resold. The second type of market is a consumer market that consists of consumers who purchase or use products to satisfy their own or other individual's personal needs and wants (Lantos, 2015:58). According to Dibb *et al.* (2012:211), in order for a group of consumers to constitute a market, the following requirements should be met:

- They must need or want a particular product or service.
- They must have the ability to purchase the product or service. The ability to purchase is related to buying power, which comprises of resources such as money, goods and services that can be traded in an exchange situation.
- They must be willing to use their buying power.
- They must have the authority to buy the specific products or services.

According to Kotler and Armstrong (2015:8), the act of managing a market in order to bring about consumer equity is known as marketing. Perreault *et al.* (2015:47) define consumer equity as the anticipated profits accumulated from a business's current and prospective consumers over a specified period of time. By considering the consumer equity approach, businesses can distinguish between three possible streams of income, namely recruiting new consumers, retaining current consumers, and improving consumer value (Perreault *et al.*, 2015:47). Dibb *et al.* (2012:15) maintain that a business can attract new consumers, retain current consumers, and improve consumer satisfaction by devising and implementing a consumer-driven marketing strategy that takes into consideration the specific needs, expectations, perceptions, and buying behaviour of their identified consumers.

2.4.2 Design a consumer-driven marketing strategy

Businesses today are unable to cater for all consumers in a marketplace in the same way, owing to the fact that consumers are too numerous and too diverse in their needs and buying behaviour. In addition, businesses do not always have the means and abilities to satisfy the needs and wants of consumers in all the identified segments of a market (Armstrong *et al.*, 2015:174). It is therefore important for businesses to identify consumer segments that they can serve most effectively and profitably. According to Armstrong *et al.* (2015:174), a business must devise and implement a consumer-driven marketing strategy in order to communicate the right messages to the right consumers.

A consumer-driven marketing strategy is described by Badenhorst-Weiss and Cilliers (2014:5-6) as a powerful strategic weapon for businesses who wish to improve their competitive position within a market. One of the primary objectives of a consumer-driven marketing strategy is to satisfy the specific needs of consumers in a market, and to aim to create superior consumer value, which then enables the business to capture this value as consumer equity from both current and prospective consumers (Rutter, 2014:102). Scarborough (2011:250) remarks that when a business implements a consumer-driven marketing strategy, it should reflect and appeal to the

needs and wants of target consumers in a variety of different ways throughout the business, ranging from the actual product offerings to the location and décor of the store, for example.

A consumer-driven marketing strategy can be devised and implemented by following four main steps divided into two distinct phases of strategising. During the first phase, the business clearly defines and identifies the consumers that it wants to serve. This phase requires the business to actively engage in market segmentation (step 1) and target marketing (step 2). The second phase comprises differentiation (step 3) and positioning (step 4). Differentiation involves differentiating the business's product offerings from those of competitive products in the same market. Thus, during this final phase, the business defines its value offerings for the targeted consumers (Armstrong *et al.*, 2015:174; Heurman & Paavola, 2015:15). Segmentation, targeting, and positioning, are discussed in greater detail in section 2.5.1.

2.4.3 Preparing an integrated marketing plan and programme

A business's marketing strategy outlines which consumers it intends to serve and how it will create value for these consumers. Next, the business develops an integrated marketing programme that will actually deliver the intended value to targeted consumers. The marketing programme builds consumer relationships by transforming the marketing strategy into action. It consists of the business's marketing mix, which is the set of marketing tools that a business uses to implement its marketing strategy (Kotler & Armstrong, 2015:12). The marketing strategy is discussed in greater detail in section 2.5.

2.4.4 Building consumer relationships

The first three steps in the marketing process – understanding the marketplace and consumer needs, designing a consumer-driven marketing strategy and constructing marketing programmes – all lead to the fourth and most important step: building profitable consumer relationships (Kotler & Armstrong, 2015:13). According to Christopher *et al.* (2008:xi), there is a growing recognition that building relationships with consumers is becoming ever more important for businesses in increasingly complex and mature markets. Buttle and Maclan (2015:24) describe a relationship as a series of interactive episodes between two parties over time. A relationship is two-sided and, as such, the dyadic parties should share in the benefits of the formation of a strong relationship (Palmatier *et al.*, 2006:137).

Berry (1983:26) was the first marketing scholar who described RM as the building of relationships with consumers, defining it as the act of acquiring, maintaining, and enhancing consumer relationships. Berry and Parasuraman (1991) later revised the definition, describing RM as the process of attracting, developing, and maintaining consumer relations. Bennett (1996:420)

extended the definition of RM in the years to follow, defining it as the development and maintenance of mutually rewarding relationships between the business and its consumers achieved via the total integration of information and quality management systems, service support, and business strategy in order to delight the consumer and secure profitable lasting business. More recently, Payne and Frow (2017:12) advise that a business should not only build relationships with consumers, but rather with all relevant stakeholders – including suppliers, internal markets, influences, and referral sources. Bickhoff *et al.* (2014:11) concur, stating that RM should reflect a strategy and process that integrate all relevant stakeholders into the business's design, development, manufacturing, and sales processes. As such, an updated definition of RM is provided by Grönroos (2016:23), defining RM as the process of identifying, establishing, maintaining, and enhancing relationships with consumers and other stakeholders, at a profit, so that the objectives of all parties involved are met, resulting in a trusting relationship between the parties involved.

Christopher *et al.* (2008:xii) state that the concept of RM surfaced at a time when a shift occurred from marketing activities that emphasise consumer acquisition to marketing activities that emphasise consumer acquisition as well as retention (see section 2.2.4). Bickhoff *et al.* (2014:11) argue that whilst recognising that consumer acquisition is, and will still remain, part of a business's responsibilities, the concept of RM emphasises that consumer retention is of equal importance to the business in the long run. Palmatier *et al.* (2006:139) define consumer retention as a consumer's intention to maintain the relationship with a business in the future, with the likelihood of continued purchases of the business's products. Aksoy *et al.* (2007:3), as well as Payne and Frow (2017:12), purport that consumer retention is much more cost-effective compared to consumer acquisition, and is based on consumer satisfaction. If a consumer is satisfied with the product of a business, they could develop a positive attitude towards the business, resulting in increased loyalty to the brand (Yoganathan, *et al.*, 2015:15-16). RM aims to satisfy and retain consumers through various means to ensure future transactions with these consumers by delivering what they want (Berndt & Tait, 2012:7). According to Verma *et al.* (2015:207) and Huang (2015:1322), businesses engage in a number of RM activities, including direct marketing, database marketing, consumer partnering, services marketing, tangible rewards, preferential treatment, and interpersonal communication in order to achieve the objectives of consumer satisfaction, loyalty and consumer retention.

According to Sheth (2017:7), the advent of the concept of RM marked a paradigm shift from a transactional to a relational perspective in marketing. It transcends the notion of an explicit contractual relationship governed by contract laws and becomes an implicit friendship governed by passion, purpose and mutual respect. Gummesson (2017:17) propounds that businesses

should attract, win, build, establish, enhance, maintain and terminate relationships; and make them enjoyable, enthusiastic, ethical and personally and professionally rewarding to create win-win relationships with consumers.

According to Christopher *et al.* (2008:5), the concept of RM differs from the traditional marketing paradigm in a number of different ways. The first difference is an emphasis on extending the 'lifetime value' of consumers through strategies that focus on retaining targeted consumers. The second is the recognition that companies need to forge relationships with a number of market domains or 'stakeholders' if they are to achieve long-term success in the final marketplace. Finally, the third entails that marketing has moved from being the sole responsibility of the marketing department to become inter-departmental and cross-functional.

2.4.5 Capturing value from consumers

The final step of the marketing process involves capturing value from consumers in the form of current and future sales, market share, and profits. In order to capture value from consumers, the business firstly needs to create value *for* consumers. According to Kotler and Armstrong (2015:19), by creating superior value for consumers, the business creates highly satisfied consumers who remain loyal and buy more, and in return, it means greater long-run returns for the business. The concept of 'value received for the value given' should be regarded as the beacon that guides businesses that seek to maximise consumer value in order to achieve mutually profitable, long-term consumer relationships (Conti, 2013:227; Essawy, 2013:175).

According to Berndt and Tait (2012:43), consumer value is defined as the ratio of benefits to the sacrifice (by the consumer) necessary to obtain those benefits. The more the business is able to unfold those product benefits the target consumers are interested in, the more it will be able to satisfy consumers' expectations (Conti, 2013:224). Creating consumer value is therefore necessary to achieve higher levels of consumer satisfaction. Berndt and Tait (2012:43) offer four broad guidelines to businesses in order to achieve maximum value for consumers:

- The business should offer products that conform to the expectations of consumers.
- It must provide consumers with an augmented experience, delivering a product that surpasses their expectations.
- It should provide adequate information to the consumer.
- Finally, the business must offer business-wide commitment in service and after-sales support.

Gudem *et al.* (2013:74) state that consumer value is subjective and stretches far beyond that of the actual product, since it is influenced by the business's image, word-of-mouth, and personal experience. Consumer value has a profound influence on consumer behaviour, and affects the

consumer's decision to form a long-term relationship with the business (Weinstein, 2012:5). These are all factors that need to be addressed when devising the business's marketing strategy.

2.5 THE MARKETING STRATEGY

A strategy can be defined as a plan, method, or series of manoeuvres for obtaining a specific goal or result (Iacobucci, 2018:277). Kotler and Armstrong (2015:722) define a marketing strategy as the marketing logic by means of which the business hopes to create consumer value, build profitable relationships with consumers, and achieve its overall marketing objectives. The business decides which consumers it will serve (segmentation and targeting) and how it will serve them (differentiation and positioning). Guided by the marketing strategy, the business then designs an integrated marketing mix made up of various elements under its control (the four Ps). The following sections discuss each of these activities in greater detail.

2.5.1 Segmentation, targeting and positioning

The marketing elements of segmentation, targeting and positioning are becoming increasingly important in today's marketplace as the number of consumers increase at a substantial rate, and because they are scattered across the globe with varied needs and buying behaviours. Businesses must realise that it is virtually impossible to serve the entire market profitably, and should as a result, identify and select only those parts of the market that they can serve most effectively and efficiently (Kotler & Armstrong, 2015:203). Bruwer *et al.* (2017:6) concur, stating that segmenting a market into smaller identifiable parts would aid the business in coping with the diverse range of consumer needs, expectations and buying behaviour. This is mainly because segmentation allows businesses to differentiate their product offerings on various bases, including features such as price, packaging, design and promotional appeal, which then also enables the business to avoid fierce competition in the marketplace (Schiffman & Kanuk, 2014:50). The subsequent sections discuss the segmentation variables, namely segmentation, targeting and positioning.

2.5.1.1 Segmentation

Segmentation is regarded as one of the most prominent concepts in marketing, and is considered crucial for business success (Mpinganjira *et al.*, 2013:275). Ferrell and Hartline (2014:129) describe segmentation as a process used to divide the total market of a particular product or product category into smaller and distinct groups of consumers with similar or the same needs, wants and preferences. Thoeni *et al.* (2016:2197) more formally define market segmentation as the process of practically dividing the total market into smaller homogeneous groups known as market segments, with the aim of enhancing a business's profitability levels. A market segment

is therefore comprised of consumers with the same or similar needs, wants and preferences (Kotler & Keller, 2016:268; Parumasur & Roberts-Lombard, 2014:19). Ferrell and Hartline (2014:129), however, argue that in order for the segmentation process to be effective, the market segments that have been identified should consist of consumers who are homogeneous in their respective needs, wants, and preferences, but the segments themselves must be heterogeneous in nature.

Market segmentation is a crucial process that needs to be implemented by businesses for a number of different reasons. Bruwer *et al.* (2017:6) confirm that segmentation helps a business to effectively serve a wide variety of consumers who have varying needs and wants. In addition, segmentation allows a business to remain competitive in a marketplace through product differentiation (Schiffman & Kanuk, 2014:50). According to Brookins (2017) and Sausen *et al.* (2005:160), segmenting a market may also exploit new consumer potentials; develop existing consumer potentials; increase consumer profitability; aid in improving marketing measures; and identify/exploit new sub-segments. Segmentation helps a business to create and grow relationships with its consumers by developing an understanding of the various characteristics of consumers within the business's identified market segments. Understanding the specific needs, wants and preferences of a particular segment will aid in the development of customised marketing strategies that can be used when targeting a particular market segment (Lake, 2016).

Kotler and Keller (2016:268) propose two methods of segmenting a consumer market: descriptive variables (demographic, geographic and psychographic) and behavioural variables (brand preferences, benefits-sought and occasion-based). It is common practice today to make use of hybrid segmentation, which entails a combination of descriptive and behavioural variables, as this allows for improved insight into the specific needs, wants and preferences of consumers in a given market segment (Bruwer *et al.*, 2017:6; Schiffman & Kanuk, 2014:52). Even though numerous businesses today make use of hybrid segmentation by applying variables from both variable groups, Rao (2014:275) asserts that evidence suggests that behavioural variables are more suitable for identifying and formulating market segments. Kotler and Keller (2016:285) argue that it is insignificant as to which method a business chooses to segment their market, as long as the market segments are measureable, sizeable, accessible, heterogeneous and actionable.

Even though numerous approaches exist to segment a market, and therefore there is also a number of different factors to consider when identifying and selecting suitable market segments to target, Masterson *et al.* (2017:124) suggest that other key considerations have to be taken into account in order for the market segmentation process to be effective. Such considerations primarily concern the conversion of segmentation analysis into an actionable marketing strategy:

- The commitment and involvement of senior management within the business;
- The readiness of the business to respond to market change;
- Inter-functional and departmental coordination; and
- The need for well-designed planning.

It is important to note, however, that even after the various factors and approaches to market segmentation have been taken into account when identifying and selecting various market segments that not every segment that has been identified through such approaches is a profitable and viable option to pursue in a marketing sense (Masterson *et al.*, 2017:124; Schiffman & Kanuk, 2014:50-51). Attractive market segments may be discarded by the business for a number of different reasons, such as a lack of required resources, fierce competition within the segment, misalignment with the business's mission statement, changes in technology, or various legal and ethical concerns regarding the targeting of such segments (Ferrell & Hartline, 2014:142).

2.5.1.2 Targeting

Once the market has been segmented, the business must evaluate each identified segment in order to deduce whether it offers sufficient opportunities that match the business's resources and capabilities (Ferrell & Hartline, 2014:142-143). The market segments that seem most viable and attractive to the business, based on its analysis of each individual segment, must then be considered for targeting. Cant (2013:149) refers to targeting as the process of deciding which of the identified and analysed market segment(s) to pursue. Baker and Hart (2008:380-381) concur, stating that targeting refers to the decision that a business makes as to who will receive their marketing messages, and in what form(s). These decisions depend on accurate data analysis of the segment, both external (such as circulation or audience figures) and internal (such as consumer characteristics and buying behaviour) (Baker & Hart, 2008:380-381). According to Ferrell and Hartline (2014:142-143), based on the business's analysis of the identified segments, five strategies for target market selection can be implemented:

- *Single segment targeting.* Businesses use single segment targeting when their capabilities are intrinsically tied to the needs of a specific market segment. Many consider the businesses that use this targeting strategy to be true specialists in a particular product category. These businesses are successful because they fully understand their consumers' needs, preferences, and lifestyles. These businesses also constantly strive to improve quality and consumer satisfaction by continuously refining their products to meet changing consumer preferences.
- *Selective targeting.* Businesses that have multiple capabilities in many different product categories use selective targeting successfully. This strategy has several advantages,

including diversification of the business's risk and the ability to cherry-pick only the most attractive market segment opportunities. The business carefully selects product/market combinations where its capabilities match its consumers' specific needs.

- *Mass market targeting.* Only the largest businesses can apply mass market targeting, which involves the development of multiple marketing programmes to serve all consumer segments simultaneously.
- *Product specialisation.* Businesses engage in product specialisation when their expertise in a product category can be leveraged across many different market segments. Such businesses can apply product specifications to match the different needs of individual consumer groups.
- *Market specialisation.* Businesses engage in market specialisation when their intimate knowledge and expertise in one market allow them to offer customised marketing programmes that not only deliver needed products, but also provide needed solutions to the identified problems of their consumers.

2.5.1.3 Positioning

In order for a business to survive and grow in an adverse commercial environment, product positioning is used as part of the business's marketing strategy in order to improve consumer acquisition, consumer satisfaction, and consumer retention (Wang, 2015:2542). Product positioning can be described as the way in which consumers perceive a proposed or current product offering in a market in terms of its specific attributes and benefits in comparison to that of competitor products, as well as the method of communication used by a business to communicate the various product attributes to target consumers (Joubert, 2013:115; Perreault *et al.*, 2015:110; Rao, 2014:275). Hadjinicola *et al.* (2013:432) define a product attribute as an abstract dimension that refers to how consumers perceive a product offering. Fleisher and Bensoussan (2015:392) confirm that the key to successfully positioning a product offering entails effectively communicating those product attributes that deliver the desired benefits to consumers, whether these entail service, quality, price, or other attributes. When businesses plan their product positioning strategy, it is important for them to focus on differentiating their product attributes from those of similar products offered by competitors in a market (Mpinganjira *et al.*, 2013:288). Perreault *et al.* (2015:110) claim that without a holistic understanding as to how consumers perceive a product or service, businesses will find it difficult to differentiate their respective product offerings effectively. It can therefore be said that positioning is an important marketing element to take into consideration when differentiating product offerings in a market where products are relatively similar to each other.

According to Mpinganjira *et al.* (2013:288), due to the fact that product positioning plays a key role in the effective marketing of products and services, businesses take great care when devising

a plan to position their product offerings in the market and to create a marketing mix that supports the planned position. Cha *et al.* (2009) explain that a business proceeds through a series of steps in order to position their product offerings effectively. These steps include: (1) visualising competitive product offerings and product attributes in the specific market; (2) devising a model to predict how potential consumers will respond to marketing stimulus; (3) determining the ideal position of the proposed product offering(s); and (4) identifying and select the niche segment(s).

According to Joubert (2013:115), there are seven distinct methods of product positioning:

- *Attribute positioning.* This type of positioning involves the business using its strongest qualities or attributes.
- *Benefit positioning.* This method of positioning refers to where a business focuses on the benefit they offer consumers that is most probably not emphasised by the competition.
- *Use application positioning.* In using this positioning method, a business positions itself on the basis of the way in which its products are used.
- *User positioning.* Businesses use this to position their products with the end-user in mind.
- *Competitor positioning.* This refers to cases when businesses position themselves against their competition.
- *Product category positioning.* This occurs when a business positions itself in a product group with which it is not usually associated.
- *Quality/price positioning.* A business can position itself on the basis of quality or price by either emphasising affordable prices or good quality products.

2.5.2 The marketing mix

One of the main objectives of a business is to differentiate and position their respective product offerings in the market to the extent that consumers will prefer to purchase their products instead of similar products offered by market competitors. According to Baker and Hart (2008:247), when devising this unique selling proposition, a business can make use of four strategic marketing elements, namely product, price, place and promotion, which together form the well-known marketing mix. A business's overall marketing strategy, in essence, is articulated in terms of the marketing mix (Khan, 2014:95; Parumasur & Roberts-Lombard, 2014:16). The marketing mix can be described as the most fundamental concept of marketing, in which the set of four controllable elements are combined and used to inform consumers in a business's target market about a product offering, and to persuade them into action in order to satisfy their specific needs, wants and preferences (Khan, 2014:95; Kurtz, 2015:46; Lamb *et al.*, 2018:26; Mpinganjira *et al.*, 2014:301; Perreault *et al.*, 2015:36; Schiffman & Kanuk, 2014:7). The target market and the anticipated impact on the macro-environmental factors on the business will determine how the

four elements of the marketing mix will be used (Cant & Van Heerden, 2013:40). The marketing mix is more commonly referred to in practice as the 4 'Ps' of marketing (product, price, place, and promotion) following the classification first proposed by McCarthy (1978).

Every market has its own logic whereby excellence on one element of the marketing mix, whether product, price, place or promotion, is often a necessary condition for success. Baker and Hart (2008:24) contend that it is important for a business to be aware of the particular key factor in the marketing mix, as this will be a decisive factor when devising a marketing strategy and guide the business as to which of the four elements to emphasise. A business's senior management should take great care in their decisions regarding the allocation of resources to each of the four marketing mix elements, and should determine how the various elements support and enhance each other, and whether they are effective in meeting a sector's needs (Harrington *et al.*, 2017:566-567). According to D'Esopo and Almquist (2007:131), the marketing mix changes over time as the marketing strategy shifts and consumer responses change. Thus, in order to achieve optimal results, it is salient for businesses to remain abreast of such changes so that they can devise, manipulate and alter their marketing mix strategies effectively and efficiently. A well-devised and regularly updated marketing mix strategy that contains containing a blend of all four marketing mix components enables a business to direct its marketing activities more accurately toward achieving strategic goals, and also to gain a competitive advantage in the market (Dibb *et al.*, 2012:298; Lamb *et al.*, 2018:26). Dibb *et al.* (2012:298) indicate that a well-devised marketing mix strategy clearly outlines a plan for making various business decisions regarding the business's product offering, price, place and promotion. The four marketing mix elements are discussed in the subsequent sections.

2.5.2.1 Product

The term 'product' is a relatively broad concept that can be defined as anything that is offered to a market for attention, use, or consumption, which can be acquired via exchange in order to satisfy a specific need or want (Ferrell & Hartline, 2014:11; Kotler & Armstrong, 2015:724; Kotler & Keller, 2016:389). The definition allows for the classification of a comprehensive range of 'things' as products. According to Lamb *et al.* (2018:27), a product can be both tangible and intangible. Tangible products include physical goods, residential and commercial properties, packaging, people, and places to name but a few; whilst examples of intangible products include services, events, information, ideas, brand names, and trademarks (Ferrell & Hartline, 2014:11; Kotler & Keller, 2016:389). Mpinganjira *et al.* (2014:302) propound that a product can be described as a combination of need-satisfying attributes that can be exchanged for a price. Babin and Harris (2018:13), however, maintain that a product is not merely a combination of attributes, but rather a potentially valuable bundle of benefits offered to consumers. Parumasur and Roberts-Lombard

(2014:23) concur, stating that consumers acquire more than a set of attributes when purchasing a product; they acquire 'want satisfaction' in the form of benefits they expect to receive from the product. By considering the various definitions above, a product can be defined as a combination of both tangible and intangible elements that are used to formulate a potentially valuable bundle of benefits in order to create an integrated offering that is acquired via exchange and is primarily aimed at satisfying the specific needs, wants and preferences of consumers in a target market.

A business needs to develop a product that is in line with the specific needs, wants and preferences of consumers in a target market (Hoyer *et al.*, 2018:17; Perreault *et al.*, 2015:38). According to Hoyer *et al.* (2018:17), consumers often collaborate with a business to develop and improve product offerings. Having the business collaborate with current and potential consumers on product development, and by integrating their knowledge content into the product, may result in a unique or highly bespoke product that is tailored to the specific needs and wants of consumers in a target market (Joubert, 2013:156). Ferrell and Hartline (2014:12) propound that businesses that can provide consumers with a unique, bespoke product offering are better equipped to fulfil their strategic business goals effectively and efficiently, and to satisfy their consumers' needs and wants better than those of competitors in the market. According to Parumasur and Roberts-Lombard (2014:23), it is not always an easy task to satisfy the needs and wants of consumers in a competitive market, nor is it always an economically viable option for a business to tailor their products for a select few consumers within the target market. Businesses must therefore carefully balance the advantages of product customisation against a wide range of product options to offer the consumer the most value without jeopardising the profitability of the business.

Lamb *et al.* (2018:27) explain that it is of vital importance that products offer value to consumers. If consumers perceive a product not to have any value to them, they will not purchase the product, and of course, the business will not generate any income from the production and selling of their products. According to Kotler and Keller (2016:33), value can be regarded as the sum total of both the tangible and intangible benefits and costs, and constitutes a combination of price, quality, and service. Kotler and Armstrong (2015:726) define a product's value proposition as the full mix of benefits upon which it is positioned. Consumers' assessment of the value of products is thus based on the degree of satisfaction or benefits derived from making specific product purchases. Interestingly, consumers who do not have actual experiences with a product often determine the value of a product on the basis of external cues, such as brand image, manufacturer's image, store image, country of origin, and/or price (Schiffman & Kanuk, 2014:151,171).

2.5.2.2 Price

According to Baker and Hart (2008:281), apart from the business's product offering, price is regarded as the most crucial element of the marketing mix because it allows a transaction to take place between the consumer and the business, and this is at the heart of the marketing process. Price is the only marketing mix element that produces revenue for the business, whereas the other elements produce costs (Iacobucci, 2013:107; Kotler & Keller, 2016:483). Lamb *et al.* (2018:27) accentuate that not only is price one of the most important elements of the marketing mix, but also the most flexible. Businesses are able to raise or lower prices more regularly and easily than altering any of the other marketing mix elements.

Price can be defined as that which a consumer must sacrifice in order to acquire a product (Lamb *et al.*, 2018:27). According to Kotler and Armstrong (2015:724), price refers to the amount of money charged for a product, or the sum of all the values that consumers exchange for the benefits of having or using the product. Babin and Harris (2018:261) propound that a product's price signals to the consumer the amount of potential value and benefit that could be derived from acquiring the product. Price therefore effectively communicates meaning to consumers. According to Iacobucci (2018:133), price signals to consumers, competitors, and collaborators the positioning and image of the product. In addition, Mpinganjira *et al.* (2014:302) suggest that price communicates with consumers on a psychological level, signifying value, as consumers tend to equate premium prices with premium quality products. The price of the product must thus reflect its value to the consumer. If the value is not perceived to be worthy of the price, consumers are not likely to buy the product at the set price (Cant & Van Heerden, 2013:40; Mpinganjira *et al.*, 2014:302). The value of a product varies according to the specific needs, wants, and preferences of consumers. Just as the product and services are set in a process of collaboration, so too must the price reflect the choices made and the value created from these choices (Joubert, 2013:157).

The price of a product or service can have an influence on consumers' acquisition, usage, and disposition decisions. It is therefore very important for marketers to understand how consumers react to price and to use this information when devising effective pricing strategies (Hoyer *et al.*, 2018:19-20). Desmet (2016:676) concurs, stating that the assessment of consumers' reactions to prices is an important factor to consider in the development of a pricing strategy. In addition, a business needs to consider consumers' willingness to pay a specific price, the current economic climate, the prices of competitive products, as well as the cost of the entire marketing mix when devising a pricing strategy for their respective product offerings (Cant & Van Heerden, 2013:40; Perreault *et al.*, 2015:41). A business's pricing strategy focuses on setting justifiable prices that offer a profitable return (Baker & Hart, 2008:281). According to Kurtz (2015:48), an effective

pricing strategy is one that creates value for consumers, forming and growing a consumer's relationship with a business and its product offerings. The pricing strategy must be strictly regulated and is subject to considerable public scrutiny.

2.5.2.3 Place

A business's place strategy entails making products available when and where consumers prefer (Lamb *et al.*, 2018:27). According to Joubert (2013:159), consumers should be given a choice with regard to the location at which they will specify, purchase, receive, install, repair and return individual components of the product. A product is not much good to a consumer if it is not available when and where he or she wants it (Perreault *et al.*, 2015:39). Parumasur and Roberts-Lombard (2014:25) warn that if the product is not available where the consumer wants it, the business will most probably not survive.

Distribution therefore plays an integral part of the place component. According to Lamb *et al.* (2018:27), distribution can be regarded as the process that a business implements to store and transport raw materials and finished products, ensuring that products arrive in usable condition at designated places when needed. Perreault *et al.* (2015:39) and Mpinganjira *et al.* (2014:302) affirm that product distribution constitutes all the channels that participate in the flow of products from manufacturer to final consumer. Deciding on which distribution channel to use implies an understanding of the target market and where they prefer to buy (Parumasur & Roberts-Lombard, 2014:25). Marketers who understand the value consumers place on time and convenience have developed distribution channels that allow consumers to acquire or use offerings whenever and wherever it is most convenient for them (Hoyer *et al.*, 2018:20).

2.5.2.4 Promotion

According to Kotler and Armstrong (2015:724), promotion is the marketing mix element that a business uses to communicate the value and the benefits of their products to consumers effectively. Promotion can therefore be referred to as the 'voice' of the business and its products that creates a link between the business and its consumers (Kotler & Keller, 2016:58). Joubert (2013:157-158) propounds that technology has enabled businesses to implement promotional strategies that promote dialogue between the business and its consumers, so that consumers can be engaged with and assisted on a one-on-one basis by means of interactive communication methods like the Internet, computer telephony integration, intelligence at point-of-sale, smart cards and interactive voice response systems.

A promotional strategy is defined by Mpinganjira *et al.* (2014:302) as a combination of different media vehicles, activities and materials that are carefully selected and implemented by a business

in order to communicate effectively and efficiently with its target consumers. Businesses make use of a variety of ways to communicate and promote the value and benefits of their products to consumers. Each promotional element must be coordinated and managed in conjunction with the others in order to create an effective promotional strategy (Lamb *et al.*, 2018:27). According to Kotler and Keller (2016:582) and Lamb *et al.* (2018:27), a promotional strategy is comprised of the following primary modes of communication:

- *Advertising*. This includes any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor via print media (newspapers and magazines), broadcast media (radio and television), network media (telephone, satellite, wireless), electronic media (audiotape, videotape, videodisk, CD-ROM, Web page), and display media (billboards, signs, posters).
- *Sales promotion*. This refers to a variety of short-term incentives to encourage trial or purchase of a product or service including consumer promotions (such as samples, coupons, and premiums), trade promotions (such as advertising and display allowances), and business and sales force promotions (contests for sales reps).
- *Events and experiences*. These are business activities and programmes designed internally to create daily or special brand-related interactions with consumers, including sports, arts, entertainment, and cause events as well as less formal activities.
- *Public relations and publicity*. These refer to a variety of programmes directed internally to employees of the business or externally to consumers, other firms, the government, and media to promote or protect a business's image or its individual product communications.
- *Online and social media marketing*. Online activities and programmes are designed to engage consumers or prospects and directly or indirectly raise awareness, improve image, or elicit sales of products and services.
- *Mobile marketing*. This is a special form of online marketing that places communications on consumers' cell phones, smart phones, or tablets.
- *Direct and database marketing*. Here a business uses mail, telephone, fax, e-mail, or Internet to communicate directly with or solicit response or dialogue from specific consumers and prospects.
- *Personal selling*. This entails face-to-face interaction with one or more prospective purchasers for the purpose of making presentations, answering questions, and procuring orders.

Clifton (2011:1975) indicates that the promotional activities and methods of communication selected by a business are driven by the need to differentiate their product offerings from those of their competitors in the same market. Therefore, businesses in the same or similar industries could differ considerably with regard to the choice of communication vehicles used in their respective promotional strategies (Kotler & Keller, 2016:595). The choice of the promotional strategy's elements depends on a variety of different factors. According to Hoyer *et al.* (2018:18-19), businesses select and implement specific promotional elements according to the demographic, lifestyle, and media usage patterns of their target market(s). The choices of promotional tools that are included in the promotional strategy also depend on whether the primary aim is to recruit new consumers or to retain existing consumers (Perreault *et al.*, 2015:40).

According to Kotler and Keller (2016:580), a promotional strategy is devised and implemented by businesses primarily to establish dialogue with current and prospective consumers. Lamb *et al.* (2018:27) confirm that a promotional strategy is a valuable communication tool of a business as it enables a mutually satisfying exchange to take place between a business and its consumers. Effective communication with consumers enables a business to build and grow long-lasting, profitable relationships with their consumers (Kotler & Armstrong, 2015:724). Kotler and Keller (2016:583) add that a well-devised promotional strategy contributes to brand equity and higher sales volumes by creating brand awareness and forging a brand's image in the minds of consumers. In addition, an effective promotional strategy could affect consumer behaviour by eliciting positive brand perceptions, feelings, beliefs, attitudes and/or buying behaviour (Kotler & Keller, 2016:583; Lamb *et al.*, 2018:27; Mpinganjira *et al.*, 2014:302; Parumasur & Roberts-Lombard, 2014:23).

2.6 CONSUMER BEHAVIOUR

Consumer behaviour can be defined as all those consumer activities associated with the purchase, consumption, and disposition of goods, services, activities, experiences, people, and ideas, including the consumer's emotional, mental, and behavioural responses that precede, determine, or follow these activities (Hoyer *et al.*, 2016:5; Kardes *et al.*, 2015:7-8). Babin and Harris (2018:4) describe consumer behaviour as the set of value-seeking activities that take place as consumers go about addressing or attempting to address needs.

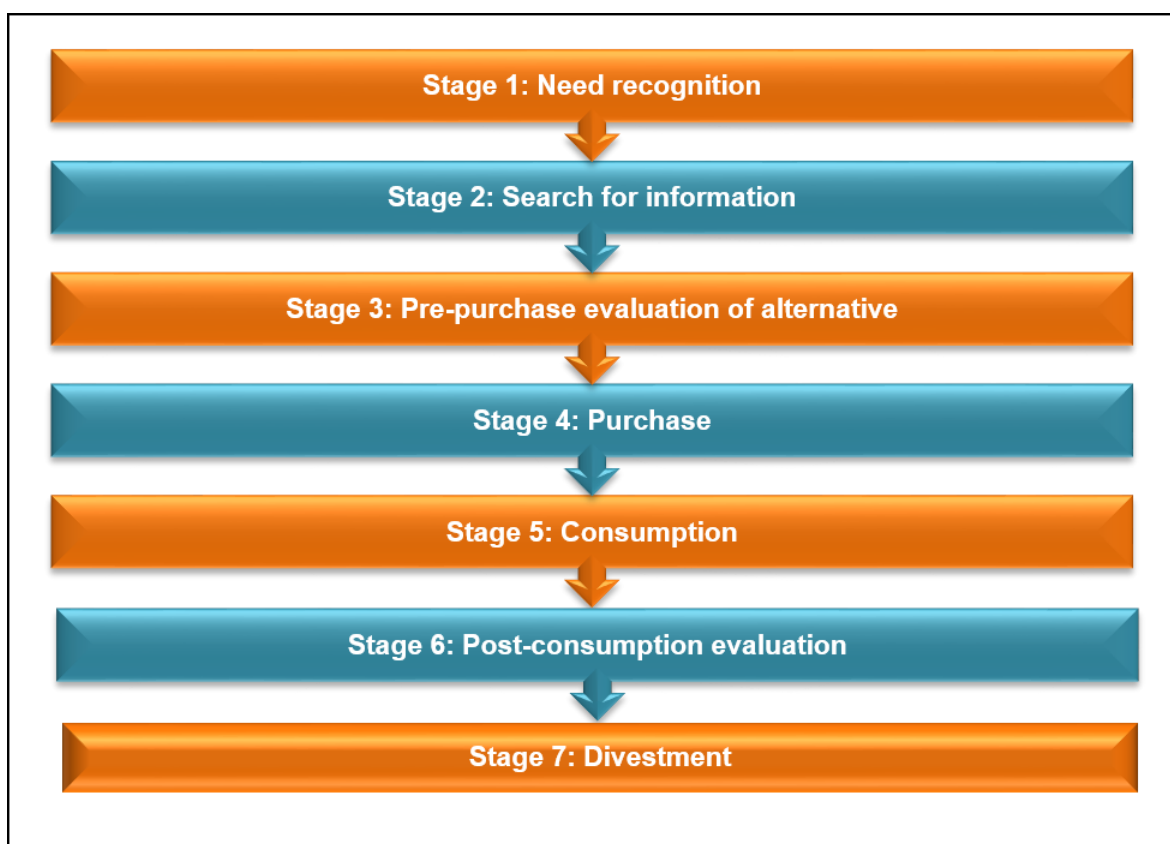
According to Schiffman and Kanuk (2014:6), consumers are highly complex individuals, subject to a variety of psychological and social needs quite apart from their more basic functional needs. The needs and priorities of different consumer segments differ dramatically, and therefore, the objectives of a business should be to target different products and services to different market segments in order to better satisfy their varied needs. To accomplish this task, the business must

have insight into what products will satisfy different market segments. They have to study consumers and their consumption behaviour, including the behaviour that they display when making purchase decisions.

2.6.1 Consumer decision-making process

Pride and Ferrell (2016:194) state that there are many reasons why businesses need to study consumer behaviour. Firstly, consumers' responses to a business' marketing strategy have a significant impact on its success. Secondly, to find out what would satisfy consumers, businesses must examine the main influences on what, where, when, and how consumers buy. Thirdly, by gaining a more profound understanding of the factors that affect consumer buying behaviour, businesses are in a better position to predict how consumers will make their decisions and how they will respond to different marketing strategies. The outcomes of a business's marketing strategy therefore depend on its interaction with the consumer decision-making process (Cant *et al.*, 2009:21). These stages are portrayed in the model of the consumer decision-making process in Figure 2:3.

Figure 2:3 The consumer decision-making process model



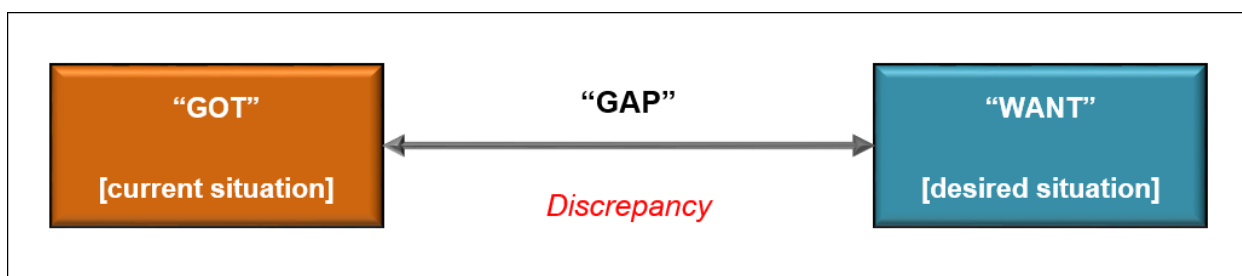
Source: Adapted from Blackwell *et al.* (2006:70) and Sethna and Blythe (2016:75).

The consumer activities at each stage of the decision-making process are subsequently described.

2.6.1.1 Stage 1: Need recognition

The first step in the traditional model of consumer decision-making is need recognition. This occurs when a consumer acknowledges a significant difference between what is perceived as the desired state and what is perceived as the actual state (Dixit, 2017:27). In short, a discrepancy exists between what the consumer wants the situation to be and what the situation really is. Kardes *et al.* (2015:234) refer to this discrepancy as a “want-got gap”.

Figure 2:4 The want-got gap



Source: Kardes *et al.* (2015:234).

Sethna and Blythe (2016:172) concur, stating that a need is felt or recognised when there is a divergence between consumers’ actual state and their desired state. However, a divergence between an actual state and a desired state alone does not necessarily drive the consumer into action in order to fulfil the need. The divergence must be rather significant for the consumer to be motivated to search for a product or service that will satisfy the need (Lamb *et al.*, 2018:95). According to Peter and Donnelly (2011:49), businesses should be well aware of the specific needs and wants among consumers in its target market(s), and should ensure that they can provide the products necessary to satisfy the identified needs.

Often, consumers are unaware of their own needs and wants. Therefore, in order to gain a competitive edge, businesses must help consumers to realise what their unmet needs are by providing them with relevant information that will initiate the consumer decision-making process (Kotler & Keller, 2016:53). Information can be communicated to consumers by marketers through various promotional efforts, for example, advertising, sales promotions, and social media platforms (Lamb *et al.*, 2018:95). Consumers will discover the information provided by businesses when they conduct a search for additional information on viable products that could possibly satisfy their unmet needs and/or wants.

2.6.1.2 Stage 2: Search for information

Once a consumer has realised that he or she has an unmet need, they will begin searching for information on products that could possibly satisfy the identified need. According to Lamb *et al.* (2018:95), consumers could engage in internal information search, which means retrieving information that is stored in memory; or consumers may engage in external information search by seeking information in the outside environment, for example, collecting information from friends and family, or the marketplace. The length and depth of the information search stage depends on various factors such as the time available to make a decision, the range of products available to select from, the price of the products available, and alternative brands available on the market (Schwarz *et al.*, 2013:118-119). Blackwell *et al.* (2006:75) propound that if consumers are familiar with a specific brand and/or product in a specific product category or marketplace, they may repurchase the brand with very little (if any) information search efforts.

Subsequent to the consumer collecting the relevant information from different sources, he or she then processes the information accordingly. It is, however, not fully understood within the sphere of marketing science how consumers go about processing information obtained from various sources in order to form evaluations of alternative products and/or brands. Peter and Donnelly (2011:50) are of the opinion that information is processed via four distinct stages, namely: (1) the consumer is exposed to the information; (2) the consumer pays attention to the information; (3) the consumer attempts to comprehend the information; and (4) the consumer then retains the information in order to be recalled when required.

2.6.1.3 Stage 3: Pre-purchase evaluation of alternatives

The third stage of the consumer decision-making process entails the evaluation of available alternatives. According to Gerber and Bothma (2008:16), the pre-purchase evaluation of alternatives entails a process of elimination in which the consumer creates a short-list of the products he/she may consider purchasing in order to satisfy an identified need. During the course of the evaluation stage, the consumer may choose to apply various evaluative criteria to the identified alternatives such as cost, size, and/or location (Cant & Van Heerden, 2013:71).

Solomon *et al.* (2013:263) propound that the period of time and the amount of effort spent on the pre-purchase evaluation of alternatives stage largely depends on the cost of the intended purchase. Blackwell *et al.* (2006:80) affirm that the evaluation process may take place in a very short time-period in the case of low-cost products bought on a regular basis such as grocery items; and on the other hand, higher-priced products that are bought on a once-off occasion, or

on a less regular basis, could cause consumers to take a great deal of time evaluating the various alternative brands and products available.

Whilst the decisions made during the evaluation of alternatives is not a primary aspect considered by consumers, marketers find these crucial (Hoffman & Bateson, 2017:93; Lantos, 2015:69). Marketers should identify the criteria that are most important for consumers in their evaluation of alternatives, and should ensure that they achieve excellent performance on those specific criteria. In addition, marketers must ensure that they promote their strong product attributes effectively to consumers in their target markets whilst downplaying those attributes where the product or brand performs poorly. Gough and Nurullah (2009:155) support this notion by stating that brand reputation may serve as a primary proxy for pre-purchase evaluation of alternatives when consumers are unable to identify or evaluate the quality and value of products prior to purchase easily.

2.6.1.4 Stage 4: Purchase

Peter and Donnelly (2011:51) suggest that once the consumer has completed the pre-purchase evaluation stage, and if no other factors obstruct his or her decision on the choice of product, the actual purchase commences. The purchase stage is described by Panda (2008:194) as the *terminal stage* in the consumer decision-making process, as this completes the transaction. During the purchase stage of the consumer decision-making process, the consumer decides on the seller from which he or she purchase the selected product. This decision may have an effect on the selection of the product, and could therefore change the product decided on during the previous stage. Once the consumer has selected the seller, the actual purchase takes place, unless he or she decides to terminate the buying decision process altogether once considering all the factors that affect the purchase of the product (Pride & Ferrell, 2016:198).

2.6.1.5 Stage 5: Consumption

Once the consumer has purchased the product and taken possession of the product, actual consumption of the product takes place. Babin and Harris (2018:6) define consumption as the process by means of which consumers transform the purchase experience into one of value by making effective use of the purchased product, service and/or idea. The consumption experience determines the consumer's future attitude towards the purchased product and/or brand (Betsch & Haberstroh, 2012:297).

2.6.1.6 Stage 6: Post-consumption evaluation

After having consumed the product, the consumer will experience either a state of satisfaction or dissatisfaction. When determining the satisfaction or dissatisfaction of the purchase, there are three possible outcomes: (1) actual performance matches expectations, leading to a neutral feeling; (2) performance exceeds expectations, causing what is known as positive disconfirmation of expectations (which leads to satisfaction); or (3) performance is below expectations, causing negative disconfirmation of expectations and dissatisfaction (Schiffman & Kanuk, 2014:10). According to Kotler and Keller (2016:205), these outcomes are significant because consumers store their evaluations in their memories and refer to them when making future decisions. If a consumer is highly satisfied, subsequent purchase decisions of a product become easier.

2.6.1.7 Stage 7: Divestment

Divestment is the last stage in the consumer decision-making process model. After the use of the product has expired, consumers have several options in terms of what to do next, including outright disposal, recycling, or remarketing (Blackwell *et al.*, 2006:84). During the divestment stage, consumers may apply various divestment rituals in order to get rid of a product (Solomon *et al.*, 2013:509). Solomon *et al.* (2013:509) describe divestment rituals as the steps that consumers engage in to systematically detach themselves from products they value, in order to make it easier for them to sell or give it away to someone else.

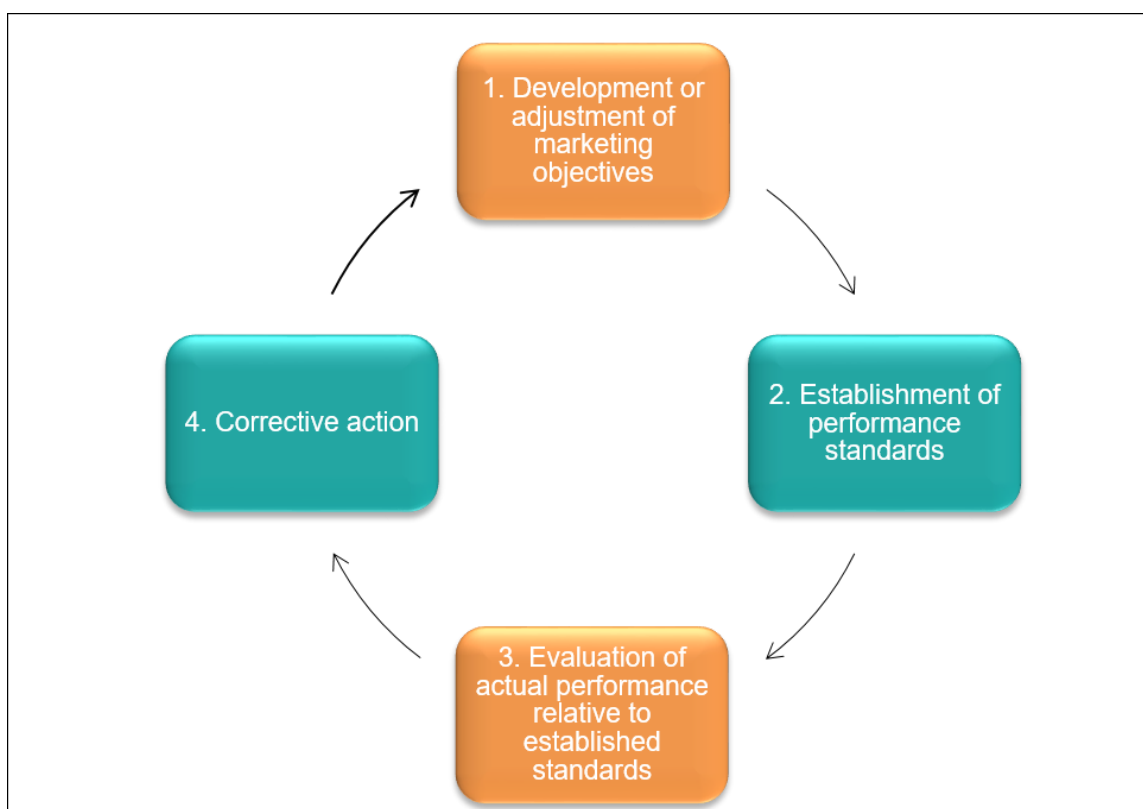
To conclude the discussion on the various stages of the consumer decision-making process, Kurtz (2015:46) confirms that, in order to meet the demands of today's consumers effectively, it is important for businesses to understand how their targeted consumers behave, how they go about making purchase decisions. An understanding of how consumers make decisions when purchasing various products will allow marketers to identify and take advantage of various market opportunities. This will also help them in the process of segmentation, targeting and positioning. In addition, sound understanding of consumers will enable marketers to influence future purchase-related decisions of consumers by making the required amendments to marketing strategies, and by so doing, improving the effectiveness and efficiency of these strategies (Parumasur & Roberts-Lombard, 2014:277). According to Ferrell and Hartline (2014:270), the effectiveness and efficiency of a marketing strategy can be determined by means of continuing evaluation and assessment, as well as stringent marketing control practices.

2.7 MARKETING CONTROL

Marketing control is defined as an on-going process of evaluation and measurement of the effects of the implemented marketing strategy and making the required amendments in order to ascertain

that the set marketing objectives are achieved (Cant & Van Heerden, 2013:545; Kotler & Keller, 2016:697). It is important for businesses to constantly evaluate and monitor the performance of the various activities included in the marketing strategy, so that they may improve the effectiveness of the strategy by making the necessary adjustments. According to Dibb and Simkin (2013:721), the marketing control process involves the development of strategic marketing objectives that the marketing strategy aims to achieve. Once the objectives have been set, relevant standards of performance should be developed. Subsequently, the actual performance of the marketing strategy should be evaluated and measured in terms of the performance standards that have been developed prior to the implementation of the marketing strategy. Once the marketing strategy's performance has been evaluated against that of the pre-established standards of performance, any discrepancies between the actual and desired performance standards should be amended by engaging in corrective action. The marketing control process is portrayed in Figure 2:5 below.

Figure 2:5 The marketing control process



Source: Dibb & Simkin (2013:721).

A stringent marketing control process is important to gauge the effectiveness and efficiency of the overall marketing strategy. The measurement of marketing effectiveness is a core constituent of this study, as the primary objective in this thesis is to devise a strategy for measuring the

effectiveness of place marketing efforts applied by BIDs in South Africa. Chapter 4 of this study presents a discussion on the marketing control process and the measurement of marketing performance.

2.8 SUMMARY

This chapter provided a discussion on the evolution of the marketing concept and provided a comprehensive and practical definition of the term by considering the various amendments that have been made to the definition over the past few- decades. In addition, the chapter elucidated the various components of the marketing process and described what the marketing strategy entails. The behaviour of consumers, and how it affects the marketing strategy was discussed with specific reference to the consumer decision-making process. The chapter concluded with a brief discussion on the importance of evaluating and measuring the effectiveness of the marketing strategy by means of a stringent marketing control process.

The motivation for the discussion on the concept of marketing and its various components is based on the fact that it constitutes the fundamental theoretical basis for the present study. It is important to firstly present a thorough exploration of the rudimentary principles and constituents of marketing as set out in the literature prior to extending the concept of marketing and extrapolating it to another field of study, in this instance the marketing of places. The next chapter presents an analysis on the concept of place marketing, which is, indeed, rooted in the science of marketing.

CHAPTER 3: PLACE MARKETING

3.1 INTRODUCTION

The concept of place marketing comprises an integral part of this study and therefore requires further investigation. In order to gain a more holistic understanding of place marketing, the origin of the place marketing concept must be explored in terms of how it was coined, and how it relates to the transactional (traditional) theory and practice of marketing as presented in Chapter 2. The relationship between a place and a product (and how a place can be regarded as a product) is perused in this chapter in order to confirm why a place could be promoted and marketed as such. The need to conduct this study can be supported by realising the significance of place marketing in practice today, and how it contributes to the overall development of a place. Prior to devising a strategy for measuring the performance of place marketing (which is the primary objective of this study), the present chapter sets out to determine to whom place marketing efforts are aimed (target markets), which components of a place must be promoted and marketed (place marketing factors), and who the responsible stakeholders are for the planning and execution of place marketing activities (place marketing planning group).

This chapter commences with a brief discussion on the origin of place marketing and its rise in prominence over recent years. The chapter continues by defining *place* and explains how a place can be regarded as a product that could be marketed to consumers. The chapter proceeds with a discussion on how place marketing was born from traditional marketing by explaining various similarities and differences between these two forms of marketing. The next section of the chapter presents a discussion of the necessity and significance of place marketing by referring to how place marketing contributes to the improvement of place competitiveness; stakeholder satisfaction; and urban regeneration. This section concludes by demonstrating place marketing's ability to construct a positive place identity, place image, and place brand respectively. Next, the chapter provides a discussion on the various levels of place marketing with specific reference to the target markets of a place; the place marketing factors that are deployed and mobilised; and the stakeholders who are responsible for the place marketing activities of whom the place marketing planning group comprises. The chapter concludes by arguing for the importance of place marketing control and its related challenges in practice today, which serves as a prelude to Chapter 4, in which a discussion on the notion of place marketing performance measurement is provided.

3.2 THE PLACE MARKETING PHENOMENON

Place marketing is not a new phenomenon; it has a long tradition rooted in the United States of America (USA) (Anholt, 2010:1; Mohr, 2013:1). Freestone (2000) and Ward (2005:10) describe various historical cases where conscious measures were taken by various places to attract capital, which according to Baker and Cameron (2008:79) mainly include inward investment, residents and revenue. Freestone provides the example of North America's colonisation, where promotional campaigns were used to lure 'settlers' to the continent in order to fill the gap of skill shortages, to establish rural growth industries, and to enhance economic activities in the newly conquered territory. Freestone adds that the mass interwar migrations in North America were partly due to intensive marketing campaigns of towns, cities and states – positioning the new post-war 'green' developments in suburbia against those of the war-torn northern industrial towns.

Places have therefore been differentiating themselves from each other for many years by accentuating their unique characteristics, designing distinct place identities, and promoting them to both internal and external markets in order to benefit their own operational needs and to achieve various economic, political and/or social objectives (Govers, 2011:227; Kavaratzis & Ashworth, 2008:151). Kavaratzis and Ashworth (2008:150) explain that the practice of place marketing has developed and evolved over time through discrete phases, which differ greatly in terms of their methodologies, complexity, and objectives. The concept of place marketing was shaped by developments in the science of traditional marketing (defined in section 2.3.4) and various other cognate disciplines, but also by the external historical contexts at various spatial scales that determined its significance, framework and objectives (Eshuis *et al.*, 2013:507).

Even though the marketing of places has existed for a long time, it was only in the early 1970s that a profound interest in the concept of place marketing arose which then fully bloomed in the 1990s, and has continued to receive ever-increasing attention since (Deffner & Metaxes, 2005:2; Niedomysl, 2004:1993; Skinner, 2008:917; Zivoder *et al.*, 2015:69). Although evidence exists that the practice of place marketing is not a novel phenomenon, a surge of interest in academic research and enquiry into the concept is more recent (Acharya & Rahman, 2016:289; Hankinson, 2004:6; Lucarelli & Berg, 2011:9 Skinner, 2008:923). Ashworth and Voogd (1990) were two of the first researchers to study the concept of place marketing when they attempted to devise a strategic planning framework for place marketing activities. Since the 1990s, the literature on place marketing has proliferated, together with a burgeoning number of scholars, specialist journals, conferences, symposia, and also the launch of a new Institute of Place Management (IPM) in 2006. The main aim of the IPM is to support places in their development, management, and overall improvement (Berglund & Olsson, 2010:7; IPM, 2018; Lucarelli & Berg, 2011:9; Skinner, 2008:915). According to Niedomysl and Jonasson (2012:223), 32 academic papers were

published on place marketing in 2009 alone, which is the same number that were published on the concept throughout the 1990s. This provides evidence that interest in the subject of place marketing has gained momentum in the past few decades.

The rise in the number of academic studies on place marketing since the 1990s is attributed to the recent rapid increase of place marketing activities around the world (Brown & Campelo, 2014:424; Skinner, 2008:917). The increase in place marketing activities at local, national and international levels can be attributed to nationalisation and globalisation, since the growing number of transactions across local and international borders (mainly due to perforated barriers of trade, reduced transport costs, flexible forms of businesses, improved communication technologies and the exchangeability between places) has led to more intense competition in attracting capital by various places (Baker & Cameron, 2008:79; d'Angella & Go, 2009:429; Jacobsen, 2012:253; Kavaratzis & Ashworth, 2008:154; Rossouw & Van Vuuren, 2013:119). D'Angella and Go (2009:429) add that the upsurge in place marketing and the reason why it has continued to play such a prominent role in the management of places, is due to: (1) the economic and financial constraints of many places; (2) the negative reputations and perceptions that are attached to certain places; and (3) the increased competition between places to satisfy stakeholder demand effectively and efficiently.

According to Baker and Cameron (2008:79), as competition for capital and other resources continue to increase between various places, so do the development and implementation of place marketing strategies. It is important in today's competitive and globalised marketplace that places should differentiate and position themselves in such a way that they stand out from the rest (Morgan, 2012:8). Askegaard and Kjeldgaard (2007:139) argue that the similarity of places around the world, including towns, cities, districts and, to some extent, countries, make it difficult to differentiate themselves based on their physical surroundings alone. Place marketing strategies are thus implemented by various places to differentiate themselves from each other by emphasising their unique characteristics and by so doing, to project a distinct image by means of which it can be identified by consumers and other stakeholders around the world (Kalandides, 2011:289).

Today, place marketing is a primary concern around the world. It is regarded as a fundamental feature of urban policy and has become a strategy that is widely used by numerous towns, cities, districts, states and countries in their quest to increase their competitiveness and appeal to attract more capital (Asseraf & Shoham, 2017; Atkinson *et al.*, 2002:27; Brown & Campelo, 2014:422-424; Gibson & Davidson, 2004:388; Kotler *et al.*, 1993). Mohr (2013:2) concurs that place marketing is regarded as the driving force in terms of the ways in which places position themselves as producers and sellers of various products, and their ability to satisfy different

stakeholder demands. Even though the necessity and significance of place marketing today is evident, Van Ham (2008:132) contends that the concept is not yet well established or respected in academia, and as such, still needs improvement and more intensive investigation.

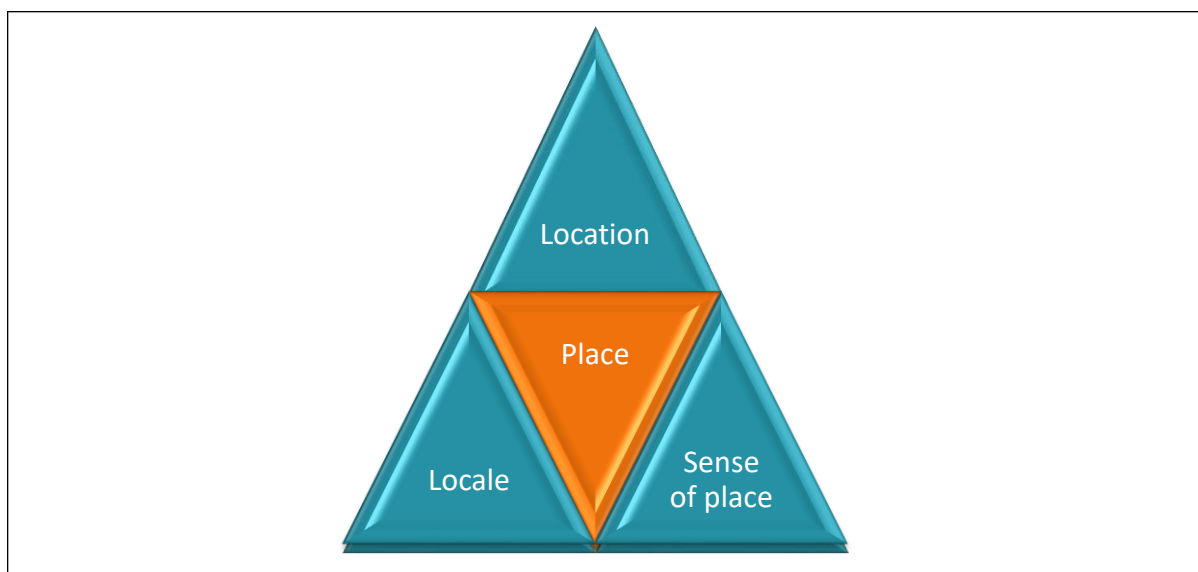
3.3 DEFINITIONS AND TERMINOLOGIES

This section of the chapter focuses on defining the concept of place marketing. Firstly, the spatial element of the place marketing concept, *place*, is considered, followed by an explanation of the commodification of a place into a physical product that can be marketed and sold to various different stakeholders. This section concludes by providing a comprehensive definition of place marketing as it is used in this study.

3.3.1 Place

The term *place* refers to a meaningful space to which an attachment can be formed in one way or another, where targeted consumers display the desired behaviour, purchase products, and receive any associated services (Cresswell, 2015:12; Lee & Kotler, 2015:315). A place, according to Elbe *et al.* (2009:288), can be regarded as a network of related stakeholders, where everything depends on how well the place is marketed. A place delivers the bundle of benefits that is promised by the product; it is made attractive by prices, and its image is grown through marketing (Thackeray & McCormack Brown, 2010:166). Even though various definitions exist for *place*, Pearce (2014:147) argues that a central dimension of place is that of the geographic scale (national, regional, provincial and local) at which places might be considered. In his study on the geographic mediation of the state and society, the political geographer John Agnew (1987) discusses the concept of place in terms of three fundamental aspects, namely *location*, *locale* and *sense of place*. These three aspects of place are depicted in Figure 3:1.

Figure 3:1 The three fundamental aspects of place



Source: Adapted from Agnew (1987).

According to Cresswell (2009:169), location refers to a geographical area that has an absolute point in space with specific coordinates and measurable distances from other areas. Locale, in turn, is defined as the material setting in which both informal and institutional social interactions take place (Cresswell, 2009:169). These interactions are stimulated and influenced by typical place marketing factors (see section 3.5.2) that are both tangible (such as monuments, shopping centres and natural resources) and intangible (including social, cultural, political, and economic distinctions) in nature (Basile *et al.*, 2016:477; Campelo, 2017:41; Teller & Elms, 2012:546). Locale is thus an expression that refers to the indirect capacity of a place to interact with other places and agents (for example, national/international trade and migratory flows) (Basile *et al.*, 2016:477). Sense of place, in its turn, refers to the feeling of belonging or attachment to a particular place, which results from the significance and meaning that people attach to that specific place and the ways in which they interpret it (Adams, 2013:47; Jepson & Sharpley, 2015:1159). Lim and Barton (2006:135) suggest that sense of place can thus be referred to as the relationship between a person and a place.

In addition to Agnew's three fundamental aspects of place, Cresswell and Hoskins (2008:394) add that the notion of place evokes two elements: (1) materiality (in the sense that a place has tangible form, manifested, *inter alia*, by discrete administrative boundaries, topography, and built environments); and (2) a less concrete realm of meaning that incorporates various intangible aspects of a place, such as what people do, say, and feel about a specific place. Given the obvious tangibility of the morphology of places and the potentially more intangible dimensions of the processes and attributes that exist within them, Warnaby (2009a:408) regards places as

exemplars of the integration of various different goods and services – a sort of concrete embodiment of a product.

3.3.1.1 Place defined as a product

The package of goods and services that a place comprises makes it possible for the place to be commoditised into a marketable product, commonly referred to as the *place product* (Warnaby *et al.*, 2010:1365), which is positioned in a global market according to an accurate analysis and matching of the respective offerings of a place and those of market demand (Boisen *et al.*, 2011:137; Giovanadri *et al.*, 2013:367; Hankinson, 2007:242; Kavaratzis & Ashworth, 2008:153; Wang & Fesenmaier, 2007:864; Ward & Gold, 1994:9; Warnaby & Medway, 2013:346). A place, like a product as defined in a traditional marketing sense (see section 2.5.2.1), can be exchanged in markets and can also satisfy stakeholder demand effectively (Hospers, 2011:272; Kavaratzis & Ashworth, 2008:153). In support of this notion, Warnaby and Medway (2013:350) argue that by considering Agnew's second fundamental aspect of place, namely *locale* (which is defined as the actual settings in which both formal and informal social interactions take place), and by emphasising the materiality of place (Cresswell & Hoskins, 2008:394), one can make a case for the notion of a place being commoditised and considered as a product. With this particular connection, *locale* incorporates the more tangible elements of a place that are emphasised in most of the current conceptualisations of a place product.

A place product is a social construction of a variety of spatial elements that are co-produced by various independent businesses, both public and private (Boisen *et al.*, 2011:137; Hankinson, 2007:242; Kalandides, 2011:286). A place product consists of the place's particular environment (i.e. economic, political, cultural, residential and social); the facilities offered by the place (i.e. infrastructure, the built environment, transportation, and medical facilities); the various identities, images and brands of the place (i.e. place brand and/or public image); and the human resources of a place (i.e. the talent and labour force) (Trueman *et al.*, 2007:21; Zhou & Wang, 2014:28). By considering the different components that constitute a place product, Sepe and Pitt (2017:5) conclude that the overall supply of a place does not consist of single products; rather, it consists of a system where one or more businesses, local institutions or entertainment facilities promote a new identity and image of an area. Demand thus turns into a demand for experience. Consumer experience (as an intangible element) also forms part of the overall place product offering, where places in this respect are products that we *do* (Crouch, 2011:27; Warnaby & Medway, 2013:357). Given the nature of the place product, being comprised of an inordinate amount of separate components, a place is sometimes referred to as a *mega-product* (Florek *et al.*, 2006:277). Even though the aforementioned considers the place product as being an amalgamation of a number

of different components, Kavaratzis and Ashworth (2008:153) argue that in certain instances, a place product is substantially a location and the geographical locus is what is being sold.

A place, as a geographical location, may be *fuzzy*, in the sense that places are not clearly delineated by administrative boundaries, which in effect contributes to the complexity of the notion of a place product (Cresswell & Hoskins, 2008:394; Eshuis *et al.*, 2013:507-509; Warnaby, 2009b:212). In addition, by considering the various components that make up a place product, a place can be more than one product simultaneously, with varying identities (Florek *et al.*, 2006:277; Warnaby & Medway, 2013:345-358). Skinner (2008:916-917) holds that places do not have single identities due to the different attractions and different meanings they hold for various target markets (see section 3.5.1). The multiple coexisting identities of a place product contribute to the complexity of managing and marketing the place product (Eshuis *et al.*, 2013:507-509). Hankinson (2004:7) and Trueman *et al.* (2007:21) explain that the marketing of a place product's identity is often outside the control of the marketer because local communities, the built environment, heritage and infrastructure form part of the place's identity and image. However, Askegaard and Kjeldgaard (2007:139) argue that the access of place marketers to this local cultural capital allows them to mobilise it in order to give the place product a unique identity.

The inherent difficulties in constructing a unique identity for a place and defining a place as a product that can be commoditised and marketed is a key theme in contemporary literature in the field. The differences between the components that comprise the place product, the complexity of the relationships between them, and the complexity that arises due to the large number of different stakeholders that are involved is such that a place is widely acknowledged to be one of the most difficult products to manage and market (McManus & Connell, 2014:112; Pawaskar & Goel, 2014:256). The complexity of a place product therefore renders it considerably more intricate than many of the stereotypical product contexts within which marketing theory and practice have been developed (see section 2.5.2.1) (Eshuis *et al.*, 2013:507; Kavaratzis & Ashworth, 2005:510; Warnaby, 2009a:408; Medway & Warnaby, 2008:642). Rapoport and Hawkes (1970:108) define complexity as a set of elements involving relationships amongst them. In turn, Zenker and Petersen (2014:718-719) refer to complexity as a quantitative measure and a construct with different qualities. Thus, a place product can be characterised by its *quantities* of products, involving *ambiguity* (having, for instance, both wealthy and poor residents) or the *degrees of entropy* (referring to the level of how organised the complexity is) (Zenker *et al.*, 2017:17).

Whilst most places strive to market their place products as unique and iconic, they tend to focus their efforts on reducing the perceived complexity of the place product by limiting the variants of their products through standardisation, because they fear that consumers will become overloaded

by having to sort through and evaluate too much complex information (Anholt, 2009:91; Berglund & Olsson, 2010:8; Kavatzis & Ashworth, 2007:20-24). In this regard, Warnaby and Medway (2013:357) state that places use various marketing strategies as tools for standardisation and methods to promote the image of a place to target audiences. In this sense, place marketing is very similar to traditional marketing, since it uses various strategies to promote a specific image of a place product (product) to stakeholders (consumers) (see section 2.5.2.4). Ward and Gold (1994:9) argue that through the implementation of these marketing activities places are commoditised and conceptualised as products that can fulfil the demands of their target markets. Warnaby *et al.* (2002:879) propose that the commodification process, in which a place is regarded as a product, is integral to the concept of place marketing.

3.3.2 Place marketing

In a review of the literature on place marketing, it has become evident that different terminologies are used to describe the marketing of places. One of the earliest of these terms is *place promotion*. The term first appeared in one of the earliest publications in the United Kingdom (UK) by Burgess (1982) concerning the advertising of places and the rate of return of such practices for specific areas and businesses located within these areas. The term *city marketing* is another concept that was used in the past to describe the advertising and promotion of places (Ashworth & Voogd, 1988; Paddison, 1993). Although the term *city marketing* is English, Peelen (1987) notes that it first appeared in a study of the Dutch city of Apeldoorn in 1981. Some of the other terms used interchangeably to describe the marketing of places include *urban marketing* (Asprogerakas, 2007), *country promotion* (Szondi, 2007), *regional marketing* (Reid *et al.*, 2008), *geographical marketing* (Pellenbarg & Meester, 2009), *municipal marketing* (Budnikovich, 2011:2), *territorial marketing* (Bagautdinova *et al.*, 2012), and *destination marketing* (Pike, 2012). According to Braun (2008:30), the term *place marketing* gained popularity in the 1990s when Kotler *et al.* (1993; 1999) published two papers regarding the marketing of places in the USA (1993) and Europe (1999). Some marketing professionals use the term *rural place marketing* (Eimermann, 2015) and *urban place marketing* (Teller & Elms, 2012; Van den Berg & Braun, 1999) in order to make the link with place marketing more explicit. Today, place marketing is a popular and widely accepted term used to denote the promotion and marketing of places (Braun, 2008:30; Eimermann, 2015; Zenker *et al.*, 2017) and is therefore used in this study.

Even though the subject of place marketing has received increasing attention in the literature in the past few years (Lucarelli & Berg, 2011:9), the separation of the different terminologies used to refer to the promotion and marketing of places still present a challenge to researchers. As a result, creating a suitable broad definition of place marketing is deemed quite difficult (Zenker & Martin, 2011:32).

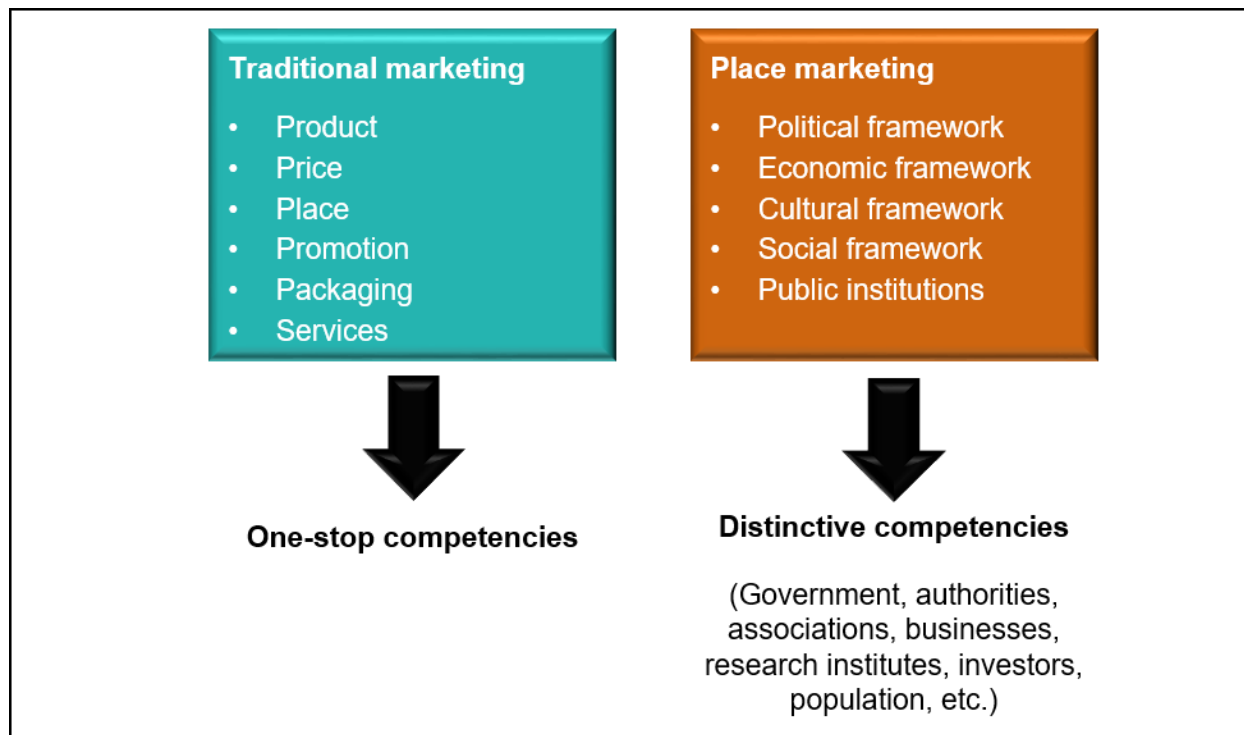
Braun (2008:42-43) argues that in order to define *place marketing*, one could simply use the AMA's current definition of marketing (see section 2.3.4) as it does not refer to a specific type of business or product, and explicitly acknowledges the importance of stakeholders. Place marketing is therefore defined by Braun (2008:43) as: "the coordinated use of marketing tools supported by a shared consumer-oriented philosophy for creating, communicating, delivering, and exchanging urban offerings that have value for the consumers of a place, and for the place's community at large". It is noteworthy that the definition refers to consumers both external to the place (i.e. investors and tourists) and those within the place itself (i.e. residents and businesses) who are collectively referred to as the stakeholders of a place (see section 3.4.2) (Eshuis *et al.*, 2014:154; Kotler *et al.*, 1999:13).

Braun seems to suggest that by simply adding the single adjective *place* to the verb *marketing* in the AMA's current definition of marketing, the term only refers to a type of product to which a familiar process of marketing could be applied, rather than a distinctly different process of marketing which could be applied specifically to the promotion of places. In Braun's definition of place marketing, a place is treated too much like a stereotypical product that is marketed to consumers. In addition, various other marketing professionals such as Kotler *et al.* (1993, 1999) who have a profound academic background and practical experience in the field of marketing tend to agree with Braun in that there is no logical hiatus or practical difficulties in transposing traditional approaches to marketing physical products to those of place products (Kavaratzis & Ashworth, 2008:151-152). The publications of Kotler *et al.* (1993, 1999) argue this standpoint by stating that the place product, albeit physically extended, can be regarded as a familiar product to which equally familiar traditional marketing approaches can be applied.

Ashworth and Voogd argue against such an approach. To them a city, region or country is essentially different from the simple archetypal commercial market transaction where a product is exchanged for a price, since it does not usually involve either the exchange between seller and buyer of ownership over a physical entity, nor the purchase or hire of any exclusive rights over urban services (Ashworth & Voogd, 1990:65). Skinner (2008:916-918) adds that in a marketing sense, given their complex nature, place products are inherently different from stereotypical products (such as those defined in a traditional marketing sense in section 2.5.2.1) and, as such, traditional approaches to marketing are insufficient to circumscribe the uniqueness of place products. A place is much more complex and, as a result, much less alterable than a stereotypical product (Gubler & Möller, 2006:33; Warnaby, 2009:417). Von Friedrichs Grängsjö (2003:427-429) and Ritchie and Ritchie (2002:439), too, point out that the marketing of a place comprises a more holistic approach as compared to the marketing of stereotypical products. Unlike product marketing in the traditional sense, with place marketing the competencies are not combined in

one person (or consumer), but several stakeholders (Mohr, 2013:4). The primary differences between traditional marketing and place marketing are depicted in Figure 3:2.

Figure 3:2 Traditional marketing vs. place marketing



Source: Adapted from Gubler and Möller (2006:34).

By considering the distinct differences between traditional marketing and place marketing as shown in Figure 3:2, researchers who tend to disagree with Braun in terms of merely adding the term *place* to the current AMA definition of marketing to denote place marketing, have come up with various alternative definitions of place marketing. Table 3:1 provides a summary of the most prominent of these definitions found in recent literature.

Table 3:1 The definitions of place marketing

Author(s)	Definition
Kotler <i>et al.</i> (1993:99)	Place marketing refers to designing a place in such a way in order to satisfy the needs of its target markets. It succeeds when citizens are pleased with their communities, and meet the expectations of stakeholders.
Ashworth and Voogd (1994:41)	Place marketing can be defined as a process whereby local activities are related as closely as possible to the demands of target markets. The intension is to maximise the efficient social and economic functioning of the area concerned, in accordance with whatever wider goals have been established.
Carter and Turnock (2005:104)	Place marketing is a mix of changes in the form and function of localities; the use of financial incentives; the promotion of a new place image; and changes in the way that places are managed.
Sharma and Kumar (2006:88)	Place marketing refers to marketing that is designed to influence target markets in such a way to behave in some positive manner with respect to the products or services offered by a specific place.
Lombarts (cited by Hospers, 2010:184)	Place marketing refers to the long-term process and/or policy instrument including all those activities that are aimed at attracting and retaining specific target markets to a particular place.
Hospers (2011:370)	Place marketing can be defined as a tool to promote the attractiveness of a locality in such a way that target markets know its distinctive features and are seduced to come and settle there.
Wang (2011:3)	Place marketing refers to a proactive, consumer-orientated approach to the economic and cultural development of a place that balances and integrates the interests of a place's stakeholders.
Niedomysl & Jonasson (2012:225)	Place marketing refers to the measures taken, by stakeholders appointed to govern a place, to improve the competitive image of that place with the explicit aim of attracting capital from elsewhere.
Eshuis <i>et al.</i> (2014:153)	Place marketing refers to the application of marketing instruments to geographical locations, such as cities, towns, regions and communities.
Pomerantsev (2018)	Place marketing refers to a management process, a demand driven advertising, communication and research-based activity with the primary aim of attracting capital in the form of visitors, investors, students and a skilled labour force.

By considering Table 3:1 above, it is evident that many definitions of place marketing can be found. However, Carter and Turnock (2005:104) clarify that most of the existing definitions of

place marketing share the notion that places must strive to differentiate themselves from others by making them more attractive to key stakeholders, and in so doing, attracting more capital and stimulating local economic development. Table 3:2 provides a list of core universal elements that are found in most of the definitions of place marketing, as set out in Table 3:1.

Table 3:2 Core universal elements of place marketing

Place marketing is	Author(s)
... a long-term process	Ashworth and Voogd (1994:41), Lombarts (cited by Hospers, 2010:184)
... a coordinated and proactive approach	Wang (2011:3)
... the application of marketing instruments to a geographical location	Eshuis <i>et al.</i> (2014:153)
... stakeholder-orientated	Ashworth and Voogd (1994:41), Hospers (2011:370), Kotler <i>et al.</i> (1993:99), Lombarts (cited by Hospers, 2010:184), Wang (2011:3)
... concerned with the economic and cultural development of a place	Ashworth and Voogd (1994:41), Destination Marketing Association (2008), Niedomysl & Jonasson (2012:225), Wang (2011:3)
... concerned with the attraction of capital to a place	Hospers (2011:370), Lombarts (cited by Hospers, 2010:184), Niedomysl and Jonasson (2012:225), Pomerantsev (2018)

From the above definitions, place marketing is summarised and defined for this study as follows:

Place marketing is a long-term process which follows a proactive and coordinated approach towards the application of marketing instruments to a specific geographic location in order to meet stakeholder demand and to attract capital to the area, and in so doing, contributing towards the economic and cultural development of the place.

3.4 THE SIGNIFICANCE OF PLACE MARKETING

The significance of place marketing has rapidly increased over the past few years as a result of the necessary change in the ways in which places present themselves with a more market-oriented approach (Berglund & Olsson, 2010:2-3; Brown & Campelo, 2014:424; Niedomysl & Jonasson, 2012:228). Baker and Cameron (2008:81) claim that the activities comprising place marketing have become more competitive over the years as evidence suggest that such a vast, complex entity as a place cannot be promoted and marketed by implementing a similar marketing approach as to that of a stereotypical product. With the commodification of a place into a product,

the concept of marketing plays an increasingly vital role in improving the saleability and the competitive position of the place product in the market (Pawaskar & Goel, 2014:256-257). According to Pawaskar and Goel (2014:256), similar to that of marketing a stereotypical product, places need to engage in marketing activities in order to draw favourable attention to them in an increasingly competitive global arena. To this end, places implement various place marketing activities to promote themselves effectively to their target markets (Kavaratzis, 2004; Kavaratzis & Ashworth, 2005; Young, 2005:733; Zhou & Wang, 2014:27). Malachovsky and Kiralova (2015:394) confirm that a place must differentiate itself favourably from competitors in order to be marketed successfully. As such, place marketing can be regarded as a competitive tool that is used by places to improve their competitive position and to differentiate them effectively from the competition.

In order for a place to improve its competitive position in the market, it needs to acquire capital (Niedomysl, 2004:1992). According to Skinner (2008:917), together with the shift in the approach where a place is marketed as a product, there was a shift in the literature (notably the work of Kotler *et al.*, 1993) that showed how the way a place can use place marketing strategies to attract capital can function. The success of a place depends largely on its ability to align its place marketing factors (see section 3.5.2) to the opportunities presented by stakeholders, and in so doing, attracting more capital (Baker & Cameron, 2008:79-80; Kotler *et al.*, 1993; Malachovsky & Kiralova (2015:395). Berglund and Olsson (2010:2-3) explain that place marketing concerns the provision and promotion of a place's distinct characteristics (place marketing factors) with the assumption that it will appeal to stakeholders. This is closely linked to the ability of a place product to satisfy the various demands of stakeholders, both internal and external to the place. Wang and Hsu (2010:839) emphasise that stakeholder satisfaction is important because it is most likely to influence the future behaviour of the place's stakeholders. It therefore suffices to say that by implementing effective place marketing activities, places can attract an increasing amount of capital by satisfying various stakeholder demands that facilitate attracting more capital to the place and making it more competitive in the market.

According to Trueman *et al.* (2007:20), this strand of literature also considers the importance of place marketing and its ability to change negative perceptions of a place in relation to urban regeneration efforts. Berglund and Olsson (2010:2-3) associate the practice of place marketing with the regeneration of places through the improvement of their attractiveness and competitive position. Places that have gone into decline might require efforts to alter negative perceptions of the place in order to regenerate the area and make it more appealing to stakeholders (Hanks & Harker, 2013:10). Maheshwari *et al.* (2011:209) confirm that place marketing activities can change and improve the perceptions of a place. Therefore, in order to improve its competitive

position in the market through differentiation and by attracting desirable stakeholders, places use place marketing activities to improve the perception of that place.

Perceptions of a place include the place identity and place image (Baxter & Kerr, 2010; Borruso *et al.*, 2013:296; Rollero & De Piccoli, 2010:200). According to Lewicka (2008:211), place identity refers to a set of place features that guarantees a place's distinctiveness and continuity over time. It entails those distinctive attributes that provide the place with a unique character (Deffner & Metaxas, 2010:52). It is therefore important that a place should construct a unique identity in order to differentiate itself that can help to improve its place competitiveness in the global environment. The identity of a place can be created, constructed, shaped, and maintained through various place marketing activities (Sampson & Goodrich, 2009:904).

A primary component of identity, and therefore of place marketing, is that of place image. This is considered to be a powerful *force* that can influence consumer behaviour with regard to a place (Elliot *et al.*, 2011:520-521; Kalandides, 2011:286). According to Prayag and Ryan (2012:353), place image is a key determinant of consumer satisfaction and loyalty. If the overall image of a place is managed effectively and with the appropriate level of publicity, there will be a substantial impact (Kavaratzis & Ashworth, 2007). Place marketing plays a critical role in creating and managing a desired place image and simplifying complex images that a place may portray to stakeholders, and also allows for the generation of positive word-of-mouth from existing stakeholders. These contribute to successful overall place development (Abd El Jalil, 2010:179; Choo *et al.*, 2011:198; Prayag & Ryan, 2012:353).

In order to develop a unique and distinct identity of a place in the minds of key stakeholders, places are increasingly turning to the practice of place branding (Kumar, 2015:5; Skinner, 2008:923; Trueman *et al.*, 2007:21). Place branding focuses primarily on the place identity and image, which allows it to attract tourists, investors, visitors, trade, and other desired stakeholders (Anholt, 2010). According to Kaplan *et al.* (2010:1288), place branding is firmly positioned on the policy agendas in the field of place marketing activities around the world. Place marketing activities enable a place to create its own brand and to communicate a favourable place identity and image to the global arena, which help to improve its competitive position.

In light of the above discussion and in view of the literature on place marketing, it can be deduced that place marketing has a profound and significant effect on various aspects of a place. Figure 3:3 depicts the primary dimensions that have been identified in the literature in which place marketing plays a significant role.

Figure 3:3 The significance of place marketing

Source: Adapted from Baker and Cameron (2008:85), Berglund and Olsson (2010:2-3) and Pawaskar and Goel (2014:256-257).

The significance of place marketing is discussed below, with specific reference to the ability of place marketing to: (1) strengthen the place product's competitive position in the market through effective differentiation tactics; (2) attract capital in the form of stakeholders by satisfying their respective demands; (3) improve the perceptions of a place, which could, in effect, contribute towards urban regeneration; (4) construct a suitable place identity and image; and (5) create an effective and sustainable place brand.

3.4.1 Place competitiveness

Economic globalisation that results from processes of international, inter-regional and inter-urban competition has rapidly increased the focus on place competitiveness. This competitiveness involves concentration and specialisation to enhance the attractiveness of a place (Boisen *et al.*, 2011:136; Sepe & Pitt, 2017:10; Young, 2005:734). With reference to place competitiveness, the term *attractiveness* describes the degree to which stakeholders are drawn or pulled towards a particular place, as is manifested in their behaviour, attitude, and perceptions (Teller & Elms, 2012:548). Hassan (2000:239-240) defines place competitiveness as the ability of a place to create value-added products by making use of the available place marketing factors whilst maintaining its relevant position in the market. Place competitiveness therefore refers to the ability

of the place to create added value for stakeholders, and thus to increase its capital (Ritchie & Crouch, 2003:11). Berglund and Olsson (2010:10) state that the increase in the competitiveness of a place is brought about by internal periods of growth and decline, and at the same time, by external changes such as deindustrialisation and increased mobility. In addition, the competition between places in a world economy that is becoming more and more integrated is spurred, *inter alia*, by: (1) an increase in tourism and migration; (2) the improvement of communication and technology which increases the frequency of interaction between markets and places at different levels; (3) comparative labour-market deregulations and rates of unemployment; (4) a reduction in the costs of conducting business in the global market; and (5) the diminishing federal funding of governments around the world towards urban programmes (Govers, 2011:228; Grodach, 2009:183; Hospers, 2004:271; Jessop, 1998; Malachovsky & Kiralova, 2015:394; Sepe & Pitt, 2017:10). Boisen *et al.* (2011:136) state that these challenges have fuelled the interest for place marketing strategies that aim to strengthen the competitiveness of places. Jessop (1998) and Kotler *et al.* (1999) argue that strengthening the competitiveness of a place is a matter of survival, and the only way of securing social welfare, developing economic confidence, and/or attracting inward investment from external stakeholders. Place marketing is therefore important for the development of a place on various levels and for the positioning of the place in international relations and economic development (Deffner & Metaxas, 2005:2; Papadopoulos, 2004:36-37). In order to strengthen their competitiveness in the market, places should use various place marketing strategies that aim to achieve economic growth through differentiation, by in part, creating unique identities that differentiate themselves from competitors in the market (see section 3.4.4.1) (Baker & Cameron, 2008:94; Boisen *et al.*, 2011:136; Hudson *et al.*, 2016:2-3; Malachovsky & Kiralova, 2015:395).

Considering the large variety of places around the world, places are increasingly competing with each other and are implementing place marketing strategies with the aim of differentiating themselves from competitors in order to improve their competitiveness, and as a result, to acquire an economic advantage by attracting various stakeholders and inward investment (Ratcliffe & Flanagan, 2004; Sepe & Pitt, 2017:10; Young, 2005:733; Zenker & Martin, 2011:32). The differentiation of a place is therefore regarded as crucial (McManus & Connell, 2014:108). Places are in constant competition with each other, because there have always been, and will always be, alternative places that are similar in nature that could be chosen for any particular use by stakeholders (Askegaard & Kjeldgaard, 2007:138; Kavaratzis & Ashworth, 2008:154). The intense competition between places provides impetus for a place to penetrate the global market by means of place marketing strategies that respond effectively to the competition between places by identifying and/or creating unique place marketing factors that differentiate them from other places in the market, and then communicating these factors to their target markets (Gubler &

Möller, 2006:25; Hulten *et al.*, 2009:19; Kalandides, 2011:289; Kavartzis & Ashworth, 2008:154; Zhou & Wang, 2014:154). Hospers (2004:271) and Vatter (2014:175) concur that most places have distinct place marketing factors that place marketers can mobilise in their attempts to differentiate the place from others in the market. Some of these factors include a place's cultural and natural resources, geographic attributes and tradition. Indeed, an important aspect of place marketing is to identify and focus on the distinct place marketing factors of a place that can be regarded as comparative advantages, and then to invest in them and to market them aggressively (Hughes, 2016:6). The place marketing factors that are considered by place marketers when differentiating a place are discussed in greater detail in section 3.5.2 of this study.

Kolb (2006) claims that it is, at times, necessary for a place to not simply identify and promote the existing place marketing factors that differentiate it from their competition, but also to create content that contributes effectively towards achieving place distinction and uniqueness. Cook (2010:457) and Vatter (2014:172) argue that the absence of unique place marketing factors that are valued by stakeholders of a place will result in the decline of desirable stakeholders frequenting a place, and could even lead to its deterioration and decay. As a result, places invest a considerable amount of taxpayers' money and other resources to enhance a place's aesthetic appeal and to create distinct place marketing factors that are valued by the relevant stakeholders of a place (De Nisco & Warnaby, 2013:654-655; Teller & Elms, 2012:560; Zenker & Martin, 2011:32). Hospers (2004:279) suggest that investing in events (e.g. the Klein Karoo National Arts Festival in Oudtshoorn) and/or the built environment (such as the construction of a building such as the Union Buildings in Pretoria) are visible symbols that can support the inherently invisible nature of place marketing. Kotler *et al.* (1999:137) advocate the critical importance of investing in a place's infrastructure by stating that: "infrastructure investments...may be the most important decision places make in improving their competitive position". Consequently, by implementing this *place development* process effectively, and by creating place marketing factors that have value for the stakeholders of a place, greatly increases the likelihood that place marketers' efforts will coincide with the demands of the stakeholders of a place, and as a result, improve their levels of satisfaction (Kotler *et al.*, 1993; Teller & Elms, 2012:560).

Stakeholder satisfaction is yet another differentiating factor that could be used to attract external investment. Insch and Florek (2008:138) believe that in the highly competitive global arena of investment attraction and business migration, places need to prove that their current stakeholders are more satisfied than those of rival places.

3.4.2 Stakeholder satisfaction

With reference to place competitiveness and the concept of place marketing, places seek to devise strategies that can enhance industries, expand export markets, and can attract capital in the form of tourists, new residents, investors, businesses and a qualified labour force, collectively referred to as the stakeholders of a place (Anholt, 2004:28; Eimermann, 2015:409; Kalandides, 2011:289; Kavartzis & Ashworth, 2005; Zenker, 2009; Zenker & Martin, 2011:32). Freeman (2010:53) defines a stakeholder as any group or individual who can affect or is affected by the achievement of business objectives. Community stakeholders are typically classified as residents, local business owners, community leaders, and government officials (Byrd, 2007:10). According to Inch and Florek (2008:138), places depend on their stakeholders for environmental, social, cultural, and economic well-being. It is therefore that one of the primary objectives of place marketing is to attract stakeholders to a place (Connell & McManus, 2016:37; Eimermann, 2015:409). Eshuis *et al.* (2013:507) confirm that places devise and implement place marketing strategies in order to increase place competitiveness and to attract stakeholders, and in so doing, increasing the population of a place. An increase in the size of a place's population is regarded as an indicator of success (Niedomysl, 2004:1992). A larger population may lead to higher revenues resulting from a higher footfall and consumer spend, which in effect, contribute to the wealth of the local economy by creating various employment and investment opportunities, and in turn, strengthens place competitiveness (Dixon, 2005; Jiwa *et al.*, 2009:154-155). Not only is it important that place marketing initiatives are implemented to attract new stakeholders to a place, but also to retain current valued stakeholders (Hospers, 2004:272; McManus & Connell, 2014:108). Retaining stakeholders refers to keeping the stakeholders in a place as long as possible by maintaining their level of enjoyment whilst occupying the place, and by increasing the number of activities for them to engage in at the place (Teller & Elms, 2012:548-549). Um *et al.* (2006) argue that it is more cost-effective to persuade current stakeholders to remain in a place than to actively engage in place marketing efforts aimed at acquiring new stakeholders.

In order to be successful in their aim of increasing place competitiveness by retaining and attracting the finite number of valued stakeholders available, the place product and its particular place marketing strategy must be devised and implemented in such a way that it addresses the demands of targeted stakeholders (Eshuis *et al.*, 2013:507; Grodach, 2009:182; Inch & Florek, 2008:139; Kwon & Vogt, 2010:432; Lee *et al.*, 2007). Basile *et al.* (2016:473) and Kavartzis (2008:146) argue that a place marketing strategy is only successful when it matches and integrates the needs and expectations of relevant stakeholders. Braun (2008) and Kotler *et al.* (1993:37) reiterate this notion by stating that place marketing refers to shaping and promoting a place in such a way that it satisfies the needs of its targeted stakeholders effectively. Place

competitiveness can therefore be improved through the design and implementation of highly focused place marketing strategies that are relevant to the specific needs of stakeholders (Teller *et al.*, 2010).

Designing and implementing highly focused and bespoke place marketing strategies is not an easy task, because places consist of various different products and services with varying levels of appeal to the needs and expectations of a place's stakeholders. As such, traditional marketing efforts will not suffice in this context (Pawaskar & Goel, 2014:258). It is therefore that Kim and Stepchenkova (2016:8) propose that a place marketing strategy should comprise two distinct directions depending on the targeted stakeholders. The first direction is that of a comprehensive place marketing strategy that can target all of the identified stakeholders by emphasising and promoting the core features of the place that is marketed. The second direction is that of a highly focused place marketing strategy that can target specific stakeholders by promoting distinct elements and features of a place pertaining to the exact needs and expectations of the particular stakeholders that are targeted. It is through implementing a highly focused place marketing strategy that places are able to create favourable relationships with valued stakeholders (Baker & Cameron, 2008:87; Warnaby & Medway, 2004).

Insch and Florek (2008:145-146) advise that, in order to build favourable relationships with its targeted stakeholders, place marketers should ensure that the place's stakeholders are satisfied with the place product. This notion corresponds with traditional marketing, where it is argued that a business should satisfy its consumers in order to build a lasting relationship with them (see section 2.4.1.3). Satisfied stakeholders can function as place ambassadors who are willing to revisit the place, spend money in the place, and to recommend the place to others (Rehmet & Dinnie, 2013:31; Whyatt, 2004; Zenker *et al.*, 2017:16). Um *et al.* (2006:1141) regard the intention to revisit a place as an extension of stakeholder satisfaction. Achieving stakeholder satisfaction in terms of place marketing is a multifaceted and complex process as it relates to numerous individual aspects that the place product comprises, including facilities and services (Kladou & Mavragani, 2015:192; Özdemir & Simsek, 2015:505; Truong & Foster, 2006). The complexity of measuring the stakeholder satisfaction of a place is amplified by Insch and Florek (2008:142), who state that measures of place satisfaction contain both objective place characteristics and subjective cognitive perceptions of a place. The objective characteristics of a place could include, for example, levels of urbanism (i.e. urban, suburban, or rural), socio-economic status, population density, and various population demographic factors. The subjective cognitive perceptions of a place may include the social environment (neighbours), traffic, noise, sanitation, and safety and security. A study conducted by LaGory *et al.* (1985) indicated that the subjective cognitive perceptions that stakeholders construct of a place have a significant influence on the level of

stakeholder satisfaction with that particular place in comparison to the effects of objective place characteristics that were insignificant. The perceptions that stakeholders have of a particular place have a profound influence on the level of stakeholder satisfaction with that specific place product (Insch & Florek, 2008:138).

According to Anderson *et al.* (2009:127) and Kotler *et al.* (1993, 1999), stakeholder satisfaction depends on how effective a place can meet the needs and expectations of its stakeholders. Yu and Goulden (2006) add that it is important for place marketers to understand how the levels of stakeholder satisfaction are affected by the experiences of stakeholders with a particular place, as this insight is essential when developing and improving the place product and its components, and also when devising the place marketing strategy. The experience that a stakeholder has with a specific place is therefore becoming an increasingly important factor to consider in the place marketing process (King, 2002:107). Insch and Florek (2008:139) argue that the experiences of stakeholders are determined by their motivations, expectations, and attitudes towards the various factors that comprise the place product (see section 3.5.2 for a more detailed discussion on place marketing factors) (Insch & Florek, 2008:142; Williams *et al.*, 2008). The decision of stakeholders to remain in a specific place or to seek an alternative place depends on their level of satisfaction with their experiences in that particular place. In order to deliver a positive stakeholder experience, the place marketing process comprises a number of relevant place marketing activities including, *inter alia*, promotional measures, spatial-functional measures, business measures, and financial measures that are implemented to promote and market different products and services that make up the place product (Campelo *et al.*, 2011:4; Eshuis *et al.*, 2014:154).

By considering the discussion above, it can be deduced that place marketing strategies can attract capital in the form of valued stakeholders by promoting and marketing a place product that correlates with their specific needs, wants and demands (Young, 2005:733). To address stakeholder needs, a highly focused place marketing strategy can achieve higher levels of stakeholder satisfaction (Anderson *et al.*, 2009:127; Kotler *et al.*, 1993, 1999). Insch and Florek (2008:146) declare that satisfied stakeholders with a positive perception of a place and who experience higher levels of value tend to reinforce and communicate favourable associations with the particular place through positive word-of-mouth. This notion corresponds with traditional marketing practices in which a business that satisfies its consumers and creates value for them tends to be rewarded with positive feedback from those consumers in the form of positive word-of-mouth (see section 2.4.5). The ability of place marketing to attract valued stakeholders through increased place competitiveness and levels of stakeholder satisfaction has led to places devising and implementing place marketing strategies to fuel development and regeneration efforts of once decayed urban environments (Hernandez & Jones, 2005; Hudders *et al.*, 2013).

3.4.3 Urban regeneration

Place marketing is regarded as a contributing factor and an essential driving force in the improvement and regeneration of places, and is often used to improve the perception of once decayed urban areas through re-branding initiatives, event-specific campaigns, or simple reminders to visit a particular place (Eshuis & Edelenbos, 2009; Gibson & Davidson, 2004:388-389; Greenberg, 2008:76; Hernandez & Jones, 2005; Hospers, 2004:273; Torella, 2007). According to Anderson *et al.* (2009:126), even though the development and regeneration of a place is mostly associated with physical upgrades, its success is often measured in terms of how well these regeneration efforts improve the perceptions of a place.

Perceptions of a place are profoundly affected by perceptions of safety, security, and risk (Beirman, 2003). Situations of violence and crime tend to overshadow other attributes of a place, leading to an overall negative perception of the place, that in turn, affects stakeholders' faith in the place (Avraham, 2016:42; Morakabati *et al.*, 2014). According to Boisen *et al.* (2011:140), it is important for place marketers to strive to improve perceptions that stakeholders may have of a place. A positive perception of a place is embraced with pride by policymakers and individuals alike (Boisen *et al.*, 2011:141).

To alter negative perceptions of a place is challenging, and often requires a great deal of time (Asseraf & Shoham, 2017; Boisen *et al.*, 2011:141). According to Jiwa *et al.* (2009:155), place marketing, when devised and implemented effectively and efficiently, can indeed alter the perceptions of a place. In order for place marketers to devise and implement successful place marketing strategies that can improve the image of a place and to achieve a desired reputation, it is important to firstly understand current perceptions of the place product (Anderson *et al.*, 2009:126; Hospers, 2004:272). Atkinson *et al.* (2002:28) stress that one of the more prominent tasks of place marketing, with regards to its role in urban regeneration, is to identify the unattractive elements of the place that could be the cause of negative perceptions held by stakeholders. These *shadow elements* (Short, 1999:55) need to be confined, controlled, and concealed in order for stakeholders to perceive the desired identity of a place (Atkinson *et al.*, 2002:28). Boisen *et al.* (2011:141) confirms that the perceptions of a place become the cornerstones of a projected, specific, and inclusive place identity. Garrod (2008:385) concurs by claiming that the concepts of place perception and place identity are closely linked and, indeed, mutually dependent.

3.4.4 Place identity and image

According to Hospers (2004:274), the process of place marketing closes the gap between how the place would like to be perceived by stakeholders (desired reputation), how stakeholders currently perceive the place (place image), and what the place actually is (place identity). A place's identity and resulting image play a crucial role in the practice of place marketing, specifically in terms of differentiating between objectively similar places (Campelo *et al.*, 2011:4; Kavaratzis, 2008:153; Pawaskar & Goel, 2014:256; Rainisto, 2003). The factors of place identity and place image are discussed subsequently.

3.4.4.1 Place identity

Pawaskar and Goel (2014:256) advise that in order to remain competitive and to differentiate themselves, places need to construct unique identities. Zivoder *et al.* (2015:69) assert that a place identity should be distinct and must truly represent the place in a way that is both relevant and attractive to stakeholders. A place identity can then be communicated to the relevant stakeholders of the place as a way of building and growing relationships with these groups in a sustainable way (Basile *et al.*, 2016:472).

Place identity refers to those dimensions of the self that define the individual's personal identity in relation to the physical environment (Proshansky, 1978:155). Kalandides (2011:286) describes the identity of a place as the way in which various open-ended trajectories intersect at a specific point. Economic, political, social, and psychological parameters could contribute to the identity of a place (Kavoura, 2012; Kavoura & Katsoni, 2013). In addition, place identity involves the people of a place, leadership, language, culture, heritage and symbolism (Govers, 2011:230; Remlinger, 2009:118). Eshuis *et al.* (2013:509) add that a place's information and communication technologies, as well as the opportunities it presents in terms of entertainment (such as, for example, gaming and/or gambling), also contribute towards a place's identity. It therefore suffices to say that a place can have different identities for different target markets. Residents, for example, may value the culture of the place and its leadership, whereas a business may value the technological dimensions of the place. By strengthening the stakeholders' identification with a place, place marketers can transform them into place ambassadors (Braun *et al.*, 2013; Palmer *et al.*, 2013; Zenker & Petersen, 2014).

The identity of a place is socially constructed and assigned by local officials through a strategic planning process in order to establish and render a desired place image (Atkinson *et al.*, 2002:29). According to Kalandides (2011:286), one of the key elements of place identity is place image.

3.4.4.2 Place image

According to Stylos *et al.* (2016:41), image is a concept that is extensively applied in the marketing science. Image is defined in the Oxford English Dictionary (2018) as “the general impression that an individual, business, or a product presents to the public”. In terms of place marketing, an image provides the necessary resources used by a place to shape its overall identity and to enhance the universal understanding of the place (Schroeder & Borgerson, 2005:578). While it has been recognised within the literature that marketing principles and techniques could be applied to achieve competitive advantage in the broadened remit of place marketing, places have been urged to consider the images they were presenting to the world and how these images are perceived and consumed by various target markets (Skinner, 2008:921). Eshuis *et al.* (2013:507) and Hospers (2004:273) concur, stating that the concept of place marketing concerns both the promotion of a place, as well as the creation of a positive place image.

One of the very first definitions of place image was provided by Crompton (1979:18), who defined place image as the sum of beliefs, ideas, and impressions that a person has of a place. The place image refers to how a place, in general, is presented to and perceived by relevant stakeholders, and reflects the relationship and affinity stakeholders have with the place (Assaker, 2014; Dolcinar & Grün, 2013; Josiassen *et al.*, 2016:3; Kalandides, 2011:286; Li *et al.*, 2009; Roth & Diamantopoulos, 2009; Stylos *et al.*, 2016:41; Vasudevan, 2008). Oberecker *et al.* (2008:26) define stakeholder affinity as a feeling of liking, sympathy, and even attachment toward a specific place as a result of the stakeholder’s direct personal experience and/or normative exposure and that has a positive effect on the stakeholder’s decision-making associated with products originating from the place of affinity. A more recent definition of place image is provided by Alcaniz *et al.* (2009:716), who state that place image consists of all that the place evokes in the individual; any idea, belief, feeling or attitude that stakeholders associate with the place. Tasci *et al.* (2007:200) concur, stating that place image refers to the intentions, thoughts, feelings, and opinions stakeholders have towards a particular place.

Place image is described as a combination of both functional and psychological characteristics based on the perceptions of individual place attributes (Tasci, 2009:497,501; Tasci *et al.*, 2007:197). According to Arnegger and Herz (2016:79), various attributes contribute towards the realisation of a place’s image. Some of these attributes include: (1) the culture and heritage of a place; (2) its tradition and consumers; (3) its nature and landscape; (4) a place’s offering with regard to technology, communication, sports, adventure, gaming and relaxation activities; (5) its luxury and shopping facilities; and (6) cultural facets, such as hospitality (Eshuis *et al.*, 2013:509; Roth & Diamantopoulos, 2009). Pan and Li (2011:135) argue that different places at different levels (country, state/province, or city) may demonstrate completely different characteristics. In

order to create a competitive place image, and/or to enhance an existing place image, it is necessary to understand and manage the various place marketing factors that affect the image of a place effectively (Clifton, 2014:122; Özdemir & Simsek, 2015:504). Moreover, pricing each factor is another issue that contributes to the value of the place product, satisfaction of the stakeholders, and the overall image of the place (Özdemir & Simsek, 2015:504). A more informed understanding of the various place marketing factors that contribute to the creation of a desired image of a place will allow place marketers to package these attributes so that they can create and portray a differentiated, unique image. Place image *uniqueness* refers to being sufficiently distinct to be selected among competing places by stakeholders (Qu *et al.*, 2011:468; Stepchenkova & Morrison, 2008:550; Tang-Taye & Standing, 2016:615).

The stakeholders of a place develop an image of a place through cognitive and affective (also called emotional) interpretations (Beerli & Martin, 2004; Alcaniz *et al.*, 2009:716; Kladou & Mavragani, 2015:187; Kwon & Vogt, 2010:424). According to Bastiaansen *et al.* (2016:2), the cognitive component of a place is based on the individual's perceptions, beliefs, and knowledge of a place's various place marketing factors. The affective component of a place refers to the emotions elicited by a place, more specifically the emotional response toward the various place marketing factors of a place (Zhang *et al.*, 2014:215). Josiassen *et al.* (2016) claim that the cognitive component of a place influences the affective component demonstrably, which in turn influences positivity or negativity of the overall place image (Josiassen *et al.*, 2016).

The place image and the management of this image play a vital role in the overall success or failure of a place (Abd El Jalil, 2010; Roy-Vela, 2009). Hospers (2004:273) and Hudson *et al.* (2016:10) suggest that place image has a direct bearing on the perceived attractiveness of a place to live, work, and invest for different stakeholders. In addition, place image is regarded as a determining factor on place decision, stakeholder behaviour, and stakeholder satisfaction (Garrod, 2008:384). It is for this reason that various stakeholders of a place, from both the public and private sectors, collaborate their efforts in order to create a positive place image (Jaffe & Nebenzahl, 2006:137). A positive place image has a desirable effect firstly on: (1) the willingness to visit a place; (2) the attitude towards the participation in sport events hosted in the place; (3) stakeholder satisfaction; (4) a willingness to provide positive word-of-mouth recommendations of the place; and (5) also contributes towards a positive perception of a place (Bastiaansen *et al.*, 2016:1; Josiassen *et al.*, 2016; Kaplanidou & Gibson, 2010:165; Kock *et al.*, 2016:31; Styliadis *et al.*, 2014:264; Zhang *et al.*, 2014:216). According to Arnegger and Herz (2016:77), stakeholders' prevailing place images determine the influx of other stakeholders to the place, and therefore have a bearing on gross tourist revenues and the overall economic success of a place. Kock *et al.* (2016:31) concur, stating that a positive place image results in a willingness-to-pay. A positive

place image is thus linked and inevitably interrelated to economic benefits (Arnegger & Herz, 2016:83; Govers, 2011:227).

It would therefore be advantageous to create a positive place image, and to engage in efforts that will improve and change a possible negative place image into a more positive one. Hospers (2004:273) warns that a negative place image can have detrimental effects when aiming to attract targeted stakeholders, and as such, could lead to a loss of income for the place. Özdemir and Simsek (2015:504) add that a negative or even neutral place image can result in negative word-of-mouth. The manipulation and improvement of a negative place image is not an easy task, and could take years and even decades to change (Jaffe & Nebenzahl, 2006:167). Even so, Özdemir and Simsek (2015:504) advocate that strong place marketing efforts and a well-managed place experience can result in a positively improved place image. Avraham and Ketter (2008:188) devised a multi-step model to alter the negative image of a place. Since its inception in 2008, the multi-step model has been implemented by various studies in order to analyse and alter negative or neutral place images (Avraham, 2013, 2015, 2016; Walters & Mair, 2012). The multi-step model is comprised of three media strategy groups (SAM: Source, Audience, Message) respectively, that are implemented by place marketers to alter and repair place image. Source strategies focus on affecting or replacing the source believed by place marketers to be responsible for the place's negative image, usually the international media; for example, organising familiarisation tours for foreign journalists or by blocking media access (Avraham, 2015:227,231; Mair *et al.*, 2016:17).

Audience strategies deal with the values, insights, and beliefs held by the audience, and thus place marketers strive to highlight the communality between those values that are important to their compatriots and the foreign audience (Avraham, 2016:43). The final category, message strategies, seeks to reverse any negative perceptions or stereotypes about a place, such as a lack of personal safety, sanitation, or nightlife. Place marketers aim to convince the public that these images are false and that the destination is actually safe to visit, as well as offering entertainment and other amenities (Avraham, 2016:43; Walters & Mair, 2012:89).

According to Berglund and Olsson (2010:9), there are numerous ways that a place image can be developed and portrayed. When developing or altering a place image, it is important that the image that is developed must be based on reality, otherwise the place will not succeed in satisfying the stakeholders, which will in turn have a negative effect on the image that they will transmit by word-of-mouth (Beerli & Martin, 2004:677; Kalandides, 2011:289). Özdemir and Simsek (2015:504) concur by stating that the place image must be congruent to the place and its inherent characteristics. Hughes (2016:6) reiterates an Indian proverb that reads: "The projected image can never be brighter than the object." A place image that is based on reality is valuable to a place, as stakeholders consider an organic place image more trustworthy than an image that

has been sanitised, simplified and otherwise manipulated to suit the needs of consumers and to attract stakeholders (Berglund & Olsson, 2010:9). Campelo *et al.* (2011:4) confirm that it is of utmost importance to note *what* is being portrayed and *how* it is being portrayed when developing a place image. In addition to being based on reality, a place image should also have the potential to last, grow old, and evolve into a long-term marketing and promotion campaign for the improvement of a place's image or branding (Kalandides, 2011:289; Kwon & Vogt, 2010:432). Place image is regarded as a pre-existing concept to place branding (Pike, 2009:858), which is discussed subsequently.

3.4.5 Place branding

One of the fundamental components of a place marketing strategy is place branding, which is said to have evolved from the place marketing phenomenon (Asseraf & Shoham, 2017; Baker & Cameron, 2008:85; Eshuis *et al.*, 2014:154; Govers, 2011:227; Kavaratzis, 2004; Zenker *et al.*, 2017:16-17; Zhou & Wang, 2014:28). Place branding forms the foundation from where the place marketing process commences by providing a framework by which to manage the image of a place (Baker & Cameron, 2008:87). Place branding informs place marketing, and according to Govers (2011:230), functions as a strategic compass for place marketing activities. Even though there is a clear link between place marketing and place branding, each concept is treated as an individual field of study and practice (Boisen *et al.*, 2011:136; Giovanadri *et al.*, 2013:367; Govers, 2011:230). Boisen *et al.* (2011:136) argue that place marketing differs from place branding in the sense that place marketing is concerned with the issue of a demand-driven approach to places and can thus be seen as a broad term, whereas place branding is a more specific marketing instrument that implies a more pleasure-seeking approach to places. Whilst the place marketing approach concentrates on the processes and techniques of promoting, selling, and distributing the place product, the place branding approach regards the purposeful symbolic embodiment of information about a place in order to create associates and expectations around it (Lucarelli & Berg, 2011:21). McManus and Connell (2014:107) explain that place marketing is likely to emphasise advertising (albeit not in isolation), whereas place branding potentially covers all communications of a place's identity. It is therefore evident that a clear distinction can be made between the marketing of a place and the development of a place as a brand.

Kotler and Keller (2016:323) indicate that the process of assigning a brand to products and services is known as branding. A brand, which is regarded as one of the most valuable assets of a business, refers to a name, word, sign, symbol, or any other feature that identifies the products of a seller or group of sellers and to differentiate them from those of competitors (AMA, 2018; Kotler & Keller, 2016:321). Branding can therefore be defined as the activity of assigning a unique and identifiable brand image to a product with the aim of differentiating the product from that of

competitors' products and brands (Bothma, 2013:152; Keller, 2013:36). Branding is the most powerful marketing function that enables a unique selling proposition through the communication of a desired image of a product (Campelo *et al.*, 2011:4; Michelson & Paadam, 2016:141). Keller (2013:35) confirms that branding can influence consumer behaviour and decision-making by changing negative perceptions that consumers may have of a business's product and/or brand. According to Kotler and Keller (2016:323), branding is a means of securing competitive advantage for a business. Effective branding efforts, which comprise intricate processes of authenticity, reassurance and differentiation, result in improved perceptions of value in consumers and provide protection from price competition and pressures towards commoditisation (Rosenbaum-Elliott *et al.*, 2015:ix). According to Keller (2013:37), branding is universal and can be applied to physical goods, services, retail outlets, online stores, people, businesses, ideas, and places. The application of branding practices to a city, region, or country is collectively referred to as place branding (Govers & Go, 2009:14).

Blain (cited by Pike *et al.*, 2010:437) defines place branding as a set of marketing activities that: (1) supports the creation of a name, symbol, logo, word mark or other graphic that readily identifies and differentiates a destination; (2) consistently conveys the expectations of a memorable travel experience that is uniquely associated with the destination; (3) serves to consolidate and reinforce the emotional connection between the visitor and the destination; and (4) reduces consumer search cost and perceived risk. Place branding aims to trigger positive associations, to influence consumer behaviour in a positive manner, and to differentiate a place from others by developing a suitable place brand (Boisen *et al.*, 2011:136-137; Pawaskar & Goel, 2014:257). Baker (2012:27) continues by describing a place brand as the totality of thoughts, feelings, and expectations that people hold about a location. It is a network of associations in consumers' minds based on the visual, verbal, and behavioural expressions of a place, which are embodied through the aims, communication, values, and the general culture of the place's stakeholders and the overall place design, providing it with a competitive edge and raising the place profile (Baker, 2012:27; Dinnie, 2016:15; Mohan, 2009:8; Zenker & Braun, 2010:3). In short, place branding refers to the framing and communication of a place's place marketing factors – those particular things that a place is proud of or wants to stand for (Anholt, 2005:119; Hospers, 2004:274).

Hudson *et al.* (2016:2) affirm that the first stage in developing a place brand is to identify and establish what the place marketing factors and core values of a place are. Eshuis *et al.* (2014:154) and Zenker and Martin (2011:33) maintain that a place brand is a symbolic construct that is less concerned about the physical attributes of the place, but rather the perceptions of those attributes in the minds of the stakeholders. These perceptions influence which qualities are attributed to a place and how people experience them. In addition, perceptions influence behaviour in a direct

way, because people decide how to behave on the basis of the perceptions they have of the place (Boisen *et al.*, 2011:140). These perceptions lead to measurable brand effects such as willingness to stay at a place or levels of resident satisfaction, and should therefore be considered when dealing with success measurement in place marketing (Insch & Florek, 2008; Zenker & Martin, 2011:33).

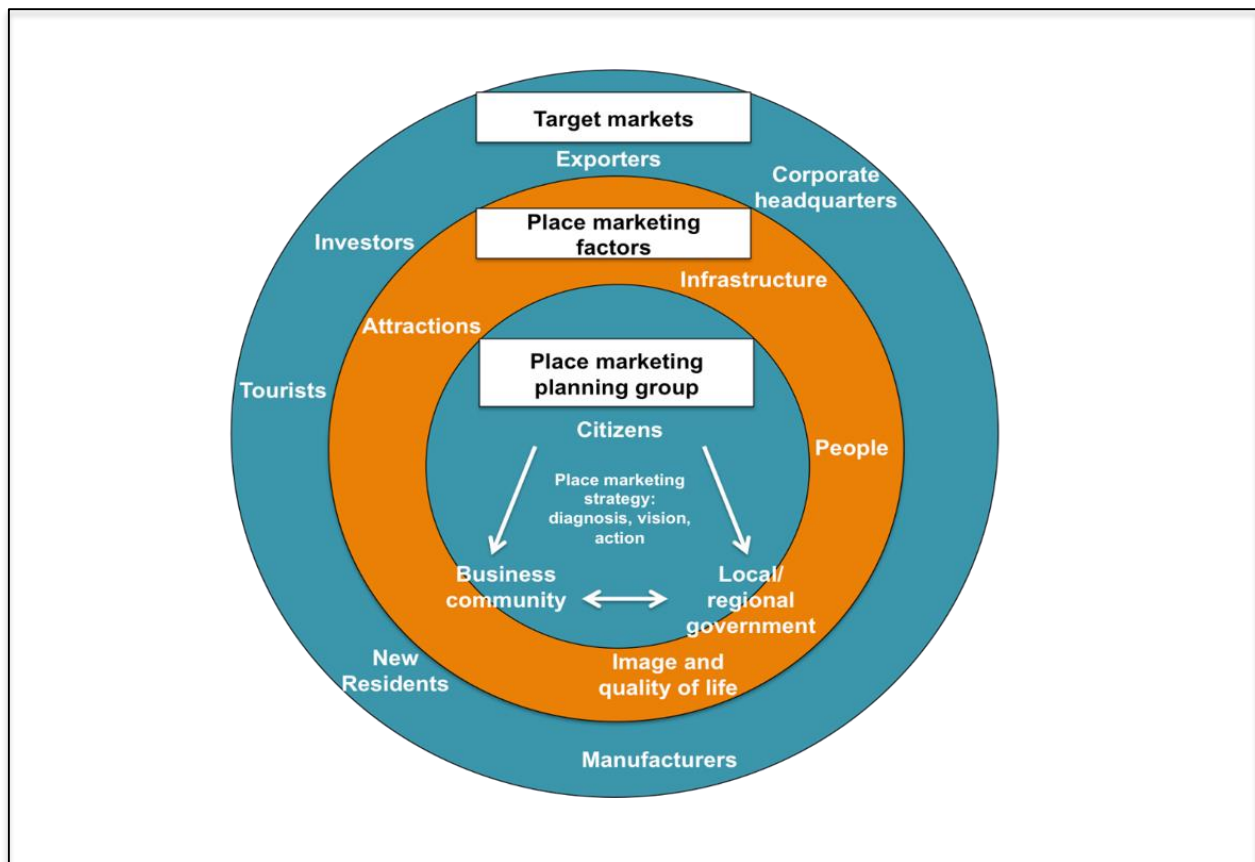
Using branding activities by places as part of a place marketing strategy is not a novel idea (Brown & Campelo, 2014:424; Govers, 2011:227; Jaffe & Nebenzahl, 2006:9; Kim & Stepchenkova, 2016:1). Hudson *et al.* (2016:2) state that similar to businesses that develop powerful brands as a means to attain a competitive advantage in the market, places use branding as a method for improving their place competitiveness through differentiating, focusing, and organising around the place's competitive and distinctive identity (Hudson *et al.*, 2016:2). Even though corporate brands and place brands are similar in nature and often overlap in terms of marketing goals, there are fundamental differences between the two (Ashworth & Kavaratzis, 2009:521; Bayraktar & Uslay, 2017:115; Fan, 2010:3). Unlike corporate brands which can be developed from scratch, places as brands are regarded by external stakeholders as extensions of their culture and history, which make them more complex repositioning targets (Asseraf & Shoham, 2017). Fan (2010:10) holds that corporate brands differ from place brands by citing, for example, that: (1) stereotypical products can be altered, re-launched, replaced or withdrawn from the market whereas place products cannot; (2) corporate brands have a single owner with legal rights, whereas a place brand is owned by any business that chooses to exploit the image of a place; (3) the audiences for place brands are diverse and hard to find, unlike corporate brands that have targeted segments; and (4) a place brand can only create emotional benefits due to intangibility.

Developing and promoting a strong, unique and favourable place brand can differentiate a place from others, effectively secure a destination's competitive advantage, influence consumer behaviour positively, build long-term relationships with its stakeholders, win the hearts of global visitors and gain a greater share in the global marketplace (Baker & Cameron, 2008:8; Hughs, 2015; Keller, 2013:35; Zhou & Wang, 2014:28-29). Pawaskar and Goel (2014:257) maintain that a branded place is easier to market than a place that has no brand attached to it. Place branding activities help to secure more investment, tourism, and export (Nurko, 2016:4). Govers and Go (2009) affirm that place branding fosters place brand equity, which relates to the loyalty, awareness, and perceived quality of the place product. In addition, place branding helps to enhance and maintain cultural values (Campelo *et al.*, 2011:4). Due to the vast benefits of developing a place brand, the practice of place branding has become more important to policy-makers to consider and to manage on a continuing basis (Asseraf & Shoham, 2017; Baker & Cameron, 2008:8).

The intangibility of the place brand's products and services makes trials impossible and therefore, ensuring that the experience of a consumer in the destination is good and will favourably influence post-visitation behaviours is very important (Pawaskar & Goel, 2014:257). Zenker *et al.* (2017:16) is of the opinion that the high level of demographical complexity makes it difficult to construct a place brand that is both simple and convincing for the majority of the external and internal target markets. The target markets of place marketing, and therefore place branding are discussed subsequently as part of the levels of place marketing.

3.5 THE LEVELS OF PLACE MARKETING

In order to maintain the relevance and significance of place marketing on an international scale, place marketers must devise and implement effective and efficient place marketing strategies that allow places to achieve their goals and objectives, which include, among others, to improve overall place competitiveness and to attract capital through the satisfaction of both internal and external stakeholders. Baker and Cameron (2008:80) suggest six generic strategies that places can implement in order to achieve the aforementioned objectives: (1) attracting tourist and visitors; (2) attracting businesses from elsewhere; (3) retaining and expanding existing businesses; (4) promoting small business expansions and fostering new business start-ups; (5) expanding exports and outside investments; (6) and/or expanding the population or changing the mix of residents. The proposed strategies provide evidence that various target markets are affected by a number of place marketing factors that should be controlled by a planning group assigned to devise, implement, and monitor the place marketing of a specific place. Target markets, place marketing factors, and the place marketing planning group comprise the *levels of place marketing* as proposed by Kotler *et al.* (2002:46). The levels of place marketing are depicted in Figure 3:4 and are discussed in the subsequent sections.

Figure 3:4 The levels of place marketing

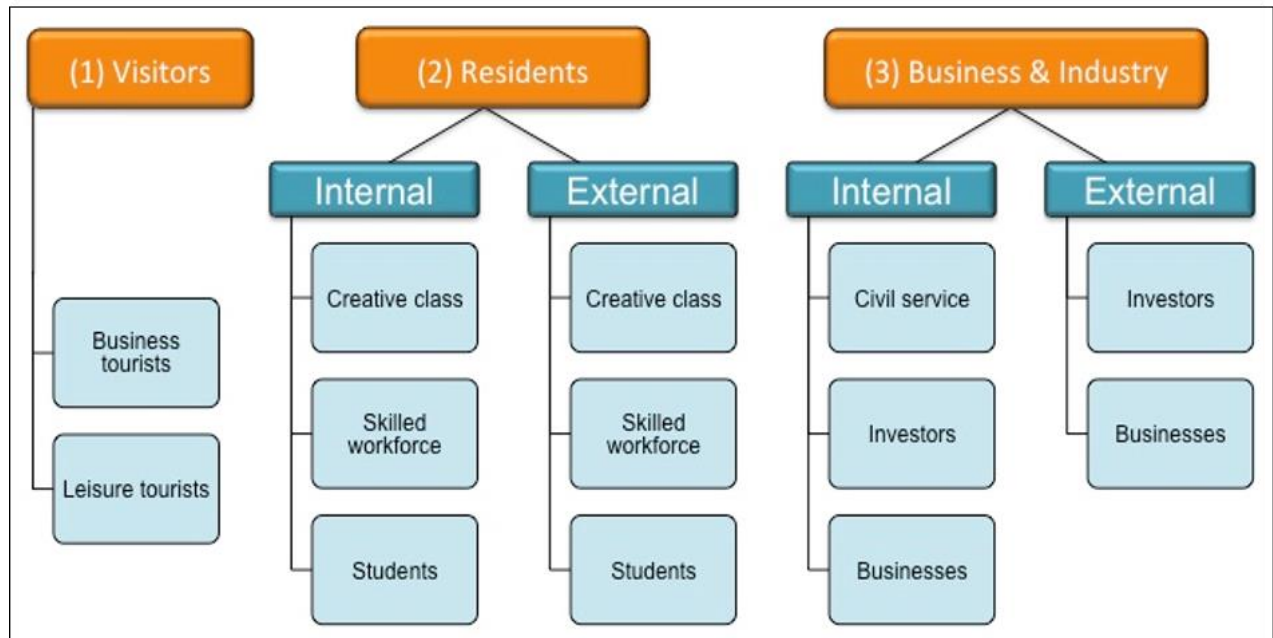
Source: Adapted from Kotler *et al.* (2002:46).

3.5.1 Target markets

Places, similar to that of businesses, have their own target markets. A place's target markets comprise those stakeholders who benefit directly and/or indirectly from place marketing initiatives (Zenker & Beckmann, 2012:65-55; Zenker & Martin, 2011:35). In order to be effective and to improve commercial success, it is important that place marketing strategies are aimed at satisfying the needs of both internal and external target markets of a place, ensuring that their expectations are met (Basile *et al.*, 2016:473). Internal target markets comprise those who already live, work and conduct business in a place, whereas external target markets are those prospective stakeholders who are not yet established in a place and who are actively targeted by place in order to attract them to a particular place (Berglund & Olsson, 2010:11). Three primary target markets of a place are identified as follows: (1) internal and external residents that wish for an appropriate place to live, work, and relax; (2) internal and external businesses looking for a place to locate their production facilities, conduct business and recruit employees; and (3) tourists seeking leisure facilities in the cultural and entertainment domain (Abeltina, 2014:365; Arnegger

& Herz, 2016:83; Hospers, 2011:272; Jessop, 1998; Kwon & Vogt, 2010:432; Zenker & Martin, 2011:34). The target markets of a place are portrayed in Figure 3:5 below.

Figure 3:5 The three primary target markets of a place



Source: Zenker & Martin (2011:34).

Arnegger and Herz (2016:83) assert that tourists are regarded as the most important target market on which a place should focus, as their expenditures are above average mainly due to the need for accommodation, catering expenses, and their high purchasing power. Tourists also search for leisure activities such as visiting shopping malls or cultural offerings (Zenker & Martin, 2011:34).

Another important target market of a place are residents. Kwon and Vogt (2010:432) define residents as people who live or own a property in a specific place. Residents host friends and relatives and have a stake in retail, recreation, and neighbourhood development (Kwon & Vogt, 2010:432). Not only internal (current) residents are targeted by place marketing strategies, but, indeed, also external (prospective) residents (Berglund & Olsson, 2010:11). Niedomysl (2004:2006) concurs by stating that place marketing activities aimed at attracting immigrants has indeed grown rapidly over the last few years and have become an important part of municipalities' development strategies. Karsten (2014:175) is of the opinion that external residents that are traditionally targeted by place marketers of urban locations remain young, affluent, and childless *yuppies*, however, an increasing number of middle class families with children are opting for urban locations over suburban ones.

According to Zavattaro (2012:214), in place marketing practice, residents are socially constructed and viewed as consumers. Eshuis *et al.* (2014:166-197) elaborate on this notion by stating that in terms of place marketing, it is more common to view residents of a place as consumers with specific needs and wants that need to be satisfied, as opposed to approaching this target market as citizens and co-producers in the sense of active democratic participants. Consumers who express some degree of loyalty and/or preference towards a particular urban environment, as well as the retail agglomerations located there, should be a primary concern for place marketers. This is the case because firstly, it is much more expensive to attract new consumers than to retain existing ones; secondly, they are or can become important promoters of a place in terms of word-of-mouth marketing; and thirdly, this place user group has credibility in terms of how they have reached a judgement regarding the antecedents of attractiveness in that they reside in that urban environment (Choo *et al.*, 2011:198; Teller & Elms, 2012:547; Teller *et al.*, 2010).

Place marketing should occur not only on the demand side to increase visitor numbers, but also on the supply side to market the destination to intermediaries and to increase the numbers of sellers through investment in, for example, the infrastructure of the place (Prideaux & Cooper, 2002:36; Oklobdžija, 2015:92). Therefore, other prominent target markets that places strive to attract are businesses and investors, both local and international (Jessop, 1998). According to Zenker and Martin (2011:34), places try to attract businesses and investors by emphasising the place's opportunities and facilities that match their specific commercial needs.

Although a place marketing strategy can target the overall inbound market by highlighting a place's core place marketing factors, a more focused strategic plan can target a specific market by also emphasising the distinct elements in addition to the core place marketing factors that appeal to potential stakeholders in that market (Kim & Stepchenkova, 2016:8). Skinner (2008) therefore accentuates that it is particularly important for place marketers to know why their place is regarded as attractive compared to others from a place user's point of view. Sepe and Pitt (2017:11) assert that places strive to create an experience that satisfies the specific demands of stakeholders. However, it often proves difficult to create place marketing factors that fit the preferences of all stakeholders (Eshuis *et al.*, 2013:509). These target groups differ not only with regard to their structures, but also in terms of their particular place needs and demands (Zenker & Martin, 2011:34). From a stakeholder's perspective, the place product can be seen as an integrated experience where different stakeholders are in charge of delivering the various components of the place product (Elbe *et al.*, 2009:286). These components are referred to by Kotler *et al.* (2002:46) as the place marketing factors.

3.5.2 Place marketing factors

In light of the definition of place marketing as provided by Braun (2008:43), it is clear that place marketing concerns the creation, communication, delivery, and exchange of place offerings that have value for the stakeholders of a specific place. The *place offerings* to which Braun's definition refer to relate to various other terms in the literature that share a common definition. These include, for example, *place attractors* (Basile *et al.*, 2016:478; Mattsson *et al.*, 2005:362), *local capital* (Askegaard & Kjeldgaard, 2007:139), *place components* (Elbe *et al.*, 2009:286; Özdemir & Simsek, 2015:504), *place elements* (Boisen *et al.*, 2011:137; Kalandides, 2011:286), *place aspects* (Atkinson *et al.*, 2002:28), *place attractions* (Skinner, 2008:916; Wang & Fesenmaier, 2007:864), *place features* (Warnaby, 2009a:409), *place attributes* (Arnegger & Herz, 2016:79), *place amenities* (Berglund & Olsson, 2010:2), *territorial characteristics* (Basile *et al.*, 2016:477), and *place resources* (Abeltina, 2014:365). In Figure 3:1, Kotler *et al.* (2002:46) make use of the term *place marketing factors* to refer to the offerings of a place. Similarly, O'Cass *et al.* (2015:194-195) refer to *marketing resources* to indicate those resources that create value in the marketplace. Based on the literature from both the strategic management, marketing, and place marketing disciplines respectively, this study uses the term *place marketing factors* to denote the *place offerings* as it is used in Braun's definition of place marketing, insofar as it describes the attractors of a place, including, *inter alia*, any element, attribute, event, activity, business or the like that attracts people to a specific place (Mattsson *et al.*, 2005:362). Furthermore, the term is used in this study to describe those aspects and/or resources of a place that can be mobilised to give the place product a unique perceived value and that can be utilised in place marketing and promotional efforts to attract stakeholders to a specific place (Askegaard & Kjeldgaard, 2007:139).

Wang and Fesenmaier (2007:864) affirm that the aggregate of the different place marketing factors constitute the place product, and is described by Abeltina (2014:365) as everything within a particular place that can be promoted and marketed as a product. Brown and Campelo (2014:425) identify three approaches that can be used by place marketers to identify unique and distinct place marketing factors, namely personality associations (i.e. local celebrities and/or heroes); signature architecture (i.e. an historical monument or building); and special events (i.e. festivals or sporting events). In relation to events that contribute to the distinction of a place, Southworth and Ruggeri (2011) have observed that events of a historic or political nature also contribute towards the perceived merit of a place. In addition, Ratcliffe and Flanagan (2004) suggest that places could emphasise their distinctiveness in terms of being cleaner, greener, and safer than their counterparts. Anholt (2010) supports this notion, stating that the environmental credentials of a place play a crucial part in the selection of a specific place in a market of many.

According to Basile *et al.* (2016:477), place marketing factors could be both tangible and intangible in nature. Tangible place marketing factors include, among others, the residents of the place; local celebrities and heroes; natural landscapes and features; heritage sites; museums, monuments and art; entertainment and sporting facilities; medical facilities; and other infrastructure and buildings like shopping malls, hotels, and office blocks (Atkinson *et al.*, 2002:27; Basile *et al.*, 2016:477; Berglund & Olsson, 2010:2-3; Eshuis *et al.*, 2013:509; Hughes, 2016:6; Mattsson & Sorensen, 2015:198; Roth & Diamantopoulos, 2009; Sepe & Pitt, 2017:5; Teller & Elms, 2012:546; Vatter, 2014:175). Intangible place marketing factors include political, cultural, and social distinctions; the standard of living among residents of the place; the level of technological advancement; investment and the investment rating; public relations; the place image and brand; fiscal laws; history; culture; services; the emotions of people; and the environment of the place, including the commercial, political, cultural, historical, technological and residential environments respectively (Basile *et al.*, 2016:477; Kavartzis, 2004; Mattsson & Sorensen, 2015:198). Anholt (2010) confirms that the perceived environmental credentials of a place are increasingly becoming a critical factor in the decision-making process of tourists, investors and other stakeholders.

If the place marketers of a place fail to identify relevant place marketing factors that could be attractive to stakeholders, they often have to alter existing place marketing factors and/or construct new place marketing factors that they feel may attract desired stakeholders to the place (Basile *et al.*, 2016:478; Berglund & Olsson, 2010:2-3). According to Basile *et al.* (2016:478), through constant stimuli and influences, place marketers can deem it necessary to modify the place marketing factors in such a way that they respond more effectively to the specific needs and desires of the place's stakeholders. At times, brand new place marketing factors have to be constructed in order to attract the attention of stakeholders and to fulfil their specific needs. These undertakings generally include spectacular urban developments, often flagships such as new concert halls, museums, shopping malls, professional sport stadiums and housing facilities. Generally, it also includes upgrading of public spaces, most often city centre makeovers involving everything from squares to pedestrian walks and green areas. Last but not least, it often entails promotion and a new place brand encapsulating the presumed advantages of a place (Berglund & Olsson, 2010:2-3). According to Kolb (2006), it is often more important for a place to create and develop place marketing factors rather than merely altering and/or promoting those already present in the specific place. Through the custom creation and construction of various place marketing factors, the likelihood that place marketers' efforts in this regard will coalesce with the relevant stakeholders' needs is maximised (Teller & Elms, 2012:560). Braun (2008), Kavartzis (2008) and Young (2005:734) argue that in this way, place marketing contributes towards creating and shaping a place that satisfies the emotional needs and desires of stakeholders effectively,

and in so doing, enhancing their locational attractiveness and competitiveness. This notion reveals the importance of knowing and continuously monitoring the primary place marketing factors of a place in order to alter the existing place marketing factors and to create new ones that are congruent with the current needs and desires of stakeholders (Basile *et al.*, 2016:478).

By considering the aforementioned tangible and intangible place marketing factors, both inherent to the place and/or constructed, it is evident that the place product consists not only of a single product, but rather a conglomeration of various place marketing factors that together constitute the place product, its image and its brand (Abeltina, 2014:365; Kavoura, 2012; Kavoura & Katsoni, 2013; Sepe & Pitt, 2017:5; Trueman *et al.*, 2007:21). For example, in order to market a place as an area of cleanliness, leisure, and consumption, place marketers should identify and promote those place marketing factors of a place that are most significant, and consequently deemed most attractive and valuable to stakeholders of the specific place (Abeltina, 2014:365; Askegaard & Kjeldgaard, 2007:139; Atkinson *et al.*, 2002:27; Berglund & Olsson, 2010:2-3; Kalandides, 2011:286; Teller & Elms, 2012:560). The primary place marketing strategy should be based on and underpinned by those place marketing factors that have been identified as being the most attractive and the most valued by the relevant stakeholders of the place (Hooley *et al.*, 2005:19; Kalandides, 2011:286). Eshuis *et al.* (2013:509) and Skinner (2008:916) are of the opinion that this is easier said than done, because place marketing factors differ in value and meaning to various groups of stakeholders. Zenker and Martin (2011:34-35) make use of an analogy to illustrate this problem, stating that a place is like a shopping mall that offers a wide variety of products with each consumer filling his or her shopping bag individually. For example, an elderly resident desires convenience to shops and medical facilities, whereas a young person needs a variety of sports facilities and a young couple with children require a safe space for their children to socialise and play (Insch & Florek, 2008:142). Eshuis *et al.* (2013:509) add that tourists, for example, may value the historic centre, whereas private businesses may value the information and communication technology industry. However, according to Williams *et al.* (2008), there are a few basic place marketing factors that are universally attractive to the various groups of stakeholders of a place, which include affordable and accessible housing, transport, healthcare, education and training, leisure and recreation facilities, and opportunities for social interaction. This list may differ depending on an individual's previous experiences, which shape their expectations, motivations and attitudes towards the place (Insch & Florek, 2008:142).

Whilst place marketing factors are unquestionably important to a place's competitive advantage, they are insufficient by themselves (Murray *et al.*, 2011:253,264). O'Cass *et al.* (2015:195) affirm that the potential of the various place marketing factors will only be realised through the deployment capabilities of the place. An array of different stakeholders is necessary for

deployment purposes, in order to mobilise various available place marketing factors for the development of an integrated place marketing process, and for coordinated place marketing to commence (Elbe *et al.*, 2009:283; Warnaby, 2009:410-411). Mattsson and Sorensen (2015:198) therefore state that a variety of stakeholders collectively influence the development of a place, and most of the time, are the same stakeholders that consume it. The stakeholders who are responsible for the planning and execution of place marketing are discussed subsequently.

3.5.3 Place marketing planning group

Prior to implementing the place marketing strategy, sufficient planning needs to be done. Place marketing planning comprises of, *inter alia*: (1) reviewing and evaluating all the place marketing factors the place holds; (2) formulating a vision and various place-specific goals and objectives; (3) devising the place marketing strategy; (4) developing an action plan as to how to go about implementing the place marketing strategy; and (5) planning the implementation and control procedure of the place marketing strategy (Kotler *et al.*, 1993). Haider (1992:127) adds that place marketing planning also includes analysing place marketing opportunities, market research, and identifying and selecting target markets. Another aspect of place marketing planning is proposed by Vladi (2014:167), who suggests that a SWOT (strengths, weaknesses, opportunities, and threats) analysis of a place should be conducted in preparation of devising a place marketing strategy. A place needs to take an objective approach to identifying which of its place marketing factors represent a strength, weakness, opportunity, or threat in light of what specific stakeholders are seeking (Kotler *et al.*, 2002:162).

The responsibility of planning and implementing a place marketing strategy involves a vast number of different stakeholders, all of whom, individually, have little control over the marketing of the place product (Baker & Cameron, 2008:82; Boisen *et al.*, 2011:140; Eshuis *et al.*, 2014:154). According to Özdemir and Simsek (2015:503), place marketing planning is often difficult to organise as there are many stakeholders involved, each with their own aims, goals, and motivations, which inevitably have to co-exist. According to Eshuis *et al.* (2014:167), the involvement of a variety of different stakeholders often leads to value conflicts that arise inherent to public policy and diplomacy.

Cao (2011) and Hankinson (2007:242) propound that the stakeholders in the planning of place marketing generally comprise an amalgamation of both public and private sector participants that primarily include local governments, businesses, and residents. The role-players of place marketing, however, are not limited to local authorities only (Hospers, 2004:275). Jessop (1998) adds that in addition to those stakeholders involved in place marketing planning identified by Cao (2011) and Hankinson (2007:242), other authorities of place marketing include national political

parties, trade unions, trade associations, chambers of commerce, local educational and religious institutions, new social movements, and public-private partnerships. In addition, destination-management organisations (DMOs) are also regarded as place marketing stakeholders, and are created to take the overall responsibility for marketing the places in which they are established by attracting tourists and visitors to the specific area (Elbe *et al.*, 2009:283). External place marketing consultants are also regarded as stakeholders of place marketing planning, although the role of these consultants is merely that of a facilitator, somebody who uses sound methodological tools to extract and structure the knowledge that is already there (Kalandides, 2011:288).

Even though a clear distinction can be made as to those place marketing stakeholders who form part of the public sector (i.e. the local government) and the private sector (i.e. DMOs) respectively, Hospers (2004:275) claims that place marketing concerns all who contribute to a specific place. The amalgamated efforts, in terms of place marketing, between stakeholders in both the public and private spheres are important and is a necessary step in the sustainable place-development process (Baker & Cameron, 2008:83; Byrd, 2007:6; Hospers, 2004:275; McManus & Connell, 2014:108; Parker *et al.*, 2015:1106). After all, public and private sector stakeholders have a joint interest in marketing and selling the place: raising competitiveness in territorial rivalry (Hospers, 2004:275).

Hospers (2004:275) and Jessop (1998) accentuate that it is of particular importance that public and private stakeholders of place marketing cooperate on various levels of social association, in and across different functional domains, and on different spatial scales. The long-term success of place marketing depends on the collaboration between public institutions, private individuals and business leaders, with the role of local government being particularly important (Baker & Cameron, 2008:83; Gibson & Davidson, 2004:387; Morgan, 2012:9). D'Angella and Go (2009:430) define collaboration as formal institutionalised relationships among existing networks of institutions, interests and/or individual stakeholders. Setting up strategic networks between the public and the private sectors as well as the consultation of local groups and residents may be beneficial for a number of different reasons, for example: (1) to get region-wide support; (2) to attract desirable stakeholders; (3) to provide the community with the opportunity to share their values and vision of the place; (4) to establish a balance of power; and (5) to build trust among the various place marketing stakeholders and participants with the goal of improving their quality of life (Byrd *et al.*, 2008:193-194; Choo *et al.*, 2011:198; Duffy *et al.*, 2013:21; Hospers, 2004:275; McManus & Connell, 2014:108). Furthermore, Baker and Cameron (2008:83) propound that a collaboration of place marketing efforts between stakeholders in both the public and private sectors is beneficial because individual stakeholders would create less promotional impact on potential visitors than if they collaborated; a promotional campaign where resources are pooled

allows the benefits to be shared equally among all stakeholders; and objectives can be achieved more effectively if stakeholders recognise their interdependencies. It is evident that collaboration between place marketing stakeholders is fundamental to place marketing success. According to Byrd (2007:8), the collaborated efforts between various stakeholders, both from within the public and private sectors, will be successful if the collaboration contains with the following elements: fairness, efficiency, knowledge, wisdom, and stability.

Despite the fact that most researchers and scholars of place marketing agree that a collaborated effort between stakeholders in the public and private sectors provide the ideal situation and deems to be the most effective form of planning and implementing a place marketing strategy, place marketing is still often driven by a short-term top-down approach with limited community participation and with a failure to consult key stakeholders such as local employees and residents in the community pertaining to their specific needs and desires (Basile *et al.*, 2016:474; Choo *et al.*, 2011:198-200; Garcia *et al.*, 2012:648; Greenberg, 2008:76; Hudson *et al.*, 2016:1; Kavaratzis, 2008:68:146; Zouganeli *et al.*, 2012:743). According to Eshuis *et al.* (2014:166), local residents have very limited participation in place marketing planning and it is mainly the local political and business elite who determines the content of place marketing policies.

In order for their place marketing efforts to be effective and to enhance and sustain their reputations, it is therefore important that local employees and residents of a place are consulted and partake, directly or indirectly, in every stage of place marketing planning and place brand development, taking into consideration their respective perceptions, attitudes, emotions, opinions, needs and desires with regards to the place (Ashton, 2014:280; Eshuis *et al.*, 2014:151,167; Hospers, 2004:279; Kwon & Vogt, 2010; Morgan, 2012:9; Zenker & Seigis, 2012:22). Baxter *et al.* (2013:1084) refers to this process as measuring *the voice within*, that is, what residents think and feel about the specific place. These characteristics and behaviours of the local residents play an active role in shaping the image of the place (Keatinge & Martin, 2016:880). Furthermore, local residents should join in the implementation, monitoring, and evaluation stages of the place marketing strategy, as they are ultimately the stakeholder group who will eventually benefit or suffer from the established place brand (Hudson *et al.*, 2016:10).

The place brand that is derived through the various place marketing activities requires a complete buy-in from all local residents and employees (Ferguson & Bourke, 2014:444). Zouganeli *et al.* (2012:743) is of the opinion that if the local community agrees with the image projected of their place of residence, they will *live the brand*. By developing a close connection with the place brand, they are more likely to hold a positive attitude toward the brand and subsequent place marketing will play a vital role in providing support and patronage of the branded offerings of the place (Blichfeldt, 2005:392; Kemp *et al.*, 2012:147). This will ensure that local residents and employees

serve as informed *brand ambassadors*, and marketers of their self-established place brand, granting credibility to any communicated message (Ferguson & Bourke, 2014:444; Hudson *et al.*, 2016:10; Palmer *et al.*, 2013; Zenker *et al.*, 2013:156). Hudson *et al.* (2016:9) state that it is important for local residents and employees to participate in place marketing activities, and subsequently in the development of a place brand, in order to convey a credible and real projected image of the place. A discrepancy between a real and induced place image can create dissonance when stakeholders discover that the projected image of a place does not correspond with reality (Hudson *et al.*, 2016:9; Vatter, 2014:172). Kotler *et al.* (1993) concur by stating that the satisfaction of a place's stakeholders is based on the closeness between their expectations and the place's perceived performance. Kim and Stepchenkova (2016:2) explain that, in this regard, the unsolicited and freely expressed thoughts and opinions provided by tourists in response to a survey or interview questions may yield valuable information regarding their original perceptions and attributions of the place. Place marketers should use this information in order to ensure that the communicated image of a place does not differ to the actual image of a place (see section 3.4.4.2).

3.6 PLACE MARKETING CONTROL

According to Kavaratzis (2008:146), stakeholder demands are not always integrated into the place marketing processes. Zenker and Martin (2011:34) concur that it is of utmost importance to engage in effective place marketing control in order to ensure that the diverse demands of multiple stakeholders are considered. In addition, effective place marketing control can assist in determining whether the implemented place marketing strategy is achieving its goals and objectives, and by so doing, identifying problem areas which can be purged by altering the existing place marketing strategy or by putting a new strategy in place.

Unfortunately, a proper success measurement tool in place marketing practice has not yet been developed, thus raising questions regarding the efficient and effective use of taxpayers' money (De Nisco & Warnaby, 2013:657; Jacobsen, 2009:75). In addition, the current academic discourse reveals significant shortcomings in this regard, as it tends to focus mainly on the explorative description of a certain place (brand) without measuring the impact of place marketing and branding on different target groups. The vast number of different stakeholders and their multiple co-existing identities make it challenging to assess the effectiveness of place marketing campaigns (Baker & Cameron, 2008:81; Eshuis *et al.*, 2013:509). A comprehensive discussion pertaining to the necessity, challenges and various shortcomings of effective place marketing performance measurement is provided in Chapter 4.

3.7 SUMMARY

This chapter emphasised the importance and significance of place marketing in both academia and practice today. The chapter commenced by providing an overview of the origin of the place marketing phenomenon, which was elucidated by defining the concept of *place* and *place marketing* respectively. The commodification of a place into a marketable product was explained, which, indeed, forms the basis of the place marketing concept. The chapter continued to peruse the significance of place marketing, including the ability of place marketing to create a distinctive place identity, image and brand respectively. The levels of place marketing were discussed, comprising the various target markets of a place, place marketing factors and the place marketing planning group. In concluding the chapter, a brief discussion concerning the need for effective place marketing control and the various challenges associated therewith was briefly provided.

The primary objective of this study is to devise a strategy to measure place marketing performance. In order to achieve this, a comprehensive understanding of traditional marketing, as well as the place marketing concept is necessary (discussed in Chapters 2 and 3 respectively). Chapter 4 provides a discussion on the measurement of place marketing performance.

CHAPTER 4: MEASURING PLACE MARKETING PERFORMANCE

4.1 INTRODUCTION

The aim of this chapter is to elucidate the importance of measuring marketing performance (specifically place marketing performance) and to emphasise the need to devise a comprehensive strategy for measuring place marketing performance. The chapter commences with an introductory overview as to why it is important to conduct further research into the field of marketing control and performance measurement, with specific reference to the measurement of place marketing performance. The chapter continues by providing a discussion on the concept of marketing control, motivating for the importance of developing and applying effective and efficient marketing control measures. An exploration of the marketing control process follows, in which every step of the process is analysed and discussed. The chapter proceeds by providing an explanation as to how businesses can implement the marketing control process by means of performance measurement systems. This section identifies various performance measurement systems that have been devised through the collaborative efforts of marketing practitioners and academics alike, and indicates a number of deficiencies pertaining to each performance measurement system. A discussion on the measurement of place marketing performance follows with particular reference to the current challenges facing performance measurement of place marketing activities in order to accentuate the need for further research into the field of place marketing performance measurement. The chapter concludes by discussing the creation of, and specific requirements for a strategy to measure place marketing performance.

4.2 A BRIEF OVERVIEW OF PLACE MARKETING PERFORMANCE MEASUREMENT

Marketing executives are under ever-increasing pressure by senior management to provide evidence of the value and relevance of all marketing activities comprised in their marketing strategies and to justify the business's expenditure on the marketing function (Edeling & Fischer, 2016:515; O'Sullivan & Abela, 2007:80; Roetzer, 2014:15; Zahay & Griffin, 2010:89). Authorities in the field of marketing, both in academia and practice, have cautioned that the inability to validate the pivotal role that marketing assumes in achieving business goals and objectives has relegated marketing to the periphery of business activities where it is no longer regarded as a core function of the business, but merely as a marketing communications function and part of general overhead costs (Cacciolatti & Lee, 2016:5597; Drechsler *et al.*, 2013:298; Homburg *et al.*, 2015:1; O'Sullivan & Abela, 2007:79; O'Sullivan *et al.*, 2009:843; Strandvik *et al.*, 2014:241; Woodburn, 2004:63). The crisis of confidence regarding marketing's role in business performance and the growing doubts about the effectiveness of marketing efforts has led to significant calls for

more prominent research in the area of marketing performance measurement (hereinafter, MPM) in order to devise and implement appropriate strategies to measure the impact of a business's marketing activities effectively and efficiently (Gao, 2010:26; Grewal *et al.*, 2009:117; Katsikeas *et al.*, 2016:1; Ling-yee, 2011:139; O'Sullivan & Abela, 2007:80).

In accordance with the growing interest in MPM, issues related to MPM have consistently ranked among the top research priorities of the Marketing Science Institute (MSI) (MSI, 2002, 2004, 2006, 2008, 2010, 2012, 2014, 2016). The current MSI research priorities for 2016-2018, in particular, focus on MPM-related issues including, *inter alia*: (1) developing new approaches to measuring marketing performance; (2) the ability of businesses to collect and analyse data more efficiently, to identify insights and take corrective action regarding marketing performance; and (3) how to gain more strategic insights and disseminate the collected data from MPM efforts more effectively (MSI, 2016). According to O'Sullivan (2007:26), MPM research has also been a focal point for other leading marketing research institutions, including the Australian Marketing Institute, the Chartered Institute of Marketing in the UK and the Marketing Leadership Council in the US. Similar to the need for businesses to justify their expenditure on marketing, Lijuan *et al.* (2012:128) argue that place marketing managers, too, are required to demonstrate the value and relevance of implementing their respective place marketing activities.

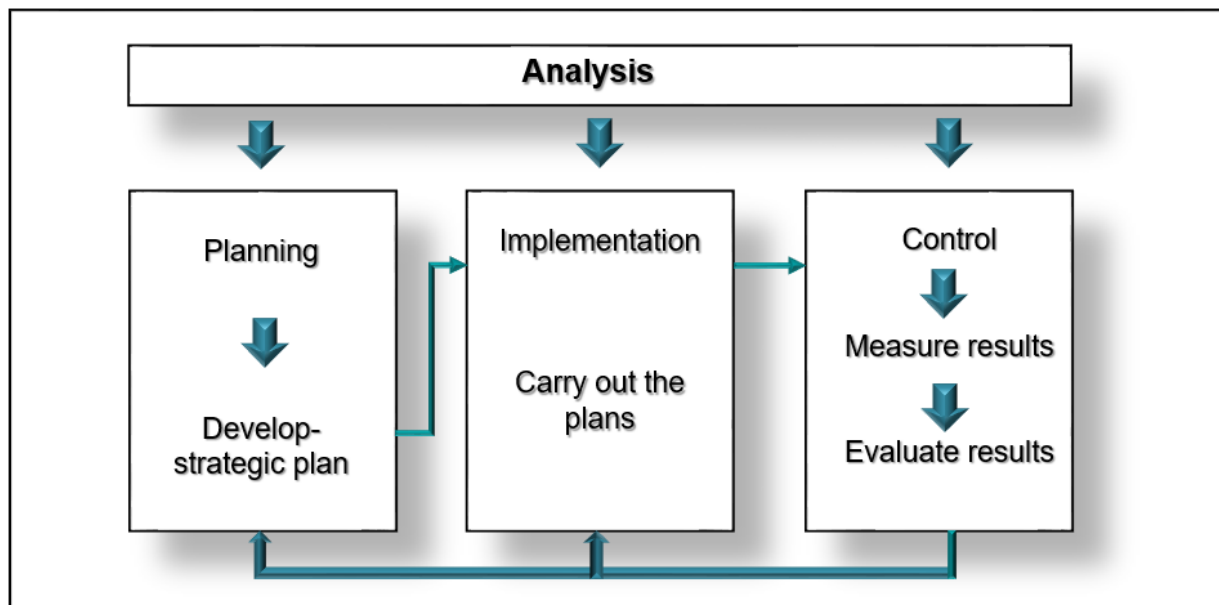
With various developments in the public transport sector, the ease of international trade barriers, and further problems imposed by a retarded economic growth rate, places are in fierce competition with each other on a global scale (Hanna & Rowley, 2011:458; Milichovsky & Simberova, 2015:211; Wibisono, 2011:108). In order to improve their competitiveness in the global arena, places must create and promote an environment that is conducive for attracting capital in the form of visitors, residents, businesses, and inward investment; and in so doing, stimulating local economic development (see section 3.4) (Baker & Cameron, 2008:79; Hanna & Rowley, 2011:458; Zenker, 2009:24). Jacobsen (2009:71) claims that it is for this reason that places invest a considerable amount of resources in their marketing activities in order to effectively position the place as a "distinctive destination for work and play". Yanzheng *et al.* (2015:21) claim that a place can guarantee an improvement in its competitive positioning through continual investment in place marketing activities. As of late, place marketers have also been under the spotlight and required to justify their expenditure on place marketing activities, and also to provide evidence of the effectiveness of these activities towards achieving the objectives and goals of the place (Goovaerts *et al.*, 2014:191; Lijuan *et al.*, 2012:128; Yanzheng *et al.*, 2015:21). According to Jacobsen (2009:70), justifying the expenditure on place marketing activities will alleviate concerns regarding the effective and efficient allocation of funds. One of the ways in which place marketers can justify this and to demonstrate the effectiveness and efficiency of place

marketing activities towards improving the competitive position of the place, is by measuring place marketing performance (O'Sullivan, 2007:26; Yanzheng *et al.*, 2015:21).

Solcansky *et al.* (2011:1323) concur that in order to achieve a desired level of competitiveness in a market, it is of the utmost importance to continually gauge and measure performance. Measuring marketing performance is one of the key steps in the marketing control process (Kotler & Armstrong, 2013:59). Despite the fact that the measurement of marketing performance is a core issue in both marketing literature and in practice, and despite it having become a priority for marketing executives in most businesses, very few empirical investigations have focused on this topic (Clark *et al.*, 2006:191; Da Gama, 2011:643; Hacıoglu & Gök, 2013:S427; Katsikeas *et al.*, 2016:1; Lamberti & Noci, 2010:139; Yanzheng *et al.*, 2015:21). Pike (2015:136-157) and Zenker and Martin (2011:32-33) propound that this empirical lack signifies a significant gap in the marketing literature, especially in the place marketing performance literature. Conducting more research in the field of marketing performance measurement, and devising new methodologies and strategies for measuring and tracking marketing performance will contribute significantly towards improving the vitality of marketing's standing in a business and ultimately raise the levels of a business's marketing performance (Rust *et al.*, 2004:76).

4.3 MARKETING CONTROL

Marketing control is regarded as a fundamental aspect in marketing management and in the management of the marketing process (Dibb *et al.*, 2012:721; Kotler & Armstrong, 2013:55; Pillai *et al.*, 2010:337). The marketing process was discussed in section 2.4 of this study. In order to manage the marketing process effectively, Kotler and Armstrong (2013:55) suggest four marketing management functions, namely marketing analysis, marketing planning, marketing implementation, and marketing control. The four functions of the marketing management process are portrayed in Figure 4:1.

Figure 4:1 The marketing management process

Source: Adapted from Cant (2010:220) and Kotler and Armstrong (2013:55)

The management of the marketing process usually commences with a comprehensive analysis of the business's current situation. Usually, the marketing executives conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of the business during this phase by making use of various quantitative and qualitative marketing research techniques to collect data (Czinkota & Ronkainen, 2013:24; Kotler & Armstrong, 2013:55). According to Kotler and Armstrong (2013:55), during the planning phase, various strategies are devised and translated into actionable marketing plans that are customised for a specific business division, product and/or brand. It is during the planning phase that the expected outcomes of proposed strategies are forecasted and compared (Ambler & Roberts, 2008:738). The strategies that were devised during the planning phase are applied and executed during the implementation phase. Kotler and Keller (2016:697) describe the marketing implementation phase as a process in which the planned marketing strategies are converted into actionable plans that aim to achieve the set goals and objectives. The outcome of the implemented strategies is measured and evaluated over time during the control phase, after which, if so required, corrective action is taken in order to amend and/or improve the strategy in question (Kotler & Armstrong, 2013:55; Wood, 2014:186-198). This chapter of the present study focuses specifically on the marketing control phase, as much of the planning and implementation phases were discussed in section 2.4 of this study.

According to Ferrell and Hartline (2014:270), the marketing strategy that is devised during the planning stage is often different to the marketing strategy that is eventually implemented. As a result, a discrepancy exists between the planned outcomes and the actual outcomes obtained

from implementing the marketing strategy. These authors (2014:270) continue to suggest that there are four identified factors that may cause such a discrepancy between the planned and realised outcomes of strategy's implementation:

- The planned and implemented marketing strategy was unsuitable or impractical;
- The method of implementation was incongruous with the planned marketing strategy;
- The implementation phase of the marketing strategy was not executed effectively;
- Substantial changes in the internal and/or external environments occurred between the planning and implementation phases of the marketing strategy.

To solve any of these problems and to avoid a discrepancy between the planned and realised outcome of the implemented marketing strategy, Ferrel and Hartline (2014:270) advise a continual evaluation of the strategy outcomes through the effective implementation of marketing control.

4.3.1 Defining marketing control

In order to achieve the various goals and objectives as set out in a business's planned marketing strategy, marketing executives must control the implemented marketing activities effectively and efficiently (Dibb *et al.*, 2012:720). Govindarajan (2007:271) argues that it is impossible for marketing strategies to be implemented effectively in a dynamic environment without exercising stringent marketing control practices. The literature provides an assortment of marketing control definitions as constructed by different marketing scholars. Table 4:1 provides a summary of the most prominent definitions of place marketing found in the literature today.

Table 4:1 The definitions of marketing control

Author(s)	Definition
Mokwa <i>et al.</i> (1980:268)	Marketing control is an action-orientated process of evaluation.
Sharma and Achabal (1982:112)	Marketing control is an integrated analytical process that monitors the performance of a business's marketing strategies with the aim of bringing the implemented marketing strategy's realised performance outcomes as close as possible to the planned performance outcomes.
Jaworski (1988:24)	Marketing control refers to a process that is implemented in order to ensure that the business's marketing strategies achieve the planned outcome.
Bennett and Strydom (2001:235)	Marketing control is a process of continuous measurement and evaluation of a business's marketing efforts, in which corrective action is exercised to ensure the attainment of marketing goals and objectives and to ascertain the defeat of competitors.
Clark <i>et al.</i> (2006:191)	Marketing control is a business process that evaluates the performance outcomes of the business's marketing strategies and provides timely feedback to the business's marketing executives.
Govindarajan (2007:271)	Marketing control concerns the collection of information regarding a business's marketing performance and comparing the realised performance outcome in comparison to the planned performance outcome by making use of predetermined measurement standards or benchmarks.
Cant and Van Heerden (2010:504)	Marketing control is the continuous process of measuring and evaluating the outcomes of a business's marketing plans and strategies, after which corrective action is implemented in order to attain business goals and objectives.
Pillai <i>et al.</i> (2010:337)	Marketing control is a process that is used to identify the discrepancy between the realised performance outcome and the desired performance outcomes in order to direct the marketing activity to take corrective action in order to achieve the planned marketing goals and objectives.
Lancaster and Reynolds (2011:378)	Marketing control is a continuous process that evaluates the outcome of all business marketing activities in order to identify and rectify any issues that occur during the marketing strategy implementation phase.
Dano and Hanuláková (2013:18)	Marketing control is to determine the realised performance outcomes and to implement corrective action in order to improve the performance of marketing strategies if, indeed, deviations from the planned performance outcomes are detected.
Kotler and Armstrong (2013:59)	Marketing control is a process in which a business's marketing strategies and plans are measured and evaluated with the aim of achieving business goals and objectives by taking corrective action if so required.
Kotler and Keller (2016:697)	Marketing control is the process by which a business's marketing strategies are evaluated in order to make amendments and/or changes if so required.
Hutt and Speh (2017:312)	Marketing control is a process that is implemented by businesses in order to collect information on the performance of their marketing efforts.

By considering Table 4:1 above, it is evident that various definitions have been formulated and documented in the marketing literature to describe and define the marketing control construct. In order to provide a working definition of marketing control as it is used in this study, it is important to identify core universal elements that are found in most of the definitions of marketing control. Table 4:2 provides a list of core universal elements that are identified in most of the definitions of marketing control, as set out in Table 4:1.

Table 4:2 Core universal elements of marketing control

Marketing control	Author(s)
... is continuous	Bennett and Strydom (2001:235), Cant and Van Heerden (2010:504), Lancaster and Reynolds (2011:378)
... is a process	Bennett and Strydom (2001:235), Cant and Van Heerden (2010:504), Clark <i>et al.</i> (2006:191), Hutt and Speh (2017:312), Jaworski (1988:24), Kotler and Armstrong (2013:59), Kotler and Keller (2016:697), Lancaster and Reynolds (2011:378), Mokwa <i>et al.</i> (1980:268), Pillai <i>et al.</i> (2010:337), Sharma and Achabal (1982:112)
... involves the measurement and/or evaluation of marketing performance outcomes	Bennett and Strydom (2001:235), Cant and Van Heerden (2010:504), Clark <i>et al.</i> (2006:191), Kotler and Armstrong (2013:59), Kotler and Keller (2016:697), Lancaster and Reynolds (2011:378), Mokwa <i>et al.</i> (1980:268)
... identifies discrepancies between realised and planned marketing performance outcomes	Dano and Hanuláková (2013:18), Govindarajan (2007:271), Pillai <i>et al.</i> (2010:337), Sharma and Achabal (1982:112)
... aims at taking corrective action	Bennett and Strydom (2001:235), Cant and Van Heerden (2010:504), Dano and Hanuláková (2013:18), Kotler & Armstrong (2013:59), Kotler and Keller (2016:697), Lancaster and Reynolds (2011:378), Pillai <i>et al.</i> (2010:337)
... assists the business in achieving the planned marketing goals and objectives.	Bennett and Strydom (2001:235), Cant and Van Heerden (2010:504), Kotler and Armstrong (2013:59), Pillai <i>et al.</i> (2010:337)

From the above definitions, marketing control is summarised and defined for this particular study as follows:

Marketing control is a process in which the performance outcome of a business's implemented marketing strategy is measured and evaluated on a continuous bases in order to identify any discrepancies that arise between the realised and planned marketing performance outcomes and executing corrective action to rectify such issues if so required.

4.3.2 The evolution of marketing control

The concept of marketing evolved over a number of different eras (see section 2.2). Similar to the evolution of marketing, the concept of marketing control has developed over the last 40 years in response to various global and business trends, together with the increasing demands for greater insights into the effectiveness and efficiency of marketing (Bititci *et al.*, 2012:319; Jooste *et al.*, 2008:442). During the production era of the marketing evolution, Srimai *et al.* (2011:676) purport that marketing control seemed to be very much focused on the production capabilities of the businesses. As such, businesses were primarily concerned with production outcome and financial performance (Valos & Vocino, 2006:20). This era of marketing control closely correlates with that of the production and sales eras of marketing (see sections 2.2.1 and 2.2.2). This makes sense, since when the business's focus was on production and sales capabilities, performance measurement reflected this interest by evaluating aspects of the business that would indicate whether production and/or sales goals were being achieved. About the same time that the marketing era commenced (see section 2.2.3), marketing control and performance measurement gained a broader application that included non-financial performance indicators such as consumer satisfaction (Valos & Vocino, 2006:20). Therefore, Srimai *et al.* (2011:674-676) propound that the evolutionary phases of marketing control moved from production/operational to strategic; and shareholder values (i.e. profitability levels) to stakeholder focused (i.e. consumer satisfaction). Adoption and implementation of a stakeholder approach (which opposes a shareholder approach) caused senior management to broaden their views regarding the social purpose of a business, which led to changes in managers' mind-sets as to how to run a business (Garengo *et al.*, 2005:31-32; Perrini & Tencati, 2006:305).

Shuchman (1959) was one of the very first scholars to conduct a study concerning the effectiveness of marketing in which he developed a marketing audit concept regarding the performance evaluation of a business's marketing efforts. Shuchman's study was in line with financial audits in accounting, in which the performance of the business's marketing activities were expressed in financial terms. By remaining with the marketing audit concept, a number of studies ensued in the 1960s and 1970s that also focused on the financial performance of marketing activities. A study conducted by Sevin (1965) aimed at determining how productive marketing activities are. Feder (1965) and Goodman (1972), too, investigated the effect that marketing had on a business's profitability and cash flow levels. Therefore, a brief review of the earlier literature available in the marketing control domain, stretching from the late 1950s to the 1970s, provides evidence that marketing control and performance measurement predominantly focused on the financial effects of marketing activities, including evaluation of profitability levels, sales (unit and value) and cash flow (Gao, 2010:35).

At the start of the 1980s, marketing control research continued to focus on the financial aspects of marketing performance (i.e. Govindarajan & Gupta, 1985; McNally, 1980; Otley & Berry, 1980; Scapens & Sale, 1981; Taffler & Sudarsanam, 1980). Nudurupati *et al.* (2011:281) and Srimai *et al.* (2011:676) confirm that it was in the late 1980s when businesses shifted their focus of marketing control and performance measurement from production outcome to the strategic arena. Whilst marketing control was very much concerned with the business's production capabilities in the early 1980s, the strategic and stakeholder-focused approach gradually became a trend in the late 1980s and 1990s when the concept of marketing control was considered as a prominent strategic tool (O'Sullivan, 2007:27; Srimai *et al.*, 2011:666-676). Da Gama (2011:646) argues that the shift in focus from financial to non-financial performance evaluation is partly due to the realisation that crucial marketing elements are not translatable by traditional and historical financial dimensions. In addition, the shift was spurred by the vast criticism that was passed by researchers in the field of marketing control in and around this time (Dixon *et al.*, 1990; Kaplan & Norton, 1992; Skinner, 1974) stating that the traditional accounting-based financial measures of evaluating marketing performance are internal and historically based. Eccles (1991) also voiced his opinion that the use of financial indicators to assess marketing performance is inadequate. Chakravarthy (1986) criticised financial performance measures for being unable to consider long-term factors. This approach, which was born and developed during the production era of the marketing evolution, has indicated its shortcoming with the implementation of an increasing amount of non-financial, consumer-orientated measures of evaluating marketing performance. With the advent of the marketing era, the role of the consumer in the business changed from being a passive target of the business's various marketing activities to becoming a proactive partner in value generation for the business, and as such, becoming an asset that must be managed and continuously assessed (Lamberti & Noci, 2010:140).

According to O'Sullivan (2007:27), academic research conducted in the field of marketing control during the late 1980s and 1990s increasingly focused on measures of performance that included both financial, as well as non-financial evaluations. Prominent studies that were conducted during this period include measures of consumer loyalty (Jones & Sasser, 1995; Reichheld, 1994), market share (Buzzell & Gale, 1987; Szymanski *et al.*, 1993), and brand equity (Aaker & Jacobson, 1994). A study by Davidson (1999) recognised the growing importance of non-financial measures of performance in his emphasis on the fact that intangible assets, such as brand, technology, competence and consumer loyalty, have gradually become more important measures of corporate performance. According to Hacıoglu and Gök (2013:S415), non-financial indicators that were increasingly being used in the 1980s and 1990s included, among others, consumer satisfaction, consumer loyalty, consumer lifetime value (CLV), brand value and consumer relationship value. Table 4:3 provides a summary of the evolutionary phases of research that has

been conducted in the field of marketing control. The research conducted indicates the gradual shift of the business's focus on evaluating marketing performance based on the financial contribution of marketing activities to a more strategic evaluation of non-financial performance indicators, such as consumer value, consumer satisfaction and brand equity.

Table 4:3 **Paths of marketing control**

Performance measurement system	Year introduced	Dimensions of performance measures
Sink and Tuttle Performance Measurement Model (S&T; Sink & Tuttle, 1989)	1985	Effectiveness, efficiency, quality, productivity, quality of work life, innovation, and profitability.
The Strategic Measurement Analysis and Reporting Technique System (SMART; Cross & Lynch, 1988)	1988	Market, financial, consumer selection, flexibility, productivity, quality, delivery, process time, and cost.
World Class Manufacturing Performance Measurement System (WCMPM; Maskell, 1989)	1989	Quality, delivery, production process time, flexibility, and costs.
Skandia Business Navigator (SBN; Edvinsson & Malone, 1997)	1991	Financial, consumer, human, process, and renewal and development focus.
Balanced Scorecard (BSC; Kaplan & Norton, 1992)	1992	Financial, consumer, internal processes, and learning and growth perspectives.
Knowledge-based Measurement Model (KBM; Sveiby, 1997)	1997	Three sets of measures – growth and renewal, efficiency, and stability – for three intangible asset categories – employee's competences, internal structure, and external structure.
Comparative Business Scorecard (CBS; Kanji, 1998)	1998	Stakeholder values, process excellence, business learning, and delighting stakeholders.
Performance Prism (PP; Neely <i>et al.</i> , 2002a)	2001	Stakeholder satisfaction, strategies, processes, capabilities, and stakeholder contribution.
Dynamic Multi-dimensional Performance framework (DMP; Maltz <i>et al.</i> , 2003)	2003	Financial, market, process, people, and future.

Source: Srimai *et al.* (2011:667).

There is a clear evolution of marketing control that is made evident by considering the development of the various different performance measurement systems mentioned in Table 4:3. By looking specifically at the dimensions of performance measures, one can realise a gradual shift in focus from financial to non-financial measures. Businesses also seemed to have

shifted from a shareholder-orientated towards a more stakeholder-centred approach of performance evaluation over the years. By considering the information provided in Table 4:3, it can also be indicated that, even though non-financial measures are a key focal area of performance evaluation, businesses still integrate and make effective use of financial measures. Multi-dimensional performance evaluation systems (see section 4.4.2.3), that combine both non-financial and financial performance standards, are increasingly implemented by businesses around the world, and are proving to be more effective than using only financial or non-financial performance standards to measure the outcomes of marketing efforts.

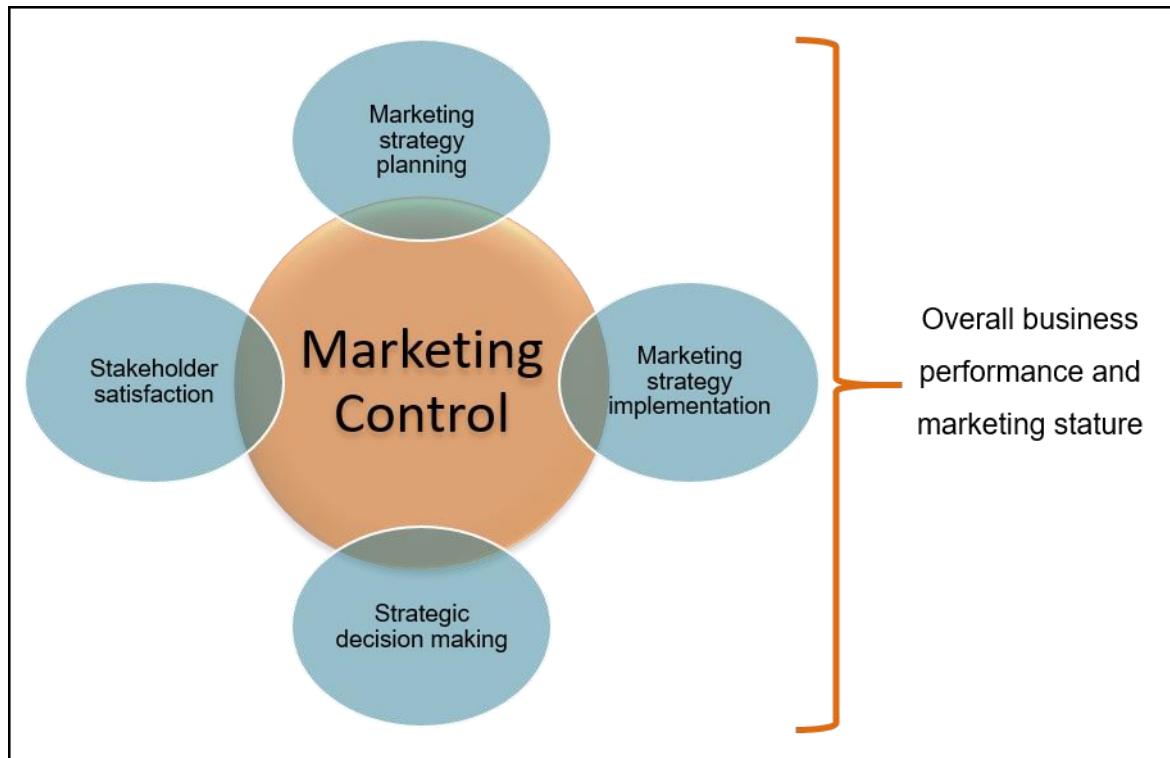
According to Shah *et al.* (2006:114), the underlying assumption of the evolutionary phases of marketing control, in which businesses gradually shifted their focus from the predominant use of financial measures of performance to the increasing implementation of non-financial measures of performance, can be attributed to a response from business to the evolving goals and objectives of the marketing domain, which shifted from pure internal efficiency and generation of turnover towards a more cost-effective and consumer profitability focused approach.

4.3.3 The significance of marketing control

In light of the manner in which the practice of marketing control has evolved over the distinct eras of marketing evolution, it is evident that marketing control has been implemented by businesses for quite some time. Even though businesses have been making use of some method(s) of performance measurement over the decades, the lack of empirical research on the topic of MPM has resulted in little consensus with regards to the necessity and importance of measuring the performance of marketing strategies (Da Gama, 2011:655; Micheli & Manzoni, 2010:473; Richard *et al.*, 2009:743). Even though there are those who perceive that the practice of marketing control offers no real benefit towards the successful implementation of a business's marketing strategy and overall business performance (Henri, 2006:548; Johnson & Bröms, 2008:112) – some even arguing that the measurement of performance could have an adverse effect on business performance (Bititci *et al.*, 2012:315; Seddon, 2008:73; Stewart, 2009:637; Voelpel *et al.*, 2006:43; Whitwell *et al.*, 2007:84) – a review of the literature provides sufficient evidence that marketing control is indeed invaluable to the improvement of overall business performance (Agic *et al.*, 2016:2239; Henri, 2006:548). This section of the chapter elucidates on the significant role that marketing control plays in achieving the various planned goals and objectives, and ultimately improving the overall business performance. A comprehensive study of the marketing control literature enabled the identification of five distinct ways in which the practice of effective and efficient marketing control affects a business, namely: (1) marketing strategy planning; (2) marketing strategy implementation; (3) strategic decision-making; (4) stakeholder satisfaction;

and (5) overall business performance and marketing stature (see Figure 4:2). The significance of marketing control is subsequently dealt with, with reference to the aspects indicated above.

Figure 4:2 The significance of marketing control



Source: Adapted from Da Gama (2011:655); Frösen *et al.* (2016:64); Lamberti and Noci (2010:150); Magno *et al.* (2017:1142); Verhoef and Leeflang (2009:14); and Wibisono, (2011:108).

4.3.3.1 Marketing strategy planning

The implementation of marketing control is salient for encouraging continuous creativity and innovation within the business (Adams *et al.*, 2006:28; Micheli & Manzoni, 2010:469), especially when considering the design and implementation of a business's marketing strategy (Valos & Vocino, 2006:20). Micheli and Manzoni (2010:466) maintain that data and information acquired from marketing control efforts could assist management in effectively planning, devising, implementing and optimising the business's marketing strategy. The insights obtained from marketing control could be used to make various amendments to the current marketing strategy in order to make it more effective and efficient, and to resolve any identified problem areas, and by so doing, improving the implementation process and overall performance of the marketing strategy (Eusebio *et al.*, 2006:146; Hacioglu & Gök, 2013:S417; Micheli & Manzoni, 2010:469).

The implementation of effective marketing control measures could also provide feedback regarding the implemented marketing strategy's performance against the set goals and objectives

(Micheli & Manzoni, 2010:470). Insights pertaining to the achievement of such goals could assist management to create or reformulate the marketing strategy's goals and objectives, and may ensure that the set goals and objectives are in perfect alignment with the tasks set out in the business's marketing strategy. According to Valos and Vocino (2006:26), a strategy that is strategically aligned with goals and objectives provides clearer logic behind the business tasks and responsibilities contained within the strategy. This will, in effect, decrease the level of conflict or uncertainty within the business.

Apart from encouraging the creative and innovative design and implementation of marketing strategies, Wibisono (2011:108) states that marketing control also helps with the appropriate design and implementation of a marketing performance measurement system (hereafter, MPMS). When planning and devising a MPMS, Da Gama (2011:655) advises that careful consideration should be given to the criterion that must be included in a business's MPMS in order to ascertain that the necessary elements of the marketing strategy are evaluated. Da Gama (2011:655) maintains that if the wrong things are measured, management will be encouraged to do the wrong things. In order to be effective, a MPMS is required to adapt to changes in the business's competitive environment. Such changes are identified by analysing the data generated by marketing control measures. Research conducted by Magno *et al.* (2017:1142) indicates that the implementation of an appropriate and well-designed MPMS contributes towards the generation of valuable insight, and therefore improving the business's overall performance.

4.3.3.2 Marketing strategy implementation

Marketing control ensures that the business's planned marketing strategy is implemented effectively and that the relevant marketing activities are properly executed (Govindarajan, 2007:271). Homburg *et al.* (2012:60-61) affirms that the timely acquisition of insight regarding the implementation and/or performance of the business's marketing strategy allows managers to take immediate corrective action in order to ensure that the marketing activity does not derail or digress from the initial plan. The early identification of problem areas and the implementation of timely corrective action contribute towards the improvement of overall business performance (Chen & Myagmarsuren, 2013:605; Magno *et al.*, 2017:1142; Shah *et al.*, 2015:1014). As such, marketing control acts as a marketing radar system (Govindarajan, 2007:271) or an early warning signal (Srinivasan *et al.*, 2010:672) that allows managers to remain alert and vigilant of any issues that may occur during the implementation phase of the marketing strategy, and/or any deficiencies with regards to the performance of already implemented strategies (Frösen *et al.*, 2016:64). Frösen *et al.* (2016:64) argue that it is of fundamental importance for businesses to identify performance deficiencies and/or implementation difficulties regarding their marketing strategies, because it could be detrimental to the business's overall performance if corrective action is not

taken to amend such issues, especially if current market conditions change or stakeholder preference is altered.

4.3.3.3 Strategic decision-making

One of the more prominent functions of marketing control is that it provides timely feedback to management regarding the implementation and performance of marketing strategies (Clark *et al.*, 2006:191; Govindarajan, 2007:271). The insight acquired from analysing the data that has been generated through a business's marketing control efforts allows management to be alerted of any implementation problems or performance deficiencies related to the planned marketing strategy (Sousa & Aspinwall, 2010:487). Homburg *et al.* (2012:61) confirm that effective marketing control practices enable management to infer causality. Due to its ability to diagnose marketing strategy implementation and/or performance issues, marketing control is often referred to as the diagnostic tool of a business (Grewal *et al.*, 2009:119).

In addition to gaining insight about various problems concerning the implementation and performance of marketing strategies, Rogers and Sexton (2012:10) claim that marketing control allows the management of a business to determine whether their initial marketing expenditure is worthwhile by considering the return on investment (hereinafter, ROI), i.e. to determine whether their initial marketing investment yields any profits (Ambler & Roberts, 2008:736). By considering the ROI, managers are able to make strategic marketing decisions based on a financial foundation.

The practice of effective and efficient marketing control equips management to make more informed executive decisions that are based on facts derived from the accumulation of data and insight (Milichovsky & Simberova, 2015:211; Sousa & Aspinwall, 2010:487; Wibisono, 2011:108). A study by Okumus (2013) considers the management of knowledge in the hospitality industry, and found that the quality of decision-making is improved substantially when it is based on facts that have been generated through marketing control. In addition to improving the quality of strategic decision making, marketing control contributes to business learning (Homburg *et al.*, 2012:61; Valos & Vocino, 2006:20). Businesses acquire new knowledge and insight through the practice of effective marketing control that lead to modifications of their implementation and control of future marketing strategy actions and marketing resource allocations (Morgan, 2012:112). Da Gama (2011:655) affirms that it is important for a business to learn and understand how the performance of their respective marketing efforts will translate into future consequences for the business.

4.3.3.4 Stakeholder satisfaction

Marketing control has a profound effect on the satisfaction and motivation of various business stakeholders, including consumers, shareholders, employees, managers, and CEOs (Avci *et al.*, 2011:154; Micheli & Manzoni, 2010:466, 471; O'Sullivan *et al.*, 2009:856). By actively controlling the implementation and performance of a business's marketing strategy, problem areas with regards to consumer satisfaction can be identified and purged by management within a relatively short period of time. A business that implements effective marketing control practices which focus on acquiring consumer-insight, is able to improve its product development capability (by producing a product that is in line with consumers' specific needs and wants), and by so doing, reduce costs, increase sales, and improving profitability levels which will, in effect, strengthen their overall business performance and improve their competitiveness in a market (Agic *et al.*, 2016:2239; Avci *et al.*, 2011:147; Cui *et al.*, 2008:275; Lamberti & Noci, 2010:150; Wibisono, 2011:108). Wibisono (2011:108) warns that a business that does not continually strive towards reaching superior levels of consumer satisfaction will fail to identify those specific business elements required to remain competitive. A study conducted by Gupta and Zeithaml (2006) found that a positive relationship exists between consumer satisfaction and the overall performance of a business. It is therefore beneficial for a business to include measures of consumer satisfaction when implementing marketing control.

Not only does marketing control contribute to heightened levels of consumer satisfaction, but also improves the satisfaction of the business's shareholders by assuring shareholders of marketing performance (Grewal *et al.*, 2009:119). Micheli and Manzoni (2010:466) are of the opinion that by communicating the results of marketing control measures to the shareholders of a business could improve the satisfaction of shareholders by providing them with evidence that the marketing function is indeed operating effectively, and as such improving the overall performance and profitability of the business. Evidence provided in a study by Rao and Bharadwaj (2008) indicates that an increase in marketing expenditure contributes to an increase in shareholder wealth.

Within a business, the information provided by marketing control measures has a bearing on the motivation and satisfaction of employees on all levels, fostering an environment of business learning and cultivating a culture of improving business performance (Micheli & Manzoni, 2010:466). According to Micheli and Manzoni (2010:471), the feedback provided by effective marketing control could provide clarity to employees regarding the business's strategic goals and objectives. In addition, information accumulated from marketing control measures could affect employees' motivational levels and sense of empowerment, owing to the fact that such information could demonstrate to employees how their specific tasks and responsibilities fit within the broader scope of the business, and that they play a vital part in attaining superior levels of

overall business performance. CEOs, in particular, are affected by a business's marketing control efforts (O'Sullivan *et al.*, 2009:856). A study conducted by O'Sullivan and Abela (2007) concludes that marketing control has a significant and positive effect on the satisfaction of CEOs with regards to the business's marketing function. By considering the current concerns raised by both marketing practitioners and academics with regards to the stature of the marketing function at the board level within a business, these findings are indeed essential (O'Sullivan & Abela, 2007:88-90). It can therefore be deduced that in order for a business to contribute towards improving stakeholder satisfaction, the design and implementation of effective marketing control measures are critical.

4.3.3.5 Overall business performance and marketing stature

In light of the preceding sections regarding the significance of marketing control in a business, it is clear that marketing control contributes to the planning of the business's marketing strategy; assists management in the effective implementation of the planned marketing strategy; allows management to make informed strategic decisions; and contributes towards achieving desired levels of stakeholder satisfaction. Each of these aspects contributes towards the sustainability and improvement of the business's overall performance (Da Gama, 2011:655; Frösen *et al.*, 2016:64; Lamberti & Noci, 2010:150; Magno *et al.*, 2017:1142; Walker & Mullins, 2014:358; Wibisono, 2011:108).

An emerging stream of studies by various researchers in the field of MPM are increasingly focusing on the effects that marketing control has on overall business performance (Hacioglu & Gök, 2013:S417). Studies conducted by Magno *et al.* (2017), O'Sullivan and Abela (2007), and O'Sullivan *et al.* (2009) confirm that effective and efficient marketing control has a significant positive effect on the business's overall performance. The results of their study indicate that businesses engaging in marketing control activities tend to outperform their competitors in terms of improved financial performance and a stronger competitive position in the market (Avci *et al.*, 2011:147; O'Sullivan & Abela, 2007:88). Micheli and Manzoni (2010:465-469) add that effective marketing control aid businesses to identify new market opportunities, devise and attain their respective goals and objectives, and to align the various attitudes and behaviours within the business in order to ensure that they are congruent to the strategic business aims. It is owing to the prevailing benefits of implementing marketing control that business managers consider marketing control as a significant and crucial factor that contributes towards overall business performance, playing a key role in improving the position of the marketing function within the business structure (Clark *et al.*, 2006:191-192; Eusebio *et al.*, 2006:145; O'Sullivan & Abela, 2007:88; O'Sullivan *et al.*, 2009:856).

Frösen *et al.* (2013:733) argue that since marketing control allows management to realise the effect of marketing efforts on overall business performance, a positive correlation exists between the marketing control abilities of a business and the stature of the marketing function within the business's hierarchy. To support this notion, evidence derived from a study conducted by Verhoef and Leeflang (2009), which aimed at investigating the significance of the marketing function within a business, indicated that marketing control is indeed one of the most prominent influences on the stature of marketing within a business. The results of the study concluded that the marketing function can exert more influence in the business by practicing effective and efficient marketing control, which indicates that in order to improve its significance within the business, the marketing function should strive to implement more stringent and regular marketing control (Verhoef & Leeflang, 2009:14). In order to confirm the results of the initial study, Verhoef *et al.* (2011) repeated the study in seven first-world countries and the same results were realised. It can therefore be concluded that marketing control has the merit of establishing and strengthening the position of the marketing function within a business (Verhoef & Leeflang, 2009:14; Verhoef *et al.*, 2011:59).

The successful implementation of marketing control and its ability to contribute towards strengthening the business's overall performance will greatly depend on the business's capabilities and resources available to devise and implement an effective and efficient MPMS (Nudurupati *et al.*, 2011:285). Bruni *et al.* (2017:339) and Ozkaya *et al.* (2015:315) affirm that one of the antecedents of practicing effective marketing control is that the business must possess the skills and resources to measure and collect current data on the business's marketing performance and to integrate the findings into planning, devising and implementing a marketing strategy. Therefore, a competent marketing department is required in order to assess and adjust the business's marketing investments, resource allocation and marketing control process in order to optimise and improve the planning and implementation of marketing control frequently (Bruni *et al.*, 2017:339). In terms of adjusting the marketing control process, Micheli and Manzoni (2010:470) recommend that the key performance indicators (hereinafter, KPI) change according to new set goals and objectives. KPIs are discussed in greater detail in section 4.4.2 of this chapter. Selecting KPIs and devising goals and objectives will greatly depend on the type of marketing control being implemented.

4.3.4 Types of marketing control

The type of KPIs that are integrated into the marketing control process depends on the type of marketing control that is implemented by the business. Table 4:4 lists four types of marketing control, namely annual plan control, profitability control, productivity control, and strategic control. These forms of marketing control allows the business to determine whether the correct goals and

objectives have been devised (strategic control), whether they are being reached (annual-plan control), whether the business is making profits (profitability control), and whether a return is generated on marketing expenditure (efficiency).

Table 4:4 The types of marketing control

Type of Control		Prime Responsibility	Purpose of Control
1.	Annual-plan control	Top management Middle management	To examine whether the planned results are being achieved.
2.	Profitability control	Marketing controller	To examine whether the business is making or losing money.
3.	Productivity control	Line and staff Management Marketing controller	To evaluate and improve the spending efficiency and impact of marketing expenditures.
4.	Strategic control	Top management Marketing auditor	To examine whether the business is pursuing its best opportunities with respect to markets, products, and channels.

Source: Adapted from Lancaster and Massingham (2018:236) and Wood (2014:198-199).

Businesses usually devise and implement marketing strategies on an annual basis, and therefore require annual-plan control to measure the effectiveness of the current year's marketing strategy (Wood, 2014:198). This will allow management to identify any discrepancies that occurred, and to purge these problem areas timeously. Annual-plan control specifically focuses on the business's set goals and objectives. Kotler and Keller (2016:698) state that annual-plan control comprises four respective phases: (1) setting strategic marketing goals and objectives; (2) measuring the performance of the implemented marketing strategy; (3) analyse the collected data in order to identify discrepancies; and (4) implement corrective action in order to purge the identified problem areas. Wood (2014:198) propounds that annual-plan control includes a wide variety of KPIs in order to evaluate a broad range of measures that include, but are not limited to evaluating the performance of the marketing strategy toward achieving its set goals and objectives, and performance towards realising the marketing strategy's planned/expected outcome versus the realised/actual outcome. Due to its broad range of performance measures, annual-control applies to all levels of a business, including senior management who establish the annual sales and profit objectives, and also every other manager in the business who are responsible for, and committed to, attain specific levels of performance (Kotler & Keller, 2016:698).

In addition to implementing annual-plan control, Kotler and Keller (2016:698) suggest that businesses should also evaluate their profitability levels in terms of their products, order sizes, distribution channels, consumer segments, and geographic territories. Insight regarding the profitability of each of these dimensions would enable management to decide whether to expand operations, or increase/decrease the production of specific products and/or marketing activity. Profitability control assesses performance based on different KPIs, often including ROI, marginal contribution, and net or gross profit margins (Wood, 2014:199). Wood (2014:199) maintains that the business's strengths, weaknesses, opportunities, and threats can be identified by analysing the data collected through the implementation of effective profitability control, and can as such, make necessary amendments if and when required.

Productivity control is yet another form of marketing control that specifically aims at evaluating significant marketing areas of the business such as product management, distribution channels, sales force, and various promotional activities (Wood, 2014:199). Owing to the prominence of the production function within a business, some businesses have opted to employ a marketing controller whose core responsibility is to focus on improving the overall performance of the marketing function without compromising consumer satisfaction levels. The marketing controller's primary tasks include the establishment of performance standards, devising a budget for marketing activities, applying various forms of marketing performance measurement, analysing and interpreting collected data, and advising the rest of the marketing department with regards to the production and financial implications of marketing activity (Kotler & Keller, 2016:699; Wood, 2014:199).

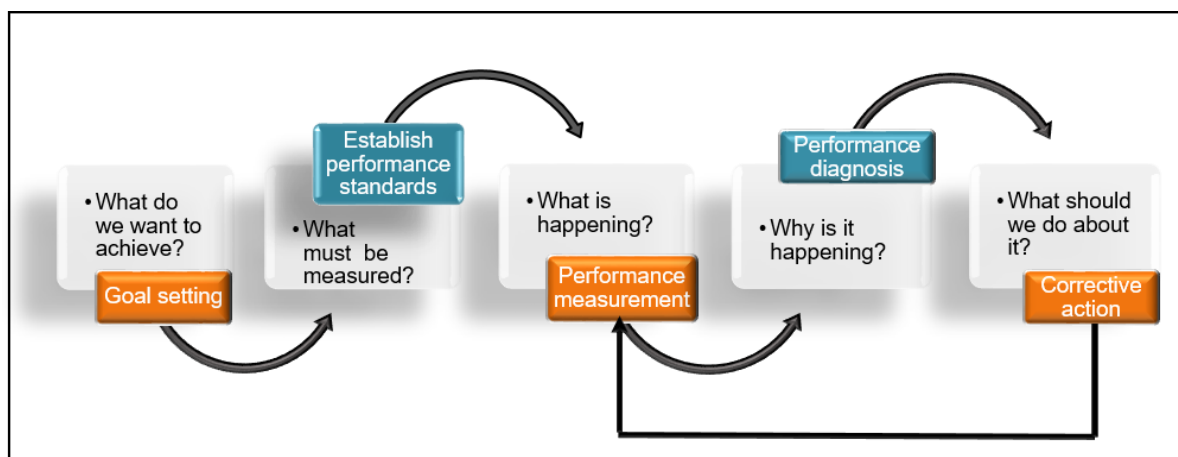
According to Wood (2014:199), strategic control includes the annual or bi-annual measure of a business's effectiveness in managing the overall marketing function and other related dimensions of strategic importance, including consumer relationships, as well as various social and ethical issues. Kotler and Armstrong (2013:59) add that strategic control enables management to determine whether the business's strategies are in perfect alignment with the opportunities posed by the respective market conditions, which proves critical due to the fact that a business's strategies, especially the marketing strategy, can become obsolete in a short period of time, and therefore requires timely reassessment and adaption.

Each form of marketing control follows a pre-determined process in order to ensure effective implementation. This process is referred to by Kotler and Keller (2016:698) as the marketing control process, which will be discussed in the subsequent section.

4.4 THE MARKETING CONTROL PROCESS

In order to practice effective and efficient marketing control, a specific process of implementation is followed. Cant and Van Heerden (2010:504) agree that it is of paramount importance that a systematic process of measuring the effectiveness of marketing is implemented at both corporate and product level. According to Williams and Curtis (2006:161), the marketing control process commences with the setting of marketing goals and objectives. Once the marketing goals and objectives have been devised, the process continues to establish the standards of performance (metrics) that must be measured (Dibb *et al.*, 2012:722). The process then progresses to the next stage, which requires management to apply various measures of performance in order to evaluate whether the implemented marketing strategy is, indeed, achieving the set goals and objectives (Pride *et al.*, 2015:72). Pride and Ferrell (2010:52) continue that the data collected during the measurement stage must then be analysed in order to identify any problem areas. The final stage of the marketing control process is that of corrective action, whereby management must make various strategic decisions on how to solve any problems areas and/or make the necessary amendments to the current marketing strategy to eliminate discrepancies and to strengthen the overall performance of the marketing strategy (Lancaster & Massingham, 2018:285). The four distinct stages of the marketing control process are depicted in Figure 4:3.

Figure 4:3 The marketing control process



Source: Adapted from Dibb *et al.* (2012:721) and Kotler and Keller (2016:698).

The subsequent sections provide a more detailed discussion of each stage of the marketing control process.

4.4.1 Goal setting

According to Ambler and Roberts (2008:743), the first stage of the marketing control process is for the business to clearly define their long and short-term goals and objectives. Wood (2014:12) differentiates between a business goal and a business objective. A business goal is a performance target that a business purposefully attempts to accomplish in the long term (Wood, 2014:12; Yalokwu, 2006:42). An objective, on the other hand, is defined by Dibb *et al.* (2012:796) and Wood (2014:12) as a specific and clear statement of what it is that the business wishes to accomplish in the short term in order to support achieving long-term goals. Frösen *et al.* (2016:61) purport that a business goal can relate to various different areas of marketing performance such as financials (i.e. ROI), competitors (i.e. market share), and stakeholders (i.e. stakeholder satisfaction). The degree to which a business is able to reach its goals acts as a basis for the measurement of the business's overall performance (Teryima *et al.*, 2014:67).

4.4.2 Establish performance standards

Once the goals have been established, the standards of performance can be selected that will aid the business to determine whether the implemented marketing strategy is, indeed, effective in achieving the specific goals and objectives (Ambler & Roberts, 2008:744). Dibb *et al.* (2012:722) propound that the performance standards that have been established must be tied to the business goals. Grewal *et al.* (2009:120) concurs that it is important for a business to consider its goals and objectives (that are established during the planning phase of the marketing management process) prior to measuring performance (which forms part of the control phase of the marketing management process) (see Figure 4:1). The planning phase of the marketing management process and the marketing control phase are therefore closely related. The business goals and objectives that are established during the planning phase of the marketing management process are used as performance indicators during the marketing control phase (Pride *et al.*, 2015:72). Micheli and Manzoni (2010:472) emphasise that if the performance standards are closely related to the strategic goals and objectives of the business, the former can be used to gauge whether the business's goals and objectives are being realised.

A performance standard is defined as the expected level of performance against which actual performance can be measured (Dibb *et al.*, 2012:800; Pride *et al.*, 2015:72). Within the marketing control literature, performance standards are also referred to as *performance measures* (Sousa & Aspinwall, 2010:475), *performance variables* (Wibisono, 2011:111), *key performance indicators* (KPIs) (Popky, 2015:3), and *marketing metrics* (Ambler, 2008:143; Moorman & Day, 2016:19). Even though these terminologies are used interchangeably in the literature, a clear distinction between the concepts of *measure* and *metric* is made. Ambler (cited by Mariussen, 2011:69)

defines a measure as a concrete quantification of an attribute or value for the purpose of its comparison against the set performance standards and measured only at a specific point in time. A metric, on the other hand, is referred to as a quantitative, accurate, necessary and adequate standard for performance measurement, which may be expressed in both financial and non-financial terms and is measured over a period of time (Barwise & Farley, 2004:259). Within the marketing literature, a metric is more specifically referred to as a *marketing metric* (Ambler, 2008:143). This study will consider both financial and non-financial indicators of performance, and will proceed to devise a strategy that can be implemented to measure performance over time. It is therefore that the author has selected the term *marketing metrics* to denote the range of performance standards that can be used in order to measure marketing performance.

Jooste *et al.* (2008:441) more formally describe marketing metrics as a set of performance standards that enable businesses to measure, compare, and interpret their marketing performance. Marketing metrics are regarded as a system of measurement used by businesses to define goals and objectives, measure performance and generate feedback based on the performance of various marketing efforts (Milichovsky & Simberova, 2015:213). For the purpose of this study, a marketing metric is defined as a direct numerical measure in the form of business data representing the performance of the marketing domain within a business, and provides insight and support towards strategic decision making (Milichovsky & Simberova, 2015:213). Being numerical in nature, marketing metrics can be expressed in many ways, including percentages, numbers, counts and/or ratings (Kerzner, 2017:43). Sousa and Aspinwall (2010:475) affirm that businesses that make use of marketing metrics are better able to monitor marketing performance, control the implementation and functioning of the marketing strategy, and accumulate insight as to whether the marketing strategy is proceeding according to plan, and if it is indeed attaining its goals and objectives. Kerzner (2017:136) continues by stating that the use of metrics in marketing control holds various benefits for the business, namely:

- Metrics allow management to realise whether the marketing strategy is achieving the established goals and objectives;
- Metrics enable the early identification of discrepancies and/or issues, and therefore allow for the timely rectification of such issues;
- The effective selection and implementation of metrics enable management to make more informed decisions based on factual data that is collected;
- The effective and efficient implementation of metrics allows marketing performance to be evaluated more precisely;

- By using metrics, management can act more proactively and timeously;
- Future estimation and forecasting is grossly improved by making use of metrics;
- Metrics are able to improve stakeholder satisfaction;
- Management are able to resolve crises more effectively by making use of metrics;
- Metrics enable various risks to be identified and mitigated by management.

The effective and efficient use of marketing metrics greatly improves a business's competitive advantage in a market and contributes to its overall performance (Avci *et al.*, 2011:147; O'Sullivan & Abela, 2007:88). It is due to this, and the vast number of other benefits associated with the use of marketing metrics, that businesses around the world regard the selection and implementation of marketing metrics as a high-level priority as of late (Milichovsky & Simberova, 2015:213; Seggie *et al.*, 2007:835).

According to Ling-Yee (2011:140), businesses can choose amongst various marketing metrics to include in their marketing control process. By analysing the literature on marketing control, it is clear that many different marketing metrics (many of which are not highly positively correlated with each other) have been implemented by marketing performance evaluation studies (Eusebio *et al.*, 2006:146; Katsikeas *et al.*, 2016:1). Wibisono (2011:111) indicates that an estimated 280 marketing metrics are available to choose from. Kotler and Keller (cited by Solcansky *et al.*, 2011:1323) divide marketing metrics into two categories, namely financial metrics and non-financial metrics. Table 4:5 provides a list of ten of the most widely-used marketing metrics within each category. Each category of marketing metrics will be discussed in more detail subsequently.

Table 4:5 Marketing metrics

Financial Metrics	Non-financial metrics	
	Marketing-based Metrics	Consumer-based Metrics
Revenue growth	Total marketing expenditure	Total consumers
Return on Investment (ROI)	Market share	Consumer satisfaction
Product profitability	Response rate	Consumer loyalty
Consumer profitability	Sales force expenditure	Consumer awareness
Return on sales	Sales force productivity	Consumer acquisition
Total return to shareholders	Advertising effectiveness	Consumer retention
Return on capital employed	Product innovation	Consumer attitudes
Sales per square meter	Number of new products launched	Brand awareness
Turnover	Sales promotion	Brand perception
Budgetary control	Quality of consumer service	Number of purchases

Source: Adapted from Dibb *et al.* (2012:722); Jooste *et al.* (2008:444); Lamberti and Noci (2010:145); Moorman and Day (2016:18); and Reed (2010:321).

4.4.2.1 Financial metrics

Financial metrics can be described as the measures of marketing performance in which the effect of realised marketing activities are reflected in financial expressions (i.e. turnover, profit, cash flow or sales) (Gijsenberg, 2014:30; Hacıoglu & Gök, 2013:S415). Katsikeas *et al.* (2016:8) affirm that financial metrics is the most popular and widely implemented measures of marketing performance. According to Ambler *et al.* (2004:479) and Eusebio *et al.* (2006:146), financial metrics is synonymous with accounting measures as they are also expressed in terms of a specified currency or as a ratio of currency values. One of the primary reasons why marketers implement financial metrics to evaluate the performance of their marketing activities is because management and shareholders require the business's marketing decisions to be justified in terms of their financial contribution and to identify the actual returns on their initial investments (Ambler & Roberts, 2008:734; Gijsenberg, 2014:30; Rogers & Sexton, 2012:10). Rogers and Sexton (2012:10) propound that some businesses only invest their resources in marketing activities that can be measured in financial terms. The results obtained from the implementation of financial metrics to gauge marketing performance is aggregated into quarterly and annual financial statements that are reported to the business's shareholders and other stakeholders in order for them to determine future resource allocation and to support strategic decision-making (Katsikeas *et al.*, 2016:3-4).

Gao (2010:31) argues that due to the widely recognised significance of measuring marketing performance in financial terms, various financial metrics are available for businesses to select from (see Table 4:5). Profitability, cash flow, market share, and sales revenue are some of the most common financial metrics applied by businesses to evaluate the performance of their marketing activities (Ambler & Roberts, 2008:734; Hacıoglu & Gök, 2013:S415; Katsikeas *et al.*, 2016:8). Ambler and Roberts (2008:735) are of the opinion that sales revenue is one of the most traditional financial metrics used to determine marketing performance, however, this has been superseded by profitability because sales revenue neglected to take pricing and cost into account. Goovaerts *et al.* (2014:191) and Moorman and Day (2016:18) add that return on investment (ROI) is also among the financial metrics used most often by businesses to gauge marketing performance. ROI can be defined as the net return divided by the initial investment (Ambler & Roberts, 2008:736). One of the reasons why businesses tend to prefer these specific financial metrics could be the ease of access to the data required to compute the results of these measures (Katsikeas *et al.* 2016:10). More advanced financial metrics with a long-term perspective, such as Tobin's q (Tobin, 1969, 1978), economic value added (EVA) (Srivastava *et al.*, 1999), consumer lifetime value (CLV) (Berger & Nasr, 1998; Dwyer, 1989), and brand value (Keller, 1993), are largely based on estimates drawn from retrospective data and subjective assumptions about the future, so they are suggestive at best (Frösen *et al.*, 2013:717). However, Da Gama (2011:646) warns that financial metrics actually only consider the present situation with little to no regard for marketing's future health.

Ambler and Roberts (2008:734) assert that financial metrics are viewed by some as inadequate for evaluating marketing performance, since they fail to consider the market asset effectively. The market asset refers to all those activities undertaken and financed by a business to attract and retain consumers, to create sustainable brands, and to develop markets through various promotional initiatives (Grewal *et al.*, 2009:118). Valos and Vocino (2006:19) concur by stating that many have criticised financial-metrics as being myopic. Marketing performance evaluation through the implementation of financial metrics alone does not suffice, as it fails to provide sufficient information and necessary insight to direct decision-making on how to improve and maximise marketing performance (Dimanche, 2014:397; Wibisono, 2011:109; Woodburn, 2004:66). Businesses therefore need to factor in additional measures of performance, which include non-financial metrics, in order to evaluate overall business performance and to identify and purge problem areas. Ambler and Roberts (2008:743) concur by stating that even though the primary concern at board level with regards to marketing performance is that of financial implications, non-financial aspects such as consumer satisfaction should also be recognised as a priority.

4.4.2.2 Non-financial metrics

Non-financial metrics are gaining popularity due to improved levels of interest demonstrated by top-level management of businesses around the world in these metrics (Lamberti & Noci, 2010:141). Ramani and Kumar (2008:27) state that the surge in interest in non-financial measures is due to marketers being required to demonstrate the effect of their marketing activities on the business's consumers. In addition, consumers expect businesses to customise products and services according to their specific needs and wants. Hacıoglu and Gök (2013:S415) affirm that the identification of prominent and changing consumer needs and wants is of great importance, as it allows a business to react accordingly and in a timely manner. It is therefore that, in some instances, non-financial metrics are proving to be more relevant and effective than the traditional and widely-applied financial metrics (Wibisono, 2011:109).

Frösen *et al.* (2013:717) describe non-financial metrics as performance-related measures that provide information and insight on how a business's marketing efforts affect consumer behaviour, cognition, and attitudes. Unlike financial metrics, non-financial metrics cannot be defined in monetary terms, but rather provide a comprehensive picture of the overall business performance (Solcansky *et al.*, 2011:1324; Zahay & Griffin, 2010:84). Whereas financial metrics were primarily concerned with evaluating the financial effect of marketing on the business in order to provide the required information to its shareholders, non-financial metrics focus more on consumers and the various changes in their behaviour towards the business (Valos & Vocino, 2006:19). Ramani and Kumar (2008:27) suggest that non-financial metrics evaluate the performance of marketing activities by determining the ability of the business to establish and hone relationships with its consumers. According to Zahay and Griffin (2010:89-90), by implementing non-financial metrics, and focusing on building long-term, sustainable relationships with its consumers, businesses can increase sales revenue and net income, and in effect improve their overall performance.

Some authors, for example Hacıoglu and Gök (2013:S425) and O'Sullivan (2007:80), are of the opinion that it is more valuable for a business to implement non-financial metrics to gauge marketing performance, because the results obtained from such initial measurements can be used to improve the business's financial performance. This is due to the fact that the results obtained from the implementation of non-financial metrics (i.e. consumer satisfaction, emotions, thoughts, knowledge, and ultimately behaviour), have a profound and significant effect on a business's financial performance (Gao, 2010:31; O'Sullivan, 2007:80). It is for this reason that Reed (2010:321) provides a framework for selecting metrics (see Figure 4:4) that ranges from marketing input (non-financial metrics) to marketing output (financial metrics). In addition to improving the business's financial performance, the enhanced use of non-financial metrics improves the business's strategic alignment, minimises production costs speeds up the delivery

process and assists the business to devise innovative value propositions for its consumers (Ling-yee, 2011:141; Micheli & Manzoni, 2010:467). Milichovsky and Simberova (2015:217) therefore propound that it is necessary for businesses to make effective use of non-financial metrics and to focus on the businesses consumers and their respective behaviours, in order to improve the business's marketing effectiveness and overall performance levels.

Non-financial metrics can be divided into two primary sub-categories, namely marketing-based metrics and consumer-based metrics (Jooste *et al.*, 2008:444; Reed, 2010:321). Even though many different non-financial metrics are available to businesses for implementation, there are a few that are regarded as more important than others, and are therefore regularly applied by marketers around the world. One of the most widely implemented and most effective non-financial metrics used by businesses is brand (Solcansky *et al.*, 2011:1324). According to Kotler and Pfoertsch (2007:358), there is a number of reasons as to why brand is such a prominent non-financial metric used by businesses. Firstly, the brand is an amalgamation of impressions, including everything that is seen, felt, heard or read about the brand. Secondly, the brand is preserved in the consumer's feelings based on previous experiences and future expectations. Thirdly, the brand has a significant effect on future decisions and purchase intentions. Another widely-adopted non-financial metric is that of consumer equity (Zenker & Martin, 2011:35-36). Rust *et al.* (2004:78) define consumer equity as the sum total of lifetime values of both the current and prospective consumers of the business. Zenker and Martin (2011:35-36) add that consumer equity concerns all future revenues and costs that are attributed to efforts regarding consumer acquisition and retention. Consumer satisfaction is yet another important non-financial metric used by numerous businesses worldwide (Katsikeas *et al.*, 2016:8). This is made evident by considering the vast amount of consumer indices designed and established specifically for the purpose of measuring consumer satisfaction such as the South Africa Customer Satisfaction Index (SACSI), the American Customer Satisfaction Index (ACSI), the European Customer Satisfaction Index (ECSI), and the Swiss Index of Customer Satisfaction (SWICS) (Booyesen, 2017).

Zenker and Martin (2011:36-37) contend that the concept of consumer satisfaction is closely linked to other similar constructs such as consumer loyalty, trust and commitment. Hacıoglu and Gök (2013:S425) consider consumer satisfaction to be a more important metric to consider above and beyond that of the traditional financial metric of sales. Apart from brand, consumer equity, and consumer satisfaction, Da Gama (2011:647) adds that since the late 1980s, two additional non-financial metrics have entered the spotlight and are regarded as two of the more widely-recognised by both businesses and academic researchers as distinctive non-financial

performance metrics; these include service quality (Cronin & Taylor, 1992; Parasuruman *et al.*, 1988) and consumer loyalty (Aaker, 1996; Barwise, 1993; Keller, 1993) respectively.

Even though businesses, managers and academics are aware of the importance of the implementation of non-financial metrics, they nevertheless continue to favour financial metrics (Gupta & Zeithaml, 2006:718). Katsikeas *et al.* (2016:8) purport that marketing performance studies that make use of non-financial metrics has diminished slightly over the past few years. Rao and Bharadwaj (2008:16) affirm that whilst the business's fiduciary duty is to its respective shareholders, the use of non-financial metrics alone to measure performance will not suffice as such measures lack monetary perspective and are therefore inadequate to establish accountability. Therefore, non-financial metrics should be combined with financial-metrics in order to provide a more rigorous, multi-dimensional measure of marketing performance.

4.4.2.3 Multi-dimensional metrics

Ambler and Roberts (2008:739) and Solcansky *et al.* (2011:1327) conclude that both financial and non-financial metrics are relevant and important for a business to consider when measuring marketing performance. Most businesses today, however, still focus predominantly on the financial contribution of marketing activities, and thus mostly implement financial metrics to gauge marketing performance (Gupta & Zeithaml, 2006:718). Marketing strategies are cross-functional, being implemented across various areas of businesses, and therefore it is important to consider whether and how different types of metrics can be combined and implemented jointly to measure marketing performance (Moorman & Day, 2016:18).

Zahay and Griffin (2010:90) warn that businesses that fail to consider the effect of marketing activities at consumer level by means of the implementation of non-financial metrics are at risk of not capturing the results of the business's marketing activities effectively and comprehensively. Valos and Vocino (2006:19) propound that the use of a single marketing metric – referred to as a *silver metric* (Ambler & Roberts, 2008) – or by applying only one category of metrics (i.e. only implementing financial metrics) to measure marketing performance is incomplete and will be unsuccessful in providing the business with relevant and important insights that can be used to assist in strategic decision-making. Ambler and Roberts (2008:743) proclaim that even the best-targeted silver metric is unable to provide sufficient relevant information to report on marketing performance. Empirical evidence has indicated an insignificant, weak relationship between the use of a single marketing metric to measure marketing performance and the overall business performance and stakeholder satisfaction levels (O'Sullivan & Abela, 2007:90). This proves that business performance is adversely affected by the implementation of a single marketing metric, whether financial or non-financial in nature.

Businesses are therefore increasingly making use of a comprehensive and multi-dimensional set of marketing metrics – a combination of both financial and non-financial metrics – to measure their marketing performance in order to improve the quality and effectiveness of their overall marketing control efforts (Ambler & Roberts, 2008:734; Baird, 2017:5; Clark *et al.*, 2006:193; O’Sullivan & Abela, 2007:90; Srimai *et al.*, 2011:675; Valos & Vocino, 2006:19; Zahay & Griffin, 2010:85). The results of a study conducted by O’Sullivan *et al.* (2009:857), in which the measurement of marketing performance was investigated within the high-technology sector in Europe confirms the necessity and importance for a business to implement and report on a combination of different marketing metrics, including both financial and non-financial metrics. These results are underscored by evidence obtained from the results of a survey conducted by Van der Stede *et al.* (2006) that indicate improved levels of overall business performance when both financial and non-financial metrics are implemented when measuring marketing performance. Apart from improving the quality and effectiveness of marketing performance measurement, the implementation of a combination of financial and non-financial metrics also has a positive effect on stakeholder satisfaction levels (Baird, 2017:6-14). For example, a study conducted by O’Sullivan and Abela (2007:90) concluded that the reporting of results obtained from a comprehensive set of marketing metrics has a significantly positive effect on the satisfaction of chief executive officers (CEOs). The use of multi-dimensional metrics improves stakeholder satisfaction due to the fact that such comprehensive measures of marketing performance provides senior-level management and other stakeholders with greater insight regarding the performance of marketing activities and the business as a whole (Baird, 2017:6). Micheli and Manzoni (2010:467) add that the implementation of a comprehensive set of marketing metrics could assist a business to obtain important insights into the reasons for poor business performance and can therefore also help when deciding on the appropriate course of action to resolve problem areas, without only focusing on short-term (financial) results. In addition, a comprehensive system of marketing control that includes a combination of different metrics can contribute towards effective product and/or brand differentiation, and improve the overall performance of the marketing domain, and the business respectively (Frösen *et al.*, 2013:730; Zahay & Griffin, 2010:90).

The clear advantages associated with the implementation of a combination of marketing metrics, both financial and non-financial in nature, has led to an increased interest in multidimensional metrics from both academia and marketing practitioners (Clarke *et al.*, 2015:1170). This, in turn, has resulted in the development of numerous multidimensional performance measurement frameworks, including the Performance Pyramid (Lynch & Cross, 1990), the Macro Process Model (Brown, 1996), and the Performance Prism (Neely *et al.*, 2002a).

One of the challenges facing businesses and marketers would be to persuade top-level management and CEOs to include non-financial measures in their marketing control efforts (O'Sullivan, 2007:33). According to Sousa and Aspinwall (2010:481), it is a relatively recent area of performance measurement and management may not be receptive to the implementation of such non-financial measures. Many businesses are content with the measurement of only financial impacts of the business's marketing activities, and the possibility exists that senior management may fail to realise the importance of incorporating non-financial metrics into the marketing control efforts (Ambler & Roberts, 2008:743; Gupta & Zeithaml, 2006:718). Another challenge is to select an optimal combination of both financial and non-financial metrics (Frösen *et al.*, 2013:719). Marketers have many different metrics available to select from, and depending on the situation, it could prove to be a complicated process to select the correct type and amount of marketing metrics. Baird (2017:14) concurs by stating that the combination and amount of metrics to be implemented in a marketing measurement process is unique to each situation and to each business. The selection and combination of appropriate marketing metrics is as important as the act of measurement itself (Da Gama, 2011:644).

4.4.2.4 Selecting marketing metrics

Given the inordinate amount of available marketing metrics available for implementation, Clark *et al.* (2006:202) state that it is ineffective and less satisfying to report on a large number of metrics than reporting on a more precise, smaller number. According to Valos and Vocino (2006:19), businesses must select different combinations of metrics depending on the specific situation or marketing activity being measured. Popky (2015:3) argues that management are sometimes under the impression that the more metrics they use, the more information and insight they will be able to accumulate, which will prove to be more valuable to the business when making strategic decisions. This, however, is not true. A study conducted by O'Sullivan (2009:875) concluded that it is more valuable for management to focus on what precisely what it is that must be measured, rather than focusing on the range or quantity of metrics that must be selected and implemented. A similar study conducted by Magno *et al.* (2017) indicates that adopting a larger number of marketing metrics increases complexity and does not necessarily lead to an improved level of overall business performance. In fact, Ittner (2008:261) proclaims that statistical relations weaken when the complexity of analysis increases. In addition, an inordinate amount of metrics could confuse managers, and as such, affect the quality of control being implemented (Clark *et al.*, 2006:202). It is more important and effective to measure the right things than to measure a vast number of different things (Popky, 2015:2). Milichovsky and Simberova (2015:217) therefore state that in order for a business to exercise effective and efficient marketing control and performance evaluation, it is pertinent that the correct choice of marketing metrics is selected and

implemented. Homburg *et al.* (2012:57) and Magno *et al.* (2017:1142) agree that the selection of specific marketing metrics is a core aspect to consider when assessing marketing performance.

Even though the literature on marketing control mentions a few figures that indicate the optimal number of marketing metrics that management should select, there is no definite number. Instead, as a guideline to selecting marketing metrics, Popky (2015:3) provides three cardinal rules that should be adhered to by all businesses, no matter their size or industry:

- Metrics should be user-friendly.

The metrics that have been selected must be understood by the people who are implementing them and collecting the data, as well as those who use the accumulated insight to make decisions. Metrics that are too complex to understand and that vary across business domains will not be effective in collecting useful data, and could lead to inconsistent behaviour across the business.

- Metrics should be easy to duplicate.

In order for data to remain consistent, it is important for marketers to analyse data that is made available on a regular basis. This will allow marketers to review comparable data from one period of time to the next. Consumer purchase behaviour, for example, is typically something that marketers ought to track on a monthly basis.

- Metrics should provide valuable, practical and relevant information.

It is important for marketers to realise how a change in the performance of the variable being measured affects other aspects of the business. For example, consumers who regularly engage with the business and other consumers on social media platforms are more likely to spread positive word-of-mouth in addition to increasing their purchase behaviour. This kind of information regarding the background information of the consumer is of value to the business, and provides greater insight in order to make more informed decisions.

Apart from these three cardinal rules, Popky (2015:3) and Seggie *et al.* (2007:835) maintain that the marketing metrics selected by management should be clear and consistent; must be able to demonstrate the financial impact of marketing activities; must be future-orientated and not past-orientated; must be long-term in nature; and must allow for making various comparisons. In addition, marketing metrics should not be considered in isolation, but relationship-chains that demonstrate cause-effect relationships among them should be formed. Hence, marketing managers should be able to determine how much resources must be allocated to specific marketing activities (Hacioglu & Gök, 2013:S427).

Reed (2010:321) proposed a framework that can be used to select marketing metrics. This scholar's framework for selecting marketing metrics follows a logical successive order, since the literature suggests that businesses should first select and implement marketing-based non-financial metrics to assess marketing performance. Consumer-based non-financial metrics should then be implemented, followed by the application of financial metrics. This is because marketing activities influence the business's consumers (i.e. their thoughts, feelings, knowledge, and overall behaviour), which in turn influence the financial performance of the business (Gao, 2010:31; O'Sullivan, 2007:80). The framework for selecting marketing metrics is portrayed in Figure 4:4 below.

Figure 4:4 A framework for selecting marketing metrics



Source: Adapted from Reed (2010:321).

Once the business and/or its management has selected the optimal combination of marketing metrics to include in the marketing control process, the actual measurement of performance can commence. According to Gao (2010:37-38), market share, consumer satisfaction, consumer loyalty, consumer retention, brand equity, and innovation are the most crucial marketing metrics that businesses may use to measure marketing performance.

4.4.3 Performance measurement

Measurement is described by Da Gama (2011:645) as the nervous system of a business, since that which cannot be effectively measured cannot be effectively managed. Measurement is one

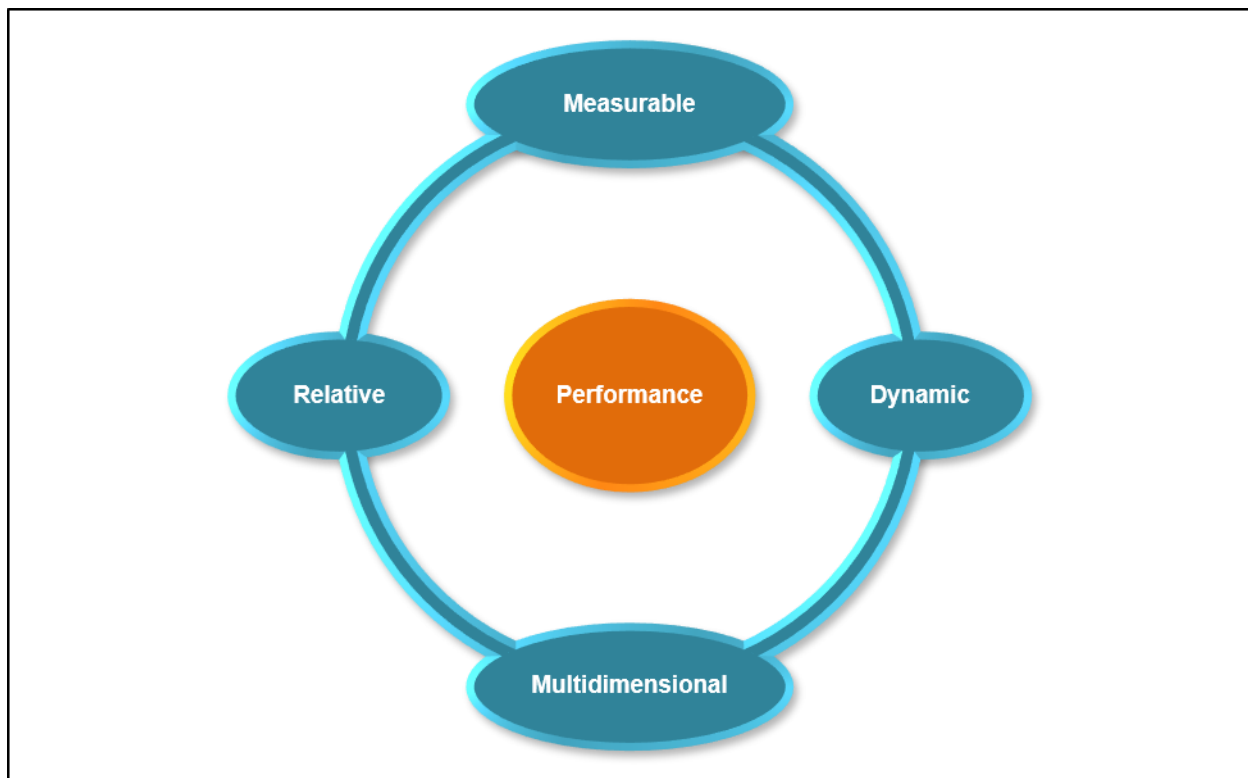
of the activities with greater leveraging power, and if implemented correctly, it could have a significantly positive affect on the business's overall performance (Spitzer, 2007:21). Prior to measuring performance, it is necessary to first peruse the concept of performance.

4.4.3.1 Performance

Performance is a widely recognised and implemented terminology in all areas of a business (Da Gama, 2011:644). According to Clarke *et al.* (2015:1170), the literature uses the terminologies of performance and success interchangeably due to the fact that both terminologies refer to the achievement of a desired, planned or attempted goal or objective. Performance is described by Lebas and Euske (2002:68) as the actions taken today that will lead to measured value outcomes tomorrow. More formally defined, performance is the sum total of all processes that will result in managers taking corrective action in the present that will create a performing business in the future (Valos & Vocino, 2006:18). Ford and Schellenberg (1982:50) define performance according to three conceptual approaches. The first approach is the objectives approach, which assumes that businesses strive to achieve a set of well-defined goals and objectives. The second approach is the resource systems approach that aims to enhance the relationships between the business and its environment in terms of the ability to secure relevant resources. The third approach to defining performance is the process approach, in which performance is defined according to the behaviour of its critical components. Da Gama (2011:644-645) provides the following four components of which performance is comprised (see Figure 4:5):

- Performance is measurable because it is not regarded as an abstract construct;
- Performance is dynamic because the selection of metrics used to measure it is not static but changes from time to time;
- Performance is relative, as it always requires some term of comparison in order to qualify it, whether in space, time or planned versus actual outcome; and
- Performance is multidimensional because it can be measured and expressed in a variety of different ways (in most of the literature, performance refers simultaneously to the action, the result of the action, and the outcome when compared with some benchmark).

Even though performance may be regarded as a multifaceted phenomenon, this study regards performance as a valued productive outcome of a system (comp. Swanson, 2007:27). The present study concerns measuring the achievement of place marketing goals and objectives, and therefore does not focus on the marketing activities used to achieve the goals. It therefore follows that an outcome-based definition of performance is required for this study.

Figure 4:5 The four components of performance

Source: Da Gama (2011:644-645)

By considering the above description of the term *performance*, it is clear that some confusion may arise when considering what exactly is meant by performance, with varying reasons for evaluating performance, and an array of different metrics that can be implemented in order to measure performance (Clarke *et al.*, 2015:1170). For the purpose of this study, an outcome-based definition of performance devised by Alfred *et al.* (2012:22) is adopted, whereby *performance is defined as the sum product of results produced by a business and the value assigned to them by relevant stakeholders*. This study specifically considers the performance of the business's marketing domain.

4.4.3.2 Marketing performance

By considering the definition of performance, performance related to marketing activities consists sequentially of market impact, consumer impact, financial impact, and its impact on business value (Frösen *et al.*, 2013:718). Collectively, the impacts of a business's marketing strategy have an effect on a business's financial position, marketing position and on its market-based assets including, inter alia, distribution networks, brand awareness, brand preference, brand value, and consumer loyalty (Grewal *et al.*, 2009:120; Rust *et al.*, 2004:78). Frösen *et al.* (2013:718) assert that marketing performance applies to all businesses, regardless of industry. Marketing

performance can be defined as the ability of a business to use its available marketing resources and capabilities in order to achieve business goals and objectives with the aim of improving its positional advantage that defines the business's market performance and, ultimately, its financial performance (Morgan *et al.*, 2002:366-367). The construct of marketing performance is comprised of two highly interrelated concepts, namely marketing effectiveness and marketing efficiency (Frösen *et al.*, 2013:718; Gao, 2010:33; Morgan *et al.*, 2002:364).

A review of the literature has shown the interchangeable, sometimes even conflicting use of key concepts such as marketing effectiveness, marketing efficiency, marketing productivity, marketing performance, and marketing metrics. Such indiscriminate use of these key terms has led to significant confusion in the basic concepts involved (Gao, 2010:27). In order to promote clarity and precision of usage and to explain how the term *marketing performance* is used in the present study, the application of the concepts mentioned above is reviewed and analysed.

Tuan (2012:130) propounds that marketing effectiveness can be described as how successful a business is in translating its marketing strategy into marketing actions in a timely response to the identification of consumer demand and overall changes in the market. By considering a financial approach to marketing performance, Milichovsky and Simberova (2015:213) define marketing effectiveness as the return on investment of implemented marketing activities of a business. Ultimately, marketing effectiveness is contingent upon how competent the business is at successfully implementing the devised marketing strategy at various levels of the business (Tuan, 2012:130). Nwokah and Ahiauzu (2008:863) provide five elements that could contribute to improved levels of a business's marketing effectiveness. These elements are indicated and described in Table 4:6 below.

Table 4:6 Elements that contribute to marketing effectiveness

Elements		Description
1.	Strategy	The employment of a well-planned and developed marketing strategy that is properly implemented could greatly improve marketing effectiveness.
2.	Creativity	Increased creativity in the formation of a marketing strategy will allow businesses the opportunity to focus on future changes in the market and, as such, can result in a sustainable improvement of marketing effectiveness.
3.	Implementation	By improving and/or changing the methods used by businesses to implement the planned marketing strategy, significantly higher levels of marketing effectiveness can be achieved without changing the initial marketing strategy.
4.	Structure	Marketing effectiveness can also be improved through altering a business's marketing structure and through the effective coordination of marketing activities.
5.	Exogenous factors	By displaying an external orientation to its markets and by taking advantage of external factors that are not in the business's control, for example seasonality, economic factors and/or the regulatory environment may contribute to the improvement of marketing effectiveness.

Source: Nwokah (2006:26) and Nwokah and Ahiauzu (2008:863).

In addition to the elements mentioned in Table 4:6, Tuan (2012:131) argues that a business can achieve superior marketing effectiveness when it establishes a close relationship with its consumers and when it is primarily driven by a shared set of business values, goals and objectives. Milichovsky and Simberova (2015:212) concur that the concept of marketing effectiveness has always been closely linked to valuable business outcomes such as long-term growth rates, consistent performance levels, improved levels of consumer satisfaction, increased competitiveness, a robust marketing orientation, and improved marketing efficiency.

Drucker (1974:45) differentiated between the concepts of marketing effectiveness and marketing efficiency by stating that whereas marketing effectiveness is concerned with *doing the right things*, marketing efficiency focuses on *doing things right*. Marketing efficiency is typically concerned with maximising the ratio of marketing outputs to marketing inputs (Clark *et al.*, 2006:194). Woodburn (2004:68) propounds that businesses can monitor the process of marketing efficiency by considering the input (i.e. marketing expenses), process (i.e. implementation of marketing activities), and output (i.e. sales revenue) measures of marketing activities. Clark *et al.* (2006:194) state that businesses can also successfully evaluate and review its marketing efficiency when the marketing activities that are critical to the success of the business and its performance have been

identified. Measuring the performance of marketing activities will allow businesses to channel their foci towards those specific marketing activities that contribute the most towards superior business performance, and thus strive to execute them more efficiently in order to improve marketing output.

4.4.3.3 Marketing performance measurement

Neely *et al.* (1995:80) define performance measurement as a process in which the effectiveness and efficiency of actions are quantified. Within the business environment, performance measurement concerns the effective evaluation of performance, which can be introduced at all levels of a business. Here, problem areas are identified, marketing effectiveness and efficiency are enhanced, motivation is improved, communications are enhanced, consumer satisfaction is assessed, accountability strengthened, and various strategic goals and objectives are deployed (Nudurupati *et al.*, 2011:280; Sousa & Aspinwall, 2010:475). Therefore, in order to facilitate strategic decision-making and strengthen their overall marketing performance, O'Sullivan (2007:33) argues that it is crucial for businesses to regularly measure the performance of their marketing activities.

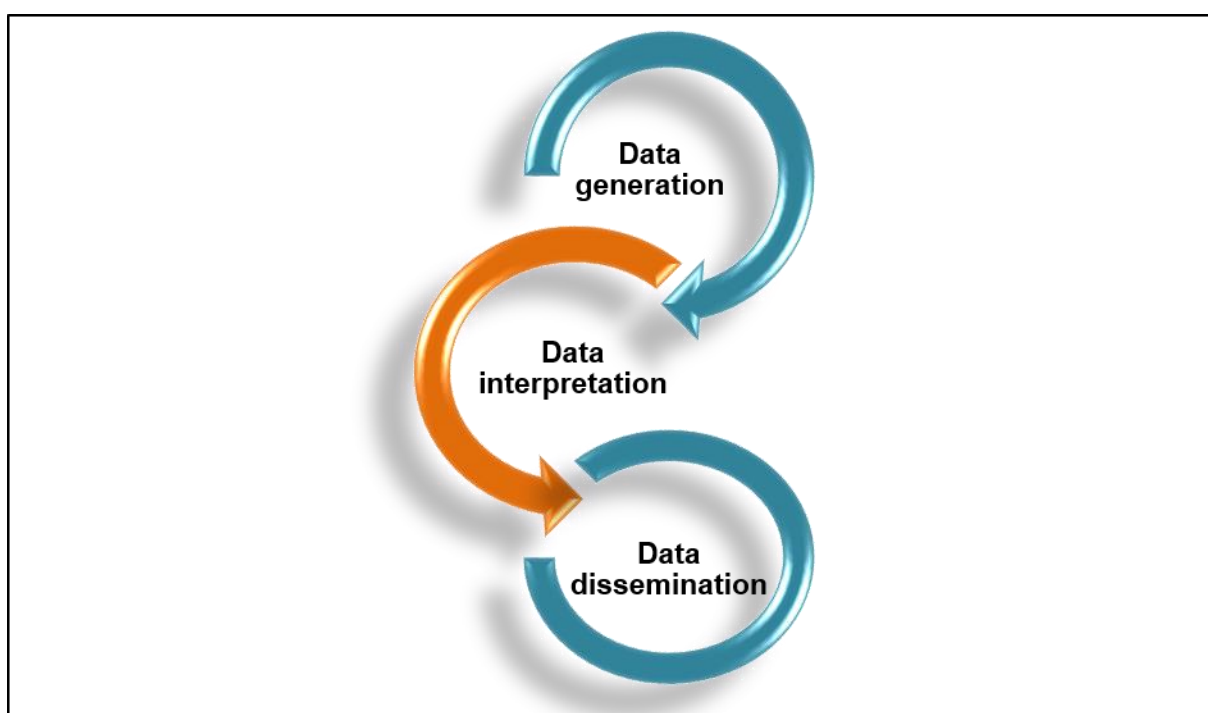
Marketing performance measurement is referred to by some scholars as a formal managerial process that involves the selection and implementation of marketing metrics related to the business's marketing goals and which evaluates the results of delivered marketing activities and assesses their impact on overall business performance (Frösen *et al.*, 2016:61; Stewart, 2009:641). According to Eusebio *et al.* (2006:153), marketing performance measurement has no effect on business performance if it is not implemented as a systematic process of evaluation. In addition, the measurement of marketing performance will fail to contribute towards the overall performance of a business if mechanisms are not put in place as to how the business will go about implementing the data and using the information obtained to improve strategic decision-making (McManus, 2013:150). In order to make effective use of the performance data collected during the performance measurement phase, the information needs to be analysed. This stage of the marketing control process is known as performance diagnosis (Kotler & Keller, 2016:698).

4.4.4 Performance diagnosis

According to Lamberti and Noci (2010:150), the marketing performance information that is collected during the performance measurement stage of the marketing control process, is generally a plethora of complex data, and as such, without proper diagnosis (analysis), the information gathered can be misused in strategic decision-making. Nudurupati *et al.* (2011:282) agree that the collection of performance information does not suffice, as the data needs to be

analysed in order to make it usable for strategic purposes. Dibb *et al.* (2012:723) affirm that during the performance diagnosis stage of the marketing control process, results obtained from actual performance are compared with performance standards in order to identify any discrepancies. Once the information has been obtained from the deployment of each respective marketing metric included in the performance measurement stage, relevant data must then be generated, interpreted and disseminated (Bernstein *et al.*, 2010:1048; Clark *et al.*, 2006:200; Marchand & Raymond, 2008:670; Nudurupati & Bititci, 2005:153; Nudurupati *et al.*, 2011:281). The three steps in the performance diagnosis stage of the marketing control process are depicted in Figure 4:6.

Figure 4:6 The performance diagnosis process



Source: Adapted from Bernstein *et al.* (2010:1048), Clark *et al.* (2006:200), Marchand and Raymond (2008:670), Nudurupati *et al.* (2011:281), and Nudurupati and Bititci (2005:153).

4.4.4.1 Data generation

Srimai *et al.* (2011:668) are of the opinion that the marketing control process can only function when data has been collected from performance measurement, and is made available for analysis. Data obtained from measuring the performance of marketing activities is critical for making informed strategic decisions that have a bearing on the entire business. A vast and increasing volume of data is being generated on a daily basis through the implementation of various performance measurement efforts (Rogers & Sexton, 2012:4). Clark *et al.* (2006:204) and Nudurupati *et al.* (2011:279) caution that from this abundance of information acquired, only

relevant information must be collected, because due to the large influx of information accumulated from marketing performance measurement efforts, managers often suffer from data overload and as a result struggle to interpret data into actionable insights to guide decision-making. Rogers and Sexton (2012:5) concur that apart from managers being overloaded with an abundance of information, another aspect that threatens the effective use of acquired data is the fact that many managers do not have the capabilities to interpret complex data into actionable insights.

4.4.4.2 Data interpretation

In the marketing performance measurement context, data interpretation refers to the degree to which performance data is given meaning and converted into managerially actionable insights (Daft & Weick, 1984; Frösen *et al.*, 2013). Clark *et al.* (2006:194) affirm that data interpretation involves the contextualisation of raw data, where the collected data is coded, sorted, and categorised with the aim of clarifying its meaning. The effective interpretation of performance data is required in order to translate complex data collected during performance measurement into relevant, accurate, and clear performance information that can be understood and interpreted by management in order for them to make informed and proactive decisions (Marchand & Raymond, 2008:664; Nudurupati *et al.*, 2011:283). The translation of complex performance data into meaningful insight enables management to prove or disprove executive hypotheses (Van Vliet, 2017). Ozkaya *et al.* (2015:309) argue that the interpretation of raw data into relevant and useable knowledge allows management to make sense of the future and to make strategic decisions that will affect overall business performance. It is therefore that some authors (i.e. Sinkula *et al.*, 1997) view the interpretation of data as more important than the actual generation and dissemination of data.

4.4.4.3 Data dissemination

Insights gleaned from measuring marketing performance cannot contribute to overall business performance when considered in isolation, but rather, it should be shared and integrated across the entire business (Micheli & Manzoni, 2010:473; Rogers & Sexton, 2012:6). According to Wibisono (2011:107-108), it is important for management to share performance information with the rest of the business in order to ensure that employees on all levels of the business are acquainted with the marketing strategy and its performance; and most importantly, to realise how they can contribute towards its successful implementation and outcome. Sousa and Aspinwall (2010:475) concur that it is of critical importance to share performance information with all members of a businesses, as everyone, in some way or another, contributes to the achievement of business goals and objectives, and as such, if they realise how they, as individuals, they

contribute to the overall performance of the business, it may improve their levels of motivation (Nudurupati *et al.*, 2011:280).

As businesses today become more aware of the advantages associated with the dissemination of performance information across the business (Aedo *et al.*, 2010:12; Pauwels, 2009:180), an effective system of data dissemination is required for businesses as it will allow them to become more proactive and informed (Nudurupati *et al.*, 2011:282; Rogers & Sexton, 2012:6). The dissemination of performance information and insights will allow different domains within the business to make effective use of the information to support decision-making within that specific department (Hacioglu & Gök, 2013:S427). As such, Clark *et al.* (2006:203) argue that the effective dissemination of performance insight has a positive and significant effect on stakeholder satisfaction, especially the satisfaction of top-level management. In addition to supporting business-wide decision-making, Micheli and Manzoni (2010:470) assert that data dissemination allows for dialogue between different business domains; between headquarters and subsidiaries; and between a business and its environment. Srimai *et al.* (2011:668) concur that the effective and efficient dissemination of information allows for timely and informed corrective action to take place.

4.4.5 Corrective action

Information that has been collected, analysed, and interpreted is fed back to the business's management through effective dissemination processes for making various amendments to the business's marketing strategy and re-aligning the business's resources with the established goals and objectives (Srimai *et al.*, 2011:668). In the literature, this is referred to as corrective action, which comprises the final stage of the marketing control process. Wibisono (2011:112) propounds that the measurement of marketing performance without implementing any corrective actions to purge problem areas that have been identified, is not beneficial (and could be destructive) to a business when its aim is to improve business competitiveness and overall performance. Recommendations should therefore be provided by credible sources to address any discrepancies that have been identified during the measurement and evaluation stages of the marketing control process.

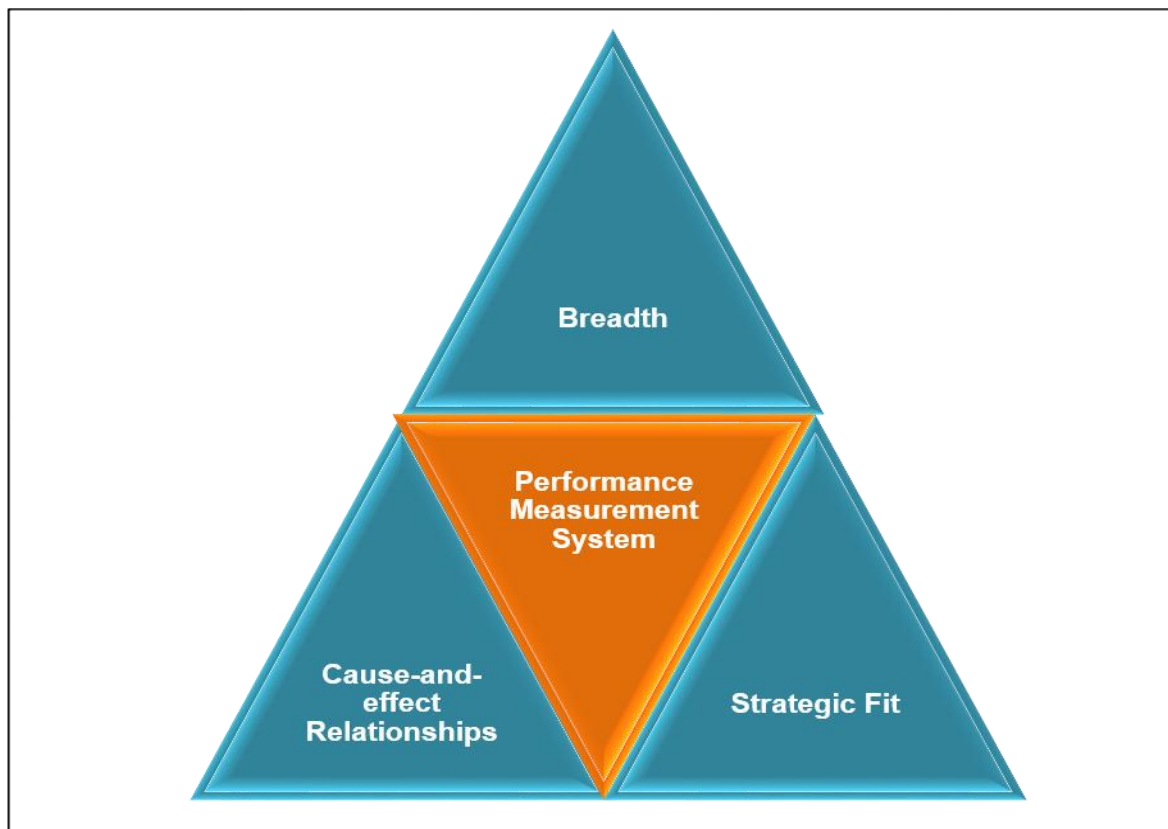
4.5 PERFORMANCE MEASUREMENT SYSTEMS

In order to implement the marketing control process effectively and efficiently, businesses make use of a performance measurement system (hereinafter, PMS). A PMS is described as a set of related metrics that are defined by rules and regulations for generation, diagnosis, and dissemination of data that together reflect vital performances and characteristics of specific

activities in order to allow intelligent insights leading to corrective action, if required (Magno *et al.*, 2017:1134). A business's PMS is perceived by Nudurupati *et al.* (2011:280) as a business philosophy – a widely shared strategic vision – that is supported by performance measurement. According to Lamberti and Noci (2010:141), a PMS is the actual system that businesses implement in order to: (1) ascertain whether the planned marketing strategy is being applied; (2) to communicate effectively to employees the specific marketing goals and objectives that they are expected to attain and whether they are, indeed, achieving them; (3) to confirm whether the planned marketing strategy is still be valid for further implementation; and (4) to support and improve overall business performance. Lamberti and Noci (2010:141) further state that a PMS is characterised by three variables, namely:

- *Typology of assessed performance* (this refers to the specific marketing activities that are under evaluation);
- *Typology of marketing metrics adopted* (this refers to the nature and/or combination of marketing metrics selected for performance evaluation);
- *Control system deployed* (this refers to the system that is implemented in order to generate, diagnose and interpret accumulated performance data).

The current dynamic nature of the business's competitive environment, which is changing faster than ever before, creates a serious need for the development and implementation of an effective and comprehensive PMS (Dimanche, 2014:397; Sousa & Aspinwall, 2010:475; Wibisono, 2011:107). Baird (2017:14-15) advises that in order for their PMS to be effective, businesses need to carefully consider the design elements and process of implementation of the PMS, as well as the way in which the collected information will contribute to the improvement of the business's management and overall performance. Homburg *et al.* (2012:57) therefore propound that a PMS consists of three critical components that reflect the key dimensions of comprehensiveness in performance measurement, and which need to be evaluated prior to implementation. These components, namely breadth, strategic fit, and cause-effect relationships, are depicted in Figure 4:7 and are discussed subsequently.

Figure 4:7 The components of a performance measurement system (PMS)

Source: Adapted from Homburg *et al.* (2012:57).

The first component of a PMS is breadth. According to Homburg (2012:59), the breadth of the PMS refers to the extent the PMS is able to provide comprehensive insights regarding the performance of the marketing function through the implementation of a variety of marketing metrics, both financial and non-financial in nature (see section 4.4.2.3). The breadth of the PMS therefore increases (or decreases) depending on the number of marketing metrics, as well as the variety of different types of metrics selected to measure marketing performance.

The second component of a PMS is its strategic fit. The strategic fit perspective maintains that the marketing metrics that have been selected and included in the PMS for implementation need to be aligned with the business's goals and objectives (Petersen *et al.*, 2009:108; Verbeeten & Boons, 2009:14). Effective PMS implementation and the improvement of performance can only take place if the marketing metrics of a PMS fit the strategic goals and objectives of the business (Homburg *et al.*, 2012:70; Valos & Vocino, 2006:19; Van der Stede *et al.*, 2006:200; Verbeeten & Boons, 2009:14).

The third component of a PMS is that of cause-effect relationships. Pauwels *et al.* (2009:5) describe the cause-effect relationships component as the ability of a PMS to provide accurate

information regarding the various causes of occurrences and the effects that these occurrences have on relevant parts of the marketing function and on the business as a whole. The link between the causes of occurrences and the effects they have on the business's marketing environment is crucial for making strategic decisions that could improve marketing performance (Wibisono, 2011:112).

The components of a PMS are discussed in further detail in section 4.7 of this chapter, which provides an examination of the components required to develop a strategy for measuring place marketing performance. Prior to developing a new strategy for performance measurement, existing performance measurement systems and their respective shortcomings must be identified and analysed in order to avoid such shortcomings in the creation of a new PMS.

4.5.1 Existing performance measurement systems

According to Homburg *et al.* (2012:56) and Mariussen (2011:68), a wide range of PMSs have been developed both from within and outside of the marketing control literature in order to equip marketing managers in their endeavours to effectively and efficiently measure marketing performance. Table 4:7 presents a list of existing PMSs. The table categorises the PMSs according to those which have been developed for general business performance measurement purposes, marketing performance measurement purposes, and place marketing performance measurement purposes respectively.

Table 4:7 Performance measurement systems

Performance measurement system (PMS)	Author(s)
Business Performance	
The Strategic Measurement Analysis and Reporting Technique system (SMART)	Cross and Lynch (1988)
The Performance Measurement Matrix	Keegan <i>et al.</i> (1989)
World Class Manufacturing Performance Measurement System (WCMPM)	Maskell (1989)
Sink and Tuttle Performance Measurement model (S&T)	Sink and Tuttle (1989)
The Results and Determinants Framework	Fitzgerald <i>et al.</i> (1991)

Table 4:7 Performance measurement systems (continued)

Performance measurement system (PMS)	Author(s)
Business Performance	
Balanced Scorecard (BSC)	Kaplan and Norton (1992)
Consistent Performance Measurement System (CPMS)	Flapper <i>et al.</i> (1996)
Skandia Business Navigator (SBN)	Von Krogh and Roos (1996)
Integrated Performance Measurement Systems (IPMS)	Bititci <i>et al.</i> (1997)
Tableau de Bord (TdB)	Epstein and Manzoni (1997)
Integrated Dynamic Performance Measurement System (IDPMS)	Ghalayini <i>et al.</i> (1997)
Knowledge-based Measurement Model (KBM)	Sveiby (1997)
Comparative Business Scorecard (CBS)	Kanji (1998)
Integrated Performance Measurement Framework (IPMF)	Medori and Steeple (2000)
Quantitative Models for Performance Measurement System (QMPMS)	Suwignjo <i>et al.</i> (2000)
Malcolm Baldrige National Quality Award (MBNQA)	Wilson and Collier (2000)
Business Excellence Measurement System	Kanji (2001)
Performance Prism (PP)	Neely <i>et al.</i> (2002a)
Cambridge Performance Measurement Systems Design Process (CPMS)	Neely <i>et al.</i> (2002b)
Dynamic Multi-Dimensional Performance framework (DMP)	Maltz <i>et al.</i> (2003)
The Project Excellence Model	Westerveld (2003)
Total Quality Management Framework	Sousa and Aspinwall (2010)
EFQM Business Excellence Model	Tuominen (2012)

Table 4:7 Performance measurement systems (continued)

Marketing performance	
A conceptual framework for the measurement of marketing efficiency	Hood (1969)
Determinants of Marketing Effectiveness	Kotler (1977)
A normative model of marketing performance assessment	Morgan <i>et al.</i> (2002)
The chain of marketing productivity	Rust <i>et al.</i> (2004)
Information Processing Model of Marketing Performance Measurement	Clark <i>et al.</i> (2006)
The Integrative Marketing Channel Performance Measurement Framework	Valos and Vocino (2006)
A conceptual framework for measuring return on marketing investment	Seggie <i>et al.</i> (2007)
Model for Measuring Marketing Performance (MMMP)	Gao (2010)
Place marketing performance	
The City Brand Management Model (CBM)	Gaggiotti <i>et al.</i> (2008)
Strategic Place Brand Management Model	Hanna and Rowley (2011)
Destination Marketing Organisation Marketing Evaluation Framework	Morgan <i>et al.</i> (2012)
An integrated tool for measuring the efficiency of city marketing	Goovaerts <i>et al.</i> (2014)

As can be deduced from Table 4:7, a multitude of PMSs have been developed over the years with the main objective to measure a business's performance. Only a select few of the total number of PMSs have been developed specifically for marketing performance purposes, and even a smaller number for the primary purpose of measuring place marketing performance. Even though most of the PMSs mentioned in Table 4:7 have been, and are still being implemented successfully by businesses around the world, these systems are not without their problems. Through the years, various shortcomings of existing PMSs have been identified. The following section indicates the shortcomings of some of the more prominent and widely-implemented PMSs.

4.5.2 Shortcomings of current performance measurement systems

According to Bitici *et al.* (2012:317), most of the PMSs listed in Table 4:7 are supported by advanced information technology platforms that are devised and customised according to how

business and marketing managers today perceive performance to be measured. However, due to the subjective nature of selecting different marketing metrics and validation procedures that are believed to be most relevant to the business implementing the PMS, a number of shortcomings in terms of theoretical and practical challenges present themselves (Bititci *et al.*, 2012:318; Cui *et al.*, 2008:276). Baird (2017:13) argues that it is important for businesses and management to identify these shortcomings and analyse them in order to prevent these shortcomings from reappearing in the design and implementation of future PMSs. Sousa and Aspinwall (2010:482) classified the shortcomings of existing PMSs as well as factors that have an effect on the design and implementation of these PMSs as follows:

- *Inputs*: The inputs required for the development of a PMS refers to the business resources such as the knowledge, skills, identification of requirements and other resources that are required to devise and implement an effective and efficient PMS.
- *Environment*: The business environment is dynamic and ever-changing and could enhance or retard the development and/or implementation of a PMS.
- *Metrics*: The choice of marketing metric(s) is either externally imposed or is a relative and subjective decision made by the business, as they expect the selected metric(s) to provide the required performance information most effectively and efficiently. The level or target for the selected marketing metric(s) is definite or implicit.

Through a review of the marketing control literature, a number of different shortcomings pertaining to the design, composition and implementation of the existing PMSs available for businesses to implement today were identified. These shortcomings are:

- Existing PMSs (i.e. Rust *et al.*, 2004) are mostly imbalanced, short-term oriented and narrowly-focused because they neglect to include the wider social, ethical and environmental responsibility of a business in measuring and reporting on business performance (Sousa & Aspinwall, 2010:481; Srimai *et al.*, 2011:674). According to Frösen *et al.* (2013:716), a notable exception is the PMS developed by Morgan *et al.* (2002).
- A number of existing PMSs tend to focus primarily on short-term financial outcome of business and marketing performance without including a comprehensive mixture of varying marketing metrics that include that of non-financial metrics focusing on stakeholder interests over and beyond that of shareholder's financial interests (Da Gama, 2011:646-647; Srimai *et al.*, 2011:674).

- In line with the above-mentioned inadequacies, many of the existing PMSs do not provide a framework or mechanism for identifying and selecting the most appropriate marketing metrics to include in the system, nor do they clearly integrate the notion of continuous improvement (Petersen *et al.*, 2009:97; Sousa & Aspinwall, 2010:480). An example of such a PMS is, for example, the strategic measurement analysis and reporting technique (SMART) developed by Cross and Lynch (1988).
- The effective implementation of a PMS requires the deployment of business resources. One of the major hindering factors that businesses face today is a shortage of time, money and skilled labour (Sousa & Aspinwall, 2010:478-481). Sousa and Aspinwall (2010:480-481) provide the example of the integrated dynamic PMS proposed by Ghalayini *et al.* (1997) that requires a vast number of different resources and tools from a business in order to be implemented effectively. The use of such a PMS could be problematic for a business with relatively low levels of disposable resources or with a low level of quality maturity. Sousa and Aspinwall (2010:480) concur that the maturity level of a business has a significant effect on the successful deployment of a PMS. Another example is provided by Verweire and Van den Berghe (2003:783-785) who state that the implementation of the Balanced Scorecard PMS (Kaplan & Norton, 1992) require skilled and proficient employees and a medium or high business maturity stage; however, many businesses are at a lower level of maturity and/or do not have skilled employees to manage the implementation of a newly adopted PMS.
- Some of the PMSs are designed in such a way that it promotes ease of use – meaning that they have been developed to measure only that which is most easily accessible and measurable by the business, resulting in the accumulation of data and information that is not necessarily relevant to the business (Popky, 2015:3).
- Due to a lack of continuous empirical research being conducted on the design aspects and implementation effectiveness of existing PMSs, most existing PMSs are out-dated and static (Nudurupati *et al.*, 2011:279-280; Valos & Vocino, 2006:25). PMSs are therefore not dynamic enough to react to the constant changes in the business environment, resulting in providing information that is not current, relevant or accurate (Mariussen, 2011:72; Nudurupati *et al.*, 2011:279-280). Mariussen (2011:72) adds that most of the PMSs have been developed specifically for offline use, and as such, fail to effectively and comprehensively portray the construct of online marketing performance. Existing PMSs have been criticised (i.e. Seggie *et al.*, 2007) for not being able to capture the complex nature of online marketing performance.

- Only a small number of PMSs comprise of an integrated Management Information Systems (MIS) infrastructure, resulting in unwieldy and time-consuming data collection, diagnosis, interpretation and dissemination (Nudurupati *et al.*, 2011:279-280).
- Due to the subjective nature of the selection of marketing metrics to be included in any given PMS, the effectiveness of the PMS is business-specific and context-specific (Frösen *et al.*, 2013:729). Each business differs with regards to its products and services, employees, consumer segments, strategies, experience, goals, objectives, vision and mission (Sousa & Aspinwall, 2010:475). Thus, the application of the normative PMSs (i.e. Rust *et al.*, 2004) vary across different business contexts. According to Frösen *et al.* (2013:729), business-specific factors that may have an effect on the implementation and results of a PMS include the size of the business, its marketing orientation and its position in a particular market.

The various shortcomings of existing PMSs have led to the dissatisfaction of top-level marketing management in businesses today, who often feel dissatisfied with the business's efforts to demonstrate the contribution that marketing activities have towards the business's overall performance (Hacioglu & Gök, 2013:S414). In addition, Hacioglu and Gök (2013:S414) indicate that top-level marketing management in businesses today report that their businesses do not have a formal PMS in place for measuring marketing performance.

Place marketers, in particular, do not have much of a selection of PMSs to choose from when attempting to measure the performance of their respective place marketing activities. Only a small number of place marketing performance measurement systems (PMPMS) have been developed in the past few years. These PMPMSs focus primarily on the branding aspects of place marketing (i.e. Gaggiotti *et al.*, 2008; Hanna & Rowley, 2011). It is important for place marketing managers to gain a more holistic picture of place marketing performance in order to identify discrepancies, and to purge these problem areas in their attempt to improve their respective marketing strategies.

4.6 PLACE MARKETING PERFORMANCE

The terms *place marketing* and *place branding* are often used interchangeably in the existing place marketing literature. Place marketing has been used to denote place image (Smith, 2005), place identity (Gibson & Davidson, 2004), and place advertising and promotion (Gotham, 2002; Urban, 2002). Place branding has been used in the literature to refer to place image (Julier, 2005) and place identity (Rantisi & Leslie, 2006) respectively. Even though the literature mostly uses these terms as separate constructs, this study refers to place marketing as a process that comprises place branding. According to Baker and Cameron (2008:85), place marketing involves an entire framework in which place branding is one component (see section 3.4.5).

Morgan *et al.* (2002:366-367) define marketing performance as the business's proficiency in identifying and employing available marketing resources to achieve the business's goals and objectives, and by so doing to improve the business's position in the market, as well as its financial position. By considering the definition of marketing performance, it is argued that the performance related to place marketing refers to the ability of a place to identify and implement its marketing factors in order to achieve its marketing goals and objectives, with the ultimate aim of improving its overall competitive position in the market.

The marketing goals and objectives of a place can be quite diverse. Qirici and Mamica (2011:15) claim that the most widely-implemented goals of a place are as follows:

- Strengthening the tourism industry as economic sector;
- Development of joint visions and strategies and securing their implementation;
- Strengthening the sense of belonging;
- Using joint creative and innovative potentials;
- Increasing readiness for private and public investments;
- Exchanging information and networking;
- Enhancing and ensuring the quality of services and infrastructure;
- Increasing stakeholders' satisfaction; and
- Safeguarding natural resources and biodiversity.

In order to determine whether place marketing performance is on par, places need to devise and implement an effective, efficient, and comprehensive PMPMS to measure the results of implemented place marketing activities (Zenker & Martin, 2011:34).

4.6.1 Measuring place marketing performance

According to Ashworth and Kavaratzis (2009:525), place marketing's focus has shifted from being a construct implemented towards improving the promotion of a place to be considered as an integrated management tool – one that requires effective performance measurement. However, this perception is not commonly shared in place marketing practice, and as such, very few approaches exist for the measurement of place marketing performance (Zenker & Martin, 2011:35). Table 4:7 lists some of the more prominent PMSs implemented by businesses, and it

clearly illustrates the lack of sufficient systems available for the measurement of place marketing performance.

According to Sousa and Aspinwall (2010:480), the measurement of place marketing performance is important for the improvement and development of the place product (see section 3.3.1.1) as it enables place marketers to identify discrepancies in the implementation of place marketing strategies and, in so doing, allows them to enhance the effectiveness and efficiency of specific marketing activities. In addition, it enables place marketers to monitor stakeholder satisfaction, ensure the strategic alignment with set goals and objectives, and facilitate the decision-making process.

In order to realise the above-mentioned activities, a business structure that is responsible for the marketing of a destination/place is required. Qirici & Mamica (2011:15) propound that such a business structure must comprise of professional and capable human resources. Such human resources may include a variety of different groups such as governmental regulators, academia, consultants, and other international bodies (Srimai *et al.*, 2011:676). Most countries, states, cities and towns around the world are using and funding a Destination Marketing Organisation (DMO) as the primary vehicle to implement place marketing activities (Pike & Page, 2014:203). Presenza *et al.* (2005:5) affirm that the two core responsibilities of a DMO is place marketing and stakeholder coordination. A DMO is described as an actor that is responsible for the effective coordination of a place's resources by closely collaborating with relevant stakeholders, with the aim of facilitating sustainable development practices (Pike, 2004:1-3; Presenza *et al.*, 2005:5; Ritchie & Crouch, 2003:136). A BID is regarded as one of the more popular DMO models implemented by districts, cities, towns and precincts today. The primary objective of this study is to devise a strategy for measuring the place marketing performance of BIDs in South Africa. Therefore, owing to its prominence in this study, Chapter 5 is solely dedicated to the delineation and discussion of BIDs.

As mentioned earlier in this chapter, businesses are under increasing pressure to account for the costs incurred on their marketing activities (see section 4.2). DMOs are no different. According to Morgan *et al.* (2012:74), DMOs are required to account for their marketing expenditure and to demonstrate the additional value of their respective marketing activities. In order for a DMO to be accountable, it must be transparent by showing how it allocates its resources and provide results of such allocations (Morrison, 2013:258). Dwyer *et al.* (2014:282) assert that in order for a DMO to allocate its budget most effectively, the performance results of its respective marketing activities must be known. Thus, the primary objective of DMOs around the world should be to measure the performance of their marketing activities (Dwyer *et al.*, 2014:282).

Even though place marketing performance measurement is regarded as a prominent objective of DMOs, research conducted by the European Travel Commission (ETC) and World Tourism Organisation (WTO) (2009) conclude that over a third of the DMOs spread across the world's 265 countries and other territories and administrative areas, have no plan or mechanism in place to evaluate the performance of their marketing strategy. This could possibly be attributed to the complexity and challenges associated with place marketing performance measurement.

4.6.2 The challenge of measuring place marketing performance

Through an analysis of the existing place marketing performance literature, a number of substantial barriers to the adoption and strategic implementation of a PMPMS have been identified:

- One of the key stumbling blocks in measuring place marketing performance is that cities, towns and districts do not have the necessary funds to devise and implement an effective PMPMS (Jacobsen, 2009:71-72). Therefore, the question of place marketing effectiveness and efficiency remain mostly unanswered.
- A complete and comprehensive PMPMS that is comprised of both financial and non-financial marketing metrics remains lacking, and this is in part due to the financial limitations that face places (Zenker & Martin, 2011:35-39).
- Only a select few PMPMSs have been developed over the past few years (see Table 4:7).
- PMPMSs measure only that what they can measure instead of measuring what should be measured. This provides skewed data and irrelevant insights to place marketers' strategic decision-making (Morgan *et al.*, 2012:75).
- The measurement of place marketing performance is an intricate process due to the nature of the place product that is marketed (Morgan *et al.*, 2012:74; Sousa & Aspinwall, 2010:480). According to Morgan *et al.* (2012:74), a place product differs to that of a stereotypical product because a place product is amorphous and multi-faceted, delivering a range of products, services, and experiences and are subject to diverse stakeholder aspirations, interests, and demands.

4.7 TOWARDS A STRATEGY FOR MEASURING PLACE MARKETING PERFORMANCE

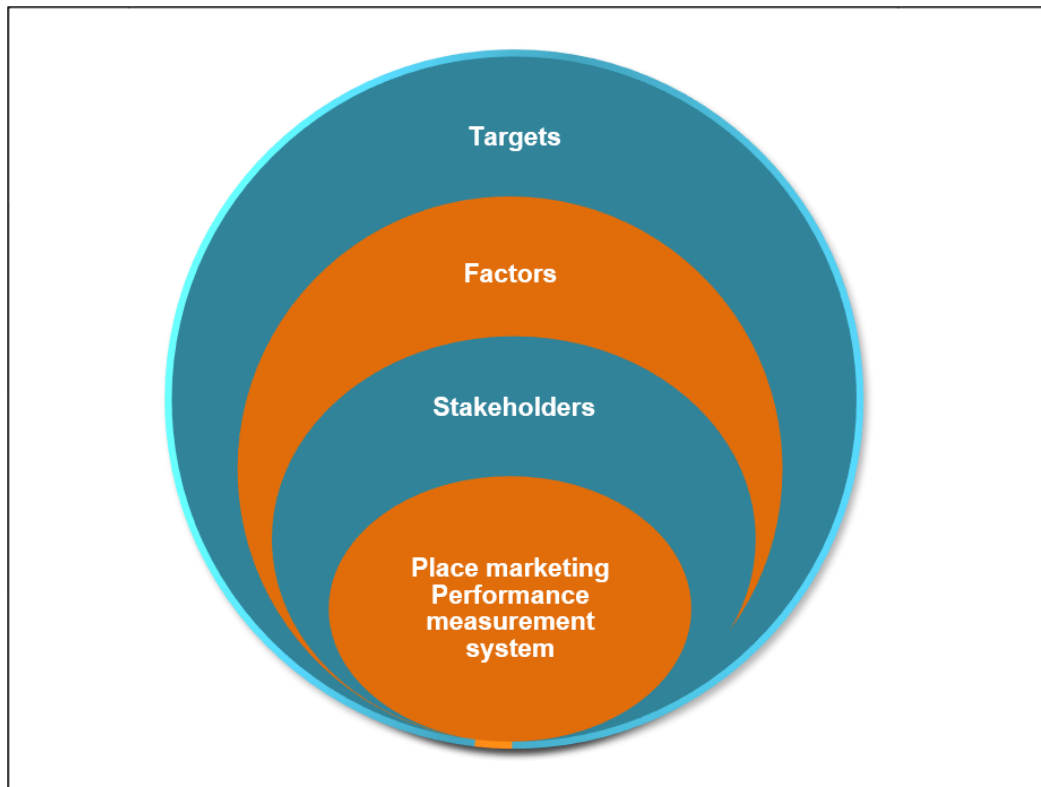
According to Kennerley and Neely (2002:145) and Yanzheng *et al.* (2015:21), a PMS is comprised of a number of fundamental components, namely individual metrics that quantify the effectiveness and efficiency of activities; a combination of a set of different metrics that evaluate overall

business performance; and a supporting infrastructure that enables data to be generated, diagnosed, interpreted, and disseminated. In order for a PMS to be beneficial for a business, it is of great importance for a business to maximise the relevance and effectiveness of measurement activity at each of these levels (Kennerley & Neely, 2002:145). With specific reference to place marketing performance, Pergalova and Angulo-Ruiz (2011:2) propound that the fundamental components of a PMPMS include:

- *Stakeholders*: Stakeholders play a strategic role in the success of place marketing (Kotler *et al.*, 2002:46). With an increased number of relevant stakeholders participating in the development of place marketing strategies, the more effective the place marketing strategy will be upon implementation (see section 3.5.3).
- *Target Market(s)*: The selection of target markets is a core task in place marketing (Morgan *et al.*, 2012:83). Selecting suitable target markets forms the basis of establishing the place marketing goals and objectives that need to be achieved. According to Zenker and Martin (2011:35), the primary target markets (and as such the consumers of a place) with regards to place marketing include residents, workers, visitors, businesses and industry (see section 3.5.1). The focus on satisfying the demands of the place's consumers, the *consumer-centred* approach to the management of place marketing activities is assumed. Shah *et al.* (2006:115) are of the opinion that a consumer-centric approach to the management of place marketing activities will allow for dual value creation to exist – by creating value for the consumer, value for the business is created in the process. By identifying the place's target market(s) and their respective buying behaviours, the business will be able to focus their place marketing efforts more precisely and track the effectiveness of its targeting more accurately (Popky, 2015:4). The identification of target markets is thus considered to be one of the more significant tasks that place marketers are charged with. Some authors (i.e. Eshuis *et al.*, 2013) determine overall place marketing performance based on the degree to which the three primary target markets (residents, visitors, and businesses) are attracted (Eshuis *et al.*, 2013:510). Rogers and Sexton (2012:6) purport that most businesses are able to identify and target their most profitable segments effectively, however, 28% of businesses are yet to identify and define their target markets.
- *Factors (Resources)*: Factors play a vital role in the formation of a place brand, particularly in terms of developing the place image and identity respectively (see section 3.5.2) (Kotler *et al.*, 2002:46). However, factors alone are not sufficient to achieve success in place marketing efforts.

According to Rainisto (2003:16), focused policies that integrate these three elements are vital. A more detailed discussion with regards to each respective component is provided in section 3.5 of this study. The fundamental components of a PMPMS as proposed by Pergalova and Angulo-Ruiz (2011:2) are depicted in Figure 4:8 below:

Figure 4:8 The fundamental components of a performance measurement system



Source: Adapted from Pergalova and Angulo-Ruiz (2011:2).

4.7.1 Requirements for the development of a strategy to measure place marketing performance

Considering the findings outlined in the previous sections of this chapter, the following assumptions will be considered in the definition of a PMPMS's requirements:

- The overall objective of a place is to improve its competitive position;
- The purpose of a PMPMS is to contribute to the goals and objectives of a place;
- Place managers are interested and willing to adopt a PMPMS to drive improvement;
- The environment in which a place finds itself is dynamic and ever-changing; and

- There is a lack of resources including time, money and skilled labour.

Hudson *et al.* (2001:1112) affirm that the PMPMS must be able to produce explicit short and long-term benefits to the business and help sustain the momentum and enthusiasm of the DMO team, and it must be dynamic and flexible in nature to accommodate various strategic changes in both the DMO and the respective environment. Ghobadian and Gallear (1996:83) state that another important requirement is that of business-wide awareness. Through analysing existing PMSs, the preferred general requirements of a PMPMS as described by Sousa and Aspinwall (2010:484) are summarised in Table 4:8 below:

Table 4:8 The requirements of a strategy to measure place marketing performance

Characteristic	Description
Simple, understandable, and user-friendly	Owing to the lack of highly skilled employees, the PMPMS must be simple and easy to learn and use. Simplicity must be achieved in terms of development and use, to face the lack of skilled human resources and training problems that many businesses have.
Implementable and resource effective	The PMPMS should be implemented in a short period of time (say weeks or a couple of months) to prove its usefulness to management. To motivate its use, it must be very resource-effective.
Generic	Existing literature suggests methods for developing a PMPMS in three major phases: design, implement, use. Additionally, a review mechanism should be adopted to allow it to be dynamic and frequently questioned or reviewed.
Systematic and complete	Ultimately, the process of measuring performance is completely wasted unless the produced performance data is then closely connected to actions that are taken.
Valid and with clear links between elements	The methodology should contribute to moving the businesses towards excellence. To that end it must be built upon principles already established.
Robust	The PMPMS should be stable when subject to variation in its daily use.
Sustainable	To achieve long-term, stable and excellent financial and non-financial performance. The PMPMS must be seen as a contribution to the sustainability of a business.

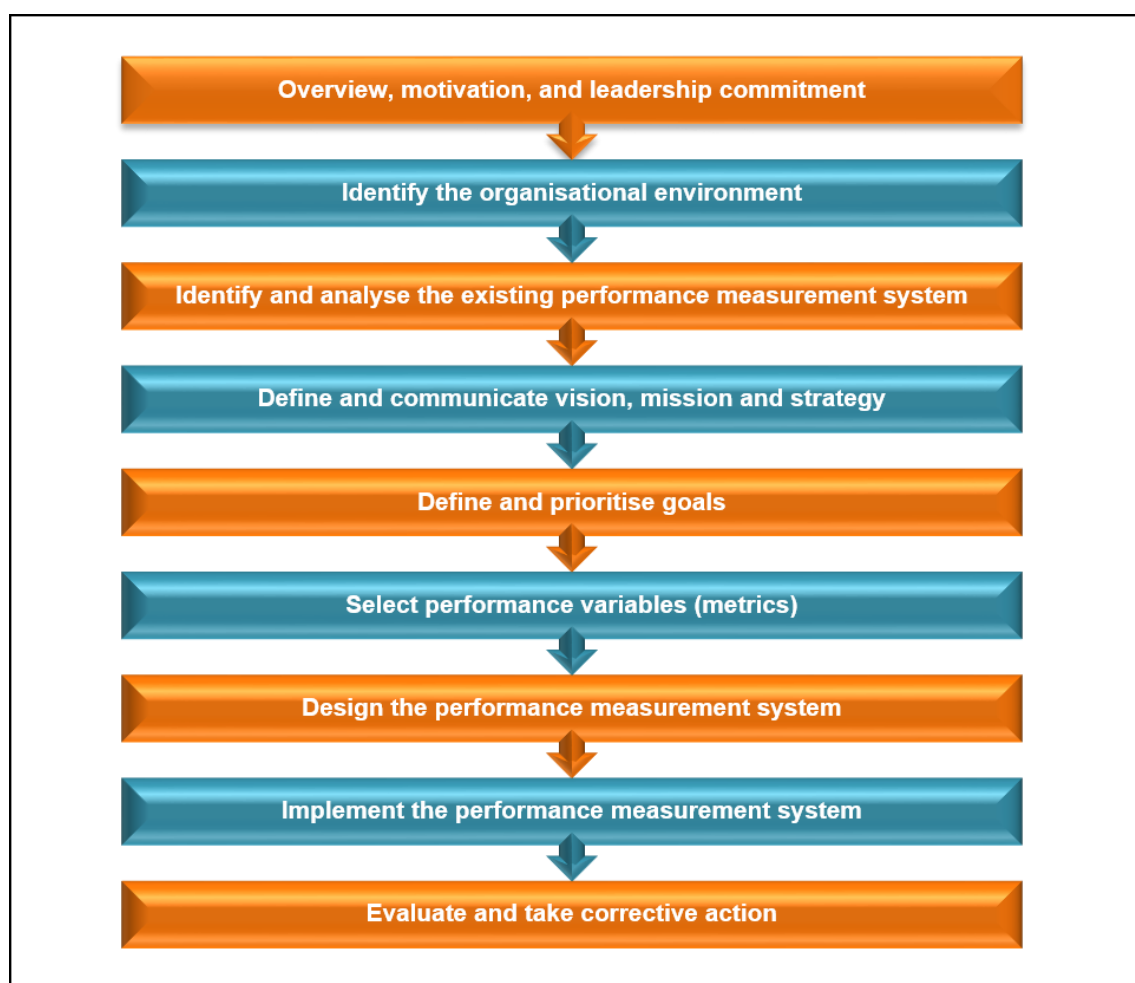
Source: Adapted from Sousa and Aspinwall (2010:484-485).

It is crucial for place marketing managers to be aware of the requirements listed in Table 4:8 when developing a strategy for measuring place marketing performance. By adhering to these requirements, place marketing managers will be able to improve the effectiveness and efficiency of their newly-developed PMPMS. The following section describes the necessary steps, as proposed in the marketing control literature, that need to be followed when developing a new PMPMS.

4.7.2 Developing a strategy to measure place marketing performance

Given the concerns with extant PMPMSs (see section 4.6.2), this study aims at proposing a new strategy for measuring place marketing performance, specifically aimed at BIDs in South Africa. Sousa and Aspinwall (2010:485-487) and Wibisono (2011:111-112) provide the steps that should be followed when developing a new PMPMS. These steps are depicted in Figure 4:9 and discussed in the sections that follow.

Figure 4:9 The development process of a performance measurement system



Source: Adapted from Sousa and Aspinwall (2010:485-487) and Wibisono (2011:111-112).

The steps presented in Figure 4:9 are used as a framework in this study to develop a new PMPMS to measure place marketing performance of BIDs in South Africa. However, owing to the fact that the primary objective of this study is to design a PMPMS, steps 8, 9 and 10 are omitted from the methodology, and as such, are advised for implementation in future research studies to pilot and validate the new PMPMS developed in this study.

4.7.2.1 Overview, motivation, and leadership commitment

In order to instil awareness of the imminent PMPMS, and to share the reason for and the significance of its design and implementation, an overview may be provided by the initiators of the PMPMS to other members on all levels of the business. Providing an overview of the planned PMPMS simultaneously facilitates the transference of knowledge on performance measurement and quality improvement (Bititci, 2002:19). According to Sousa and Aspinwall (2010:486), this initial step provides motivation, aimed at enhancing and growing commitment, especially amongst business leaders, for the acceptance and adoption of a PMPMS.

4.7.2.2 Identify the business environment

The evaluation of performance must consider the unique environment in which the business operates (Grewal *et al.*, 2009:120-121). According to Sousa and Aspinwall (2010:486), the business environment can typically be described by a manager of the business. The business environment refers to the specific milieu in which the business is established, as well as all the factors (both internal and external to the business) that have a direct and/or indirect effect on the business. Such factors may include, for example, the business's competitors, available resources, distribution channels, technology employed, range of products produced, number of employees, and political factors (Turunen & Finne, 2014:609; Wibisono, 2011:111).

Wibisono (2011:111) propounds that the identification and analysis of the environment in which the business is established forms the foundation from which the performance variables are selected (see section 4.7.2.6). Micheli and Manzoni (2010:468) assert that the more dynamic the business environment is in which the performance measurement is planned to take place, the more robust and flexible such a PMPMS should be, as the PMPMS may otherwise hinder change and inhibit business transformation.

4.7.2.3 Identify and analyse the existing performance measurement system

The identification and analysis of the PMPMS which is currently implemented by the business can provide important insights into current challenges and/or shortcomings, and can therefore aid in the development of the new PMPMS by avoiding problematic elements of the existing PMPMS and considering the adoption of elements of the existing PMPMS that seem to be effective in measuring performance outcomes (Wibisono, 2011:111).

4.7.2.4 Define and communicate vision, mission and strategy

During this step of the PMPMS development process, the business's mission is defined and a vision pertaining to where the business aims to be in the future is developed. Businesses with a

clearly defined vision, mission and strategic intent are prone to outperform those who do not have such business statements (Moutinho & Southern, 2010:337-338). The vision and mission of the business are considered when the goals and objectives are established (Sousa & Aspinwall, 2010:486). Wibisono (2011:111) concurs by stating that the business's mission must be aligned with its vision, and these two aspects form the foundation on which the business's goals and objectives are developed, and from which the performance variables are determined. Popky (2015:4) affirms that performance variables that are determined and selected based on the vision and mission of a business will improve the quality of performance measurement outcome.

4.7.2.5 Define and prioritise goals

Goals can be defined as the objectives to be reached within a business, and require a set of criteria in order to evaluate successful achievement (Rainisto, 2003:56). According to Rainisto (2003:56), performance can be evaluated as a ratio of outcome – a reference point in which the results are measured according to the criteria based on the initial goal. The business's goals can relate to a variety of different aspects of market performance such as financial (i.e. return on investment), consumers (i.e. consumer satisfaction), and competitors (i.e. relative market share gains) (Frösen *et al.*, 2016:61).

Zenker and Martin (2011:39) propound that it is crucial for a place to integrate its marketing goals and objectives into the PMPMS. The first step would therefore be to clearly define the business's long and short-term goals, after which at least one performance variable is required to measure performance toward each goal (Ambler & Roberts, 2008:744). If the information gleaned from the measurement of performance is related to the business's goals and objectives, and it may be used to demonstrate that progress is made towards achieving these objectives (Micheli & Manzoni, 2010:472). Da Gama (2011:648) emphasises that an understanding of how the marketing strategy translates into the achievement of goals will allow place marketers to more easily determine and select a set of performance variables that will optimise the entire process.

4.7.2.6 Select performance variables (metrics)

According to Wibisono (2011:111), selecting the performance variables to be included in the PMPMS is the most important step in developing a new PMPMS. The selection and implementation of multi-dimensional marketing metrics (see section 4.4.2.3) with a diverse nature, including both financial and non-financial performance metrics, could bequeath valuable and relevant insight for the development of a place, assuming the PMPMS is implemented at regular intervals (Zenker & Martin, 2011:39).

Morgan *et al.* (2012:81) provide a list of desirable attributes that a marketing metric must ideally possess. These attributes must be considered when selecting marketing metrics to include in the design of the new PMS. According to Morgan *et al.* (2012:81), a marketing metric should be: (1) actionable (enables future planning and enables change if required); (2) meaningful; (3) holistic (measures collective contribution and feeds into collective understanding); (4) customised by audience; (5) prone to problem identification; (6) credible; (7) easily understood (internally and externally); (8) relevant; (9) complementary (to each other); and (10) diverse (measure different things, not just provide different ways of measuring the same thing).

The desirable attributes of a marketing metric provided by Morgan *et al.* (2012:81) must be borne in mind when determining and selecting marketing metrics to include in the newly developed PMPMS. This will also assist in selecting only a set of marketing metrics that are deemed important and necessary, avoiding the selection of too many metrics, as this may be detrimental to the quality and relevance of performance information obtained at the end of the measurement process (Magno *et al.*, 2017:1135). The set of marketing metrics selected for implementation in the newly developed PMPMS must be closely aligned to the vision, mission, goals and objectives of the business, as this will greatly improve the quality of performance measurement outcomes (Da Gama 2011:648; Popky, 2015:4; Sousa & Aspinwall, 2010:486). According to Wibisono (2011:111), the choice of the marketing metrics should be based on the optimisation between the degree of importance and the practical aspects. It will not be beneficial and/or effective to implement all the available marketing metrics, as this will be too expensive and time-consuming.

4.7.2.7 Design the performance measurement system

The actual design of the new PMPMS is based on the information gathered in the previous steps (Sousa & Aspinwall, 2010:486). Therefore, after procuring the buy-in from top-level management and attaining their commitment to the implementation of a PMPMS, information pertaining to the business environment and particulars regarding the current PMPMS (if available) can be used to devise the new PMPMS. In addition, the business's mission, vision, goals and objectives must be considered when determining and selecting the marketing variables that will be included in the new PMPMS.

4.7.2.8 Implement the performance measurement system

During the implementation phase, the PMPMS is used to measure the performance of various place marketing activities, and in the process, new knowledge is gained regarding the effectiveness and efficiency of the marketing activities in achieving the set goals and objectives of the business (Sousa & Aspinwall, 2010:486).

4.7.2.9 Evaluate and take corrective action

Measuring performance without follow-up or improvement action will not help to enhance the business's competitiveness (Wibisono, 2011:112). The data obtained from the implementation of the PMS must now be interpreted into meaningful and usable insights. The generated information may be used to conduct a root cause analysis of identified problem areas and to determine cause-and-effect relationships (Sousa & Aspinwall, 2010:468; Wibisono, 2011:112). Based on the performance results, place marketers can make more informed decisions to improve the effectiveness and efficiency of the marketing activities in reaching the business goals and objectives, and can purge the problem areas identified by customising the respective place marketing strategy based on the insight gained from measuring the place marketing performance.

4.8 SUMMARY

This chapter of the study explored the concept of marketing control with specific reference to the measurement of place marketing performance. The chapter commenced by explaining the role of marketing control in the overall marketing management process, by firstly formulating a comprehensive definition of the marketing control concept, and then by elucidating on why it is important for businesses to engage in marketing control activities as part of their overall marketing management endeavours. The various types of marketing control available to businesses were identified and analysed. A discussion then followed of each stage of the marketing control process. The chapter continued with a discussion on performance measurement systems (PMSs) by identifying existing PMSs employed by businesses today, as well as identifying the various shortcomings of such systems. The chapter concluded with a discussion on place marketing performance and the need to measure such performance. Through this discussion it was demonstrated that a gap exists of PMSs devised specifically for the measurement of place marketing performance; both in practice and in the literature. As such, the need for developing a system for measuring place marketing performance was emphasised, and the requirements and steps for developing such a system were discussed and analysed.

Business Improvement Districts (BIDs) are a prevalent form of Destination Marketing Businesses (DMOs) in South Africa today. BIDs aim at improving the overall environment and competitiveness of the areas in which they are established through implementing a range of different activities. Place marketing is one of the more prominent activities provided by a BID. By considering the information presented in Chapter 4 of this study, it is evident that in order for place marketing activities to enhance its effectiveness and efficiency, marketing control must be implemented in the form of marketing performance measurement. Despite the fact that place marketing forms an important aspect of BIDs, at the time this study was conducted no PMS exists that has been

devised specifically for measuring the place marketing performance of BIDs. In order to develop a PMPMS for BIDs, it is first necessary to analyse the structure and general concept of BIDs. Through such analysis, the information required to develop an effective PMPMS (see section 4.7) for BIDs will be generated. The next chapter of this study, Chapter 5, will therefore provide an analysis and comprehensive discussion on BIDs, specifically referring to BIDs in South Africa, which forms the context of this empirical study.

CHAPTER 5 BUSINESS IMPROVEMENT DISTRICTS

5.1 INTRODUCTION

In this chapter, the origin of BIDs and their global proliferation are discussed. A detailed definition of the BID concept is provided, after which the process required for forming a BID is explained. The chapter continues by discussing the different forms of BID governance and the various financing mechanisms utilised by BIDs around the world. Then, a detailed explanation of some of the more prominent services offered by BIDs is provided. The literature has indicated that South Africa is one of the many countries that have adopted the BID model in order to regenerate decayed urban milieus. An analysis of BIDs, specific to the South African context, is provided by explaining the need for the South African government to implement the BID model in various urban areas. The chapter concludes with a brief discussion of the challenges faced by BIDs in South Africa.

5.2 THE ORIGIN OF THE BID CONCEPT

The aftermath of World War II brought about various economic, social and political crises in urban environments and CBDs of towns and cities around the world (Dorritie, 2010:3; Fox, 2013:6; Monk, 2012:20-21). Wang and Zacharias (2015:8) describe a CBD as a well-designed area of a town or city, forming the core of much public and private sector investment. De Nisco and Warnaby (2013:654) concur by stating that CBDs in towns and cities remain the primary spot for the majority of retail and service provision in a town or city. The crises in CBDs were mainly caused by a lack of resources, suburbanisation, divestiture, demographic changes, crime, and the implementation of ineffective and inefficient urban planning strategies. The combination of all these factors contributed to the rapid deterioration of CBDs and urban decay, and as a result large-scale decentralisation took place. Decentralisation can be described as the relocation of businesses, retail outlets, employment opportunities, residents and affluent consumers from CBDs to outlying suburban areas (Cook, 2010:457; Fox, 2013:6; Hoyt & Gopal-Agge, 2007:947).

Apart from urban decay and the rapid deterioration of CBDs, decentralisation was fuelled by a variety of additional factors such as an increase in consumer mobility due to the availability of cheaper vehicles; the convenience of newly constructed highways that connected CBDs to the surrounding suburbs; low-cost properties that were available in the suburbs; and the increase of consumer dissatisfaction levels with numerous retail outlets in CBDs (Cook, 2010:457; Justice & Skelcher, 2009:739; Monk, 2012:20-21).

The decentralisation of populations and businesses from CBDs, and the resultant population growth in suburbia, have led to the establishment of out-of-town retail formats such as highway commercial strips and suburban shopping centres, business complexes and retail parks (De Magalhaes, 2012:146; Jones, 2010:282; Justice & Skelcher, 2009:739; Monk, 2012:20-21). De Magalhaes (2012:146) and Cook (2010:462) propound that the establishment and expansion of new retail formats in suburbia, coupled with large scale decentralisation, presented profound implications for the owners of properties and for those who operated businesses in CBDs. As inner-city residents and affluent consumers relocated from the decaying urban environments of CBDs to the burgeoning suburbs, rental income for property owners decreased as the demand for inner-city properties declined, and concurrently, profitability levels of businesses located within CBDs diminished due to the lack of affluent consumers in these areas. This, in turn, had an adverse effect on local governments' tax revenues. Due to a declining tax base, local governments were unable to meet administrative and financial challenges, and as such did not possess the necessary resources to provide public services to CBDs. As a result, further deterioration and decay of urban environments ensued (Gopal-Agge & Hoyt, 2007:948; Greenblatt, 2006:553; Morcöl *et al.*, 2014:799; Wolf, 2006:54-55).

According to Farhat (2012:355), the deterioration of urban environments and the various commercial and social pressures incurred due to large-scale decentralisation, brought to the fore the need to implement effective and efficient urban regeneration strategies. Urban regeneration strategies were already introduced in the 1950s in an attempt to alleviate the symptoms of urban decay and to reverse the deterioration of core urban areas. In addition, these strategies aimed to curtail the consequences sprouting from decentralisation of populations and businesses from CBDs to suburbia. Most of the urban regeneration strategies that were implemented, however, proved to be ineffective at the time (Sagalyn, 2007:9).

Urban regeneration is regarded as a very broad concept with various terminologies and definitions depending on the approach to and interpretation of the concept (Donaldson & Du Plessis, 2013:295). Heimann (2007:19) concurs with this notion by stating that the term urban regeneration has collected a number of synonyms and associated terminologies such as *urban revitalisation*, *urban rejuvenation*, and *urban renewal*. These terms are used interchangeably in the literature.

Urban regeneration can be described as the efforts made by local stakeholders, from both the public and private sectors, to create a conducive urban environment for business activities (Van Eeden, 2013:137; Rogerson & Rogerson, 2010:577-590). Taylor (2007:314) and Wagenaar (2007:41-42) state that effective urban regeneration occurs when the public and private sectors fuse in order to reshape and revitalise urban environments. The fusing of the public and private

sectors in this regard is viewed as a primary advantage of urban regeneration mainly due to the private sector's ability to assist in the urban regeneration planning phase due to its intimate knowledge of the specific needs of both existing and prospective consumers and businesses within the relevant urban environment (Cook, 2010:458). Padilla and Eastlick (2009:9) and Guy (2007:82) propound that the concept of urban regeneration broadly entails the physical (re)development of an area that has already been used for urban purposes in the past, with a focus on decayed CBDs in towns and cities. With specific reference to the regeneration of South African CBDs, Brunetta and Caldarice (2014:2) define urban regeneration as a set of globally shared ideas, visions, and actions that are deemed effective for solving various urban issues and to improve the economic, physical, social and environmental conditions of a specific urban area. By considering the various views and definitions of the concept of urban regeneration, for the purpose of this study, the term urban regeneration will be used to refer to the general process of enhancing the urban environment through multi-sectorial interventions that are carried out within the relevant urban milieu.

As a response to the inability of local governments to provide sufficient basic services to CBDs; the implementation of ineffective regeneration strategies; large-scale decentralisation; and the increasing competition from suburban shopping centres, Neil McLellan, the chairman of the Canadian Businessmen's Association in Toronto, Canada, formed a committee in 1963 comprised of stakeholders from both the private and public sectors. The reason for McLellan to establish such a committee was to explore the viability of establishing an independent, clearly demarcated district that would mostly be managed by the private sector, but that would merge with the public sector in order to acquire the authority to impose an additional levy on property and/or business owners within the defined area (Hogg *et al.*, 2003:466; Justice & Skelcher, 2009:739; Rigakos, 2016:44; Ruffin, 2010:29). The funds that were to be accumulated through the imposition of the additional levy would be utilised by the steering committee of the demarcated district to devise and implement various urban regeneration strategies that would aid in the improvement of the district. The primary objective of establishing such an *improvement district* would therefore be to actively engage in urban regeneration efforts within the district with a view to increase property values; improve the profitability levels of businesses; create more employment opportunities within the area; and increase property and sales tax revenues by luring inner-city residents, affluent consumers and investors back to the district. In addition, the regeneration of the area would improve the availability of goods and services for the residents who are domiciled within the delineated district (Hoyt & Gopal-Agge, 2007:947; Justice & Goldsmith, 2006:131).

Hoyt (2005a:24) and Ruffin (2010:29) claim that enabling legislation that was passed in 1969 and a municipal by-law that was compiled in 1971 gave rise to the world's first BID. The BID was established, and officially commenced operations in Bloor West Village in Toronto, Canada in 1971. It was known as the Bloor-Jane-Runnymede Improvement Area (Hoyt, 2006:229; Milroy, 2009:247; Morcöl *et al.*, 2008:8; Ward, 2006:70). Michel and Stein (2014:5) propound that once the BID commenced with its operations in Toronto, it rapidly gained popularity due to the positive results it produced, and this strategy was thus being implemented at an astounding rate by a number of various towns, cities and provinces across Canada. Due to its rise in popularity, the BID model was later exported and adopted by a number of different towns and cities in countries across the globe.

5.3 THE GLOBAL PROLIFERATION OF THE BID CONCEPT

After the successful implementation of BIDs in Canada, the BID model was transferred and adopted by towns and cities in the USA to address similar urban-related issues as those experienced in Canada (Ellicott & Pagan, 2012:10). Hogg *et al.* (2003:466) and Morcöl *et al.* (2008:32) state that the rapid deterioration and decay of urban environments; the extreme decline in local governments' tax-base revenues; the inability of local municipalities to provide basic services such as security, cleaning, and maintenance to CBDs; and the increased pressures to finding alternatives for the provision of such services, led to the adoption of the BID model by the USA. The first BID in the USA was established in 1975 in New Orleans, and was known as the New Orleans Downtown Development District (Hoyt, 2006:230; McCann & Ward, 2010:178; Mitchell, 2008:35; Peyroux *et al.*, 2012:116; Ward, 2010:1181). However, BIDs only gained popularity in the USA during the 1980s and 1990s when an increased number of municipal services and other programmes to CBDs were purged by local governments under the Reagan Administration (Michel & Stein, 2014:5; Mitchell, 2008:35; Monk, 2012:21). According to Morcöl *et al.* (2008:32), the BID model was recognised as a viable solution to regenerate and maintain CBDs in the USA by providing privately funded services and other resources to areas where public entities fell short (Dorritie, 2010:4; Monk, 2012:21). Since the establishment of the first BID in New Orleans, the BID model has been adopted and implemented by a number of different towns and cities across all the states of the USA (Becker, 2010:421; Morcöl *et al.*, 2014:796-797).

Since the 1990s, after proving to be a successful tool for the regeneration of urban environments in Canada and the USA, the BID model was exported to other parts of the world at a rapid pace. The international community specifically perceived BIDs in New York and Philadelphia as presenting the most attractive and successful methods to duplicate when implementing the BID model within their respective countries (Ward, 2007:800). Ward (2007:800-801) asserts that the reason why BIDs in New York and Philadelphia were perceived to be of the finest examples of

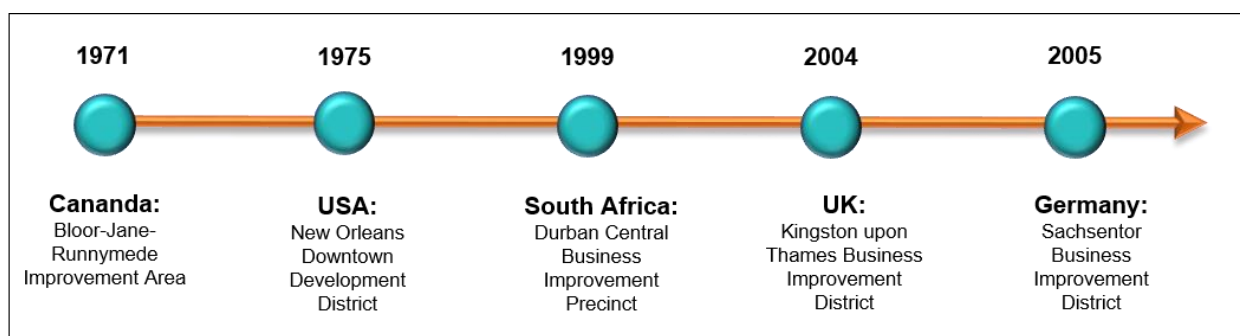
BID models to emulate, was due to the fact that these BIDs successfully implemented three vital strategies: (1) key stakeholders, from both the public and private sectors, who were involved in the establishment and policy formulation of these BIDs, presented themselves as professionals who sold their expertise and knowledge to other countries around the world, and in so doing, spreading their practices; (2) New York and Philadelphia positioned themselves as prime examples of the resulting effects one may expect from the successful implementation of the BID model. As such, the positive results produced by the implementation of these BIDs attracted *policy tourists* (Gonzalez, 2011:1399) and lured an international audience of policy-makers to explore and investigate the blueprints followed by these BIDs to achieve the desired results, and to duplicate these blueprints upon the application of the BID model in their own countries, with a view to achieve the same or similar positive results; (3) New York, particularly, had the advantage of being a glamorous and evocative name in neoliberal discourse. Local politicians therefore presented New York as a yardstick for BID policy-makers to follow, and positioned it as an attractive city to copy when importing the BID model.

In 1992, representatives of businesses that were located in South Africa's CBDs, along with prominent regional and city officials, visited a few select BIDs in the USA in order to explore various methods and strategies that were implemented by these BIDs with a view to regenerate and maintain core urban areas effectively (Didier *et al.*, 2013:125). According to Shaw (2015:459) and Ward (2010:1178-1181), BIDs in New York, Philadelphia, and Washington were among those who were visited most regularly by South African officials. Didier *et al.* (2013:125) propound that these excursions led to the establishment of the first non-legislated BID in Johannesburg in 1993 that was implemented as a pilot project and in which participation of property and/or business owners within the demarcated district was on a voluntary basis. The first legally ratified BID in South Africa was established in the city of Durban in 1999 (Heimann, 2007:48). A more detailed discussion pertaining to BIDs in South Africa is provided in section 2.9.

After crossing the Atlantic to regenerate the decayed CBDs of towns and cities in post-apartheid South Africa in the 1990s, the BID model was implemented in the UK and in Europe in 2004 and 2005 respectively (Kreutz, 2009:307; Michel, 2013:1014). According Sandford (2016:5-6), BID-enabling legislation was passed in England in 2004, followed by Wales in 2005, Scotland in 2007, and only much later, Northern-Ireland in 2014. Similar to South Africa, local authorities and city officials in the UK gained knowledge of the effective implementation of BIDs by investigating and exploring those BIDs in the USA that were perceived as the most successful (Cook, 2008:7; McCarthy & Doyle, 2011:176). The first BID in the UK commenced operations in 2004, and was known as the Kingston-upon-Thames BID (De Magalhaes, 2012:146,157).

In Europe, the German city of Hamburg passed the first BID-enabling legislation in 2005. This led to the simultaneous establishment of two separate BIDs in Hamburg, both starting operations successively in 2005. The first BID, Sachsentor, was established in the Hamburg-Bergedorf CBD, followed shortly by the establishment of the second BID, Neuer Wall, which mostly encompassed the upmarket shopping precinct of Neuer Wall, located in the CBD of Hamburg (Kreutz, 2009:307). Figure 5:1 depicts a timeline of BID-enabling legislation that was passed in different countries from 1971 to 2005.

Figure 5:1 A timeline of BID-enabling legislation around the world



Source: Adapted from De Magalhaes (2012:146,157); Heimann (2007:48); Hoyt (2006:229); Kreutz (2009:307); Milroy (2009:247); Morcöl *et al.* (2008:8); Peyroux *et al.* (2012:116).

Over the last three decades, BIDs have spread rapidly around the world, being adopted by towns and cities facing increased deterioration and decay of core urban environments. A number of various policy-makers and stakeholders were and are responsible for the rapid international diffusion of the BID model. According to Hoyt (2006:235), these policy-makers and stakeholders include, *inter alia*, property and/or business owners, local businesses, international businesses, and academic researchers. To date, the BID model has been adopted and implemented by countries including Albania, Australia, Austria, Belgium, France, Italy, Jamaica, New Zealand, Norway, Serbia, Spain, Sweden, and the Netherlands to name but a few (Coca-Stefaniak *et al.*, 2009:75; Cook, 2008:5; Espinosa & Hernandez, 2016:108; Morcöl *et al.*, 2008:116; Ruffin, 2008:30; Ward, 2010:1178).

According to Michel (2013:1014), there are continuing attempts by more countries to establish BIDs in their towns and cities in order to curb urban deterioration. Ruffin (2008:33) affirms that the implementation of the BID model is currently increasing at an accelerated rate around the world. According to Ewing (2015:53), by 2009 more than 1 500 BIDs had been established around the world. The rapid spread and international transfer of BIDs provide evidence of the strong distribution channels and networks that exist to accelerate the implementation of urban

regeneration strategies from one country to another (Michel, 2013:1014; Ruffin, 2010:57; Ward, 2006:70).

The rapid spread of BIDs can largely be attributed to the challenging economic and fiscal climates faced by local governments around the world, as well as the steep decline of urban environments (Gross, 2013:347; Morcöl *et al.*, 2008:796-797). Declining local government tax-base revenue streams due to the decentralisation of inner-city businesses and populations have, in effect, led to the deterioration and decay of core urban environments. This, in turn, has led to the implementation of an increasing number of urban regeneration and development plans. The factors that contribute to economic decline and urban deterioration differ from country to country. The BID model has therefore become a popular approach towards urban regeneration worldwide due to its underlying adaptability that allows for customisation of the model in order to address the urban deterioration issues confronted by the district's stakeholders very specifically (Fox, 2013:2; Hoyt & Gopal-Agge, 2007:948; Ruffin, 2010:58). Fox (2013:2) claims that the BID model has gained global popularity due to the ability of the model to bestow various decision-making capabilities and authority on the stakeholders who are most affected by the BID's activities such as the property and/or business owners in the district who endeavour to regenerate their respective urban environments.

The BID model is regarded as the most effective method for urban regeneration worldwide and to regain competitiveness among localities – which is viewed as one of the primary objectives of places around the world today (see section 3.4.1) (Michel, 2013:1022). Ewoh and Zimmermann (2010:395) concur, stating that the BID model has become the most influential mechanism in the world for regenerating core urban areas and infrastructure (see section 3.4.3). Lewis (2010:181) asserts that this is due to the BID model's appeal to economic rationality, proficiency, and self-sustainability. Due to the BID model's specific governance structure, its respective economic and public influence, and its continuous diffusion in numerous countries around the world, the BID concept has become an important area of study, both theoretically and practically (Morcöl & Wolf, 2010:906).

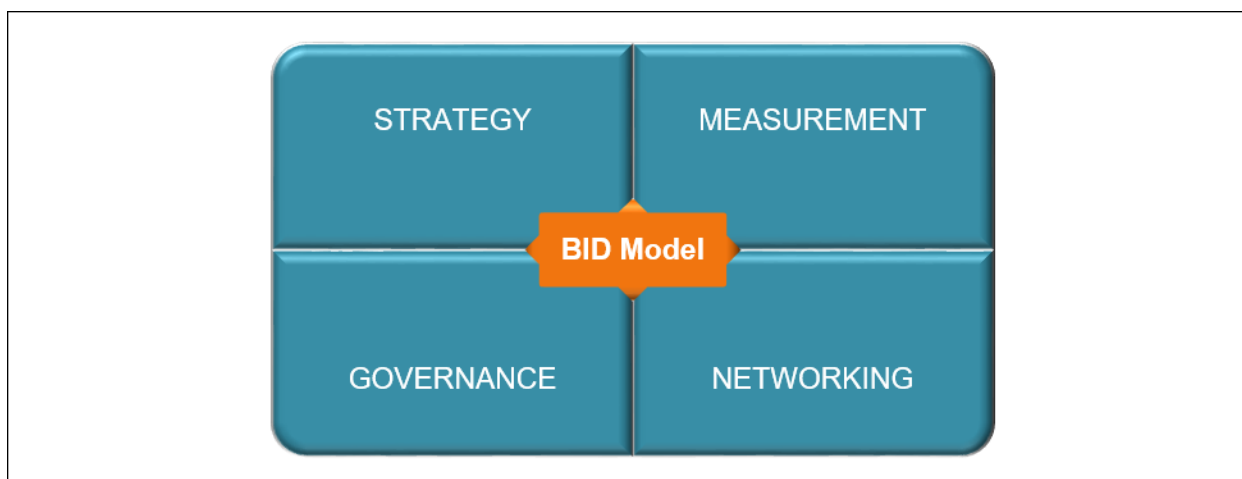
5.4 DEFINING THE BID CONCEPT

BIDs can be defined as privately directed and publicly endorsed entities that generate income through a compulsory levy on property and/or business owners within a geographically demarcated area in order to provide supplementary services within the specified district. It is mainly established for the regeneration of moribund urban milieus (Gross, 2013:347; Hoyt & Gopal-Agge, 2007:946; Justice & Goldsmith, 2006:107; MacLeod, 2011:2644; Michel, 2013:1014; MirafTab, 2007:605; Morcöl & Wolf, 2010:906; Walby & Hier, 2013:2102). Van Meerkerk *et al.*

(2013:1635) describe the BID model as an urban regeneration *tool* in which property and/or business owners develop proactive behaviour and self-organising capacity for improving and redeveloping decayed urban areas. Hoyt (2005b:185) asserts that a BID can be regarded as an *organisation* that is territorial in nature, as it is formed by delineating strictly defined boundaries in which it operates by delivering various supplementary services to BID members. The services offered by the BID are financed and administered by the BID members themselves, who are also the primary beneficiaries of such services. It is therefore that De Magalhaes (2012:173) and Warner (2011:155) refer to a BID as a *club approach*, albeit subsumed with a strong business ethos, to the implementation of regeneration strategies and the management of specified areas.

BIDs are usually managed by independent organisations or steering committees, mostly comprised of BID members and local government officials. Therefore, the term *BID* may be used in two different contexts: (1) as a designated area and (2) as an independent organisation or steering committee that delivers and manages supplementary services within a designated area (Morcöl *et al.*, 2008:798). As such, a BID is defined and used in the literature (and in this study) to denote both the designated geographic area that the BID encompasses as well as the organisation or steering committee that manages them.

Due to the array of definitions given to BIDs by various different academics and practitioners, no standard naming convention exists for a BID. Variations within the USA include *special improvement districts* (SIDs), *public improvement districts* (PIDs), *neighbourhood improvement districts* (NIDs), and *municipal improvement districts* (MIDs). In Canada and South Africa, BIDs are known as *business improvement areas* (BIAs) and *city improvement districts* (CIDs) respectively (Hoyt, 2005a:24-25; Hoyt & Gopal-Agge, 2007:946). Fox (2013:13) adds that other variations around the world include *community improvement districts* (CIDs) and *downtown improvement districts* (DIDs). Variation in nomenclature makes it difficult to distinguish between BIDs and other entities that focus on CBD and urban regeneration efforts like voluntary merchant associations, main street programmes, chambers of commerce and centralised management organisations. For example, there are more than 300 town centre management (TCM) organisations throughout the UK and more than 250 town management organisations (TMOs) in Japan. Although these organisations perform some of the same functions as BIDs, they do not support their operations with the collection of mandatory levies from property and/or business owners, and therefore they should be regarded as institutions that are distinctly different in nature from the BID model (see section 5.7) (Catell *et al.*, 2008:106; Hoyt, 2005a:24-25; Walby & Hier, 2013:2102). According to Ward (2010:1181) the nature of the BID model is comprised of four critical components. These components are depicted in Figure 5:2 below.

Figure 5:2 Critical components of the BID model

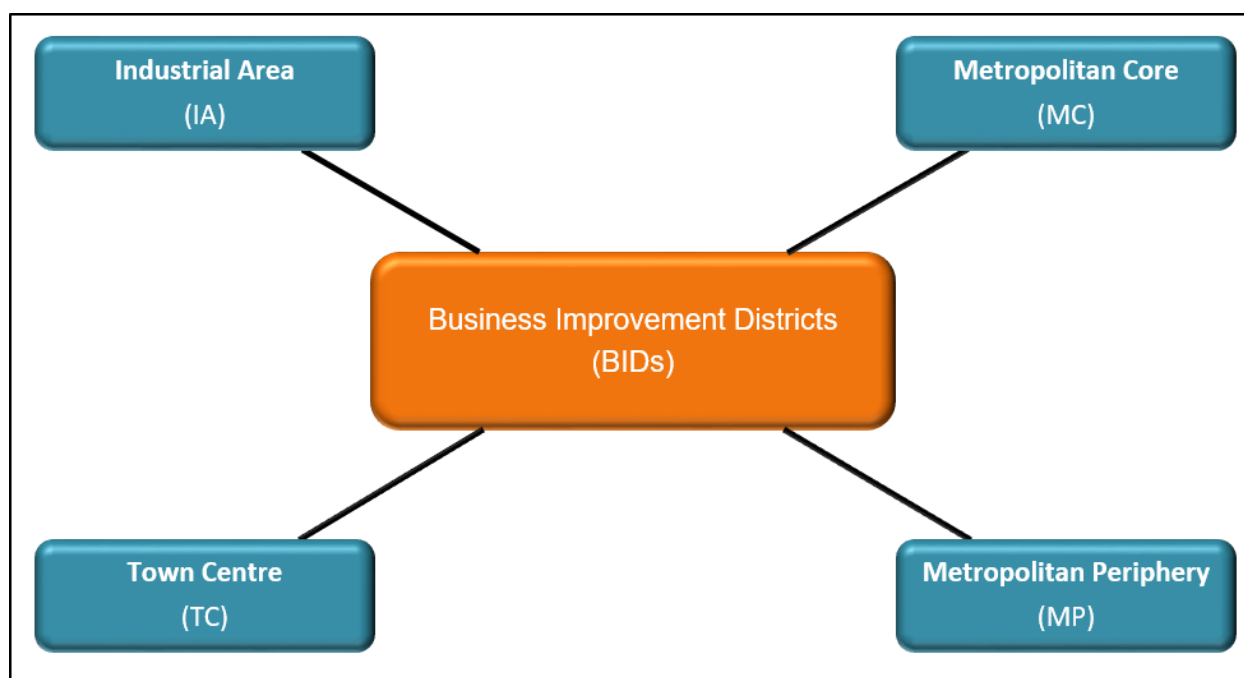
Source: Adapted from Ward (2010:1181).

By looking at Figure 5:2, the critical components of the BID model include the measurement of the effectiveness of BID-related practices by making use of financial, non-financial and/or a combination of both financial and non-financial metrics (see section 4.4.2). The second component is that of networking, which refers to the ability of the BID to build and grow a relationship with other entities in and around the primary BID that are also involved in urban maintenance and security practices (specifically local security companies and the police). The third component is governance. This component refers to the way in which the BID's board of directors is structured (see Figure 5:5), as well as the nature of the stakeholders involved in the management of the BID. The fourth component refers to the strategies devised and implemented by the BID, specifically considering the type of strategies as well as their respective goals and objectives. Together, these four components comprise a typical BID model implemented by places around the world, and as such, differentiate it from other similar BID-like organisations (i.e. TMOs) (Ward, 2010:1181).

The type of strategies a BID devises and the nature of the functions it provides greatly depend on its location. Peel *et al.* (2009:414) propound that the BID model is not only effective within town and city centres, also in commercial or suburban areas outside major metropolitan areas. The BID model is therefore not confined to urban areas, but could also be established in various other neighbourhoods such as industrial areas, suburban neighbourhoods, and out-of-town retail precincts; it could even encompass a single street (i.e. Illovo Boulevard Management District in Johannesburg). As such, BIDs have been classified into various categories that in turn have an effect on the type of functions they offer and the various strategies they devise and implement to achieve their respective objectives.

In the same manner that an array of naming conventions exist for BIDs, so too a number of different classifications of BIDs have been identified. Fox (2013:2) is of the opinion that it is due to the adaptability of the BID model that it has been applied to many different types of areas. A study conducted on BIDs categorised them according to the type of settings in which they operate. According to De Magalhaes (2012:150), BIDs can be classified as Metropolitan Core (MC) BIDs; Metropolitan Periphery (MP) BIDs; Town Centre (TC) BIDs; and Industrial Area (IA) BIDs. Figure 5:3 depicts the various classifications of BIDs.

Figure 5:3 The classification of BIDs



Source: Adapted from De Magalhaes (2012:150).

De Magalhaes (2012:150) describes the four distinct types of BIDs as follows:

- *Metropolitan Core (MC) BIDs*: These are typically BIDs that are established in CBDs and core urban areas of towns and cities. The businesses located within these BIDs usually target local, national and international markets, and tend to have large offices, often their headquarters, located within the BID's confined area, as well as number of their branded retail outlets.
- *Metropolitan Periphery (MP) BIDs*: These BIDs are located in the urban areas of towns and cities; however, they are established on the peripheries of CBDs and core business areas. These BIDs mostly comprise of small and medium-sized enterprises (SMEs) that cater for a local or national target market.

- *Town Centre (TC) BIDs*: These BIDs are established in CBDs and core urban areas of smaller towns and cities located outside of the major capitals and metropolitan areas. Also, these BIDs exist in the retail and business core of freestanding towns and cities outside of major metropolises. These BIDs mostly comprise of SMEs that cater for a local or national target market.
- *Industrial Area (IA) BIDs*: These BIDs are established in office parks, retail parks and industrial zones that are located on the peripheries of towns and cities.

By considering the above BID classifications, it is clear BIDs are established both within and without CBDs of towns and cities. According to the Johannesburg CID Forum (2018), South Africa has all four types of BIDs; however, most BIDs can be classified predominantly as MC BIDs, MP BIDs or TC BIDs, with only a small number of BIDs established within industrial areas. By the time of conducting this study, no discernment was made regarding the classification of BIDs, and all types of BIDs were considered when selecting the sample population (see section 6.2.4). Regardless of the BID's classification, the process required for the formation of the BID is the same across all BID types in South Africa as discussed in the subsequent section.

5.5 THE FORMATION OF A BID

This section provides an discussion on the formation of a BID by firstly considering the factors that are required prior to BID formation. The public-private partnerships that are formed during the planning, establishment and management of a BID are then discussed, followed by an explanation of the various advantages associated with the formation of a BID. This section concludes by providing a detailed overview of each phase of the BID formation process.

5.5.1 Prerequisite factors

Various factors need to be in place prior to commencing with the planning of a BID's establishment. Apart from the legal requirements that must be adhered to prior to the establishment of a BID (see section 5.5.4.3), Hogg *et al.* (2003:468) suggest that the following factors must be in place:

- *Leadership*

Without a strong leader, stakeholders are unlikely to buy into the BID concept. Trust is an important issue here, and businesses may be more likely to trust a leader who is perceived to be *one of them*. A study conducted by Morcöl *et al.* (2014:796) indicates that the chief executive officer (CEO) of the BID, the city council, and the town and city mayors were the key stakeholders in the governance network.

- *Genuine desire for change*

Without commitment from stakeholders, there will be no BID. The most significant issue is that all the businesses covered by a BID will have a vote on whether or not it is introduced. According to Brunetta and Caldarice (2014:1), it is essential that there should be involvement of all the stakeholders working within various capacities in urban areas and who have a legitimate interest in the construction of integrated and efficient urban policies.

- *Clarity of objectives*

Experience in the USA has shown that successful BIDs have a clear strategy based on specific and focused objectives such as improving the landscape, developing infrastructure or enhancing place marketing efforts. The starting-point in establishing a BID will be the identification of an incongruity in terms of the services provided by local municipalities, which is a source of concern for businesses and other local stakeholders. Based on the identified problem areas, the BID can formulate various goals and objectives to address these issues.

- *Support from the local community*

Local stakeholders, from both the public and private sectors, must participate in all BID-related activities, which means fostering and growing good relationships throughout the process. BIDs are primarily private entities; however, legislative input and approval are required from local government (Grunwald *et al.*, 2013:625-626). Therefore, the effective and efficient planning and establishment of a BID requires input and support from both the private and public sectors of a community (Grossman, 2012:604).

5.5.2 The formation of a BIDs as a public-private partnership

The BID model is regarded as an innovative governance tool that is implemented to regenerate decayed urban milieus in which the property and/or business owners who make use of and who invest in the CBDs strive to improve the areas in which they conduct their business and invest their money, instead of relying on the local municipality to provide the necessary services (Fox,

2013:15,55). Hoyt (2005a:24) explains that a BID is a private entity to which certain abilities, powers and authority are granted by the public sector. BIDs are therefore perceived as governance frameworks as they have begun to adopt the character of a city centre government and have become prominent role-players in the governance of towns and cities in a vast number of countries around the world (Morcöl *et al.*, 2008:285-286). BIDs have inherited various governing authorities in order to rectify the voids caused by a lack of public services (Paasche, 2013:260). Although BIDs are private entities, they are empowered to act in order to promote both public and private interests (Justice & Skelcher, 2009:740).

Brunetta and Caldarice (2014:4) describe a BID as a bottom-up initiative, in which funds are mostly provided by the private sector, but where the public sector also plays a fairly important role in terms of legislating and authorising the establishment of a BID. As a governance framework for towns and cities, BIDs are contractual partnerships for urban management by means of which various rights and authorities over the management of a demarcated area are reassigned from the public sector (local government) to the private sector (ratepayers) (De Magalhaes, 2012:145; Peel *et al.*, 2009:403-404).

Becker (2012:188-189), Peyroux (2012:182) and Ward (2010:1178) argue that BIDs can be regarded as public-private partnerships (PPPs) (due to the fusing that occurs of a public taxing district and a private entity) that are directed by property and business owners within the delineated area. In fact, the BID model is regarded as one of the most significant examples of a PPP within an urban context, as they advance public purposes while also advancing private interests (Dempsey & Burton, 2012:18; Hoyt & Gopal-Agge, 2007:953; Justice & Goldsmith, 2006:132). Grossman (2012:604) affirms that the fusing of various public abilities, private abilities, and eventually public and private abilities foster a setting in which various efforts are exerted in order to regenerate derelict urban milieus and CBDs.

Didier *et al.* (2012:923) advocate that, despite some degree of competition that prevails between the public and private sectors, most of the time a common set of goals and objectives, as well as a shared vision and mission exist between the government and the private sector. This is a clear indication that the line between the public and private sectors is becoming increasingly blurred and porous, resulting in a fusing of the latter with the aim of achieving the set goals and objectives pertaining to the improvement of a specific place (Michel & Stein, 2014:10). Farhat (2012:357-358) and Sagalyn (2007:7) therefore argue that a BID is a prime example of a PPP, as the public authorities are typically more involved with the legislation and regulation of a BID, whilst the day-to-day management of the BID is delegated to the BID's steering committee comprised mainly of the district's property and business owners.

As a PPP, the proposed goals and objectives of the BID should serve the interests of BID members equitably (i.e. property and/or business owners); neighbourhood interests (i.e. residents and local municipality); as well as the interests of the town or city as a whole in which the BID is established (Gross, 2013:355). Hogg *et al.* (2003:468) reiterate that it is important for all stakeholders of the BID, both from the public and private sectors, to share a common vision and to aspire towards achieving shared goals and objectives, as this will contribute towards collective action in establishing the BID's brand identity to outsiders and is likely promote a stronger sense of belonging among all relevant stakeholders. The value attributed towards stakeholders' sense of belonging towards a place in which they live, work and play becomes a key catalyst for the development and success of the place (Brunette & Caldarice, 2014:8-9). In order to ensure that stakeholders from both the public and private sectors share a common set of goals and objectives with regards to the regeneration of urban areas, strategic alliances should be formed among multiple stakeholders within the BID itself, as well as with stakeholders outside the BID, such as civic leaders and local government authorities.

Grossman (2012:606) describes the partnership between the public and private sectors as a critical factor in the successful formation of a BID. MacDonald and Cheong (2014:15-16) state that the fusion and interaction between public and private sector stakeholders in the initial phases of the BID's formation allows for the effective implementation of urban regeneration efforts in a mutually beneficial way. According to Peel *et al.* (2009:406), an efficient outcome in planning and management is predicated upon devising an appropriate alignment of responsibilities, incentives and ownership. This involves close engagement by the state and market interests involved in order to secure effective and efficient coordination of a place's resources. By having stakeholders from both the public and private sectors participating, and aligning them towards achieving the same or similar goals and objectives, will allow BIDs to achieve what these groups of stakeholders cannot achieve either individually, or in unison without an adequate intermediary (Didier *et al.*, 2012:923; Shaw, 2015:462). The involvement of both public and private sector stakeholders in public realm governance can potentially provide more direct access to resources of various kinds beyond those of declining public sector budgets. In addition, such a state of affairs represents a more effective way of ensuring that urban areas remain viable and competitive, and the merging of public and private sector input has been justified given its potential to generate more efficient, demand sensitive and differentiated ways of delivering services and managing places (De Magalhaes, 2012:144). It has become commonly accepted that places, however broadly or narrowly defined, need to be managed actively and governed effectively in order to ensure their sustainability and to improve the overall wellbeing of a town or city (Coca-Stefaniak *et al.*, 2009:74). Meltzer (2011:68) propounds that the formation of a BID, and its ability to improve the wellbeing of a city are directly correlated to the perceived advantages of a BID formation.

5.5.3 The advantages of BID formation

BID membership (and therefore the existence of a BID) significantly depends on the perceived advantages gained from the establishment of a BID by its respective stakeholders (Meltzer, 2011:75). The advantages of BID formation are relative to the various stakeholders involved in the BID formation process. As noted, stakeholders from both the public and private sectors are involved in the BID formation process (Grunwald *et al.*, 2013:625-626). The advantages of forming a BID, and therefore the underlying motives of BID formation, may differ greatly between stakeholders from the private and public sectors.

Private sector stakeholders involved in the BID formation process mainly consist of property and/or business owners, local residents and community groups within the district, who share a common objective of regenerating the area for the benefit of their own interests, such as the increase in property values or improving profitability levels of businesses located in the area (Fox, 2013:13; Gross, 2013:355; Meltzer, 2011:68; Michel, 2013:1020). BID formation will be more probable if the private sector stakeholders anticipate to derive significant value from the BID-induced services. According to Meltzer (2011:68), the potential value of BID-induced services to private sector stakeholders depends on three factors that are considered prior to BID formation. Firstly, the size of the area over which BID-induced services can be capitalised is important. Research conducted by Meltzer (2011) has indicated that BID formation is more likely to occur if the BID consists of a considerable area over which BID-induced services can be capitalised. Secondly, there should be a match between the BID-induced services and the property and/or business owners' respective profit-maximising goals and objectives. The services offered by the BID should complement and contribute to the strategy implemented by the property and/or business owner in order to improve profitability levels of businesses within the district. Thirdly, the perceived value of BID-induced services depend on the property and/or business owner's expectations of future price trends within the district and immediate neighbouring areas. Hoyt (2005a:26) advises that governments need to have cognisance of the fact that the private sector is willing to pay for various improvements through taxation methods that would, in turn, benefit the public realm by improving CBDs and surrounding urban areas.

The primary function of a BID is to regenerate CBDs that have fallen victim to urban decay and to implement the necessary strategies and services to make the district unique, attractive, safer, cleaner, and more marketable (Dorritie, 2010:3; Fox, 2013:14). In order to illustrate the link between BIDs and the regeneration of CBDs, the academic literature highlights their role in enhancing residential development (Birch, 2006, 2009); their ability to strategically advance retail (Gopal-Agge & Hoyt, 2007); and emphasises the of the place marketing component that allows a BID to market the area as a place to live, work and play, and in so doing, luring desirable

stakeholders to the district (Page & Hardyman, 1996). Morcöl *et al.* (2008:278) adds that BIDs often engage in lobbying to persuade government to ordain policies favouring the urban area in which it is established, as well as providing benefits to its respective stakeholders (i.e. property and/or business owners). Dorritie (2010:3) and Ruffin (2010:26) propound that BIDs are used as an innovative investment tool by property and/or business owners in CBDs to take control of the urban environment in which their properties and/or businesses are established, and to regenerate these areas through the application of various improvements and services. It is argued that BIDs can help promote, protect and empower businesses located in the district (Hogg *et al.*, 2003:466). BIDs assist local property and/or business owners to increase their income by regenerating derelict CBDs to their former glory, and by attracting customers and investors to CBDs in order to improve business activity within the demarcated areas. BIDs are specifically designed to boost business and retail activities in decayed urban environments through various regeneration efforts (Baxter, 2010:9).

Hoyt (2006:230) regards the BID model as a flexible, persistent, and competitive strategy to solve various problems in an urban environment through the provision of supplemental public services. BIDs put into practice the idea that cities can progress by aggressively regenerating and managing urban areas economically and socially, yet in a manner that keeps them intact (Fox, 2013:14; Peyroux, 2012:187). Through urban regeneration, outcomes emerge that directly benefit property and business owners, and improve the district as a whole: higher revenues for district merchants; stabilisation or growth in property values; new jobs; streets that are safer and cleaner than before; increased investment in the area; and improved levels of civic pride (Coleman, 2009:29; De Magalhaes, 2012:145; Ellicot & Pagan, 2012:6). Caruso and Weber (2006:192) propound that BIDs increase a municipality's vitality by means of increased property values, higher sales tax revenues, and a better quality of life for its residents.

The results are clearly mixed when considering whether the formation of BIDs produce private or public benefits. The question as to which sector benefits the most from BID-induced services depends on a number of different factors, such as the type of BID being formed; the stakeholders involved in the BID formation process; the area in which the BID is formed; and the broader public of users affected by the formation of the BID (Gross, 2013:360).

5.5.4 The BID formation process

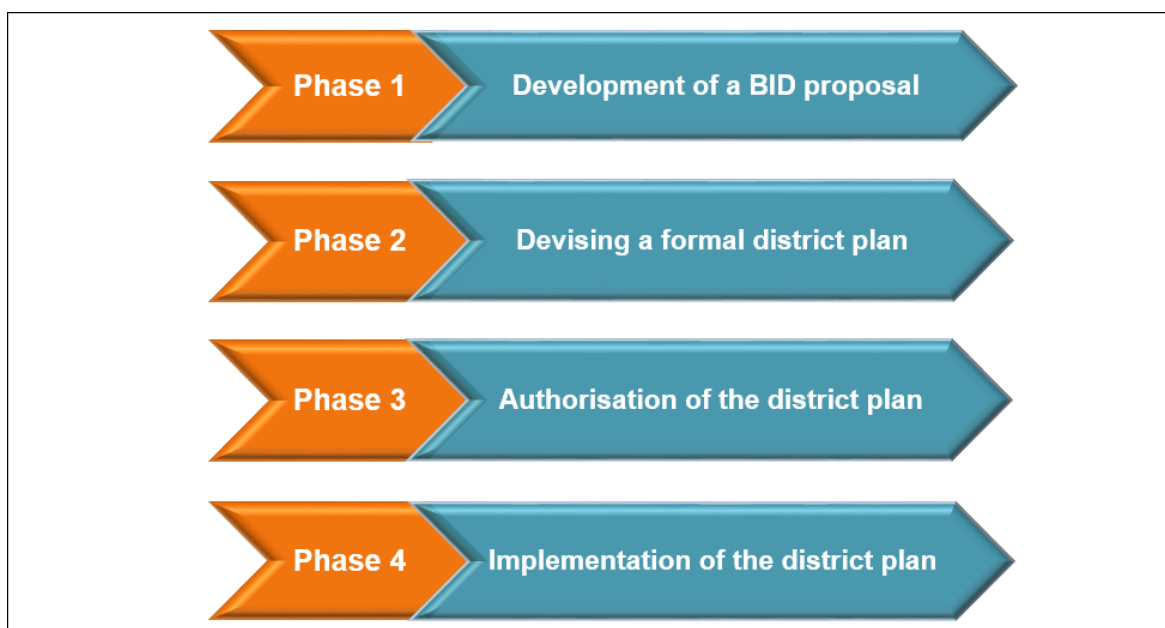
The existing literature on the BID formation process is scarce. The BID formation process can be defined as a multi-phased, intricate procedure in which stakeholders from both the public and private sectors, with a sincere interest in devising effective and efficient urban development policies, fuse to achieve urban sustainability with the common objective of improving the future

economic and social well-being of a place, be it a city, town or district (Brunetta & Caldarice, 2014:4; Meltzer, 2011:68; Van Eeden, 2013:137).

According to Gross (2013:355), a steering committee (comprised mainly of property and business owners of the proposed district) must be appointed to manage the BID formation process by firstly identifying the BID's boundaries; secondly by proposing a formula which could be implemented in order to finance the establishment of the BID and its respective functions; thirdly by identifying the various functions of the BID and the services it will provide to its members, and lastly by proposing a timeline of implementation, specifying various dates of completion for each phase of the BID formation process. Meltzer (2011:68) claims that the average duration of the BID formation process ranges between 18 months and two years. Depending on the availability of resources and human capital, and subject to whether an effective partnership between the public and private stakeholders of the community or area is already in place, it could take as little as 12 months to complete the BID formation process. Due to the increased streamlining of stumbling blocks that retarded the BID formation process in the past, the time delay between the planning phase and the commencement of BID operations has significantly decreased (Grail & Dawkins, 2008:77).

According to Brooks and Strange (2011:1359-1360), the formation process of a BID can be divided into four distinct phases. The BID formation process and its respective phases are portrayed in Figure 5:4.

Figure 5:4 The BID formation process



Source: Adapted from Brooks & Strange (2011:1359-1360).

The four phases comprised in the BID formation process is discussed in more detail in the subsequent sections.

5.5.4.1 Phase 1: Development of a BID proposal

Prior to the formation of a BID, Hoyt (2005a:27) states that the steering committee and BID proposers need to firstly obtain the appropriate public approval. In order to do this, the steering committee is legally obligated to produce a detailed BID proposal (Grail & Dawkins, 2008:78). The proposal must contain comprehensive information regarding the planned BID, including an impact study of the BID, specifying how its establishment will affect the specific area, its immediate surroundings and its citizenry (Hoyt, 2005a:27). In addition, the proposal should contain information regarding the establishment of the BID's boundaries, the approximate levy to be imposed on the property and/or business owners within the district, the nature of the services that the BID will offer to its members, and it should also provide an approximation of the annual budget it will require to sustain its operations (Meltzer, 2011:68). Baxter (2010:11) adds that the BID proposal should contain a proposed by-law for the BID. It is on this proposal that the relevant stakeholders vote for or against the establishment of the BID, and which afterwards is utilised as the legislation by which the BID is governed. Once public approval has been obtained, the next phase of the BID formation process can commence, which is to further refine the BID proposal and to devise a formal district plan.

5.5.4.2 Phase 2: Devising a formal district plan

The next phase in the BID formation process is for the steering committee to, in collaboration with both public and private stakeholders of the proposed BID, refine the original BID proposal into a formal district plan. The district plan must contain specific details regarding the management of the BID, and is described by Brooks and Strange (2011:1359-1360) as the legal document that specifies how the BID will function. Similar to the contents of the initial BID proposal, the district plan should contain details pertaining to the boundaries of the BID; the levy that will be imposed on the property and business owners within the BID; the nature of the services that the BID plans to offer its members; and the time period in which the BID will be in operation (Brooks & Strange, 2011:1359). Heimann (2007:44) affirms that the average duration of a BID in South Africa is three years before the BID is evaluated and re-instituted for a further pre-determined period of time.

One of the more prominent details that must be included in the district plan is the delineation of the BID. Grail and Dawkins (2008:78) stipulate a number of aspects to be considered when determining the delineation of a BID: (1) the natural geographic boundaries; (2) the level of need, potential income and scope for the provision of services; (3) the number of properties comprised

in the proposed district, as well as their respective sizes; (4) the composition of land use (i.e. retail, office or residential); (5) the total projected income accumulated through the imposition of the additional levy on property and/or business owners in the proposed district; and (6) the number of non-profit organisations within the district for which discount on the imposed levy could be provided. By considering these factors, determining a BID's boundaries and the levy to be imposed on BID members could be a complex process; however, all these aspects are necessary to consider. Information pertaining to these aspects are provided in the district plan, which in turn is used in the recruitment of additional levy-paying BID members (Meltzer, 2011:68). Hogg *et al.* (2003:467) confirms that most BIDs comprise only a few blocks within a CBD or urban area, one of the reasons being that the smaller the BID, the greater the prospect is of all the BID's stakeholders sharing a common vision and mission and striving towards achieving shared goals and objectives. Having shared goals and objectives supports collective action and strengthens the sense of belonging of stakeholders, which provides further benefits for the district (see section 2.5.2).

Once the formal district plan has been completed, it needs to be authorised by the local government prior to implementation. The authorisation of the district plan constitutes the third phase of the BID formation process.

5.5.4.3 Phase 3: Authorisation of the district plan

During the third phase of the BID formation process, the district plan needs to be authorised, and therefore legally ratified by the local government. In order to do this, Hoyt and Gopal-Agge (2007:948-949) affirm that the local government conducts a vote by mailing ballot papers to the property owners within the proposed district. If the property owners have tenants in their properties, they will forward the notice of intent to establish a BID within the area to their tenants. If, indeed, a property owner or a tenant within the proposed district objects to the formation of a BID, sixty days from the receipt of notification is allotted for the party to file an objection to the local government (Baxter, 2010:11; Brooks & Strange, 2011:1359; Dorritie, 2010:6). Grunwald *et al.* (2013:625-626) explain that the percentage of property and/or business owners within a planned district that must vote in favour of a BID's establishment in order for it to be legally ratified differs between towns, cities, provinces and countries. In South Africa, for example, the petition must represent at least 51% of the property owners and/or business owners who are in favour of the BID's establishment in order for the local government to pass the proposed by-law and for the BID to be legally ratified (Heimann, 2007:30; Meltzer, 2011:68). Once BID-enabling legislation has been passed and authorised by local government, the BID may legally impose an additional levy on its members in order to fund the provision of BID services (Ellen *et al.*, 2007:1). A detailed explanation pertaining to the financing mechanisms of BIDs is provided in section 5.7.

Various reasons exist for property and/or business owners within a specific area to oppose the idea of BID formation. Grail and Dawkins (2008:79) and Hoyt (2006:234) provide the following reasons for possible resistance towards BID formation: (1) sometimes the problems prevalent in a specific area are beyond the scope of a BID's ability to mend them, and where an additional levy imposed on property and/or business owners within the proposed area may worsen the problem; (2) it may be felt that the prospective revenue accrued from the imposition of an additional levy on property and/or business owners within the proposed district is insufficient to fund the BID's planned operations; (3) the problems prevailing in the proposed district may be of such an urgent nature that the duration of the BID formation process may be a hindering factor for possible stakeholders; (4) the necessary leadership might not be available to initiate and guide the BID formation process; and (5) a significant percentage of the property and/or business owners within the proposed district may vote against the formation of a BID due to their unwillingness to pay the additional levy.

Once the district plan has been accepted by a majority of the stakeholders, and once the local government has legally ratified the BID, the next phase of the BID formation process entails the implementation of the district plan.

5.5.4.4 Phase 4: Implementation of district plan

During the fourth and final stage of the BID formation process, the district plan is implemented. Prior to implementation, a board of directors / steering committee (comprised mostly of property and/or business owners within the delineated district) is elected by the members of the BID that is then responsible for the coordination of all the BID's activities (Brooks & Strange, 2011:1359-1360). Apart from appointing a steering committee that oversees the strategic operations of the BID, a BID manager is assigned who is responsible for the day-to-day running of the BID (Morcöl *et al.*, 2014:813). Cook (2010:460) claims that the BID manager has a wide range of responsibilities, ranging from simple janitorial supervision to more strategic planning activities such as attracting capital in the form of new stakeholders (particularly investors and new businesses) and devising place marketing strategies. The subsequent section provides more information relating to the management and overall governance of a BID.

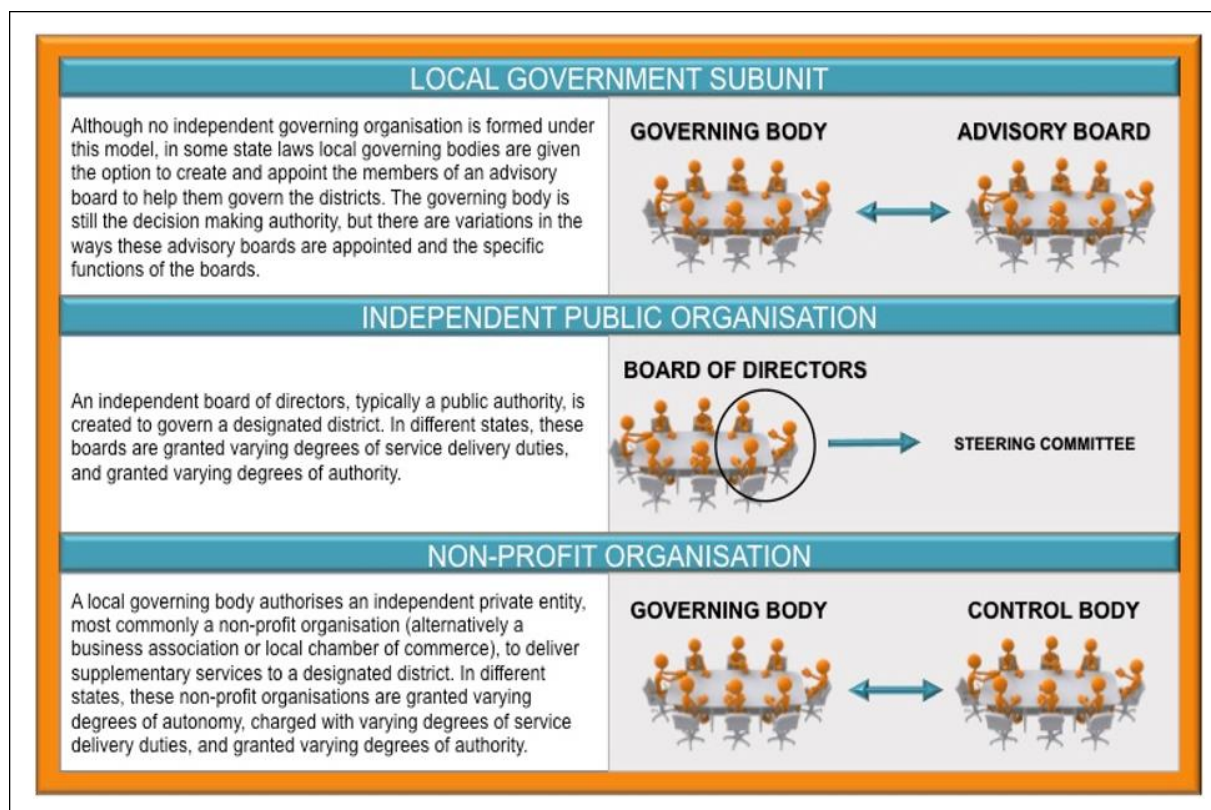
5.6 BID GOVERNANCE

The governance of a BID pertains to the planning and management of all the BID functions and relevant services provided to BID members, and are usually overseen by a steering committee comprised of stakeholders from both the public and private sectors (Justice & Goldsmith, 2006:109; Morcöl & Gautsch, 2013:246). According to Ellen *et al.* (2007:13), it is a legal

requirement that the BID's steering committee includes property and/or business owners in the district, and also to a lesser extent, some representation from commercial and/or residential tenants in the district, as well as a representative from the public sector. Baxter (2010:11) adds that at least one member of the local city or town council is required to act as a member of the steering committee. A recent study conducted by Morcöl *et al.* (2014:796) concluded that most stakeholders who function on the steering committee of BIDs today include the elected manager of the BID, a representative from the local city or town council, and the mayor of the city or town in which the BID is established. Local residents were found to have the least influence on the management of the BID and its day-to-day activities (Gross, 2013:357). Dorritie (2010:5) concludes, however, that the property and/or business owners within the district govern most BIDs.

The BID itself is regarded as a non-profit organisation (NPO), and is therefore not a public or private establishment as such, but rather a fusion of both public and private stakeholders who are responsible for planning, implementing and controlling all the BID's functions (see section 5.5.2) (Mello, 2014:15). With regards to the governance of BIDs, Morcöl and Wolf (2010:908-909) emphasise three important attributes: (1) despite public stakeholder input, BIDs operate independently from local and national governments; (2) even though they are seen as independent bodies, BIDs foster a close relationship with government entities; and (3) BIDs engage in collective action in order to devise and alter legislative goals and objectives in a particular area.

Three models have been identified in the literature with regards to the governance structure of BIDs, namely: BIDs as subunits of local governments; BIDs governed by independent public organisations; and BIDs governed by non-profit organisations (Meek & Hubler, 2006:33; Morcöl & Gautsch, 2013:246-247). The three models of BID governance are represented in Figure 5:5.

Figure 5:5 Business Improvement District (BID) governance models

Source: Adapted from Meek & Hubler (2006:33); Morcöl & Gautsch (2013:246-247).

The BID governance models depicted in Figure 5:5 are of such a nature that they allow the BID's local stakeholders to determine the BID's functions, as well as the type of services that will be provided by the BID, and implement compulsory levies on BID members in order to fund BID operations (Meltzer, 2011:66; Michel, 2013:1020). According to Ellicot and Pagan (2012:18), BIDs are accountable to BID members including, *inter alia*, property and/or business owners and district residents, all of whom provide funding for the BID's operations in the form of an additional levy and/or who are involved in the management of the BID as volunteers or members of the BID's board of directors or steering committee.

Once the BID has selected an appropriate structure of governance, and once the board of directors or steering committee has been elected, the focus turns to the BID's actual operations. One of the first and most important tasks of the steering committee is to calculate and impose the additional levy to be imposed on BID members. This will enable the BID to accumulate the finances required to fund BID operations. The following section presents a discussion on the financing mechanisms of BIDs.

5.7 FINANCING MECHANISMS OF BIDS

BIDs are responsible for a variety of different costs, including the administrative costs incurred in the day-to-day running of its operations, as well as the provision of various services and programmes aimed at improving and regenerating the area in which the BID is established. The funding for these costs is not obtained from the local government or the town or city's municipality, but by the BIDs themselves. BIDs implement a variety of different mechanisms in order to finance their operations and to provide the necessary services to BID members (Caruso & Weber, 2006:188).

Ruffin (2010:33) confirms that the primary financing mechanism implemented by BIDs around the world is the imposition of an *ad valorem* levy on all BID members. A BID usually enters into an agreement with the local government to impose a special levy on property and/or business owners within the BID (Catell *et al.*, 2008:106). This strategy sets the BID model apart from traditional tax abatement strategies. The traditional tax abatement strategies focused on decreasing the tax burden on local properties and businesses in order for them to remain in the area, and to lure new stakeholders to the area due to the improved tax rate. Gross (2013:347) refers to this type of traditional strategy as a *tax augmentation strategy*. The BID's financing mechanism, unlike traditional tax augmentation strategies, imposes a special levy on property and/or business owners located within the BID. A levy, as used in the context of BIDs, differs from taxes because the legal basis for the imposition of a levy is strictly based on a mutual-benefit principle, in which the funds that are accumulated from the imposition of the levy are used solely for the provision of services and other programmes that offer a direct advantage for stakeholders who pay the levy (Brooks, 2007:5; Grail & Dawkins, 2008:80; Justice & Goldsmith, 2006:109). A levy is therefore defined as one that is used for the provision of services and programmes that are devised and implemented for the primary purpose of benefiting specific properties within a designated area and that demonstrably improve the area by enhancing the value of the properties that bear the levy (Justice & Goldsmith, 2006:118-119). Baxter (2010:10) asserts that the levy is deemed equitable according to the advantages accrued to the properties and/or businesses from the improvements and services carried out within the BID area. The charges that BIDs impose on property and/or business owners are therefore termed *levies* by this definition, rather than taxes. In South Africa, the special levy is calculated as a cent-in-the-rand of the valuation base (a property database prepared by the municipality) and the BID's budget (Ruffin, 2010:34).

Following the legal ratification of the BID, every property and/or business owner situated within the boundaries of the BID, regardless of whether they approved the BID's original proposal to be established or not, automatically becomes a statutory member of the BID, and is therefore legally obligated to pay the special levy (Baxter, 2010:10; Cook & MacDonald, 2011:445; Dorritie, 2010:7;

Lewis, 2010:183; Meltzer, 2011:67). The levy is usually added to the district's property tax bill, and failure by any BID member to pay the special levy has the same legal ramifications as failure to pay property tax (Brooks & Strange, 2011:1359). According to Michel (2013:1014), properties and/or businesses that could possibly be exempted from paying the special levy include government-owned properties and/or non-profit organisations. Dorritie (2010:5) affirms that some BIDs limit or exempt BID levies to be imposed on residential properties located within the demarcated BID area. The exemption or limitation of BID levies is not common practice, and as such, the levy is usually compulsory for all BID members. One of the main reasons why a BID imposes a compulsory levy on all property and/or business owners located in the demarcated BID area to avoid the problematic occurrence of *freeloaders* (Justice & Skelcher, 2009:740; Meltzer, 2011:67). Michel and Stein (2014:5) define freeloaders as those who do not contribute towards the financing of the BID and its operations, but yet benefit from the services and programmes provided by the BID. It is for this reason that the special levy is imposed on all property and/or business owners situated within the BID's boundaries.

It has become common practice for a BID to enter into an agreement with the local government to collect the levies from the BID members on behalf of the BID (Catell *et al.*, 2008:106; Ruffin, 2010:31). This agreement is referred to as an *operation agreement* in which the local government and the BID stipulate how the levies are to be collected, how the funds will be transferred to the BID, and who will be responsible for the collection and administration costs of the levy (De Magalhaes, 2012:147). According to Caruso and Weber (2006:188), the BID is responsible for compensating for all the collection and administration costs of the levy. Once the local government has collected the levies, the funds are deposited in a dedicated account from which it will be transferred to the BID (De Magalhaes, 2012:147; Gross, 2013:347; Hoyt & Gopal-Agge, 2007:949; Justice & Goldsmith, 2006:109; Ruffin, 2010:31).

Despite the fact that the imposition of an additional levy on property and/or business owners within the BID remains the primary source of funding for a BID, research indicates that some BIDs are in the fortunate position of receiving funds from alternative sources (Cook, 2008:3; Donaghy *et al.*, 2013:482; Grail & Dawkins, 2008:79). According to Hoyt and Gopal-Agge (2007:949), BIDs are regarded as innovators when it comes to raising funds and have come to rely on an array of various different sources of revenue in order to sustain their operations. Alternative sources of revenue may include contract revenue, loans, various grants and the imposition of business license fees. In addition, BIDs could obtain funds through contributions by an enterprising group of property and/or business owners that have initiated the idea of establishing a BID (Grail & Dawkins, 2008:78-79; Justice & Goldsmith, 2006:109-113). Ellicott and Pagan (2012:13)

propound that BIDs could also receive donations or they could leverage in-kind support to finance new projects and initiatives beyond the services specified in their district plan.

Upon the establishment of a BID, the BID's steering committee can control the BIDs financial and other resources necessary to engage in various BID activities. According to Meltzer (2011:67), these activities mostly include the provision of supplementary services like security, cleaning and place marketing. The impact of BID activities on its constituent members is quite significant (Dorritie, 2010:5). Residents, employees and visitors enjoy the collective good provided by a BID as a positive externality. Property and/or business owners seek to maximise their investments and profitability levels, and the amenities of public space are merely instrumental to that profit maximisation. However, the gains to this subset of stakeholders are usually perceived as good enough to motivate them to provide public goods and services enjoyed for free by others (Justice & Goldsmith, 2006:131). Ellicott and Pagan (2012:13) assert that by investing in the provision of various improvements and services, BIDs strive to achieve long-terms goals through various different functions, such as the regeneration of the urban environment through community development; capital improvements; lower vacancy rates in the retail district; and providing a cleaner and safer environment in which to conduct business.

The subsequent section provides a detailed discussion pertaining to some of the more prominent services offered by BIDs.

5.8 SERVICES OFFERED BY BIDS

The various services and programmes provided by BIDs in their endeavour to regenerate and improve the urban areas in which they are established, by no means substitute the services offered by the local municipality but are rather considered as supplemental or additional services. BIDs therefore effectively coordinate, complement and improve services and programmes that have already been put in place by local authorities (De Magalhaes, 2012:175; Donaghy *et al.*, 2013:476; Justice & Goldsmith, 2006:109; McCarthy & Doyle, 2011:176). Grunwald *et al.* (2013:645) confirm that BIDs provide services and programmes that benefit only the immediate area within the confines of the BID's boundaries. The benefits accrued by the provision of such services therefore do not usually transcend the BID's boundaries. According to Meek and Hubler (2006:33), BIDs, more often than not, provide services to its members more effectively and efficiently than their host government jurisdictions, delivering more effective services and, at times, inheriting the delivery of municipal services. It must therefore clearly stipulated in the district plan which are to be provided to BID members by the local municipality, and which services and programmes must be provided by the BID (Meek & Hubler, 2006:50).

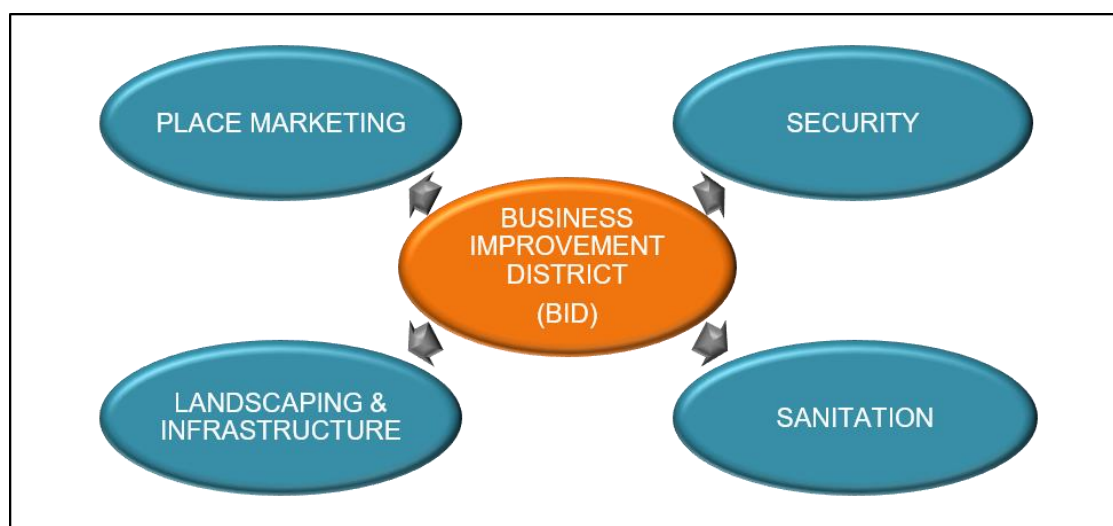
The services and programmes provided by BID's can differ significantly between BID's and their national contexts (Michel, 2013:1015). Regardless of the area, city, town or country they are established in, Hoyt (2006:222) states that BID's aspire to achieve three primary goals, namely to create a clean, safe and attractive environment for its members and other stakeholders. De Magalhaes (2012:168) adds that BID's focus on providing services that produce an efficient and visible impact on the area it comprises, for example the deployment of security guards and highly visible beautification of public spaces. Whilst BID's aim at implementing a holistic strategy towards improving the district and creating a pleasant environment for its members and stakeholders, security and cleanliness remain two of the core functions of a BID (Cook & MacDonald, 2011:447-448; Michel, 2013:1020; Miraftab, 2007:605). Michel (2013:1020) confirms that the security element provided by the establishment of a BID is regarded as the number one priority of most BID's around the world, and therefore a sizeable amount of the BID's resources are allocated towards providing the required levels of security in the area in which it based. Security, however, is very much linked to the aspects of aesthetic design, cleanliness and order – prominently designed to combat the nexus of crime and grime.

Even though most BID's primarily aim towards achieving their objectives pertaining to the creation of a clean and safe environment, most BID's recognise their potential to achieve more ambitious goals (Michel, 2013:1021). McCarthy and Doyle (2011:176-177) claim that, whilst security and sanitation remain top priorities for BID's, they may also focus on more strategically orientated functions. BID's around the world are widening their responsibilities into areas such as strategic planning and configuration, and are actively involved in determining an individual's right to gain access to the area enclosed by the BID's boundaries (Dorritie, 2010:9). Coca-Stefaniak *et al.* (2009:79) add that BID's are also involved in speculative activities such as attempts to improve the quality of life of BID stakeholders and addressing an array of different environmental concerns. Other augmented services include active lobbying, policy advocacy, infrastructural investment, facilitation services, lighting, signage, branding, shuttle services, advertising campaigns, special events, holiday decorations, marketing research, shopper rebate programmes (i.e. the provision of vouchers and coupons), the creation of neighbourhood directories, and also hosting various parades and festivals throughout the year to lure stakeholders to the district (Caruso & Weber, 2006:188-191; Donaghy *et al.*, 2013:478; Grossman, 2012:606; Justice & Skelcher, 2009:739; MacLeod, 2011:2644; Morcöl & Wolf, 2010:906; Morcöl *et al.*, 2014:798; Peyroux, 2012:182). Lewis (2010:183) affirms that some BID's are also involved in the provision of social services, including various training services and workshops for vagrants in the area, as well as after-school programmes for students and scholars.

Yet another major function of a BID is the support agenda it provides to the businesses located in its confines (De Magalhaes, 2012:147). The BID provides support to businesses operating within the district with the aim of keeping them in place and preventing them from relocating elsewhere, and striving to persuade these businesses to expand their operations within the district or in its immediate vicinity. BIDs who are involved with a business support agenda typically offer services like marketing, business visitation programmes, technical assistance and consultation services on issues such as business expansion planning, store layout, and merchandising (Caruso & Weber, 2006:202; Mello, 2014:28-29). Bennison *et al.* (2010:849) are of the opinion that the economic vitality of businesses located within the BID (or the lack thereof) has a direct influence on the wide place of which those businesses form a part.

By considering all the various services mentioned above, the majority of BIDs around the world primarily focus on providing those particular services that are regarded as most effective in the promotion and economic development of the specific areas in which they are established (Hoyt & Gopal-Agge, 2007:947; McCarthy & Doyle, 2011:176; Michel, 2013:1015; Peyroux *et al.*, 2012:112). By conducting an analysis of the literature pertaining to BID-related functions and services, four services have been identified that are a shared priority among most BIDs around the world. These services include security, sanitation, landscaping and infrastructure, and finally place marketing (Brunetta & Caldarice, 2014:4; De Magalhaes, 2012:147; Justice & Skelcher, 2009:739; MacLeod, 2011:2644; Michel, 2013:1015; Morcöl & Wolf, 2010:906; Morcöl *et al.*, 2014:798; Peyroux *et al.*, 2012:112).

Figure 5:6 Primary services offered by BIDs



Source: Adapted from Morcöl *et al.*, 2014:798; Peyroux *et al.*, 2012:112.

5.8.1 Security

The concepts *business improvement* and *urban regeneration* are both aligned to the notion of security, which is described by Baxter (2010:7) as a form of control over the district and its stakeholders. Most BIDs that are established in towns and cities around the world regard security as their most important function, and therefore security consumes the majority of the BID's available resources with the aim of alleviating the effects of crime and grime with a view to make the BID a cleaner, safer and more attractive place for people to live, work and play (Hoyt, 2006:222; Michel, 2013:1020).

Place marketing scholars concur that signs of urban decay and social disorder lead to heightened crime levels (Grunwald *et al.*, 2013:628-629). The broken windows theory proposed by Wilson and Kelling (1982) explain that signs of urban decay and social disorder (i.e. loitering and graffiti) provide a clear indication that stakeholders of that specific area no longer care about the place. The physical decay and the erosion of *civil obligation* lead to stakeholders feeling less committed to assist in the upkeep of the area through informal surveillance, and potential reprobates to feel less obliged to conform to social norms. These potential reprobates will also assume that the area is not policed or is even abandoned, and as a result, that the preventing of any wrongdoing is insufficient. This could lead to further vandalism of the area, and even cause serious violent crimes (Wilson & Kelling, 1982:289).

Cook and MacDonald (2011:445) reiterate that BIDs are one of the more promising models for derelict and decayed urban spaces to implement in order to harness collective action from stakeholders in both the public and private sectors to induce cost-effective measures of security and practice stringent control of crime and grime within the area. BIDs implement active measures to attract new businesses to an area, create more employment opportunities, and strive towards achieving economic gains, all of which benefit the area and contribute towards decreasing crime levels (Grunwald *et al.*, 2013:629). Cook (2010:462) adds that one of the primary objectives of BIDs is to attract desirable residents, tourists and other such stakeholders to the area, and thus the creation of a safe environment is key to luring these stakeholders. BIDs are therefore actively involved in the surveillance of the area by means of monitoring and intervening in misconduct. MacDonald *et al.* (2010:5) confirm that apart from monitoring the area, BIDs also aim to prevent crime by improving the physical appearance of the place (i.e. providing sufficient street lighting, painting over graffiti, or installing CCTV cameras), as physical signs of decay and abandonment attract potential reprobates.

Various other initiatives are taken by BIDs in order to promote safety and security within the area. One of the more prevalent crime prevention programmes across most BIDs is that they have a

special service arrangement with the city or town's police department and provide private security patrols within the area (Hoyt, 2006:222). Cook (2010:462) affirms that the main objective of providing security patrols within the district is to defuse provocative situations and to interact with the public. A report compiled by the UK's Department for Communities and Local Government (2006) states that uniformed, mobile patrol officers can prevent people from engaging in misconduct and allows for the reporting of incidents to the relevant law enforcement bodies. Hoyt (2006:239) confirms that the BID's patrolling security officers reserve the right of citizen arrest, and can detain and charge anyone who engages in misconduct or illegal activity. Apart from the provision of security patrols in the area, BIDs police the environment in various other ways that include: (1) vetting licences to street performers and street vendors; (2) regularly checking the validity of licences awarded to street performers and street vendors; (3) privately funding the installation of CCTV cameras and radio security networks; and (4) prohibiting vagrants to sleep, eat and urinate in designated areas (Coleman, 2009:30). Grunwald *et al.* (2013:629) are of the opinion that the effective control of vagrancy within the BID will also help to reduce loitering levels.

By considering the issues outlined above, one can deduce that BIDs do indeed play a vital role in providing the necessary security measures in order to keep the area in which it is established free from crime and grime. A study conducted by Brooks (2008) evaluated the impact that the establishment of BIDs had on crime levels in various Los Angeles neighbourhoods. The results indicated that the establishment of BIDs, and the provision of the various BID services (especially security), had a significant correlation with the decrease in the number of serious crimes that were reported in the area. Similar evaluative studies conducted in crime-ridden, decayed urban milieus also conclude that areas containing BIDs experience significantly lower crime rates than those areas without BIDs (Cook & MacDonald 2011; Hoyt 2004). Cook and MacDonald (2011:446) confirm that the advantage of reduced crime levels appear to be substantially larger than the direct cost incurred by BIDs in terms of providing its various security services. Various studies conducted on the effect of crime control that BIDs have on a place (Brooks, 2008; Cook & MacDonald 2011; Hoyt 2004) indicate that the establishment of BIDs therefore have a significant positive correlation with decreased crime rates in moribund urban areas.

According to Ellen *et al.* (2007:10), even though the provision of adequate security is regarded as the number one priority of BIDs, a variety of other primary services are offered by BIDs in their quest to improve decayed urban areas. Closely related to the security aspect of BIDs, sanitation is also seen as a vital BID function, and is discussed in the following section.

5.8.2 Sanitation

According to Coleman (2009:30), one of the more important aspects of a BID is cultivating a culture of cleanliness in order to lure desirable stakeholders to the BID area. The investment in sanitation services include the removal of graffiti and waste, and the overall improvement of physical structures located in the BID. An urban environment that is perceived as derelict, decayed and dirty usually results in a refusal by desirable consumers and other stakeholders to frequent businesses located in these areas, and tends to discourage affluent stakeholders from residing and/or investing in the area (Grunwald *et al.*, 2013:629).

According to Hoyt (2006:222), the various sanitation activities BIDs engage in include street sweeping, both manually and mechanically with the use of high-pressured washers; scraping and painting activities; graffiti removal; and removing tags, stickers and bubble gum from streets, telephone poles, signage and buildings in the area. Cook (2010:464) claims that BIDs are also responsible for the removal of debris (i.e. waste material left at building sites once the construction process has been completed); picking up and disposing of litter; and ensuring that the greenery in the area is well looked after. A BID is therefore actively involved in façade management – ensuring that street lamps are in working order; that adequate public seating is provided; that the water in public ponds and fountains is clean; and even providing music in certain areas of the BID in order to attract desirable stakeholders and investors (Coleman, 2009:30). Façade management is related to the notion of landscaping and infrastructure management, which is another primary function of BIDs.

5.8.3 Landscaping and infrastructure

According to De Nisco and Warnaby (2013:654-655), in order to improve their place competitiveness (see section 3.4.1), many BIDs are investing a substantial amount of their available resources in the enhancement of their landscape and infrastructure with the aim of facilitating a pleasant experience for stakeholders and to improve positive feelings of *sense of place* and *sense of belonging*. Of great significance to successful urban regeneration is creating a new sense of place (see section 3.3.1) (Donaldson & Du Plessis, 2013:296). Landscape and infrastructure improvements often include, *inter alia*, installing new street lighting, making trash cans available, putting up public benches, installing bicycle racks, cleaning and maintaining the sidewalks, planting trees and other shrubbery, erecting bus shelters, and providing clear signage to pedestrians (Hoyt, 2005b:190). Warnaby (2009b:212) confirms that an improvement in the aesthetic design of an area in which a BID is established, through the maintenance and development of its landscape and infrastructure, provides a competitive advantage over other urban areas or shopping precincts in the town or city in which the BID is established. In addition,

an attractive landscape and well-maintained infrastructure could initiate an influx of desirable stakeholders into the area, whilst retaining highly educated and professional stakeholders in the districts and its immediate vicinity.

The creation (or promotion) of a variety and diversity of building types and architectural designs within the BID could be used as a place marketing factor (see section 3.5.2) to lure stakeholders to the area (Warnaby, 2009b:219). Warnaby (2009b:219) argues that the historical character of such buildings could create a unique and interesting perception of the BID in the minds of various stakeholders, thereby contributing to the BID's overall identity and image (see section 3.4.4). Apart from the buildings and their architectural styles within the BID, De Nisco and Warnaby (2013:656) provide three dimensions of the BID's physical environment that affect stakeholders' perceptions of the area. These dimensions include: (1) ambient conditions (i.e. temperature, odours and sounds); (2) signage, artefacts and symbols (i.e. the availability of signs to direct consumers to desired locations); and (3) the spatial layout of the BID and its functionality (i.e. the availability of public seating and the way it is arranged in order to facilitate consumers' enjoyment).

Mello (2014:28-29) confirms that all these dimensions have a direct effect on how stakeholders perceive the landscape and infrastructure of a BID, and have a profound effect on the BID's aesthetic quality. Through landscaping and infrastructural efforts, BIDs have been able to decrease the amount of debris from building sites in the area; the amount of traffic diversions have significantly diminished; the stakeholders' perceptions of liveability within the BID area have increased; and more affluent consumers, tourists and other stakeholders are lured into the BID area (Block & Paredis, 2013:183).

Warnaby (2009b:212) reiterates that BIDs that engage in effective and efficient place marketing activities are becoming increasingly focused on promoting not only a clean and safe environment, but striving to visually communicate an environment that has an attractive landscape and distinctive architecture (especially if the BID has iconic buildings or types of infrastructure) in order to create a distinct experience of the place, and thus improving its place competitiveness.

5.8.4 Place marketing

Michel (2013:1015) claims that BIDs are concerned with the effective management of a place, the development and improvement of a place, as well as the promotion and marketing of a place. The marketing of a safe, clean and visually pleasing place is important because it reinforces awareness of crime and grime as antithetical to the current regeneration ethos (Coleman, 2009:29). Hoyt (2006:222) and Ruffin (2010:26) emphasise the importance of creating a clean, safe and attractive environment and then to engage in aggressive place marketing tactics to

promote the BID as a desirable area for stakeholders to work, live and play. A on the concept of place marketing is provided in Chapter 3 of this study.

BIDs aim to achieve their various place marketing goals and objectives through the implementation of various place marketing activities. As is mostly the case when devising a new marketing strategy, BIDs should conduct intensive marketing research prior to devising their different place marketing strategies. Caruso and Weber (2006:200) confirm that BIDs must conduct marketing research to obtain relevant information pertaining to their current and prospective stakeholders, including among others, household income levels, family size, race, and other demographic elements that will assist the BID to compile its place marketing strategy by gaining a holistic understanding of the BID's consumers, tourists, residents and other relevant stakeholders at which the place marketing efforts will be targeted. A deeper understanding of the BID's stakeholders, and discovering their motives for frequenting the BID, will assist the BID in planning and marketing events that encourage stakeholders to see various different aspects of the BID and its functions, and to convince the BID's current residents and stakeholders to remain in the area (Anderson *et al.*, 2009:136). According to Mello (2014:28-29), the data collected by the BID during the marketing research process (see section 6.2) must be analysed and interpreted, after which the results are used to devise optimal communication and marketing strategies, altered to effectively and efficiently reach the BID's various target market(s) (see section 3.5.1).

BIDs market the urban spaces in which they are established by strategically repackaging the area as a *cultural commodity*, often emphasising the nostalgia of the city centre experience in order to attract stakeholders (Lewis, 2010:183-184; Marquardt & Fuller, 2012:159-160). The concept of marketing a place as a product by using traditional marketing strategies is discussed in more detail in section 3.3.1.1 of this study. Hoyt (2006:222) purports that some of the place marketing strategies implemented by BIDs to market themselves to their respective stakeholders include, *inter alia*, engaging in effective place branding activities (see section 3.4.5) such as creating a distinct logo for the BID, devising slogans, setting up a website, sending out newsletters to stakeholders, and hosting outdoor events like street parades, festivals and concerts. BIDs often host cultural events and entertainment attractions in order to enhance the area's liveliness and to sustain the growth in profitability levels of businesses in the district by luring consumers and tourists to the area (Gross, 2013:355; Mello, 2014:28-29).

Caruso and Weber (2006:204-205) propound that BIDs, in their attempt to improve their place competitiveness and to attract new stakeholders, must seek to promote a unique place identity and image (see section 3.4.4) in order to justify the additional effort of stakeholders to drive to the BID from the suburbs, or the slightly higher prices of small locally owned shops located in the BID

in comparison to the larger retail outlets that have now established themselves in the suburbs. Heimann (2007:44) argues that it is for this reason why place marketing is one of the primary services and core interventions conducted by BIDs.

Research has indicated that some of the larger and more prominent BIDs around the world, including BIDs in the USA, UK, Canada and New Zealand, invest a significant amount of their annual budgets on promotion and various place marketing activities (Hoyt, 2005a:25-26). In 2009, for example, BIDs in New York spent an average of 19% of their total annual budgets on place marketing initiatives (NYC BID Profiles, 2009:75). Gross (2013:360) claims that an analysis of BIDs' annual budgets suggests that the proportion of the budget spent on place marketing activities has grown substantially amongst smaller BID types over recent years. However, in lesser-developed towns, cities and countries, BIDs tend to focus their resource allocation and budget amounts on services such as security and sanitation. Most BIDs in South Africa, for example, are rarely able to implement any place marketing programmes or place branding initiatives due to a lack of sufficient resources and adequate funding (Michel, 2013:1023). The following section provides a brief overview of BIDs specific to the South African context.

5.9 BIDS WITHIN THE SOUTH AFRICAN CONTEXT

At the beginning of the 1990s, a widespread sentiment of severe urban crises was felt across CBDs in South Africa (Horn, 2011:2). Across South Africa, CBDs had lost much of their retail base to the suburban shopping centres and retail parks, and thus needed intervention in order to regenerate the declining urban environments and to make them desirable destinations once again. The effective and efficient implementation of urban regeneration efforts requires on-going investment and other resources (Runyan & Hudleston, 2006:61). With limited resources and a lack of funds, municipalities of towns and cities across South Africa are usually unable to provide safe, clean and attractive urban environments, and have become ill-equipped to handle increased urbanisation, informal trade, crime and grime; and to protect themselves against the negative repercussions of decentralisation (Heimann, 2007:18). Mitchell (2008:23) adds that the lack of sufficient resources, coupled with a lack of political willpower, has led various CBDs and urban environments of towns and cities to fall into a severe state of decay.

5.9.1 Urban decay in South Africa

Since World War II, CBDs in South Africa have suffered from economic decline and physical dilapidation, but were particularly affected by the divestment of central government from urban complications arising in the 1970s to the 1990s (Dorritie, 2010:3; Peyroux, 2012:185; Van Eeden, 2013:135). According to Peyroux (2012:185), in addition to the decentralisation of inner-city

populations and the resulting loss of employment, CBDs in South Africa were increasingly affected by the rise of suburban economic precincts in the 1970s onwards; the loss of major department stores in the 1980s; and massive decentralisation in the 1990s, with large businesses and the Johannesburg Stock Exchange (JSE) relocating to the suburbs due to concerns of heightened crime levels, poor public transport services, and a lack of sufficient and secure parking facilities. During this time, provincial governments were unable or unwilling to increase financial aid to cities, and therefore local municipalities were forced to rely on their own inadequate revenue sources in order to fund the provision of services to various urban milieus, specifically CBDs (Dorritie, 2010:4).

In addition, specific to the South African context, Heimann (2007:6-7) propounds that the *Apartheid City* legacy has influenced the rate of decentralisation and has, in effect, led to large-scale suburbanisation. In the 1980s, Indian, Coloured and Black citizens looking for alternative accommodation to the townships and former racially-specified precincts on the peripheries of South African towns and cities began to relocate to the once white-only suburbs and CBDs (Didier *et al.*, 2013:124). The absence of sufficient housing in CBDs (brought about by Apartheid housing policies) for the previously disadvantaged groups, as well as low affordability levels, poor management practices and high occupancy rates created CBDs that were overcrowded and deteriorating at a rapid pace (Heimann, 2007:18).

Migration from other African countries has also fuelled the decline of South Africa's CBDs, and according to Peyroux (2012:185), these immigrants have contributed to the growth of South Africa's informal trading sector and narcotics trade. Illegal squatting, increased vagrancy, overcrowded buildings and the collapse of landlord-tenant relationships led to further corrosion and decay of housing and living conditions in South Africa's CBDs. Heimann (2007:18-19) argues that the abandonment of public facilities, failure of local authorities to enforce municipal by-laws, and the deterioration of public spaces created a sense of chaos and disorder coupled with heightened levels of crime and grime. As such, a perception of loss of control over the urban environment was felt among the private sector stakeholders (then mostly white), which as a result further increased levels of crime and grime in the area (Didier *et al.*, 2013:124).

Because a deteriorating urban environments, a significant decline in property taxes were experienced in these areas after the end of Apartheid. In Cape Town's CBD, for example, average property values decreased by more than 60% between 1995 and 2003 – a time period in which general property values in Cape Town increased. Similarly, tax returns obtained from property owners in Johannesburg's CBDs experienced a significant drop during the 1990s as urban areas and the properties they comprised deteriorated at an increasing rate (Didier *et al.*, 2012:923-924).

As a response to the continued decentralisation and the increased migration of desirable stakeholders, businesses and employment opportunities from South Africa's urban areas to the suburbs, stakeholders from both the public and private sectors in South Africa have embarked upon collective action to devise and implement various programmes and strategies to regenerate urban areas and to restore CBDs of towns and cities to their former glory (Didier *et al.*, 2013:124; Hanks & Harker, 2013:10; Van Eeden, 2013:136-137). The following section provides a discussion on the urban regeneration efforts implemented in South Africa, and explains the significant role that BIDs play in the endeavours to rejuvenate urban precincts.

5.9.2 Urban regeneration in South Africa

According to Didier *et al.* (2013:125), the Central Johannesburg Partnership (CJP) was established in 1992 as a trilateral partnership between businesses located in the CBD, the local municipality and the community. Following the 1995 local elections, the CJP's primary objective was to represent businesses of various sizes located in the CBD. The CJP became a private non-profit organisation financed by stakeholders from the private sector that mainly included major inner city business (large property organisations, banks and insurance houses). The active lobbying of the CJP contributed to the adoption of the BID model: the CJP arranged various study tours of BIDs in the USA with local authorities in 1990s, after which lobbying for the establishment of South Africa's first BID in the CBD commenced in 1993 as an experimental and voluntary basis (it was thus not compulsory for all property owners to participate), and subsequently the CJP was also involved in assisting with the drafting of the BID's by-laws and legislation (Didier *et al.*, 2013:125; Michel, 2013:1014). Didier *et al.* (2013:125) further note that the successful implementation of the pilot project which focused on the alleviation of crime and grime in a suburban node led to the establishment of several BIDs in the CBD, specifically in smaller urban nodes within the CBD where they could easily persuade property and/or business owners to buy into the concept of establishing an improvement district within the area. Even though the pilot project and testing of the BID concept took place in Johannesburg's CBD, Heimann (2007:43-49) and Michel (2013:1014) confirm that the first legally ratified BID was established in the coastal city of Durban in 1999, and was known as the Durban Central Business Improvement Precinct.

According to Didier *et al.* (2013:121), the BID model has been adopted in South Africa as a tool to support the implementation urban regeneration plans and strategies. The decision to implement the BID model in South Africa addressed a shared concern in both the public and private sectors over economic and business decline within South Africa's urban environments and the related drop in property values and tax base. In order to implement effective urban regeneration strategies, and to act as *ad hoc* and micro-local solutions, the South African government and organisational leaders in the private sector encouraged and led the

establishment of BIDs (Miraftab, 2007:604). Morcöl *et al.* (2014:799) assert that BIDs were established to promote and protect the interests of business and property owners by regenerating urban environments, with the focus on CBDs of major towns and cities in South Africa. The primary motivation for the implementation of urban regeneration plans in South Africa is to regenerate urban environments, specifically CBDs of towns and cities, by making them more viable and conducive to business practice and improving overall profitability levels, and also to make CBDs safer, cleaner and more resilient (Cook, 2010:458; Grunwald *et al.*, 2013:624; Horn, 2011:1; Paasche, 2013:260). Ozuduru *et al.* (2014:145) argue that the sustainability of towns and cities greatly depend on the viability and resilience of their respective CBDs.

Lipietz (2008:156) and Van Eeden (2013:135) claim that each CBD in South Africa has its own set of trends and economic dynamics, pointing to the fact that general issues relating to urban regeneration programmes and strategies require an in-depth analysis on an area-by-area basis. Therefore, stakeholders need to take great care when planning the BID's establishment, as a BID and its constituent functions should be customised in order to fit specific local needs and interests, and in so doing, improving the effectiveness of local urban regeneration efforts. Grunwald *et al.* (2010:626) is of the opinion that BIDs are one of the most appropriate tools to implement in the endeavour of regenerating a decayed urban environment, as they have a number of distinct features: (1) BIDs are not constrained by political and bureaucratic constraints in the governing of a place, and can pursue innovative solutions to various problems within its boundaries; (2) BID governance is highly sensitive to the specific needs of both public and private stakeholders; (3) unlike public taxes that are used to fund a variety of different functions in a town or city, the special levy collected by BIDs is used specifically to benefit the ratepayers directly through the provision of additional services and other programmes that pose an advantage to the BID's stakeholders and the area in which it is established; and (4) BIDs allow local municipalities to impose an *ad valorem* levy in order to finance additional services in political climate where doing so would otherwise not be feasible. Cook (2008:4) emphasises that the authority bestowed upon a BID to collect *ad valorem* levies in order to fund additional services is especially valuable when adverse economic conditions deplete public support for the provision of municipal services. Due to the financial constraints suffered by local municipalities in South Africa, BIDs were established in order to act as an alternative for public service delivery, and specifically for the provision of safety and security measures in areas with high crime rates (Didier *et al.*, 2013:124-125; Morcöl *et al.*, 2014:799). Rogerson and Rogerson (2010:587) propound that crime and safety issues are high priority factors to consider in the regeneration of urban environments in South Africa, especially in the CBDs of major towns and cities. Investment in local safety and security has therefore become one of the primary expenditures incurred by BIDs in the provision of

supplemental public services (Cook & MacDonald, 2011:445; Grunwald *et al.*, 2010:626; Hoyt, 2006:222).

According to Fox (2013:19), the success of a CBD depends on its ability to create a sense of place by providing stakeholders with a clean, safe and attractive environment. BIDs therefore invest considerable resources to create a safe, clean and pleasant environment for its stakeholders, and then engaging in various place marketing activities to promote the regenerated area. Coleman (2009:29) confirms that the provision of a visually pleasing place and the marketing thereof play a significant role the regeneration of a deteriorated urban area. The place marketing strategies of numerous BIDs around the world have focused on marketing the area as an entertainment hub and as a destination of cultural heritage, shopping, and leisure (MacLeod, 2011:2643). Smidt-Jensen (2007:2) confirms that the cultivation of a more culturally diverse and exciting environment, and the active promotion thereof, can accelerate urban regeneration of the area. For this reason, it is important that a BID should offer sufficient places for activities such as dining and dancing and for local residents, consumers and tourists to socialise with one another. Using examples such as festivals, street markets, city gardens, events, and shopping centres, Ward (2010:1181) argues that people today seek far more than simply shopping or sightseeing in an urban environment. They want to be educated, entertained and challenged, and they want to feel involved and experience a sense of belonging towards a place.

In order to attract desirable stakeholders and to increase its revenue and income base, BIDs in South Africa must therefore provide a clean, safe and attractive environment (Hoyt, 2006:222). Mirafatab (2007:604) states that South African towns and cities have adopted the BID model in order to generate income for the provision of supplemental public services through real estate development and lucrative tourism. The image of success attached to the BID model in South Africa paved the way for the spread of BIDs to other parts of the country, where the model was adapted according to the specific requirements of regeneration of the area in question (Didier *et al.*, 2012:924).

According to Michel (2013:1019), a result of the perceived urban crises in South Africa's towns and cities was the rapid emergence of various forms of privatised governments. The BID model can be regarded as the perfect example of such a government structure, because a BID is described as a publicly sanctioned (Morcöl *et al.*, 2008:36) and privately directed (Hoyt & Gopal-Agge, 2007:946) organisation. Didier *et al.* (2012:920) propound that the BID model was regarded as a micro-local tool of urban management which perfectly fitted the bill of South Africa's CBDs. Justice and Skelcher (2009:739) reiterate that the primary reason for the establishment of BIDs in South Africa's towns and cities is to offer a solution to urban problems by engaging stakeholders from both the public and private sectors in collectively planning, financing, and implementing

various urban regeneration strategies and programmes. The subsequent section outlines some of the challenges faced by BIDs in South Africa in their endeavour to achieve successful urban regeneration in towns and cities across the country.

5.9.3 Challenges faced by BIDs in South Africa

Businesses located in South Africa's urban areas and CBDs are experiencing great difficulty in attracting desirable consumers to the area, and therefore to sustain profitability levels. This is due to the strong competition posed by various suburban and out-of-town retail precincts and shopping centres (Dorritie, 2010:3). The decentralisation of urban populations and the migration of large businesses and employment opportunities to the suburbs have led to the decay and abandonment of urban areas across various towns and cities in South Africa. Local municipalities do not have the necessary funds and other resources to provide the level of public services needed to sustain urban environments and to keep them free from crime and grime (Dorritie, 2010:3; Peyroux, 2012:185; Van Eeden, 2013:135).

Dorritie (2010:14) claims that BIDs have become a widely recognised tool in South Africa for urban regeneration and for the improvement and development of decayed urban environments. BIDs provide a vast number of advantages for the area in which they are established (see section 5.5.3), and greatly benefit the stakeholders of the area by means of improved public services and implementing various privately-funded strategies and programmes to improve the safety, security and attractiveness and overall perception of the area. These programmes and services are implemented with the aim of luring desirable stakeholders and increased investment to the district (Coleman, 2009:29; De Magalhaes, 2012:145; Ellicot & Pagan, 2012:6).

Even though a number of advantages are linked to the establishment of BIDs in South Africa's moribund urban areas, various problems still ensue. One of the major issues that BIDs are experiencing is that, despite their efforts to improve perceptions of a once decayed area, negative perceptions still persist of CBDs that do not reflect the positive changes implemented by the BID (Fox, 2013:22). Dorritie (2010:3) argues that negative perceptions have dire effects on the BIDs aim of luring stakeholders and investment to the area, and therefore retards the urban regeneration process. It is therefore important that a BID should actively promotes a clean, safe and conducive environment in order to change the negative perceptions of an area and to attract stakeholders. As such, in order to solve two of the most prevalent issues faced by BIDs in South Africa today, place marketing strategies can be used to lure stakeholders to the area and to change perceptions of an area (Anderson *et al.*, 2009:126; Maheshwari *et al.*, 2011:209).

Maheshwari *et al.* (2011:209) confirm that by devising and implementing a place marketing strategy, BIDs can change negative perceptions of the area in which they are established (see section 3.4). One of the primary objectives of the implementation of an effective place marketing strategy is therefore to alter negative perceptions of a place and to attract desirable stakeholders (Monk, 2012:31). Eshuis *et al.* (2013:507) proclaim that place marketing has become one of the most important services offered by BIDs in their endeavour to increase place competitiveness, change negative perceptions and attract footfall in order to sustain businesses in the area and to raise profitability levels – all of which contribute to the overall improvement of the area and assist in achieving the BID's urban regeneration goals and objectives (see section 5.8.4). Runyan and Huddleston (2006:61) add that an effective place marketing strategy can assist a BID to create and maintain a unique place brand, and can also help to develop a unique place identity and place image (see section 3.4.4).

In order for BIDs in South Africa to improve the effectiveness of their place marketing strategies and the place marketing activities they offer, it is necessary to develop and implement a strategy for measuring the performance of such place marketing efforts. By measuring and analysing the performance of place marketing activities, the BID will be able to determine whether the desired outcomes are being achieved and to identify possible discrepancies (Wood, 2010:251). By determining the performance of place marketing activities, BIDs can pinpoint deficiencies and purge these problem areas timeously in order to improve the effectiveness and outcomes of marketing strategy.

A review of the available literature on place marketing and the measurement of place marketing performance yielded no evidence of a strategy that can be used or that has been used to measure the effectiveness of place marketing efforts of BIDs in South Africa. This finding is confirmed by analysing the results of the empirical research conducted during this study, which indicated that BIDs in South Africa do not have formal strategies to use for measuring place marketing performance, and therefore BIDs do not actively engage in the evaluation of their place marketing performance. Since no data could be found with regards to the performance of their place marketing activities, BIDs are seemingly unable to fully justify the allocation of their resources towards their respective place marketing activities, and are also unable to base their strategic decision-making on concrete evidence.

The primary objective of this study is therefore to devise a strategy for measuring place marketing performance of BIDs in South Africa, which will enable BIDs to evaluate the effectiveness of their place marketing efforts and to identify any discrepancies in the implementation of their place marketing strategy. In addition, information obtain from such an evaluation process will allow BIDs to make more informed strategic decision regarding the allocation of the BID's available

resources, and problem areas pertaining to the BID's place marketing strategy can be identified and addressed in order to improve its overall effectiveness in attracting relevant stakeholders from the identified target markets and in the alteration of the area's negative perception in which it is established.

5.10 SUMMARY

This chapter provided an overview of the BID concept by discussing the origin of the BID model and its proliferation to a number of different countries around the world. The chapter then proceeded to provide a definition of the BID concept and explained the various classifications of BIDs and their nature of implementation in different areas, towns, cities and countries. The formation of a BID was discussed in terms of the factors required to form a BID as well as the various advantages associated with the establishment of a BID. The discussion continued by outlining the BID formation process with reference to the different phases of the process. The next section provided an explanation of how a BID is governed, followed by a discussion pertaining to the various different financing mechanisms that can be used by a BID to fund its operations. The services provided by a BID were then discussed, focussing on four primary services offered by most BIDs today. The chapter concluded with a brief overview of BIDs in South Africa, explaining their initial impetus for establishment and also some of the more prominent challenges faced by BIDs in South Africa today. The latter justified the primary motivation for conducting the present study. The following chapter provides a discussion of the research methodology used in order to achieve the various secondary objectives of this study (see section 1.6.2), and in so doing, addressing the primary objective which is to devise a strategy for measuring place marketing performance of BIDs in South Africa.

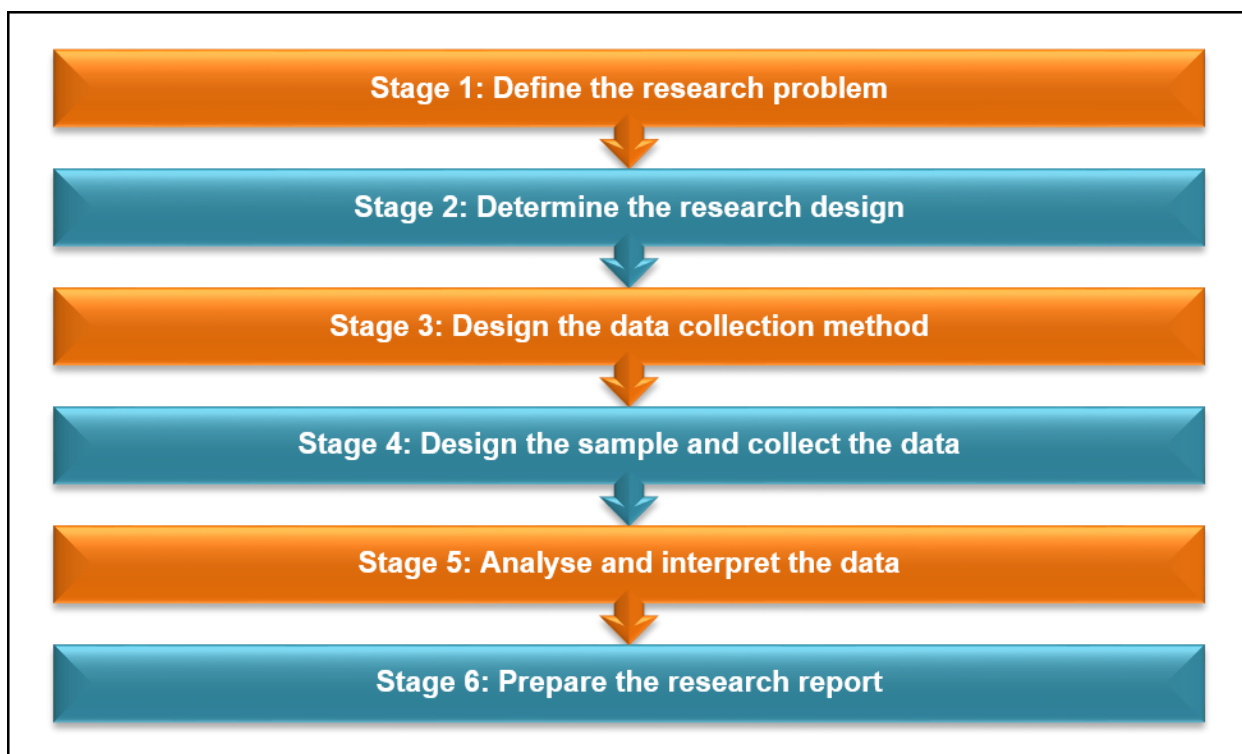
CHAPTER 6 RESEARCH METHODOLOGY

6.1 INTRODUCTION

The purpose of this chapter is to explain the research methodology implemented to address the research problem of this study and to achieve both the primary and secondary objectives that were formulated. The chapter commences with an outline of the marketing research process, which also provides the structure of this chapter. The chapter continues by defining the research problem and the primary and secondary objectives in order to provide a context for the selected methodologies. The chapter further provides a discussion on, and justification for, the selected research design, data collection method and method used for data analysis. The chapter concludes with an explanation of the measures used to ensure trustworthiness of a qualitative research design.

6.2 THE MARKETING RESEARCH PROCESS

Businesses today function in dynamic environments in which there is great uncertainty and high levels of risk (Sousa & Aspinwall, 2010:482). According to Glaser and Traynor (2014:125), marketing research assists key business decision-makers to reduce this risk by providing critical information and relevant insights. Marketing research can be described as a systematic process in which formal research methodologies are implemented to collect specific data required by decision-makers to make more informed decisions with a view to solve identified problems and improve the marketing function within a business (AMA, 2017; Feinberg *et al.*, 2013:4). The systematic process of conducting marketing research comprises a series of sequential stages that researchers must follow when conducting research in order to generate information that is valuable to the business's decision-makers (Bradley, 2013:35). The consecutive stages in the marketing research process are portrayed in Figure 6:1 and are used to guide the structure of this chapter, and serve as the chapter outline.

Figure 6:1 The stages in the marketing research process

Source: Adapted from Babin and Zikmund (2016:62); Bradley (2013:36); and Iacobucci and Churchill (2015:37).

In the first stage of the marketing research process, a problem needs to be identified that requires marketing research to be conducted. The research design that is applied in the study is selected during the second stage of the process, after which the data-collection method is determined in the third stage. During the fourth stage, the sample of the study is designed and the data is collected. The data that has been collected during the fourth stage of the marketing research process is analysed and interpreted during the fifth stage, after which the final stage, stage six, pertains to the preparation of the research report. The six stages of the marketing research process are discussed subsequently, and an explanation is provided as to how each of these stages is applied in this study.

6.2.1 Stage 1: Define the research problem

The first stage in the marketing research process is to provide an accurate definition of the research problem. Defining the research problem is one of the most important stages in the marketing research process, because a research study can only be conducted properly once a problem has been clearly and accurately identified and delineated (Brown & Suter, 2014:18; Churchill *et al.*, 2010:37; Malhotra, 2010:68). A research problem, according to Churchill *et al.* (2010:56), is an area in which additional information and insight is required. Feinberg *et al.*

(2013:37) argue that the business can identify a research problem by conducting an analysis of the past, present and possible future circumstances that a business may encounter, and in so doing, identifying factors that could hamper or promote business growth and performance. Such factors could also be identified by conducting interviews with decision-makers and/or professionals within the relevant industry; analysing available secondary data; or collecting initial primary data by, for example, conducting focus group sessions or in-depth interviews (Malhotra, 2010:41). Defining a research problem involves stating the main research problem and then identifying the more specific components of the main problem.

A definition of the research problem must comprise a clear statement of the main problem that has been identified, and provide a clear indication as to what research should be conducted to solve the identified problem (Brown & Suter, 2014:18). Babin and Zikmund (2016:62) argue that a clearly defined research problem allow marketers to realise what information is required, and therefore aids in the proper formulation of a study's research objectives.

The research problem pertaining to this study was presented and demarcated in section 1.5. To recapitulate, the research problem was identified as a deficiency in extant literature pertaining to the measurement of place marketing performance, specifically within the context of BIDs in South Africa that conduct extensive place marketing activities in order to improve the areas in which they are established. Through a comprehensive review of the literature, it has become evident that no particular method for measuring place marketing performance of BIDs exists, not only BIDs in South Africa, but indeed around the world. As the BID model is gaining increased prominence internationally in countries, states, cities, towns and other demarcated areas, more intensive research pertaining to their relevant functions, such as that of place marketing, is required. Thus, the motivation for undertaking the current study is to devise a strategy for measuring the place marketing performance of BIDs in South Africa. In order to achieve this aim, a number of specific research objectives have been formulated (see paragraph 5).

According to Boshoff (2014:103), the research objectives that are formulated for a study must be based on the research problem. The research objectives of a study refer to the specific goals that need to be accomplished by conducting the research and must clearly specify the type of information that is required in order to solve the research problem (Babin & Zikmund, 2016:62; McDaniel & Gates, 2010:62). Well-formulated research objectives serve as a guide for pursuing the research study by allowing the marketer to determine what research methodology elements to select, including *inter alia*, the research design and the method to be used when collecting and analysing the data (Berndt & Petzer, 2011:53; McDaniel & Gates, 2010:48). Fortune *et al.* (2013:11) advise that the research objectives should be explicit and uncomplicated in order to be clear in terms of what is required when conducting the research. Berndt and Petzer (2011:29)

affirm that both primary and secondary objectives must be established for all research studies. The primary research objective of a study refers to the key outcome that the research aims to achieve, whereas the secondary research objectives are subordinate or ancillary in practical nature (Berndt & Petzer, 2011:29). The primary research objective and secondary research objectives that have been formulated for this study in Chapter 1 are subsequently reiterated.

In light of the research problem that has been identified, the primary objective of this study is to devise a strategy for measuring the place marketing performance of Business Improvement Districts (BIDs) in South Africa. Based on this intention, the following secondary objectives have been formulated in order to achieve the primary objective of this study:

- (1) To establish the formation, structure and scope of BIDs in South Africa.
- (2) To determine the place marketing activities of BIDs in South Africa.
- (3) To identify the stakeholders who are involved in the development, implementation, and/or evaluation of place marketing strategies of BIDs in South Africa.
- (4) To identify the target markets of BIDs in South Africa.
- (5) To explore the place marketing objectives of BIDs in South Africa.
- (6) To identify the place marketing factors of BIDs in South Africa.
- (7) To investigate how BIDs in South Africa currently measure place marketing performance.

6.2.2 Stage 2: Determine the research design

The second stage in the marketing research process is to formulate the research design. A research design is defined by Brown and Suter (2014:27) as the plan or structure of a study that directs the way in which the data is collected, analysed and interpreted. Churchill *et al.* (2010:78) compare the research design of a study to that of an architect's blueprint when designing and building a house. In essence, the research design specifies the exact details of conducting the research, and in effect laying the foundation of the study (Malhotra, 2010:102). The implementation of an appropriate research design will ensure that the most effective and efficient research methodologies are selected and implemented; that the research conducted is applicable to the research problem that has been identified; and that relevant and useful research results are obtained (Babin & Zikmund, 2016:53; Iacobucci & Churchill, 2015:57; Silver *et al.*, 2013:53). Clow and James (2014:27) differentiate between three principal research designs: descriptive, causal and exploratory.

6.2.2.1 Descriptive research

The primary motivation for conducting descriptive research is, as the name implies, for researchers to provide a precise description of market functions or characteristics (i.e. market size, market segments and target markets), as well as the description of competitors in the market; product and service offerings; and consumers, their respective profiles, demands, attitudes, beliefs and opinions (Babin & Zikmund, 2016:54; Hair *et al.*, 2010:36). The results obtained from conducting descriptive research provides answers to the whom, what, when, where, why, and how of the research study (Brown & Suter, 2014:34).

In order for its effective implementation, a descriptive research design must comprise of a well-defined research problem, accurate research objectives, and preferably an expansive representative sample size (Feinberg *et al.*, 2013:58; Malhotra, 2010:106). Therefore, a wealth of prior knowledge and an understanding of the phenomenon under study are required prior to commencing with the implementation of a descriptive research design (Babin & Zikmund, 2016:56; Iacobucci & Churchill, 2015:82). It can therefore be deduced that a descriptive research design is based on the presupposition that the topic under study is well understood prior to engaging in conducting the relevant descriptive research.

Descriptive research is usually conducted prior to the implementation of a causal research design. A descriptive research design enables a researcher to describe the connotation and/or relationship between two distinct variables. Variables derived from a descriptive research study can then be selected and included in a causal research study, with a view to determine the cause-and-effect relationship(s) between said variables (McDaniel & Gates, 2010:49).

6.2.2.2 Causal research

Unlike descriptive research, which focuses on describing the way things currently are, causal research tends to focus more on understanding and explaining as to why things are the way they are (Babbie, 2013:92). The primary aim of causal research is to conduct experiments in order to determine whether one variable determines or has an effect on another variable (Iacobucci & Churchill, 2015:57). McDaniel and Gates (2010:215) explain that an experiment refers to a situation in which a researcher manipulates one variable (known as the independent variable) in order to determine what the effect of this altered variable is on a different variable (known as the dependent variable). The conclusion of the effect of the experiment is referred to as the causal inference (Babin & Zikmund, 2016:57). In essence, causal research refers to research that is conducted in order to determine the cause-and-effect relationships between a dependent and an independent variable.

According to Silver *et al.* (2013:76), there are three key activities that researchers engage in when conducting causal research, namely:

- **Manipulation:** The independent variable in the experiment is manipulated or changed in order to determine the effect of such a change on another variable.
- **Measurement:** The effect of the manipulated / independent variable is measured.
- **Control:** A researcher attempts to control and manage extraneous variables in order to ensure that only the effect of the manipulated / independent variable is considered in the experiment.

Malhotra (2010:269) asserts that some of the limitations of a causal research design are that such research may take an inordinate amount of time, especially when a researcher would like to determine the causal effect over an extended period of time; causal research is often an expensive procedure because multiple measurements are involved; and the administration of causal research is often very difficult, particularly when attempting to control the environment in which the research/experiment is conducted. The latter of the list of limitations has resulted in researchers often creating a fictitious environment (i.e. a laboratory) in which to conduct causal experiments, as this allows them to control all the variables that may have an effect on the experiment (Brown & Suter, 2014:37). Churchill *et al.* (2010:119) describe a laboratory experiment as one in which researchers can create a strictly controlled environment that allows them to manipulate and change the independent variables whilst keeping the dependent variables constant. A field experiment is another form of experiment that is implemented when conducting causal research. In contrast to a strictly controlled environment created when conducting a laboratory experiment, a field experiment is conducted in an uncontrolled real market environment in which it is more challenging (and sometimes impossible) to control extraneous factors (McDaniel & Gates, 2010:218).

According to Silver *et al.* (2013:19), both descriptive and causal research designs are typically implemented to test hypotheses. However, such hypotheses first need to be established. Engaging in descriptive or causal research prior to having identified and defined a precise research problem and formulating appropriate research hypotheses will result in the generation of irrelevant data (Babin & Zikmund, 2016:54). As a result, Silver *et al.* (2013:19) argue that exploratory research should precede descriptive and/or causal research in order to generate specific research questions and relevant hypotheses.

6.2.2.3 Exploratory research

An exploratory research design is used when very little knowledge exists regarding the identified research problem or when the research problem under study is very vague or broadly defined (Iacobucci & Churchill, 2015:59). Exploratory research helps a researcher to clarify the nature of the research problem, and also helps to formulate a precise definition of the problem under study (Babin & Zikmund, 2016:54; Malhotra, 2010:104; McDaniel & Gates, 2010:43). Exploratory research can therefore be defined as research conducted in an area that has not yet been investigated or where very little information regarding the problem under study is available in which the aim is to formulate initial research hypotheses and a more precise and focused research problem.

Exploratory research (often referred to as *qualitative research* in the literature) tends to apply qualitative research techniques as opposed to techniques of a quantitative nature (Brown & Suter, 2014:29; Silver *et al.*, 2013:71). Therefore, Brown and Suter (2014:29) state that an exploratory research design comprises a relatively small representative sample. Exploratory research, according to Kolb (2017:107), is designed in such a way for research participants to provide their own answers to questions, and not simply to select answers from a predetermined list of possible responses (i.e. scale-type questions). Exploratory research techniques may therefore involve reviewing secondary data, interviewing knowledgeable people, speaking to management of a business, interviewing focus groups, investigating trade literature that explored similar cases, reviewing the business's website, analysing the reams of data held in a business's database, or any relevant other activities (Brown *et al.*, 2018:16; McDaniel & Gates, 2010:43). Brown and Suter (2014:29) identified four of the popular and widely implemented techniques of exploratory research: literature search, focus groups, case analyses, and in-depth interviews. Silver *et al.* (2013:69) argue that the effective implementation of each or a combination of these exploratory research techniques enable a researcher to generate new insight and ideas, and can provide a more accurate definition of the research problem, and as such, helps to formulate relevant and appropriate research hypotheses. Whilst the subsequent section provides a brief description of a literature search and case analyses, in-depth interviews and focus groups are discussed in section 6.2.3.2 where the various techniques that can be used to collect qualitative primary data are described in greater detail.

(A) Literature search

A thorough perusal of relevant literature forms the starting point and foundation of almost all research studies. This entails a meticulous search of popular press (i.e. magazines and newspapers), academic literature, trade journals, or published information and statistics from research businesses or governmental institutions such as Statistics South Africa (Stats SA) (Brown & Suter, 2014:29; Brown *et al.* 2018:18). The data obtained from existing literary resources such as those mentioned above is known as secondary data (see section 6.2.3.1) and therefore, this approach in which a perusal of literature is conducted, is often termed secondary data analysis or simply secondary analysis (i.e. Goodwin, 2012:9; MacInnes, 2017:2; McDaniel & Gates, 2010:44). A review of the literature assists in the formulation of a robust and accurate definition of the research problem. In addition, it is one of the most cost-effective and quickest techniques to generate valuable insight and formulate relevant hypotheses (Iacobucci & Churchill, 2015:60).

(B) Case analysis

A case analysis refers to the identification and delineation of information from a situation that is the same or similar to the present research problem (McDaniel & Gates, 2010:44). According to Iacobucci and Churchill (2015:61), during a case analysis all relevant information is recorded, not only information that relates to the objectives of a study. This is conducted in order to gain a “big picture” of the situation, so that the information obtained can be applied to multiple cases in the future that are of a similar nature to the present research problem, not only to those that are identical. McNabb (2015:71) argues that a case analysis entails a detailed study of a particular “unit of analysis” (i.e. a market, business or consumer). One of the popular methods of case analyses is that of ethnography, in which consumers, going about their daily lives, are closely observed by using direct observational methods, interviews and multimedia recordings (Brown & Suter, 2014:32). Benchmarking is another widely implemented method of conducting a case analysis (Iacobucci & Churchill, 2015:61). Benchmarking entails the identification and analysis of a business that indicates superior levels of performance and/or excellence in the field and/or function of a business under study, and as such, is used as a source for generating ideas, insight and other useful information that can aid in reaching the objectives of an exploratory study (Brown & Suter, 2014:32).

The characteristics and objectives of each research design have been discussed in the preceding sections. It is important for a researcher to be well-versed with each type of research design, its characteristics, objectives and relative research methods in order to make an informed decision

when selecting and applying an appropriate research design to the present research problem. Table 6:1 provides a comparison of the three types of research designs.

Table 6:1 A comparison of basic research designs

	Descriptive research	Causal research	Exploratory research
Objective	Describe market characteristics or functions.	Determine cause-and-effect relationships.	Identify concepts. Generate insight.
Characteristic	Marked by the prior formulation of hypotheses. Pre-planned and structured design. Quantitative in nature.	Manipulation of one or more independent variables. Measure the effect on dependent variable(s). Control of other extraneous variables.	Flexible, versatile. Often conducted prior to descriptive and causal research. Qualitative in nature.
Methods	Literature search. Panels. Observations. Surveys.	Experiments.	Literature search. Case analyses. Focus groups. In-depth interviews.

Source: Adapted from Brown and Suter (2014:29) and Malhotra (2010:104).

In this study, the literature provided evidence of the importance of the implementation of stringent marketing control practices (please refer to Chapter 4), which provided the foundation from which the research problem was formulated. The research problem emphasises the fact that very little research has been conducted on the effective and efficient measurement of place marketing performance and that, at the time that this study was conducted, no evidence existed of a strategy for measuring the place marketing performance of BIDs in South Africa. Thus, since no knowledge concerning the measurement of place marketing performance of BIDs in South Africa exists, **this study undertook exploratory research** to gain insight and to generate relevant information pertaining to the research problem.

6.2.3 Stage 3: Design the data collection method

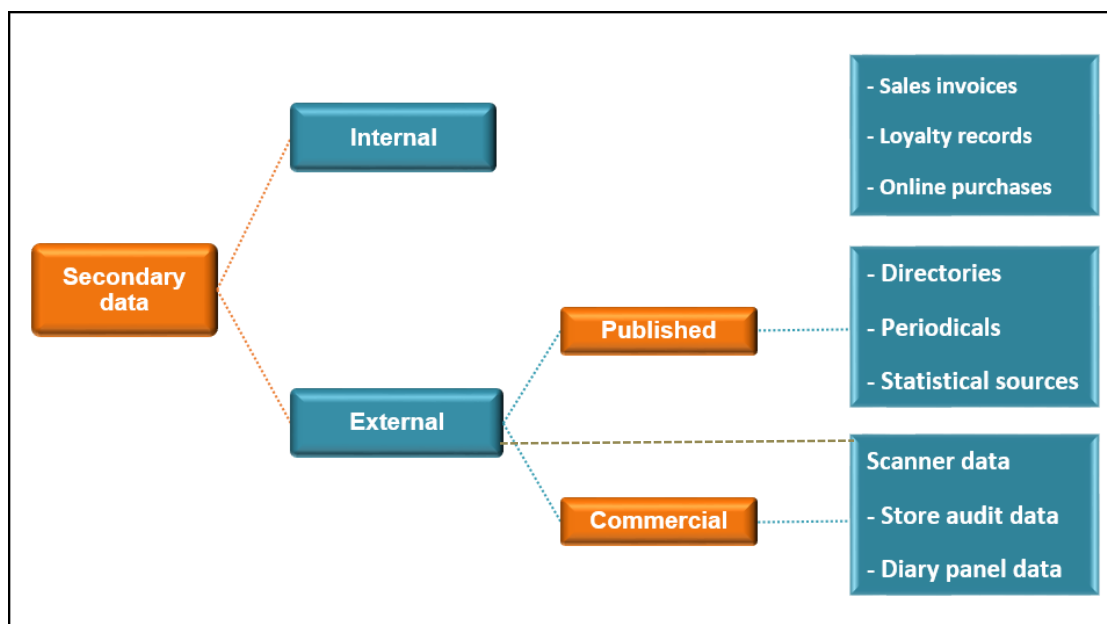
Once a clear definition of the research problem has been formulated and the research design has been selected, the third stage of the marketing research process concerns the design/selection of an appropriate data collection method. Data collection can be defined as the process of generating information for the specific purpose of a study (Joubert *et al.*, 2016:112). It is important

for a researcher to select a relevant and appropriate method for collecting data that ensures that the collected data can be translated into information that will assist decision-makers and that will help to solve the particular research problem. Iacobucci and Churchill (2015:137) distinguish between two types of data, namely secondary and primary data. These are addressed below.

6.2.3.1 Secondary data

Often, some of the information required to address the research problem already exists, either inside or outside of a business. This could entail facts and information that have been collected and recorded by a different business prior to and for a reason other than that of the current research problem. This type of data is known as secondary data (Brown *et al.*, 2018:60; Clow & James, 2014:63). Secondary data is defined by Sarstedt and Mooi (2014:48) as information that has been previously accumulated for another problem or issue. Brown and Suter (2014:43) argue that, in order to be successful, a research study should always begin by conducting a comprehensive analysis of existing secondary data. Collins (2010:120) provides various reasons as to why it is important to analyse secondary data prior to collecting primary data, namely: (1) secondary data could provide additional insight that would assist in the formulation of a more precise research problem or to redefine the present research problem comprehensively; (2) an extensive and accurate secondary data analysis may provide sufficient information to address the present research problem effectively and efficiently without requiring further primary research to be conducted; and (3) information obtained by analysing secondary data may provide insight to certain problem areas encountered by other researchers when conducting similar studies. This allows a researcher to look for alternative research methodologies, if he/she discovers that previous studies that implemented the same research methodologies as those that are to be implemented by the current study, are deemed ineffective.

According to Iacobucci and Churchill (2015:143), secondary data can be gleaned from two main sources: internal data (which refers to data that is available within the business) and external data (data that is published and/or electronically available from outside the business). External sources of secondary data can further be classified into institutions that publish data on a regular basis and makes it freely available to users; and those institutions that are commercial in nature, charging users for their data collection services and/or sell collected information for a profit. The different sources of secondary data are represented in Figure 6:2.

Figure 6:2 Sources of secondary data

Source: Adapted from Iacobucci and Churchill (2015:143).

For the purpose of this study, secondary data was obtained by means of a comprehensive and expansive review of the literature (in Chapters 2 to 5). By conducting a literature review, knowledge could be used pertaining to theoretical constructs such as the significance of the marketing function (Chapter 2); the place marketing concept (and how it differs from the traditional sense of marketing – Chapter 3); the increased prominence of marketing control (Chapter 4); the various types of marketing performance measurement systems (Chapter 4); the requirements for devising an effective and efficient place marketing performance measurement system (also Chapter 4); and the BID model with all its constituent functions and components (Chapter 5). In order to ensure the validity and accuracy of the secondary data, data was obtained from published accredited external sources. The secondary data gleaned from the literature review was consequently incorporated when devising the primary research instrument used to obtain primary data in this study (see Appendix B).

6.2.3.2 Primary data

Primary data is defined as data generated by a researcher with the specific aim to address a current and immediate research problem (Iacobucci & Churchill, 2015:137). Brown *et al.* (2018:60) refer to primary data as “new-to-the-world” data. The collection of primary data incorporates all six steps of the marketing research process (see Figure 6:1) (Malhotra, 2010:132). According to Joubert *et al.* (2016:175), primary data can be collected by means of quantitative or qualitative research.

Quantitative research is a form of conclusive research that involves collecting data from large, scientifically drawn samples (Feinberg *et al.*, 2013:219; Hair *et al.*, 2010:77). Primary data is usually collected by means of empirical assessments such as formal standard questions presented in a survey or questionnaire with predetermined response options (Hair *et al.*, 2010:77). Feinberg *et al.* (2013:219) concur that quantitative primary data is collected in order to measure or quantify a specific research problem, and is usually analysed by using mathematical and statistical procedures. Quantitative research, on the other hand, is usually conducted to test the findings and/or hypotheses formulated during qualitative research (Elsbach & Kramer, 2016:431).

Qualitative research is research that is conducted by using techniques that allow a researcher to make various inferences about a market phenomenon. In this approach, the emphasis is on interpreting, extracting meaning and discovering new insights with regard to the research problem (Babin & Zikmund, 2016:109; Hair *et al.*, 2010:78). According to Feinberg *et al.* (2013:218), primary data is collected by means of an intuitive and subjective approach by using unstructured open-ended formats such as in-depth interviews or focus groups in which research participants are asked directly about a specific topic and are allowed to answer at length. Unlike quantitative research, the techniques implemented when conducting qualitative research are more concerned with generating new data and insight from smaller representative samples in the form of sounds, images and words than with collecting numerical data from larger samples (McDaniel & Gates, 2010:92). Table 6:2 provides a comparison between quantitative and qualitative research respectively.

Table 6:2 A comparison between quantitative and qualitative research

Characteristics	Quantitative research	Qualitative research
Research goals / objectives	Validation of facts, relationships, estimates, and predictions.	Discover new ideas, thoughts, and feelings; preliminary insights on and understanding of ideas and concepts.
Research design	Descriptive or causal.	Exploratory.
Data collection approach	Structured response categories provided.	Unstructured, free-form.
Types of questions	Limited probing.	Probing.
Information per respondent	Varies.	Much.
Sample size	Large samples.	Small samples.

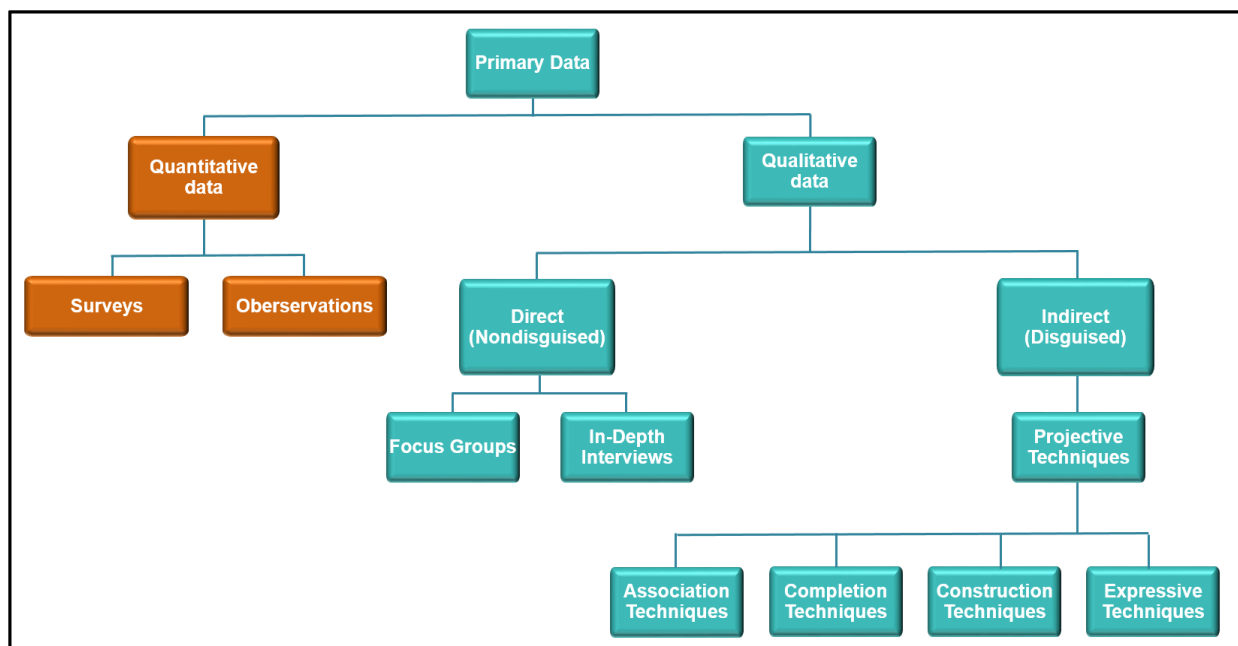
Table 6:2 A comparison between quantitative and qualitative research (continued)

Characteristics	Quantitative research	Qualitative research
Requirements for administration	Interviewer with fewer research skills or no interviewer.	Interviewer with special research skills.
Research skills	Scientific, statistical procedure, and translation skills; and some subjective interpretive skills.	Interpersonal, observations, communications and interpretive skills.
Type of analyses	Statistical and mathematical procedures.	Subjective, interpretive, debriefing, semiotic analyses.
Hardware	Questionnaires, computers or printouts.	Tape recorders, projection devices, video, pictures or interview guides.
Outcome	Recommend a final course of action.	Develop an initial understanding.
Degree of replication	High.	Low.

Source: Adapted from Babin and Zikmund (2016:111); McDaniel & Gates (2010:92); and Shiu *et al.* (2009:171).

The present study makes use of an exploratory research design with a view to gain a more profound understanding of place marketing performance measurement. In addition, the primary objective of this study is to devise a strategy for measuring the place marketing performance of BIDs in South Africa – an area that, at the time of this study, has not as yet been researched. Thus, new insights and information are required regarding the manner in which BIDs in South Africa implement and measure the performance of their various place marketing activities. Considering, therefore, that the main aim of this study is to generate new insights by means of an exploratory research design, **a qualitative research approach has been selected.**

Both quantitative and qualitative research entails a number of different data collection techniques. The more prominent and widely implemented data collection techniques for quantitative and qualitative research are presented in Figure 6:3 and are discussed subsequently.

Figure 6:3 Primary data collection techniques

Source: Malhotra & Dash (2016:175).

(A) Quantitative data collection techniques

As presented in Figure 6:3, there are two widely implemented techniques for collecting quantitative data, namely surveys and observations (Malhotra, 2010:243). Even though the scope of this study is not concerned with an extensive elaboration pertaining to each of the quantitative data collection techniques, a brief description of these techniques is provided below.

(a) Surveys

A survey can be defined as a predesigned and coordinated approach to obtain quantifiable data by means of structured questioning of a large number of participants, either verbally, in writing, or via computer-based technology, and then recording the responses (Burns & Bush, 2014:172; Malhotra, 2010:145). According to Creswell (2014:13), research conducted by means of surveys provides a researcher with quantifiable or numeric results that describe market trends as well as other aspects of a population (i.e. consumer attitudes, beliefs and/or opinions). Coulston *et al.* (2017:26) propound that the survey data collection method can be classified into three categories, namely:

- **Telephone-administered surveys.** These refer to surveys that are conducted when a respondent provides answers to a researcher's question via a telephone conversation (Brown & Suter, 2014:74).

- **Interviewer-administered surveys** are conducted in the form of a discussion between a researcher and respondents where a researcher asks respondents questions and records the responses on a predetermined questionnaire for further analysis (Malhotra, 2010:214).
- **Self-administered surveys** are described as surveys where respondents are provided with general information and/or instructions on how to complete the survey, and are then asked to fill in the survey by themselves without the assistance from a researcher (McDaniel & Gates, 2010:138).
- Prior to selecting a specific type of survey to use in a study, a researcher must consider relative cost and time factors, as well as the characteristics of the target population (Stimpson & Farquharson, 2015:238).

(b) Observations

According to Churchill *et al.* (2010:584), an observation can be described as a primary data collection method in which a researcher detects and watches a particular situation/object/person of interest whilst recording the relevant behaviours, actions, and facts he/she perceives. Observations can be conducted either in a controlled environment (i.e. a laboratory) or in a natural setting (Silver *et al.*, 2013:121). Clow and James (2014:155) argue that the observational method of data collection is only appropriate when the actions and/or behaviours of interest are: (1) observable; (2) of a short duration; and (3) repetitive in nature, or occur on a frequent basis. Gravetter and Forzano (2019:321) and Perrin (2016:90) propound that there are various different types of observational methods for collecting primary data, namely:

- **Direct observation**, which refers to an observational method in which a researcher directly, unobtrusively observes the actions and/or behaviours of the consumer, usually in a natural and uncontrolled environment (Clow & James, 2014:155). Brown and Suter (2014:65) define a natural environment as one in which the observed actions and/or behaviours typically take place (such as a supermarket).
- **Indirect observation** refers to the observation of physical and observable traces cast off by the object of interest, for example erosion that has resulted or forms of secretions left (McDaniel & Gates, 2010:187). Feinberg *et al.* (2013:251) propound that during indirect observation, the focus is usually on observing the effects of the behaviour rather than those of the actual behaviour (e.g. to engage in *garbology* – a process by which a researcher rummages through garbage to observe different brands and products consumed by an individual or household).

- **Contrived observation** can be described as a method of observation in which a researcher creates a contrived setting in order to observe actions and behaviours or to test hypotheses (Babin & Zikmund, 2016:214). Brown and Suter (2014:65) define a contrived setting as an artificial or simulated environment that has been created specifically for recording actions and/or behaviours of consumers (i.e. a laboratory).
- **Mechanical observation** occurs when a researcher uses an electronic or mechanical device (i.e. an audiometer, eye-tracker camera or electronic scanners) to record the actions and/or behaviours of consumers (Brown & Suter, 2014:67; McDaniel & Gates, 2010:187).

B) Qualitative data collection techniques

As illustrated in Figure 6:3, qualitative data collection techniques primarily include in-depth interviews, focus groups and projective tests. These data collection techniques are discussed below.

(a) In-depth interviews

An in-depth interview is defined as an unstructured and direct personal discussion that takes place between a professional researcher and a single research participant in which the participant is probed and encouraged to talk freely about his/her thoughts, ideas, motivations, beliefs, attitudes and/or feelings regarding a particular topic of interest (Feinberg *et al.*, 2013:219; Iacobucci & Churchill, 2015:541; Malhotra, 2010:185). According to Babin and Zikmund (2016:125-126), a researcher asks the participant numerous questions, and pursues each answer of the participant by probing for additional elaboration. Due to the importance of probing the participant for as much information as possible, it is important that a researcher/interviewer who is conducting the interview is highly skilled and proficient so that he or she does not influence the general direction of the interview whilst probing the participant. Similarly, the research participant who is selected to participate in the in-depth interview must have relevant knowledge and information with regard to the present research problem. Such participants could include, but are not limited to, current and potential consumers, members of a business's management team, employees, distribution channel members, and other similar stakeholders (Brown & Suter, 2014:30). Churchill *et al.* (2013:84) assert that any individual who has insight into the research problem or aspects thereof may be included in an in-depth interview.

Due to the amount of information that is collected, an in-depth interview is quite labour-intensive and could last well over an hour (Iacobucci & Churchill, 2015:66). Due to the nature of an in-depth interview, Churchill *et al.* (2013:84) advise that a researcher should make use of a short interview guide (rather than a formal questionnaire) that can start the interview and direct the discussion as

the interview progresses (see section 6.2.3.3). The wording of the questions asked in the interview, and the order in which they are asked, greatly depend on the responses of the participant (Malhotra, 2010:186). The interview guide is therefore informal and mostly comprises of open-ended questions in order to elicit an extensive responses from the participant (Feinberg *et al.*, 2013:219).

Tan and Payton (2010:183) explain that in-depth interviews can be categorised into three different types according to the nature and format of the questions asked during the interview. These categories of in-depth interviews are:

- **Structured interviews**, which refer to a type of interview in which formally structured and predetermined questions are asked to participants in a strictly regulated order (Myers, 2013:121). Baxter *et al.* (2015:222) affirm that structured interviews mostly comprise of close-ended questions and a set of predetermined answers for the research participant to select from.
- **Unstructured interviews** – these are regarded as the most versatile and least structured of the three in-depth interview types, and can be described as an interview in which a topic of interest is briefly explained to the research participant, and where no leading questions are provided, in order to participants to talk about his/her feelings, attitudes, beliefs and/or opinions towards the said topic in a free manner (Myers, 2013:121).
- **Semi-structured interviews** are a combination of both structured and unstructured interviews. A semi-structured interview comprises a list of predetermined open-ended questions asked in a consistent and systematic way, and is designed in such a manner that the participant is probed to provide information beyond the questions' confines (Babin & Zikmund, 2016:127; Myers, 2013:121).

The literature in the field refers to various advantages and disadvantages of collecting primary, qualitative data by means of in-depth interviews. The advantages and disadvantages of in-depth interviews are presented in Table 6:3.

Table 6:3 The advantages and disadvantages of in-depth interviews

In-depth interviews as a technique for collecting qualitative data	
Advantages	
1.	By engaging in a one-on-one conversation with a researcher, group pressure is eliminated; thus the participant feels more comfortable to reveal honest feelings and/or sensitive information.
2.	The one-on-one conversation setting allows the participant to be the focus of attention, making him/her feel that their input is truly valued by a researcher.
3.	By having constant interaction with the researcher, the participant is vigilant and alert throughout the interview.
4.	The researcher can obtain new information and insight by constantly probing the participant to expand on his/her answer to a previous question.
5.	The possibility of the revelation of new information increases with the researcher spending an extended period of time with the participant during a one-on-one interview session.
6.	Without the restrictions of cultivating a group process, the researcher can alter and improvise the direction of questioning fairly easily.
7.	The researcher is able to identify and react to nonverbal cues given the closeness of a one-on-one interview setting.
8.	The participant's response to a question is not influenced by the responses provided by other group members.
9.	An in-depth interview does not require special interview facilities (i.e. a one-way mirror), and can therefore be conducted anywhere.
10.	The researcher is able to build a high level of rapport with the participant, and therefore allowing the participant to provide information more freely.
Disadvantages	
1.	Conducting a series of in-depth interviews can be very expensive because highly-skilled and well-trained researchers command high salaries; data is collected from one respondent at a time; and recorded data must be transcribed, coded, and analysed accordingly.
2.	A relatively low level of client involvement is necessary when conducting in-depth interviews, as the client rarely has the time capacity to sit through countless hours of interviews.
3.	In-depth interviews are labour-intensive, and therefore, only a limited number of interviews can be conducted per day.
4.	Highly qualified and proficient researchers are not always available to conduct the interviews.
5.	There is a complete reliance on the researcher to analyse and interpret the primary data generated by means of conducting an in-depth interview.

Source: Adapted from Brown and Suter (2014:30); Feinberg *et al.* (2013:219); Malhotra (2010:188); McDaniel and Gates (2010: 107-108).

(b) Focus groups

A focus group can be defined as an unstructured and interactive in-depth interview conducted by a proficient facilitator among a small group of research participants simultaneously (Brown & Suter, 2014:30; Feinberg *et al.* 2013:220; McDaniel & Gates, 2010:44). A focus group usually consists of six to ten participants, but no more than twelve research participants per session, because a larger group of participants may result in some of them feeling excluded from the discussion (Babin & Zikmund, 2016:120; Feinberg *et al.*, 2013:220). According to Iacobucci and Churchill (2015:63), the facilitator of a focus group needs to be well-versed with regards to the research problem and the objectives of the research study, since he/she needs to translate the objectives of the study into an interview guide (see section 6.2.3.3) that directs the procession of the focus group. Without a proficient facilitator and the sense of structure by the means of an interview guide, the group discussion tends to lack the necessary focus on the topic at hand. The discussion in a focus group is usually limited to a single idea, topic or concept (McDaniel & Gates, 2010:44).

As with most data collection techniques, focus groups, too, have a number of advantages and disadvantages. The advantages and disadvantages of focus groups as a technique for collecting qualitative data is presented in Table 6:4.

Table 6:4 The advantages and disadvantages of focus groups

Focus groups as a technique for collecting qualitative data	
Advantages	
1.	By putting research participants in a group will accumulate a diverse range of information, insight and ideas than will individual responses secured privately during, for example, a in-depth interview.
2.	A snowball effect could occur during a focus group, where a response from one participant in a focus group could trigger additional responses from other participants in the group.
3.	Research participants tend to feel comfortable and secure to express their opinions and beliefs with regards to a certain topic of interest, since such opinions and beliefs are usually shared by members of a focus group.
4.	New ideas are more likely to arise from a group discussion than in a one-on-one in-depth interview.
5.	The data collection and analysis procedure occurs relatively quickly because a number of research participants are interviewed simultaneously.

Table 6:4 The advantages and disadvantages of focus groups (continued)

Disadvantages	
1.	Even though the speed at which data is collected and analysed, the data could be quite messy owing to the unstructured nature of the responses provide by research participants that, in effect, makes the coding, analysis, and interpretation procedure more difficult.
2.	A proficient and well-versed facilitator is a key requirement for conducting a focus group effectively and efficiently, and facilitators with the necessary skills are few and far between.
3.	Information obtained from a focus group can be misjudged and misinterpreted, since the data may be susceptible to client and researcher biases.
4.	Often, the results obtained from a focus group are misused and abused by considering the information received as conclusive rather than exploratory in nature.
5.	The results obtain from a focus group cannot be used as the sole basis for decision-making because it is not representative of the entire population, and therefore are not projectable.

Source: Adapted from Feinberg *et al.* (2013:233) and Malhotra (2010:181).

(c) Projective tests

Research participants often find it difficult or are reluctant to reveal their true feelings, opinions or beliefs with regards to a particular topic of interest, and as such, are inclined to provide socially desirable responses instead (Belk *et al.*, 2013:44; Churchill *et al.*, 2010:97; McDaniel & Gates, 2010:110). This is especially the case when social pressure (whether real or imagined), or a lack of vocabulary propels participants to act or respond in a certain way (Churchill *et al.*, 2010:97). Therefore, it is important for researchers to discover the true feelings and attitudes of participants in order to make a factual and sound conclusion.

McDaniel and Gates (2010:110) affirm that researchers use projective techniques to penetrate a participant's psychological defence mechanisms in order to determine their true feelings and attitudes towards a particular topic. A projective technique makes use of indirect questioning that requires research participants to, in their own words, project their feelings and attitudes onto a third party, task situation, or an inanimate object like an animal or a cartoon (Babin & Zikmund, 2016:129; Belk *et al.*, 2013:44). By making use of projective techniques, the focus is shifted from participants towards a vague stimulus that they are required to describe. By giving a subjective interpretation of the stimulus or situation, participants' psychological defence mechanisms can be bypassed because these feelings or ideas are projected onto something else and are not directly referred to participants themselves (Churchill *et al.*, 2010:97). McDaniel and Gates (2010:110) argue that participants' true feelings, ideas, attitudes and beliefs are revealed when they are asked to talk about something or someone else. Projective techniques are perceived as "less threatening and less self-revealing", and this helps participants to say something indirectly that is

more challenging to say directly (Belk *et al.*, 2013:44). Three common types of projective techniques are used in order to obtain valid responses, namely:

- **Word association:** This type of projective technique entails that the researcher provides participants with a list of unrelated words that are read out loud one at a time, and asking them to respond with the first word that they may think of (Belk *et al.*, 2013:44; Iacobucci & Churchill, 2015:68). Belk *et al.* (2013:44) argue that unguarded and immediate responses from participants allow the researcher to make deductions as to how the topic under study is truly thought of by participants.
- **Sentence completion:** Research participants are provided with an incomplete sentence and asked to complete the sentence by using their own words, using the first word or phrase that comes to mind (Churchill *et al.*, 2010:99; Malhotra, 2010:191). According to McDaniel and Gates (2010:112), this method provides more structure and opportunity to provide detail for participant, and is regarded as the most useful and reliable of all projective techniques.
- **Cartoon tests:** In cartoon tests, research participants are provided with a depiction of the problem by placing two cartoon characters in a situation similar to that of the research problem under investigation. Participants are asked to provide the dialogue of the one cartoon character in response to whatever it is that the other cartoon is depicted as saying (Malhotra, 2010:193). The facial expressions of the cartoon characters are usually omitted from such depictions, or left vague, in order not to provide participants with ideas or clues to suggest a particular response (McDaniel & Gates, 2010:112).

Table 6:5 The advantages and disadvantages of projective tests

Projective tests as a technique for collecting qualitative data	
Advantages	
1.	Projective tests can delve into the participants' emotional dimension and help to uncover deep-seated feelings and attitudes towards a particular topic, of which participants would otherwise be hesitant or reluctant to reveal.
2.	Participants may feel more comfortable to reveal certain information when their identity remains anonymous, as opposed to answering sensitive questions verbally in front of a group of participants.
3.	Participants tend to feel more comfortable and secure to express their opinions and beliefs with regard to a certain topic of interest, as such opinions and beliefs may be shared by members of a focus group.

Table 6:5 The advantages and disadvantages of projective tests (continued)

Advantages	
4.	New insights and information could be obtained by conducting projective tests, which may provide the researcher with new ideas for further perusal, and assist the researcher to formulate new hypotheses for testing.
5.	The results obtained from projective tests could be used for decision-making purposes.
Disadvantages	
1.	Highly skilled and proficient researchers are required to conduct projective tests, owing to their complex nature. Researchers of such calibre are not always available.
2.	Projective tests are one of the most expensive forms of collecting qualitative data, as professional researchers are required to conduct the tests, and at times, special equipment is required.
3.	The sample size when conducting a projective test is very small, and therefore, sampling errors are likely to be substantial.
4.	By probing participants to respond in a way that uncovers their deep-seated feelings and attitudes may distress them and thus could be perceived as an invasion that may be detrimental to their well-being.
5.	Different analytical methods may provide different results, and similarly, different researchers may interpret the results or responses from participants in different ways.

Source: Adapted from Beri (2013:241); Kolb (2017:101); and Newby (2013:354).

For the purpose of this study, semi-structured in-depth interviews were conducted with BID managers and executives where participants were asked to provide feedback regarding the research topic. In-depth interviews were conducted in order to gain new insights and information since he was able to probe participants to expand on their answer to a previous question. By spending an extended period of time with the research participant during the interview session, the chances gleaning of new information increase. The aim was to maintain contact with the participants (given their managerial role in the BID) for future research purposes, and was able to build a good level of rapport by conducting the one-on-one interviews, and spending time with the participants.

In order to conduct an effective and efficient in-depth interview, it was necessary to devise and implement an interview guide to direct the conversation and to collect the relevant data by asking questions and recording the responses provided by the participants (Abbott & McKinney, 2013:261; Churchill *et al.*, 2013:84). The following section provides a discussion of the design and content of the interview guide used to collect data for this study.

6.2.3.3 Interview guide design and content

The research design selected for this study is exploratory in nature, which means that primary data was collected by means of semi-structured in-depth interviews with participants. Due to the fact that the research design and method of data collection were exploratory and qualitative in nature, a formal questionnaire with predetermined questions asked in a fixed order was not deemed a viable instrument for collecting data during in-depth interviews, because questions were mostly open-ended, providing participants with the opportunity to respond freely to questions pertaining to the research topic (Churchill *et al.*, 2013:84). According to King and Harrocks (2010:35), flexibility is important when conducting an in-depth interview. The discussion in an in-depth interview is directed by the responses provided by the participants. The researcher asks relevant questions and uses the participants' response to these questions as the basis for further questioning (McDaniel & Gates, 2010:107).

Researchers have an array of different types of questions to select from when formulating the interview guide. These questions are mainly classified as structured (close-ended) and unstructured (open-ended) (Brown & Suter, 2014:101). Structured questions are questions that are asked to participants, and where participants must choose an answer from a list of predetermined responses (Churchill *et al.*, 2010:296). Unstructured questions are questions that present a problem or a particular topic to participants, who must then, in their own words, provide a response to the question (Babin & Zikmund, 2016:306). Mitchell and Jolley (2010:277) describe a third category of questions, namely semi-structured questions. Similar to unstructured questions, a researcher can expand on any question by asking participants follow-up questions in order to explore a given response in greater depth by allowing them to respond in their own words.

Instead of developing and implementing a formal questionnaire consisting of a predetermined list of questions and responses, an in-depth interview consisting mostly of semi-structured questions uses an interview guide (Berndt & Petzer, 2011:91,183). Tewksbury and Mustaine (2015:125) define an interview guide as a list of predetermined questions or items of interest that must be discussed during an in-depth interview. The interview guide therefore does not provide a list of predetermined response options and/or scales for the participant to select from when answering a question. Thus, an interview guide provides more flexibility and freedom for both the researcher and the participant, in the sense that the same questions are asked to all participants (but not necessarily in the same order or with the same words). However, the researcher can probe for further elaboration to a response if needs be (Tewksbury & Mustaine, 2015:125). For the purpose of this study, in-depth interviews were conducted by making use of an interview guide comprised of semi-structured questions.

Tewksbury and Mustaine (2015:125) concur that an interview guide has a relative degree of specificity and detail. Furthermore, Boeije (2010:23) affirms that, especially with a qualitative research approach, the literature in the field must be consulted prior to devising an interview guide for data collection purposes. The interview guide used in this study was devised by: (1) considering the secondary data and information obtained from the literature study (Chapters 2 to 5); (2) reviewing questionnaires used in studies of a similar nature; and (3) considering the specific objectives of the study as presented in chapter 1 (see section 1.6). The interview guide consisted of the following sections (the semi-structured questions of each section are depicted in Appendix B):

- **Section A:** Introduction to the study (5 minutes) – the participant was thanked for participating in the study and given a brief overview of the study. The participant was prepared for what he/she could expect in the interview.
- **Section B:** The formation, structure and scope of BIDs in South Africa (20 minutes) – in section B - here the aim was to gain insight with regard to the BID as well as the environment in which it was established. Specific questions were asked pertaining to the impetus for forming the BID and the respective stakeholders who participated in its establishment. In addition, questions were asked to determine the number of properties the BID comprises and the composition of land use and buildings in the BID. Further questions were asked in order to determine the number of full-time and part-time employees of the BID, and to gain more information on the BID's budget and its expenditure in terms of place marketing.
- **Section C:** The BID's place marketing strategy (20 minutes) – section C firstly aimed to establish whether the BID possessed, and effectively uses, a place marketing strategy. It further explored the place marketing activities of the BID by seeking to identify the stakeholders who were involved in the development, implementation, and monitoring of the BID's place marketing strategy; as well as determining the target market(s) of the BID. Section C further aimed to identify the place marketing objectives of the BID, as well as the resources (factors) that the BID utilises to reach these objectives.
- **Section D:** Performance evaluation of place marketing strategies (10 minutes) – section D firstly aimed to establish whether the BID made use of any system or strategy of measurement in order to gauge and monitor the performance of their respective place marketing activities. It further investigated the nature of such measurement system/strategy by identifying the performance measures (metrics) implemented to gauge performance; the intervals of measurement; as well as to determine how BIDs went about to address problem areas that have been identified during the place marketing performance measurement process.

- **Section E:** Closure (2 minutes) – the participant was thanked for his/her time and was asked whether they would like to add any concluding remarks to the conversation.

By considering the flow of the interview guide, a 55 to 60 minute in-depth interview was conducted with each participant. Due to the amount of information that had to be collected, a second interviewer (who was well-versed and proficient with the research problem under investigation) was employed in order to assist with the interview. The interviewer asked the questions and the second interviewer took notes and also participated from time to time. The accuracy of the participant's responses were therefore validated by reflecting the understanding of the participant's response, and in so doing, allowed the participant to correct or alter the meaning of certain answers where necessary. Care was taken to ask the questions in the interview guide objectively and to limit personal contribution to the interview. The interviewer also purposefully positioned himself to be "unfamiliar" with the topic under study so that the participant could provide elaborate responses to the questions asked (Belk *et al.*, 2013:32). The steps that were followed to conduct the in-depth interviews are presented in the following section.

6.2.3.4 Steps followed in conducting the in-depth interviews

According to Guba and Lincoln (1981:172-182) a series of steps should be involved when setting up an in-depth interview with a research participant. These are:

Identification: Existing industry contacts were used as well as the South African BIDs' official websites (if available) and the websites of the BIDs' managing entity to identify sample units and sample elements (research participants), and to obtain their contact details. A total of 35 research participants were identified.

Invitation: All identified research participants (n = 35) were invited by sending a formal letter to each of them via email requesting their participation in the study. The letter provided the participants with a brief overview and purpose of the study, the sample methodology implemented, the requirements set for participants to be included in the study, and the rights of participants, alluding specifically to their right of confidentiality (anonymity) (see Appendix E).

Appointment: Out of the 35 identified research participants who were invited to participate in the study, a total of seven responded in due time and agreed to participate. Two of the participants act as the marketing manager of multiple BIDs, and therefore information could be obtained of two or more BIDs from these participants simultaneously. A date, time, and venue that were most suitable for the participants were scheduled. Even though some of the in-depth interviews took place at the participants' office space, due to geographic and time constraints, a majority of the

interviews were conducted face-to-face electronically via the Internet by making use of the Skype communications programme.

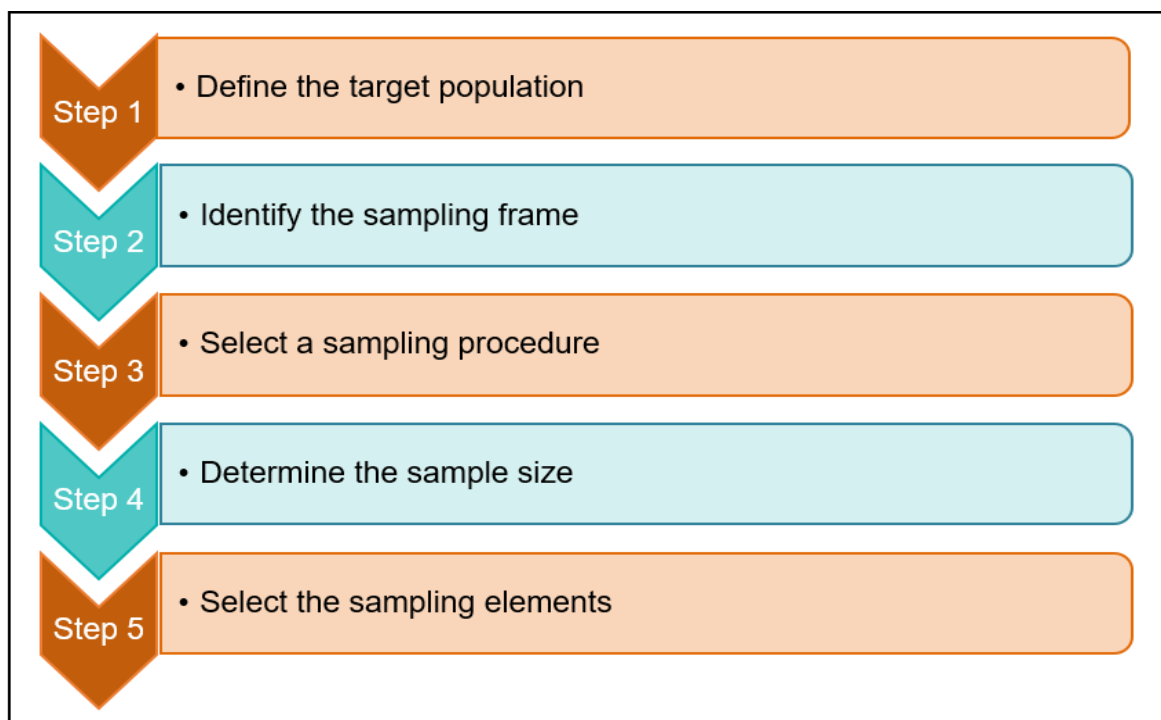
6.2.4 Stage 4: Design the sample and collect the data

The next step in the marketing research process requires a researcher to design the sample and to collect the required data to be used in the study.

6.2.4.1 Sample design

A sample refers to the participants selected by the researcher from a target population to participate in a study (Feinberg *et al.*, 2013:58). According to Malhotra (2010:372), the target population refers to the pool of participants or objects that possess, or are perceived to possess, the information sought by the researcher. Babin and Zikmund (2016:337) note that it is often times inconvenient or too expensive, or most of the time not possible at all to include the entire target population in a study. Therefore, a sampling process is used in order to select a sample and to make various inferences of the characteristics of the larger group/target population (McDaniel & Gates, 2010:326).

According to Iacobucci and Churchill (2015:267), a specific procedure comprised of a number of different steps is followed when drawing a sample from a larger target population. Figure 6:4 portrays the steps that were taken in the selection of a sample. These steps are discussed subsequently.

Figure 6:4 Steps in the selection of a sample as applied in this study

Source: Adapted from Babin and Zikmund (2016:340) and Malhotra (2010:372).

6.2.4.2 Step 1: Define the target population

The first step in selecting a sample entails defining the target population. The target population refers to the total number of elements and/or objects that conform to specific requirements needed to be included in a study (Iacobucci & Churchill, 2015:267). According to Babin and Zikmund (2016:341), it is of the utmost importance for the researcher to provide a precise and accurate definition of the target population, as the sample from which inferences will be made towards the larger population is selected based on the tangible and identifiable characteristics that also define the target population. An accurate definition of the target population therefore assists the researcher in drawing the correct sample for data collection purposes (Shiu *et al.*, 2009:485). Hair *et al.* (2015:171) concur that it is important for the drawn sample to be representative of and to mirror the characteristics of the overall target population.

The target population is defined in terms of sampling elements, sampling units, extent, and time period (Feinberg *et al.*, 2013:303; Hair *et al.*, 2015:171). A sampling element can be defined as an object or person from which information is required and about which inferences and extrapolations of the total target population can be made (Shukla, 2010:55). Malhotra (2010:372) describes a sampling unit as a component or unit that comprises the sampling element. The sampling unit can be defined as a single sampling element or a group of sampling elements

(Babin & Zikmund, 2016:344). The extent of a study's target population refers to the geographic area that defines the boundaries of the relevant population (Feinberg *et al.*, 2013:301). Malhotra (2010:372) indicates that the time factor taken into consideration when defining the target population refers to the time period in which the data will be collected. A summary of the target population for this study is presented in Table 6:6.

Table 6:6 Summary of the target population

Dimension	Definition
Sampling elements	The managers/executives of a BID who are actively involved in the development, implementation and/or evaluation of the respective BID's place marketing strategy.
Sampling unit	Business Improvement District (BID).
Extent	The Republic of South Africa.
Time	2017

The target population for this study included all the BIDs in the Republic of South Africa. This target population was selected for this study due to its accessibility and because no research has been conducted to date with regard to place marketing, and more precisely the performance measurement of place marketing strategies of BIDs in South Africa. Each ratified BID in South Africa that is legislated in terms of the municipal Property Rates Act, Section 22 (Special Rates Area [SRA]) and the South African SRA bylaw, was identified as a sampling unit. Sampling elements were selected based on their ability to provide information that can help to achieve the objectives of the study (Lodico *et al.*, 2010:134).

6.2.4.3 Step 2: Identify the sampling frame

The next step in selecting a sample for the study requires the identification of a sampling frame from which to draw the sample. The sampling frame can be defined as a list or a directory of all the sampling elements from which the actual sample can be drawn (Brown *et al.*, 2018:206; Feinberg *et al.*, 2013:246; Malhotra, 2010:223). A sample frame very rarely consists of a complete list of every sampling element in a target population. Almost every sampling frame omits at least some members of the population (Babin & Zikmund, 2016:343; Churchill *et al.*, 2010:331). Babin and Zikmund (2016:343) propound that a sampling frame error occurs when sampling elements are omitted or if these elements are inaccurately represented in the sampling frame. Some of the more popular sampling frames used in both academia and practice include telephone directories, random digit dialling (RDD), mailing lists, voter registration lists and online panels (Babin & Zikmund, 2016:343; Feinberg *et al.*, 2013:246; Malhotra, 2010:223-224).

With regards to this study, no sampling frame was available from which to draw the sample, as no lists or databases containing the names and contact information of all the managers and/or executives of ratified BIDs in South Africa exist. It is therefore that a non-probability judgement sampling method was implemented in order to obtain the sample for this study, which included all the managers and/or executives of BIDs in the Republic of South Africa who were available during the time period in which the data was collected.

6.2.4.4 Step 3: Select a sampling procedure

The third step in selecting a sample for the study involves choosing an appropriate sampling procedure. According to Lodico *et al.* (2010:134), researchers very seldom conduct research on an entire population, but rather draw a sample from the target population consisting of sampling elements that possess the information sought to achieve the objectives of the study. In order to make inferences of the entire target population based on the information obtained from the drawn sample, the researcher should ensure that the right kind of sample is drawn. To ensure that the correct sample is drawn, the researcher can implement two types of sampling techniques, namely *probability sampling* and *non-probability sampling*. These techniques are discussed subsequently.

A) Probability sampling

Babin and Zikmund (2016:333) indicate that probability sampling refers to a sampling technique in which every member of the target population has a known (non-zero) chance of being selected for inclusion in the sample. Not every member of the target population has an equal chance of being included in the sample; however all members have some chance of being included (Brown & Suter, 2014:118; Malhotra, 2010:376). Probability sampling procedures do not allow the researcher to use his/her discretion in selecting the sampling elements, but rather to implement precise selection procedures in order to prevent a biased or subjective selection (Feinberg *et al.*, 2013:308; McDaniel & Gates, 2010:332). Daniel (2012:14) therefore argues that probability sampling is not always appropriate for qualitative studies, because a researcher conducting a qualitative study primarily uses non-probability sampling methods in which he/she purposefully selects sampling elements that can address the needs of the qualitative study by providing insight about the research problem being addressed. The various probability sampling methods include simple random sampling, systematic sampling, stratified sampling, and cluster sampling (Brown & Suter, 2014:118-121; Hair *et al.*, 2010:133).

- **Simple random sampling**

Iacobucci and Churchill (2015:271) propound that simple random sampling allows every member of the target population to have both a known and equal chance of being included in the sample. In order to engage in an effective simple random sampling procedure, the researcher must be able to identify the members of the target population in some way in order to award each member an equal chance of being included in the sample. This could be achieved by assigning a unique identification number to each member of the target population, or by making use of a sampling frame (Donsbach, 2015:554). Babbie (2017:203) and Malhotra (2010:383) concur that the sample is drawn by generating random numbers via a computer-based programme or a table comprised of random numbers in order to determine which sampling elements to include in the sample. Simple random sampling is relatively easy to use and ensures that all members of a target population have a known and equal chance of being included in the study. However, complete and accurate sampling frames from which to select a simple random sample are expensive, difficult, and most of the time impossible to obtain (Babbie, 2017:203; McDaniel & Gates, 2010:338).

- **Systematic sampling**

Churchill *et al.* (2010:338) define a systematic sample as a probability sampling technique in which a sampling element is randomly selected for inclusion in the sample, after which the researcher selects every successive sampling element at a pre-selected interval. Similar to that of simple random sampling, the members of the target population are allocated a unique identification number (McDaniel & Gates, 2010:338). In order to calculate the pre-selected interval (sampling interval), the researcher divides the total target population size with the pre-determined sample size (Brown & Suter, 2014:118). Babin and Zikmund (2016:353) explain that even though the selection procedure implemented when using a systematic sampling technique is not entirely random and thus, the results obtained are random if, indeed, the arrangement of the sampling elements in the sampling frame is not entirely similar to the sampling interval.

- **Stratified sampling**

Another random sampling technique is stratified sampling, in which the total target population is divided into mutually exclusive and exhaustive sub-populations known as *strata*, after which sampling elements are selected from each respective stratum for inclusion in the sample by making use of either a simple random sampling technique or a systematic sampling technique (Black, 2012:228; Dane, 2011:118; McDaniel & Gates, 2010:339). According to Dane

(2011:118), each sub-population identified in the sampling frame is treated like a separate sampling frame from which sampling elements can be selected. A stratified sample allows the researcher to obtain a more efficient and representative sample of the total target population than would a sample drawn by using a simple random sampling or a systematic sampling technique (Babin & Zikmund, 2016:353; Churchill *et al.*, 2010:341). Malhotra (2010:394) suggests that no more than six strata should be used in order to obtain accurate results from the sample drawn without incurring increased cost of stratification and sampling.

- **Cluster sampling**

In instances where the target population can be naturally divided into clusters of mutually exclusive and exhaustive subsets, cluster sampling can be used (Berkowitz, 2017:221). Iacobucci and Churchill (2015:285) propound that once the target population has been subdivided into natural, mutually exclusive subsets, a simple random sampling technique is used to draw samples from each subset (two-stage cluster sampling). Alternatively, the researcher may wish to include all the sampling elements in a cluster in a sample, and therefore requires no random sampling technique to draw a sample from the subsets (one-stage cluster sampling) (Churchill *et al.*, 2010:342). Berkowitz (2017:221) asserts that cluster sampling is mostly used when a large target population has been defined and when the population is geographically dispersed. McDaniel and Gates (2010:342) caution that the sampling elements within a naturally selected cluster must be heterogeneous with regards to their characteristics corresponding to those of the total target population. A high level of homogeneity among sampling elements within each respective cluster would violate this assumption and will therefore not be representative of the total target population (Churchill *et al.*, 2010:342; McDaniel & Gates, 2010:342).

B) Non-probability sampling

In contrast to probability sampling, when using non-probability sampling methods, the members of the target population do not have a known probability of being included in the sample, and therefore the probability of a sampling element being selected for inclusion in the sample cannot be calculated (Brown & Suter, 2014:116). Churchill *et al.* (2010:333) explain that instead of selecting a sampling element through a random selection process like that incurred in a probability sampling technique, non-probability samples are arbitrary as they are selected by relying on the researcher's personal judgement. Due to the fact that the sampling elements selected by means of non-probability sampling methods have no known probability of being included in the sample, no appropriate statistical techniques exist for ensuring that the sample is a true representation of the total target population (Babin & Zikmund, 2016:348; Iacobucci & Churchill, 2015:269;

Malhotra, 2010:376). According to Aaker *et al.* (2011:387), non-probability sampling techniques are most suitable in the following situations: (1) if the researcher is not well-versed in statistical methodologies; (2) if the researcher has limited finances; (3) if the researcher has a limited time-frame in which to draw the sample; (4) when a homogeneous target population has been defined; and/or (5) when conducting exploratory research. A number of different non-probability sampling techniques that are commonly used include convenience sampling, judgement sampling, quota sampling, and snowball sampling (Malhotra, 2010:376). These techniques are discussed in more detail below.

- **Convenience sampling**

As the name of this non-probability sampling method implies, convenience samples are selected based on the ease of selecting the sampling element from the target population (McDaniel & Gates, 2010:344). Babin and Zimund (2016:348) assert that convenience sampling is used to select sampling elements quickly and cost-effectively, or when it is not possible to use any other means to select the sample. Even though convenience sampling cannot provide conclusive results that can be irrefutably extrapolated to the entire target population, this type of sampling can be used effectively when conducting exploratory research as a basis for formulating research hypotheses. This is because the purpose of exploratory research is not a definite verification or accurate measurement, but rather an exploration of the topic under study or to generate new insights (Feinberg *et al.*, 2013:305).

- **Judgement (purposive) sampling**

A judgement sample is selected by an experienced researcher based on the researcher's belief that the sampling elements are representative of the target population and comprise the required characteristics and information sought to achieve the objectives of the particular research study (Babin & Zikmund, 2016:349; Malhotra, 2010:379). According to Malhotra (2010:379), because the sample is selected based on the researcher's subjective judgement, beliefs, creativity and expertise, and because the target population is not defined explicitly, judgement sampling is an appropriate sampling technique if the researcher does not have to make extensive extrapolations of the target population. Iacobucci and Churchill (2015:270) assert that judgement sampling is most suited to an exploratory research design, as the researcher is more interested in obtaining initial ideas and insights rather than conducting a cross section of opinion. Judgement sampling is quick and easy to administer, relatively inexpensive and typically applied when conducting industrial marketing research (Malhotra, 2010:379).

- **Quota sampling**

Quota sampling is used to ensure that the selected sample is a true representation of the target population by selecting the sample that appears like the target population (Iacobucci & Churchill, 2015:271). Babin and Zikmund (2016:349) add that the primary aim of quota sampling is to select a sample that is representative of specific characteristics of the target population to the exact extent that the researcher desires. Such characteristics may include specific aspects of consumer behaviour and attitude, or demographic characteristics that are purely based on the judgement of the researcher (Feinberg *et al.*, 2013:305). According to Malhotra (2010:380), it is difficult to ensure that a quota sample is an accurate representation of the target population, as a characteristic (or quota) that is relevant to the research problem could be omitted and because the researcher uses his/her own judgement to select the sample. Nonetheless, quota sampling is a convenient method of sampling that can be conducted at a relatively low cost.

- **Snowball sampling**

McDaniel and Gates (2010:345) explain that snowball sampling entails selecting an initial group of sampling elements, and then using referrals from these sampling elements to select additional sampling elements in the target population to include in the sample. This type of non-probability sampling technique depends on the researcher's expertise to select an initial group of research participants with the desired characteristics and information sought for the purpose of the study (Churchill *et al.*, 2010:336). The initial participants selected to participate in the study are then requested to provide contact details of additional participants who qualify to form part of the study. Snowball sampling is perfectly suited to a situation in which the researcher seeks to draw a sample of individuals who have a unique and rare characteristic. By applying snowball sampling, the researcher increases the likelihood of identifying those sampling elements within the target population that have the desired characteristic(s) (Malhotra, 2010:381). Babin and Zikmund (2016:350) affirm that snowball sampling is relatively inexpensive and makes use of reduced sample sizes.

For the purpose of this study, a non-probability judgement (purposive) sampling method was used, and the sampling elements were selected based on personal opinion or judgement. Judgement was passed based on whether the research participant was a manager/executive of a ratified BID in South Africa, who was directly or indirectly responsible for the design, implementation, or control of the BID's place marketing strategy. A more detailed explanation as to how the research participants were selected is provided in section 6.2.4.6

6.2.4.5 Step 4: Determine the sample size

The fourth step in the sampling process, prior to collecting the data, is to determine an appropriate size of the sample. McDaniel and Gates (2010:348) explain that a sample size refers to the number of sampling elements that have been selected for inclusion in the sample based on their ability to provide information sought and for their unique characteristics that are representative of the total target population. Lichtman (2010:142) argues that the size of the sample plays a more prominent and decisive role in quantitative studies than in qualitative studies. This is because the size of the sample largely influences the statistical techniques employed to analyse the data in quantitative studies, and is a prominent precursor of the validity and reliability of a quantitative study. As such, determining the sample size of a qualitative study proceeds from different assumptions than that of determining the size of a quantitative study's sample size. When determining the sample size of a qualitative study, the focus is on flexibility and depth instead of mathematical and statistical probabilities and external validity (Padgett, 2012:75). According to Malhotra (2010:374), the following factors have an influence on the size of the sample:

- The importance of the decision that needs to be made based on the data collected has a profound influence on the sample size, as the precision of the results improve as the sample size increases.
- The nature of the research is yet another determinant of sample size, because studies that implement a qualitative research approach with an exploratory research design tend to require smaller sample sizes as opposed to quantitative studies that require larger sample sizes.
- The number of variables on which data needs to be collected also determines the size of a sample. The more variables involved in a study, the larger the sample size needs to be in order to be representative of the target population and to improve reliability and validity of results.
- The nature of the analysis has an effect of the sample size, as more complex and intricate data analysis techniques usually require larger, more robust sample sizes.
- The sample size of a study can also be determined by referring to studies of a similar nature, and by reviewing the size of the sample used in such studies.
- The availability of resources is regarded as another determinant factor when determining sample size. Cost constraints and the lack of time could largely influence the size of the sample. In addition, well-trained and qualified researchers and/or interviewers who have the time to collect data are difficult to come by.

From the above discussion, it is evident that the sample sizes of qualitative studies are smaller than those of quantitative studies. Ritchie *et al.* (2014:117) propound that there are four main reasons why the sample sizes of qualitative studies are smaller than that of quantitative studies. Firstly, if the data is properly analysed, there will come a point of saturation where very little new evidence is obtained from each additional sampling unit. There is thus a point of diminishing return where increasing the sample size no longer contributes to new evidence. Secondly, statements about incidence or prevalence are not the primary concern of qualitative research. Thus, there is no requirement to ensure the sample is of sufficient scale to provide estimates, or to determine statistically significant discriminatory variables. Thirdly, the type of information that qualitative studies yield is rich in detail. In order to do justice to these analyses, sample sizes need to be kept at a reasonably small scale. Finally, qualitative research can be highly intensive in terms of the research resources it requires. It would therefore be not possible to conduct and analyse large numbers of interviews, observations or groups.

Ritchie *et al.* (2014:118) suggest that the rule of thumb for conducting a qualitative study involving in-depth interviews is to use a sample size not exceeding 50 participants. Padgett (2012:75) asserts that a sample of six to ten participants suffices when conducting a qualitative study. Adler and Adler (2011) advise a sample size of between 12 and 60 participants, and Ragin (cited by Ritchie *et al.*, 2014:118) between 20 and 50. If the sample size is larger than 50 units, it becomes increasingly difficult to ensure the quality of data collection and analysis (Ritchie *et al.*, 2014:118). However, Mason (2010) propounds that qualitative samples must be large enough to assure that most or all of the perceptions that might be important are uncovered, but at the same time if the sample is too large data becomes repetitive and, eventually superfluous. According to Glaser and Strauss (cited by Mason, 2010) sample size in the majority of qualitative studies should generally follow the concept of saturation, when the collection of new data does not shed any further light on the issue under investigation.

By considering the factors above, **the sample size for this study** was determined based on the nature of the study, the number of variables used in the study, and the nature of the analysis used in the study. This study follows an exploratory research design, and therefore a qualitative research approach. The interview guide does not consist of numerous variables, but rather a few specific variables that must be analysed and reported on. Due to the fact that no quantitative, numerical or multivariate techniques are required to analyse the data for this study, but rather qualitative data analysis techniques, a smaller sample size sufficed.

In this study, nine sampling elements were interviewed. The point of diminishing return (saturation) was reached when interviewing eighth sampling element; however, the interviewer pursued to conduct an additional interview in order to validate the point of diminishing return.

6.2.4.6 Step 5: Select the sampling elements

Once the sample design and size have been determined, the focus then turns to the selection of the sampling elements. The sampling element refers to the subject from whom the researcher would like to collect information from, usually referred to as a research participant (qualitative research) or respondent (quantitative research) (Andaleeb & Hasan, 2017:135; Anon, 2017).

For the purpose of this study, non-probability judgement (purposive) sampling was used to select the sampling elements (see section 6.2.4.4). Selection criteria were based on his judgement of what will form a representative sample of the target population. As such, the choice of sampling elements was purposeful and not random. The sampling elements were selected based on the following criteria:

- **Location:** The sampling unit (BID) from which the sampling element is selected should be located in the Republic of South Africa.
- **Ratification:** The sampling unit (BID) should be a ratified and legislated establishment approved by the city council in which it operates in terms of the municipal Property Rates Act, Section 22 (Special Rates Area [SRA]) and the South African SRA bylaw, in which complementary top-up services are provided in addition to those rendered by the BID's primary partners.
- **Position:** The sample element must be involved with, or have an influence on, the place marketing strategy of the BID – these include individuals in positions like the BID manager, director, chairman, marketing manager, relationship manager or any other executives of the BID who are actively involved in the marketing, advertising or promotional aspect of the BID.
- **Agreement:** The sampling element that was selected should have voluntarily agreed to participate in the research study, and as such, informed consent was attained.

Table 6:7 provides a summary of the sample plan implemented for this study.

Table 6:7 **Summary of the sample plan for this study**

Design elements	Application to empirical study
Target population	
Sampling elements	All the managers/executives of a BID who are actively involved in the development, implementation and/or evaluation of the respective BID's place marketing strategy.
Sampling unit	Business Improvement District (BID).
Extent	The Republic of South Africa.
Time	November/December 2017.
Sampling frame	No sample frame.
Sampling procedure	Non-probability, Judgement sampling.
Sample size	Nine participants.

6.2.4.7 Data collection

The next step in the marketing research process concerns the collection of the data by implementing the sampling plan devised in the previous step. During the data collection step of the marketing research process, the researcher him/herself, or by making use of trained interviewers and/or fieldworkers, collect data from the surveys issued to respondents and/or conducting the relevant interviews with participants (McDaniel & Gates, 2013:53). Feinberg *et al.* (2013:31) assert that during this stage, it is vital for the researcher to train the fieldworkers and/or interviewers who will be collecting the data from the sampling elements effectively. A well-versed and proficient interviewer is especially important when conducting in-depth interviews so that he/she does not influence the general direction of the interview whilst probing the participant for additional information to the initial answers provided (Brown & Suter, 2014:30).

For this study, in-depth interviews were conducted with the sampling elements (participants) that were purposefully selected to form part of the study's sample. By conducting a literature study on the research topics (Chapters 2 to 5), relevant knowledge was acquired to conduct the interview effectively and efficiently with the participants. An additional interviewer was assigned to accompany the researcher when conducting the interviews. The additional interviewer was responsible for taking notes during the interview, in order to compare them with those of the researcher once the interview was completed (see Appendix D). This ensured that no information provided by the research participant was omitted.

6.2.5 Stage 5: Analyse the data

Once the data has been collected, the next stage of the market research process is data analysis. The purpose of data analysis, despite the type of data being collected, is to organise, provide structure to, and to gain meaning from the data collected (Profetto-McGrath *et al.*, 2010:318). According to McDaniel and Gates (2010:53) and Miles *et al.* (2014:10), the purpose of analysing the data is to interpret and make sense of the raw data collected during the data collection stage by means of observations, interviews, documents, and artefacts. Qualitative research, in particular, generates rich amounts of raw data that need to be analysed, refined and interpreted (De Vos *et al.*, 2011:397). Bazeley (2013:3) describes qualitative data as being “intense, engaging, challenging, non-linear, contextualised, and highly variable”. Aaker *et al.* (2011:431) affirm that by analysing the data, this voluminous collection of qualitative data is transformed into actionable, defensible sets of conclusions and reports. Iacobucci and Churchill (2015:26) argue that the data that has been collected is not of any value unless it is analysed and interpreted in light of the research problem at hand. Miles *et al.* (2014:12) summarise qualitative data analysis in terms of three primary flows of activity, namely:

- **Data condensation:** Instead of reducing the data that appears in the body of the interview transcripts, field notes, and/or other documentation so as to make sense of it, data condensations refers to the process of choosing the data that is most appropriate and applicable, focusing on the data, simplifying the data and transforming it in order to make it more understandable and stronger.
- **Data display:** In order to draw conclusions, data must be displayed in an understandable manner. In other words, the data should be well organised and the bulk of the information should be summarised.
- **Drawing and verifying conclusions:** The third stream of qualitative data analysis includes drawing conclusions and verification of data. The researcher draws conclusions from the start of collecting the data by noting particular patterns, propositions, causal flows, and explanations provided by a research participant during, for example, an in-depth interview. The researcher draws these conclusions lightly, and only at the end of data collection and analysis, the conclusions become explicit and grounded. The final conclusions drawn depend on the amount of data collected; the coding, storage and retrieval methods used; the researcher’s experience; and the timeline allocated for the research study. Data verification occurs by reviewing the interview transcript or field notes again; deliberating and/or reviewing the conclusions among colleagues or other professional researchers; or by attempting to replicate the findings by making use of another data set. Verification of the data requires the

conclusion drawn from the data to be tested for plausibility and sturdiness, and to affirm its validity.

The three steps of qualitative data analysis provided by Miles *et al.* (2014:12) above constitutes one approach to analysing qualitative data. According to Bazeley (2013:3), numerous approaches have been documented for analysing qualitative data. According to Theron (2015), some of the approaches to analysing qualitative data include: Lincoln and Guba's constant comparative approach, the Huberman and Miles approach, Morse and Field's approach, Marshall and Rossman's approach, Creswell's approach, and the eight steps of Tesch. These analytic approaches are briefly discussed in Table 6:8.

Table 6:8 Qualitative data analysis

Analysis approach	Description
Lincoln and Guba's constant comparative approach	A continuous developing process that comprises four distinct steps with the aim of deriving theory and not only for processing data.
Huberman and Miles' approach	Comprised of three interrelated steps of data analysis, namely data reduction, display and drawing of conclusions for verification purposes.
Morse and Field's approach	Consists of four distinct steps of data analysis where data is combined so as to reveal the "invisible" and link their consequences.
Marshall and Rossman's approach	Comprised of four linked data analytic steps where the researcher is authorised to discover any new dimensions by generating categories and testing them.
Creswell's approach	A linear, hierarchical process comprised of six interrelated steps in which the researcher carefully reads through the interview transcripts with the aim of categorising the chunks information, providing a detailed description of these categories, and then presenting and interpreting the final results in order to establish what the final outcome of the study was.
Tesch's approach	Consists of eight distinctive steps where the researcher carefully studies all the available interview transcripts in order to identify a list of applicable topics, after which he/she clusters the topics into categories, with the end result being that all data is assembled into distinctive categories of interest.

Source: Adapted from Theron (2015).

By considering the approaches presented above pertaining to the analysis of qualitative data, **this study** applied the Morse and Field (1996) approach. This approach was selected because it has proven to be an effective and efficient form of qualitative data analysis in academic studies

of management and marketing sciences (i.e. Maritz, 2012). In addition, the selected approach provides a clear distinction between the various steps of data analysis, and therefore makes it more comprehensible. Prior to implementing the selected approach for data analysis, the data first needs to be prepared. Burns and Grove (2011:42) affirm that data preparation is an essential stage in the qualitative data analysis process.

6.2.5.1 Data preparation

Data that has been collected by applying qualitative research methodologies needs to be transcribed prior to further analysis. Transcripts refer to text records derived from audio or video recordings, as well as written documents such as field notes, observation recordings, meeting minutes, letters, diaries or other types of correspondence that are transformed into text documentation (Grbich, 2013:20). The transcription of recorded interviews entails a change of medium (i.e. from a voice recording to a typed document) and as such could yield new issues, including accuracy, reliability and interpretation. In addition, Tolley *et al.* (2016:164) affirm that effective transcription is time-consuming, and this could lead to researchers attempting to cut corners by summarising the information collected, and in effect could cause some information to be omitted or misinterpreted.

For the purpose of this study, a professional transcription service company was used to transcribe the data collected by means of audio recording devices during the in-depth interviews (see Appendix C). The accuracy of the transcriptions were checked by comparing the transcripts with the original recordings.

6.2.5.2 Data analysis: The Morse and Field approach

According to Morse and Field (1996:103), qualitative data can be analysed in four consecutive cognitive steps where the researcher firstly strives to reach comprehension (step 1) prior to synthesising the information by making general statements about the information collected from the research participants and categorising this information accordingly (step 2). Synthesis of the collected information is necessary in order for the researcher to form theories about the information (step 3), which are then integrated into the context of established knowledge (step 4). The four steps of Morse and Field's approach were adapted to qualitative data analysis in order to guide the analysis of data for this study. Each of these steps are discussed subsequently.

A) Step 1: Comprehend

Once the in-depth interviews have been conducted and the relevant data has been collected, the interviews should be transcribed, checked, adjusted and coded so that the researcher is able to make sense of the information (Morse & Field, 1996:104). The stage of comprehension is reached once the researcher has accumulated sufficient data to write a thorough, detailed, intelligible and rich description without having to ask additional questions to research participants (Morse & Field, 1996:104; Richards & Morse, 2013:122). Boeije (2010:23) argues that comprehension of the data is aided through a review of the literature. A literature review allows the researcher to formulate a theoretical framework that guides how the research can be approached analytically.

According to Morse and Field (1996:104), a core aspect to achieve comprehension is coding, which allows the researcher to sort the collected data and to reveal fundamental implications in the text. Phakiti (2014:161) describes coding as the process of grouping data into clearly defined segments. A line-by-line analysis of an interview transcript is the most suitable method for coding responses to exploratory open-ended questions (Morse & Field, 1996:104). Chenail (2012:266) explains that a line-by-line analysis requires the researcher to read attentively through each and every line of text in the interview transcript, and to direct the analysis and express the qualities that the researcher perceives in that specific line of text. Once a concept becomes apparent by analysing the lines of text, a code is assigned to it (Ravitch & Carl, 2016:104). Belk *et al.* (2013:140) assert that it is important for the researcher to review the entire dataset prior to coding, to allow him or her to become familiarised with the concepts and to avoid interpreting or quoting research participants' answers out of context.

Once the researcher has collected sufficient information to the point where asking additional questions will not produce any new insights, the point of saturation has been reached (Lewith *et al.*, 2011:51). In order for comprehension to be completed, and for a researcher to reach the point of saturation, data collection continues until no new information or themes emerge from the last two to three interviews and when enough information has been accumulated to replicate the study (Fusch & Ness, 2015:1408; Lewith *et al.*, 2011:51).

For the purpose of this study, the literature review provided in Chapters 2 to 5 allowed for the full comprehension of the existing theory and concepts. With regards to the empirical study, comprehension was reached once the interviews were conducted by closely reviewing the transcripts multiple times. The transcripts were reviewed over a period of time, allowing for time to reflect on personal influence and/or biases during the interview and how these could possibly influence the choice of appropriate content.

Prior to coding, common speech data in the transcripts were identified. The questions asked and irrelevant comments were deleted from the transcripts, as well as any sounds and words that detracted from the identified core content. This step was refined until the core information provided by each research participant was created without significant loss of meaning.

Once the interview transcripts were refined, the data was coded. Coding of each transcript was done by using the line-by-line analysis approach recommended by Morse and Field (1996:104). For coding purposes, the ATLAS.ti qualitative data analysis software was used to assign specific codes to specific lines of text or keywords in the transcripts. This method allows the researcher (or anyone else who wishes to review the analysis) to understand how the tagged lines of analysis are arrayed throughout the document by reviewing the ATLAS.ti project file (see Appendix F) (Chenail, 2012:267). In addition, a codebook was created in which the assigned codes were clearly defined (see Appendix F). Once the researcher was fully versed with the data and affirmed that the point of saturation has been achieved, comprehension was reached.

B) Step 2: Synthesise

Once the research setting is familiar, the second step of the Morse and Field approach to analysing qualitative data is data synthesis. Synthesising involves extracting or “weeding” of data and inductively putting the pieces together in order to generate common themes (Loiselle & Profetto-McGrath, 2010:320). At this step of the data analysis process, the researcher is well versed with the research topic and is confident to describe the topic through generalised statements without referring to notes (Morse & Field, 1996:105). Data synthesis can be described as a process of data integration with the aim of interpreting, describing, analysing and drawing conclusions on the research evidence (Ring *et al.*, 2011:3-4). In other words, patterns that emerged from the data are categorised and transformed into a coherent story that is articulate and intelligible (Hall & Roussel, 2014:90; Richards & Morse, 2013:53). This step of the Morse and Field approach is also referred to as categorising (Strauss & Corbin, 1990:63). According to Ring *et al.* (2011:4), a number of different approaches exist to synthesise qualitative data. Morse and Field (1996:105) outline two of these approaches as follows:

- **Inter-participant analysis** occurs when interview transcripts are compared across research participants in order to identify similarities and differences.
- **Category analysis** takes place where the collected data is sorted into interpretation categories according to the similarities identified across all research participants.

The above approaches to qualitative data synthesis enable cognitive processing that allows the researcher to effectively synthesise the data, and also to interpret, to link data and concepts, to identify relationships, and to conjecture and validate findings (Morse & Field, 1996:105).

For the present study, during the synthesising step of the empirical study, inter-participant analysis was conducted by comparing the interview transcripts across all research participants' answers and identified numerous similarities and differences. Data synthesis followed by applying category analysis, and as a result five themes were identified with 12 interpretation categories based on the information derived from the interview transcripts. These categories and themes are illustrated in Table 6:9.

Table 6:9 Interpretation categories and themes

	Category (A)	Category (B)	Category (C)
Theme 1: The <i>formation</i> of BIDs in South Africa	Establishment	Motive	Stakeholders
Theme 2: The <i>structure</i> of BIDs in South Africa	Organisation	Employees	
Theme 3: The <i>scope</i> of BIDs in South Africa	Area	Properties	Financial
Theme 4: The <i>place marketing strategies</i> of BIDs in South Africa	Management	Function	Implementation
Theme 5: The <i>evaluation</i> of place marketing performance of BIDs in South Africa	Measurement		

The responses provided by research participants during the in-depth interviews were segmented into the interpretation categories and eventually into themes as presented in Table 6:9.

The coding which occurred during step 1 (comprehension) facilitated data synthesis, as the codes generated in the first step allowed the texts obtained from the interview transcripts to be slotted into the relevant categories identified in step 2. Each of the responses was placed into the categories in order to indicate similarities and differences identified from analysing the interview transcripts. The codes, categories and themes were formulated using the ATLAS.ti software for analysing qualitative data. The individual codes, the categories in which they were slotted, as well as the themes identified are presented in the study's codebook (see Appendix F).

C) Step 3: Theorise

The third step of Morse and Field's qualitative data analysis approach requires the researcher to theorise. According to Morse and Field (1996:105), theorising concerns the effective and efficient selection and fitting of alternative models to the data. During this step, the researcher should select alternative explanations to compare the data until the most suitable explanation is found that describes the data (Theron, 2015). According to Nelson (2016:567), one can distinguish between two forms of theorising: (1) Low-level inward facing theorising can be described as explanations of the data that has limited meaning and/or application to the research participants or those who are familiar with similar contexts; and (2) abstract outward facing theorising which can be described as explanations of the data that has meaning and makes sense to research participants, as well as to those in the broader social context of the research.

According to Harding and Whitehead (2012:146), it is preferable that a number of different people are involved with the theorising stage of qualitative data analysis, because multiple viewpoints produce more accurate results and provide a richer explanation of the data. During this process, when the results achieved are compared and linked to the study's objectives, a theory emerges from the data (Morse & Field, 1995:125). Morse and Field (1996:106) argue that the most suitable theory is the derived theory that provides the most adequate, comprehensive and practical explanation of the data, and which links diverse and unrelated facts together.

During this step of the study's data analysis, the literature review (Chapters 2 to 5) and the data collected during the empirical part of this study was analysed. This allowed for the various problems prevalent in the place marketing literature to be theorised, and to formulate different explanations as to why it is important for places, especially BIDs, to measure their place marketing performance. In addition, to enhance the theorising process, frequent meetings were scheduled with the researcher's promoters in a series of informal conversations in order to discuss the explanations devised for describing the data and to deliberate the relationship amongst identified themes and their link to the objectives of the study. This process continued until the optimum and most adequate explanation of the data was found.

D) Step 4: Recontextualise

The fourth and final step of Morse and Field's approach to analysing qualitative data is recontextualisation. According to De Vos (1998:342), during this stage of the data analysis process, the theories devised in step 3 are developed in such a way that it is made clear as to which settings and populations the theories are applicable to. The categories and research results are therefore integrated to clearly show how they are supported by existing theoretical models (De Vos, 1998:271).

For the purpose of this study, the theories identified in step 3 were expanded on in order to determine how BIDs in South Africa measure their place marketing performance, and the methods they should be applying to determine whether their place marketing efforts are effective or not.

6.2.5.3 Trustworthiness in qualitative research designs to ensure rigour

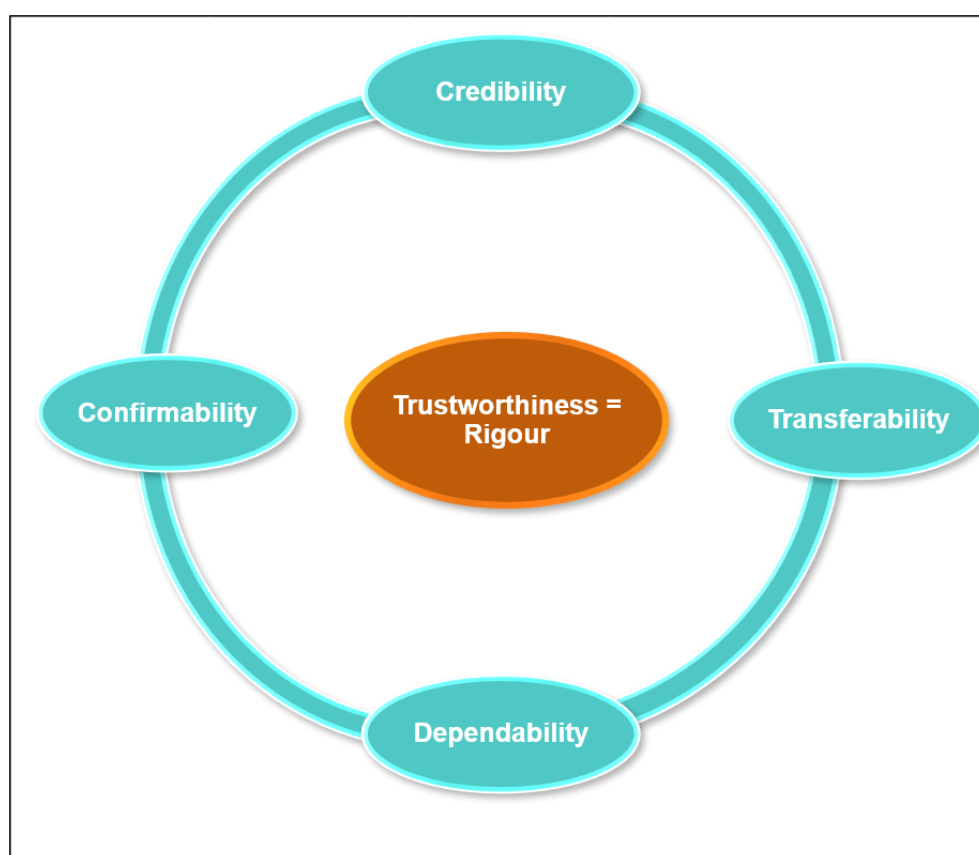
According to Silver *et al.* (2013:105), good research is “good” because it generates data that in which one can have faith as a picture of reality. This can be achieved by using a data collection instrument that is consistently able to generate similar results when used repeatedly (referred to as reliability), and it is able to measure what it intends to measure (referred to as validity). Malhotra and Birks (2006:140) define reliability as the extent to which a measurement reproduces consistent results if the process of measurement were to be repeated. Therefore, reliability refers to the consistency of findings that enables findings to be replicated (Proctor, 2005:208). According to Burns and Bush (2014:111-112), whilst reliability relates to the accuracy and stability of measure, validity relates to the appropriateness of the measure to assess the construct it purports to measure. In qualitative research, both reliability and validity concern trustworthiness (Anney, 2015:273). The aim for this study was to deliver truthful results and to limit errors in the qualitative research design by focusing on achieving trustworthiness throughout the research process. According to Cope (2014:89), the most common approach towards evaluating the trustworthiness of qualitative research is one purported by Guba (1981:75-91). Guba (1981:75-91) proposes four criteria that should be considered by qualitative researchers in pursuit of a trustworthy study. Lincoln and Guba (1985) define these four criteria as follows:

- **Credibility (in preference to internal validity)** is an evaluation of whether or not the research findings represent a “credible” conceptual interpretation of the data drawn from the participants’ original data.
- **Transferability (in preference to external validity)** is the degree to which the findings of the inquiry can apply or transfer beyond the project.

- **Dependability (in preference to reliability)** is an assessment of the quality of the integrated processes of data collection, data analysis, and theory generation.
- **Confirmability (in preference to objectivity)** is a measure of how well the inquiry's findings are supported by the data collected.

The four criteria proposed by Guba (1981) in order to establish trustworthiness are depicted in Figure 6:5 and are discussed in more detail in the subsequent sections.

Figure 6:5 Criteria applied to ensure trustworthiness and rigour



Source: Adapted from: Guba (1981:75-91) and Nowell *et al.* (2017:3).

Morse *et al.* (2002:13) propound that the criteria presented in Figure 6:5, when applied effectively, provide scientific evidence that confirms trustworthiness. The subsequent sections provide a detailed explanation of how each of the criteria proposed by Guba (1981:75-91) were applied in order to achieve trustworthiness throughout the qualitative research process.

A) Credibility

According to Polit and Beck (2012:27), credibility refers to the “fit” between the information obtained from the research respondents and the researcher’s explanation or representation of this information. Guba and Lincoln (1989:239) affirm that the most important method for establishing credibility is member checking. In addition, prolonged engagement and peer debriefing may also affirm credibility (Anney, 2015:276; Petty *et al.*, 2012:382; Tappen, 2011:155).

- **Member checking:** The potential for researcher bias may be reduced substantially through conducting member checks which entail returning the information obtained from an in-depth interview back to a research participant in order for him/her to check and confirm the results (Birt *et al.*, 2016:1802). Cope (2014:90) argues that member checking allows the researcher’s conclusions to be validated, indicating that the researcher has accurately interpreted the data.

For the purpose of this study, the completed interview transcripts were returned to five of the research participants, which allowed them to rephrase their narrative by omitting certain extracts which they may feel no longer represents their experience, or that they feel may present them in a negative light. Through conducting effective member checking, the accuracy of the data was greatly enhanced and its credibility confirmed (Birt *et al.*, 2016:1803).

- **Prolonged engagement:** The amount of time the researcher is immersed in the research setting has an effect on the credibility of the information obtained during the research study (Matthews & Kostelis, 2011:102). According to Profetto-McGrath *et al.* (2010:267), prolonged engagement refers to building a trusting relationship between the researcher and the research participant by becoming well acquainted with the cultural aspects and worldviews of the participants under study. By building and honing a trusting relationship between the researcher and research participants, a greater understanding of the research setting will emerge (Shenton, 2004:65). **With regards to this study**, the researcher was immersed in the topic under study since 2013 and involved in the academic literature for four consecutive years. In addition, frequent visits to BIDs around South Africa were made, and attention was particularly paid to the management and functions of these BIDs. Regular contact with BID managers and executives was maintained, and subscriptions were obtained to various BID newsletters in order to keep abreast of news and developments.
- **Peer debriefing:** This constitutes the researcher discussing the research process and findings with neutral colleagues, such as study promoters and/or doctoral students who are neutral towards the topic under study, and who preferably are completing their own qualitative

studies, or who have experience in qualitative research protocols (Anney, 2015:279). According to Jeanfreau and Jack (2010:616), this process enables peers to provide additional perspectives on the topic under study, the methods of data analysis and interpretation of the results. **On concluding the data analysis of this study**, all findings and interview transcripts were submitted to two experienced researchers in the field of qualitative studies (Prof. Alfred Henrico and Mr. Johan Le Grange) to compare analysis and to confirm the findings of the study (see Appendix G).

B) Transferability

Similar to the concept of external validity and generalisability in quantitative research studies, transferability concerns the ability to transfer or apply the research findings of qualitative research studies to other contexts that are similar in nature, or to an alternative population with different research participants (Lichtman, 2010:228; Pandey & Patnaik, 2014:5746). Moon *et al.* (2016:3) assert that it is crucial to establish transferability of a qualitative study's findings because policy management can rely on data, conclusions and recommendations from previous studies, often relying on evidence from a range of contexts that can be different to the one in which applications will be made. Transferability can be accomplished by means of member checking, scientific analysis, low-inference descriptors, and purposeful sampling (Petty *et al.*, 2012:382; Roberts *et al.*, 2006:43-44; Tavakoli, 2012:290).

- **Member checking:** As with credibility, interview transcripts were returned to research participants **of this study** in order to confirm the information provided.
- **Scientific analysis:** According to Roberts *et al.* (2006:43-44), the researcher engages in scientific analysis when he/she rigorously engages with the collected data. **For the purpose of this study**, the Morse and Field approach to analysing the qualitative data was applied (see section 6.2.5.2). During the data analysis process, repeated use was made of the interview transcripts containing the data for the study, reviewing the information multiple times in order to effectively code and categorise the data for interpretation purposes, specifically checking for discrepancies in the data which may indicate that the data should not be trusted.
- **Low-inference descriptors:** This refers to a description of the information that is phrased almost exactly as provided by the research participant and/or the researcher's field notes (Johnson & Christensen, 2014:302). By making use of direct quotations obtained from the research participants, or reviewing the exact verbatim contained in the in-depth interview transcripts, the researcher is able to gain a better perspective of the participants' points of view (Tavakoli, 2012:290). The lowest-inference descriptor, according to Johnson and

Christensen (2014:302), is a verbatim because the exact words of the research participant is provided in direct quotations. LeCompte and Schensul (2013:124) argue that the use of low-inference descriptors avoids the unreliability involved when the researcher has to make any value judgements based on the coded items by creating an unbiased and rich description of the data. **For the purpose of this study**, where possible, rather than paraphrasing verbatim responses and quoted text were included as per the research participants' original responses to support or refute the core aspects of the findings. In addition, it was ensured that not only the best examples were used to support analysis (referred to as "cherry-picking" the verbatim) (Bryman, 2016:675).

- **Purposeful sampling:** This involves identifying and selecting research participants that are especially knowledgeable about or experienced with the topic under study (Creswell & Clark, 2011:173). **For the present study**, it was ensured that only BID management and executives who were well versed and knowledgeable of the BID's place marketing function were included in the study (refer to section 6.2.4.6). A sample that is relevant to the study was meticulously selected, and by so doing, contributing to the credibility of the study (Petty *et al.*, 2012:380).

C) Dependability

The third criterion in the Guba (1981:75-91) framework for confirming trustworthiness is dependability. According to Polit and Beck (492), dependability refers to how stable or reliable the data is over time and over varying conditions. In qualitative research, the researcher can attain dependability by accommodating changes in the research setting and in the research design itself (Toma, 2011:273). Strategies that may be implemented in order to establish dependability include, *inter alia*, conducting an audit trail, peer debriefing, recording of interviews, and transcription of interviews (Lincoln & Guba, 1985:302; Thomas & Magilvy, 2011:154).

- **Audit trail:** An audit trail (also known as a decision trail) of the various procedures and processes applied in the analysis of the data allows another researcher to follow the decisions made by the researcher and to realise the rationale of the researcher for making the specific decisions (Houghton *et al.*, 2013:13; Thomas & Magilvy, 2011:154). **For the purpose of this study**, an audit trail was conducted by a) presenting a problem statement and, by so doing, explaining the reason for conducting the study; b) explaining how the research participants were selected for the study and providing a discussion as to why the specific method of sampling was implemented; c) describing how data collection took place; d) providing a detailed explanation of how the data was analysed, as well as the approach used to analyse the qualitative data collected; e) presenting and discussing the results and findings of the study; and f) explaining the technique used to confirm the trustworthiness of the study.

- **Peer debriefing:** As with credibility, the findings and interview transcripts were submitted to three professional qualitative researchers (Prof. Alfred Henrico and Mr. Johan Le Grange) in order to verify the codes and analysis of the data (Appendix G).
- **Recording of interviews:** This refers to the recording of interviews by making use of a digital audio recorder (or a camcorder if the researcher wishes to capture visual material) in order to provide verbatim or visual accounts of the conversations conducted between the researcher and the research participants during the in-depth interviews (Belk *et al.* 2013:33). **For the purpose of this study**, a Dictaphone was used in order to provide an audio recording of the in-depth interviews conducted with all the research participants.
- **Transcription of interviews:** According to King and Horrocks (2010:142-143), transcribing an interview is a necessary precursor to further data analysis and entails converting the recorded audio material into text (verbatim). Preparing a comprehensive and timely transcript of an audio-taped interview is especially important when the primary source of data is derived from conducting in-depth interviews in a qualitative study. The transcription could remind a researcher of events that occurred or behaviour that was displayed by the research participant, which was not recorded by the Dictaphone. **For the present study**, an independent professional firm that specialises in transcripts was employed to transcribe each in-depth interview. Due to the fact that someone else transcribed the audio recordings, and to enhance accuracy, all the transcripts were read through whilst listening to the original recordings in order to correct any errors and to fill in any blanks.

D) Confirmability

Tobin and Begley (2004:392) affirm that confirmability is concerned with establishing that the findings of the study are based on factual data and information that has been collected and not on the researcher's imagination. As such, confirmability requires the researcher to indicate the methods used to derive and interpret the findings (Ary *et al.*, 2019:448). The strategies applied to establish confirmability include conducting an audit trail, reflexivity (Cope, 2014:89; Ary *et al.*, 2019:448; Tobin & Begley, 2004:392).

- **Audit trail:** As with dependability, the decisions taken throughout the research process was recorded and explained.
- **Reflexivity:** According to Sibinga (2018:33), a field journal can be kept by the researcher in order to engage in self-reflection about any biasness that may arise whilst conducting the in-depth interviews, either from his/her side or from the research participants' responses. Creswell (2015:218) propounds that reflexivity refers to the assessment of how the

researcher's personal background, interests and perceptions have an influence on the qualitative research process. **For the purpose of this study**, any biasness whilst conducting the in-depth interviews was overcome by maintaining a neutral stance and not introducing personal perceptions and/or interpretations during data collection.

Table 6:10 presents a summary of the criteria proposed by Guba (1981), as well as the various strategies implemented in order to establish trustworthiness of the study's findings.

Table 6:10 Criteria for establishing the quality and trustworthiness of research findings

Quantitative research criteria of quality	Qualitative research criteria of quality	Descriptor	Strategies
Internal Validity	Credibility	The degree to which the findings of the study can be trusted by the research participants.	Member checking Prolonged engagement Member checking
External Validity	Transferability	The degree to which the findings can be applied in other research settings or with other research participants.	Member checking Scientific analysis Low-inference descriptors Purposeful sampling
Reliability	Dependability	The extent to which the study can be repeated and variations understood.	Audit trail Peer debriefing/ Co-coding Recordings Transcription
Neutrality	Confirmability	The extent to which the findings are based on factual data and not the subjective/bias interpretation of the researcher.	Audit trail Reflexivity

Source: Adapted from Guba (1981); Lincoln and Guba (1985); and Nelson (2008).

6.2.6 Stage 6: Prepare the research report and formulate conclusions

The final stage of the marketing research process entails reporting the research findings, discussing the implications of the results and formulating conclusions for managerial decisions (Malhotra, 2010:11). This stage of the research process is presented in Chapters 7 and 8 of this study.

6.3 SUMMARY

The empirical research methodology which was applied to the current study was presented in this chapter by discussing each of the six consecutive stages of the marketing research process. The research problem was clearly identified and the research objectives were established. Details pertaining to the selected research design was discussed, and the process of selecting an appropriate research method was explained. The method of sampling that was used to draw a representative sample from the target population was discussed, after which the final part of the chapter focused on providing a detailed explanation of the methods and approaches used to collect, analyse and interpret the research findings. Chapters 7 and 8 present the research findings and formulate the conclusions of the study. The interpretation categories identified in this chapter (Chapter 6) are used in order to report on the research findings.

CHAPTER 7 EMPIRICAL RESULTS

7.1 INTRODUCTION

This chapter presents the results derived from the empirical part of the study after implementing the research methodology set out in Chapter 6. The chapter commences by providing a review of the questions asked during the in-depth interviews and describes the categories and themes identified in the second stage of the Morse and Field approach to analysing qualitative data (see section 6.2.5.2). The chapter continues by providing a detailed description of the results identified in each of the respective categories. The chapter concludes by means of a summary of the main findings pertaining to each identified theme.

7.2 RESEARCH RESULTS

In this section, the results of the study are discussed and the aims of the in-depth interview questions are explained by linking each question asked during the in-depth interview to the literature and the objectives of the study, and also explains how the questions asked are related to the respective categories and themes identified.

7.2.1 Aims of in-depth interview questions and relation to literature, objectives and interpretation categories

As a point of departure for presenting the empirical research results, the links between the questions asked during the in-depth interviews; the research objectives (see sections 1.6.1 and 1.6.2); the literature (Chapters 2, 3, 4 and 5); as well as the categories and themes identified (as were determined by using the Morse and Field approach in section 6.2.5.2) are presented in Table 7:1.

Table 7:1 The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories

In-depth interview question: B1. From your point of view, what would you say was the reason for forming the BID?			
Aim	To determine the primary motive for the establishment of the BID.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(B)
In-depth interview question: B2. In what year did the planning phase begin?			
Aim	To establish the year in which the planning phase of the BID commenced, which will aid in determining the approximate time duration between the planning phase, the legal ratification of the BID and the commencement of BID operations.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(A)
In-depth interview question: B3. In what year was the BID legally established?			
Aim	To establish the year in which the BID was legally ratified, which will aid in determining the approximate time duration between the planning phase, the legal ratification of the BID and the commencement of BID operations.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(A)
In-depth interview question: B4. In what year did the BID commence with its operations?			
Aim	To establish the year in which the BID commenced with its various operations, which will aid in determining the approximate time duration between the planning phase, the legal ratification of the BID and the commencement of BID operations.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(A)

Table 7:1 *The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)*

In-depth interview question: B5. Which best describes the group(s) responsible for forming the BID? (i.e. business owners, property owners, elected officials, government agencies, residents, etc.).			
Aim	To identify the stakeholders who were responsible for initiating the BID formation process.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(C)
In-depth interview question: B6. Did you experience any opposition?			
Aim	To determine whether any opposition was experienced towards the establishment of the BID, and if so, what were the primary reason(s) for the opposition incurred.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(A)
In-depth interview question: B7. From which group(s)?			
Aim	To identify the stakeholders who were in opposition of the BID formation process.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(C)
In-depth interview question: B8. What would you say is the vision/mission of your BID?			
Aim	To establish the long-term goals and objectives of the BID and to determine what the BID endeavours to accomplish through the implementation of its various functions and services.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	1	Category	(B)

Table 7:1 *The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)*

In-depth interview question: B9. What type of organisation, would you say, describes your BID? (i.e. government organisation, NGO, combination of government and NGO, private agency, public and private agency), or do you perhaps have a different description?			
Aim	To establish the type of organisation a BID is constituted as under federal legislation in South Africa.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	2	Category	(A)
In-depth interview question: B10. Currently, how many full-time employees does your BID have?			
Aim	To establish the number of employees employed by the BID on a permanent basis.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	2	Category	(B)
In-depth interview question: B11. Currently, how many part-time employees does your BID have?			
Aim	To establish the number of employees employed by the BID on a part-time basis.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	2	Category	(B)
In-depth interview question: B12. How many BID members are on the governing body?			
Aim	To determine the average number of BID members who act on the BID's governing body/board of directors/steering committee.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	2	Category	(A)

Table 7:1 The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)

In-depth interview question: B13. How many properties are located in the BID?			
Aim	To determine the approximate number of properties located within the boundaries of the BID.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	3	Category	(B)
In-depth interview question: B14. Describe the composition of land use and buildings in your BID with respect to their size and type of use? (i.e. retail, office, hotel/lodging, educational, medical, residential, etc.).			
Aim	To determine the primary use of the buildings located within the BID.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	3	Category	(B)
In-depth interview question: B15. What is the size of the BID? (i.e. m²/km²)			
Aim	To establish the size of the total area that the BID comprises.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	3	Category	(A)
In-depth interview question: B16. What is your BID's current annual budget in South African Rand value?			
Aim	To determine the Rand value of the annual budget that the BID has at its disposal to fund its operations.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	3	Category	(C)
In-depth interview question: B17. What is/are the primary source(s) of funding for the BID? (i.e. special tax assessment, voluntary donations, subsidies or grants, etc.).			
Aim	To establish the main source of income of the BID.		
Research objective	Secondary research objective 1		
Literature	Chapter 5		
Theme	3	Category	(C)

Table 7:1 The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)

In-depth interview question: C1. Is your BID involved with any place marketing activities?			
Aim	To establish whether the BID engages in any place marketing activities and programs.		
Research objective	Secondary research objective 2		
Literature	Chapters 2, 3 and 5		
Theme	4	Category	(C)
In-depth interview question: C2. Do you have a formal place marketing strategy?			
Aim	To determine whether the BID has devised a formal place marketing strategy in which their place marketing activities are specified and their respective place marketing goals and objectives are defined.		
Research objective	Secondary research objective 2		
Literature	Chapters 2 and 3		
Theme	4	Category	(A)
In-depth interview question: C3. Who, in terms of the BID's various stakeholders, are involved in coordinating the place marketing strategy and/or place marketing activities in terms of planning, implementation and control?			
Aim	To identify the responsible stakeholders for the planning, implementation and control of the BID's place marketing strategy.		
Research objective	Secondary research objective 3		
Literature	Chapters 2, 3, 4 and 5		
Theme	4	Category	(A)
In-depth interview question: C4. Who would you say is/are your target market(s)?			
Aim	To establish the group(s) of stakeholders whom the BID is actively targeting with its place marketing activities.		
Research objective	Secondary research objective 4		
Literature	Chapters 2 and 3		
Theme	4	Category	(C)

Table 7:1 The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)

In-depth interview question: C5. Why have you selected the mentioned target market(s)?			
Aim	To determine the motive and objectives for targeting the stakeholders that form part of the BID's target market.		
Research objective	Secondary research objectives 4 and 5		
Literature	Chapters 2 and 3		
Theme	4	Category	(B)
In-depth interview question: C6. What are the main goals and objectives of your place marketing strategy?			
Aim	To determine what the BID aims to accomplish through the implementation of its place marketing strategy and the various activities and programs it comprises.		
Research objective	Secondary research objective 5		
Literature	Chapters 2, 3 and 5		
Theme	4	Category	(B)
In-depth interview question: C7. In your opinion, what are the resources/factors that the BID possesses and is able to employ in order to reach these goals and objectives? (i.e. historic buildings, museums, clean and safe public areas, restaurants, hotels, shopping malls, etc.).			
Aim	To identify the primary place marketing factors that the BID comprises that can be used as attractors to lure desirable stakeholders and to promote the area to the BID's target market(s).		
Research objective	Secondary research objective 6		
Literature	Chapters 3 and 5		
Theme	4	Category	(C)
In-depth interview question: C8. Would you consider place marketing to be a priority function of your BID?			
Aim	To determine the level of importance that the BID attaches to its place marketing function.		
Research objective	Secondary research objective 2		
Literature	Chapters 3 and 5		
Theme and category	4	Category	(B)

Table 7:1 *The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)*

In-depth interview question: C9. What BID function would you regard as being more important than place marketing?			
Aim	To determine which other BID function(s) trump that of the BID's place marketing function.		
Research objective	Secondary research objective 2		
Literature	Chapters 3 and 5		
Theme	4	Category	(B)
In-depth interview question: C10. How much of your BID's annual budget is spent on place marketing activities?			
Aim	To determine the availability of sufficient finances in order to fund the place marketing function of the BID, and to gauge the importance attached to the BID's place marketing function.		
Research objective	Secondary research objective 2		
Literature	Chapters 3 and 5		
Theme	4	Category	(A)
In-depth interview question: D1. Do you have a scientifically devised strategy in place for measuring the performance of your place marketing strategy and/or activities? If not, how do you go about determining whether the performance of your place marketing strategy is on par?			
Aim	To establish whether the BID has devised a strategy (or other form of instrument) for the purpose of evaluating the performance of its place marketing strategy and various place marketing activities.		
Research objective	Secondary research objective 7		
Literature	Chapters 2, 3 and 4		
Theme	5	Category	(A)

Table 7:1 *The aims of in-depth interview questions and their relation to literature, objectives and interpretation categories (continued)*

In-depth interview question: D2. What do you consider to be the key performance indicators (KPIs) with regards to your place marketing strategy and/or activities? (i.e. total visitors per year/per campaign, new businesses being established in the BID, customer satisfaction, destination awareness, unique website visitors, social media interaction, etc.).			
Aim	To determine the KPIs that the BID currently implements (or would consider implementing) in order to gauge the performance of its place marketing strategy and various place marketing activities.		
Research objective	Secondary research objective 7		
Literature	Chapters 2, 3, 4 and 5		
Theme	5	Category	(A)
In-depth interview question: D3. If you realise that your place marketing strategy and/or activities are not performing as desired or that the set goals and objectives are not being achieved, how do you go about solving these problems? Do you devise a formal corrective action plan to address the identified discrepancies?			
Aim	To establish whether the BID has a formal corrective action plan in place or if it indeed makes use of a formal corrective action plan in order to address problem areas and/or deviations realised during the implementation of the place marketing strategy and its various place marketing activities.		
Research objective	Secondary research objective 7		
Literature	Chapters 2, 3 and 4		
Theme	5	Category	(A)

The remainder of this section is structured according to the categories and themes identified by using the ATLAS.ti software for analysing qualitative data and by applying the Morse and Field approach (see section 6.2.5.2). Specific details pertaining to the data analysis and indications of how the categories have been identified within each theme, as well as the code book used during the analysis of the data can be found on the CD-ROM included at the back of this dissertation. Table 7:2 specifies the thematic and categorical framework for the empirical research results, and acts as a prelude to the research results discussed in the subsequent sections.

Table 7:2 The thematic and categorical framework for empirical research results

	Category (A)	Category (B)	Category (C)
Theme 1: The <i>formation</i> of BIDs in South Africa	Establishment	Motive	Stakeholders
Theme 2: The <i>structure</i> of BIDs in South Africa	Organisation	Employees	
Theme 3: The <i>scope</i> of BIDs in South Africa	Area	Properties	Financial
Theme 4: The <i>place marketing strategies</i> of BIDs in South Africa	Management	Function	Implementation
Theme 5: The evaluation of place marketing performance of BIDs in South Africa	Measurement		

The categories identified with regards to each theme are discussed below. The research results pertaining to each identified category are also presented. Once the findings are presented in relation to each category, the main findings with respect to each theme are summarised.

7.2.2 Theme 1: The formation of BIDs in South Africa

This section provides a detailed discussion pertaining to the formation of BIDs within the South African context and presents the research results for each of the three categories identified (see Table 7:2).

7.2.2.1 Category 1(A): Establishment

Category 1(A) considers the establishment of the BIDs included in this study in terms of the specific dates when the planning of the BIDs formation commenced; the dates when the BIDs were legally ratified; and the dates when the BIDs commenced with their various operations. In addition, this category considers whether the respective BID and its initiators experienced any opposition from other stakeholders regarding the BID's formation. Table 7:3 provides a summary of the findings pertaining to the various dates of establishment of the BIDs included in this study.

Table 7:3 The dates of establishment of select BIDs in South Africa

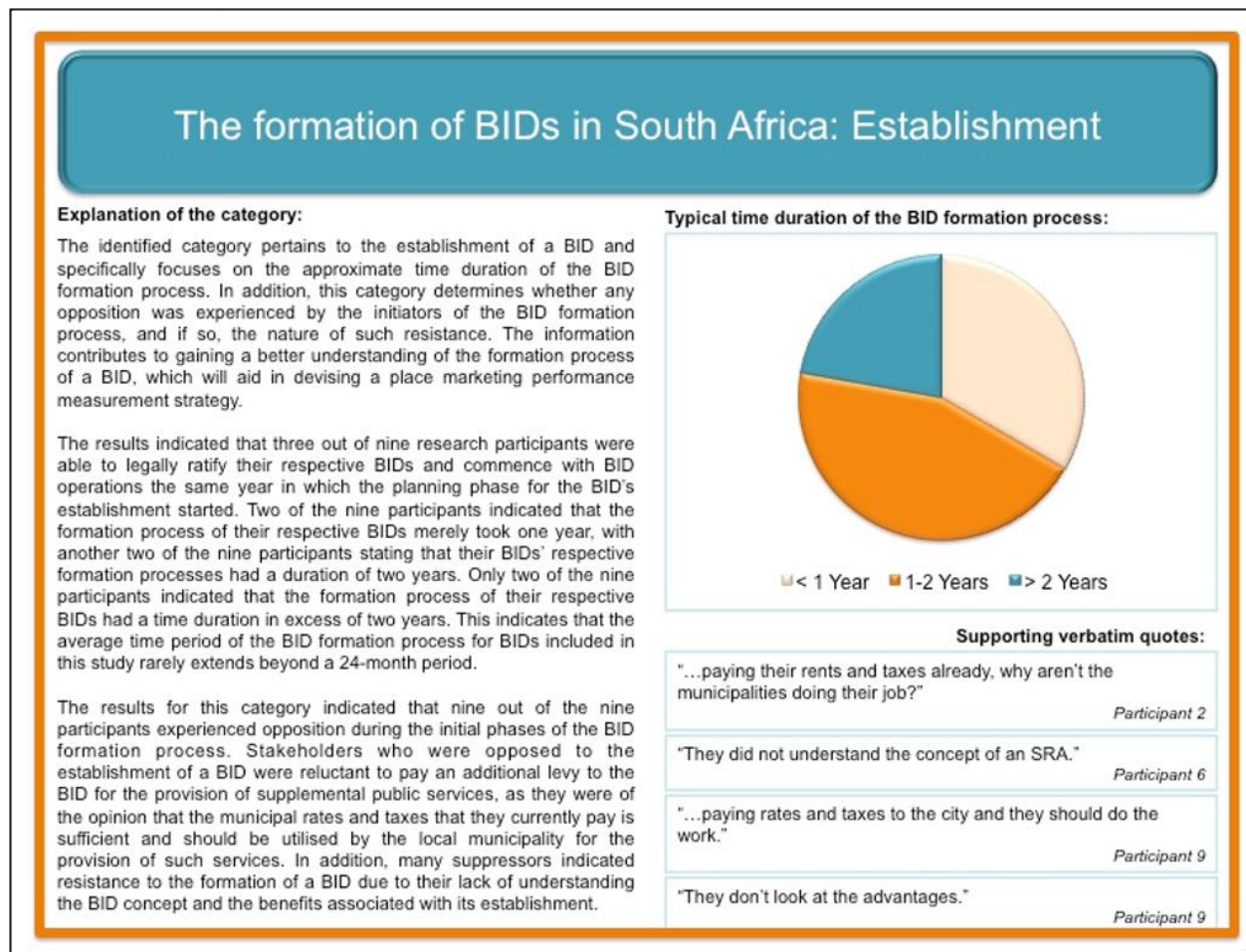
Business Improvement District (BID)		Year planning commenced	Year of legal ratification	Year operations commenced
1.	Ballito Urban Improvement Precinct	2014	2015	2015
2.	Florida Road Urban Improvement Precinct	2013	2013	2013
3.	Hatfield City Improvement District	2000	2013	2014
4.	Illovo Boulevard Management District	1997	1997	2000
5.	Kramerville Management District	2004	2004	2005
6.	Northpine City Improvement District	2013	2017	2017
7.	Observatory Improvement District	2007	2009	2009
8.	Umhlanga Urban Improvement Precinct	2008	2010	2010
9.	Voortrekker Road Corridor Improvement District	2011	2012	2012

From Table 7:3 it can be deduced that the planning phase for BIDs included in this study commenced between 1997 and 2014. Three BIDs were ratified in the same year in which their planning phase commenced. Four BIDs were legally ratified within one to two years following the commencement of their respective planning phases with only two BIDs being legally ratified after two years following the commencement of their planning phases. This indicates that the average time period for BIDs included in this study to be legally ratified following the commencement of their planning process rarely extends beyond a 24-month period.

In addition, the results indicate that strong opposition was experienced during the initial phases of the formation process of the BIDs included in this study. The results further indicate that resistance from stakeholders to the establishment of the respective BIDs ensued due to their reluctance to pay an additional levy in order to fund the supplemental services that would be provided by the newly formed BID. The opposers believed that they were already paying their municipal rates and taxes that should be utilised for the provision of public services, and therefore did not understand why they had to pay an additional levy to fund the provision of the same type of services, albeit provided by the BID. The results also indicated that the resistance was experienced due to a lack of understanding as to what the BID concept entails. Those who were against the formation of a BID were therefore, it seems, misinformed of the advantages that the establishment of a BID could offer to the area and its respective stakeholders (see section 5.5.3). Figure 7:1 provides a summary of the results pertaining to category 1(A), which includes direct

quotations from research participants in support of the identified theme and category respectively (this is also applied to similar figures that follow).

Figure 7:1 Category 1(A) research results – Theme 1



7.2.2.2 Category 1(B): Motive

Category 1(B) considers the primary motive for establishing the BID. This category includes the main reasons for commencing with the BID formation process, as well as the vision and mission of the BID's initiators and relevant stakeholders. The aim was to discover the ultimate goals and objectives of BID formation.

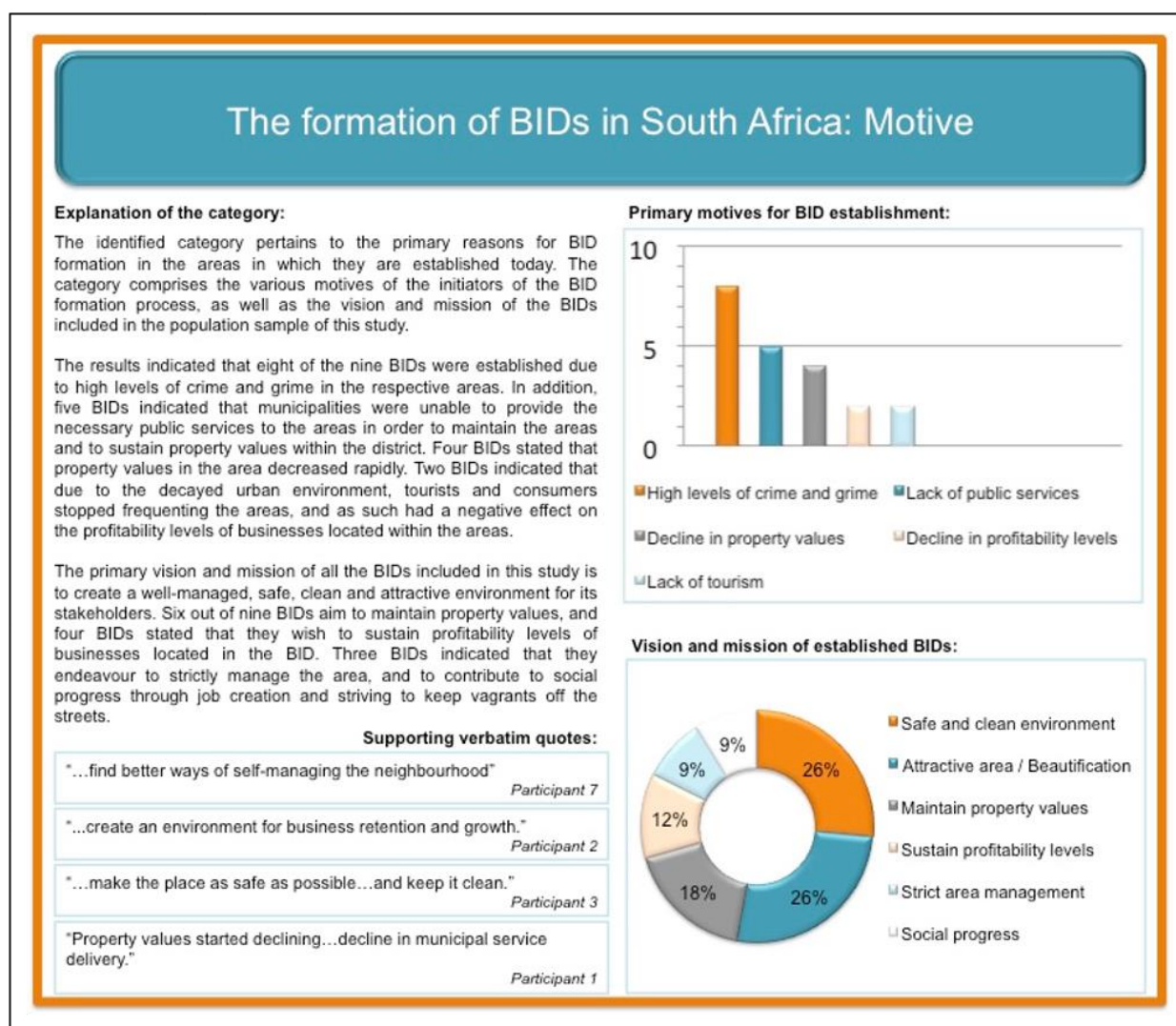
The results indicate that the primary reasons for establishing the BIDs included in this study were related to high levels of crime and increased urban decay experienced in the areas in which the respective BIDs were established. Other reasons provided were that the local municipalities of these areas were no longer providing adequate public services, and as such spurred the deterioration of the areas. Related to these issues, and another motive for the establishment of the respective BIDs, were that property values in the area started to decline and rents fell. Due to

the increased levels of crime and grime, the amount of tourists to the areas also decreased, which had an adverse effect on the profitability levels of businesses located within the areas.

An impetus for BID formation was therefore realised in order to regenerate these urban areas and to reduce the levels of crime and grime, as well as to provide supplementary public services in order to maintain the areas. In addition, and one of the more prominent reasons for establishing the respective BIDs, was to sustain property values and rental income for property owners in the district. The initiators of the BID formation process also aimed to make the moribund areas more attractive so as to lure desirable stakeholders (i.e. affluent consumers) to the areas in which the BIDs are established and to eventually improve the profitability levels of businesses located in these areas.

Category 1(B) also considered the vision and mission of the BIDs included in this study. Most BIDs stated that their vision and mission include the following: (1) to create a well-managed area; (2) to create a safe and clean environment; (3) to maintain property values in the area; (4) to sustain profitability levels of businesses located in the area; (5) to achieve higher levels of social progress by keeping vagrants off the streets; and (6) to beautify the area in order to attract desirable stakeholders (i.e. investors and affluent consumers). Figure 7:2 provides a summary of the results pertaining to category 1(B).

Figure 7:2 Category 1(B) research results – Theme 1

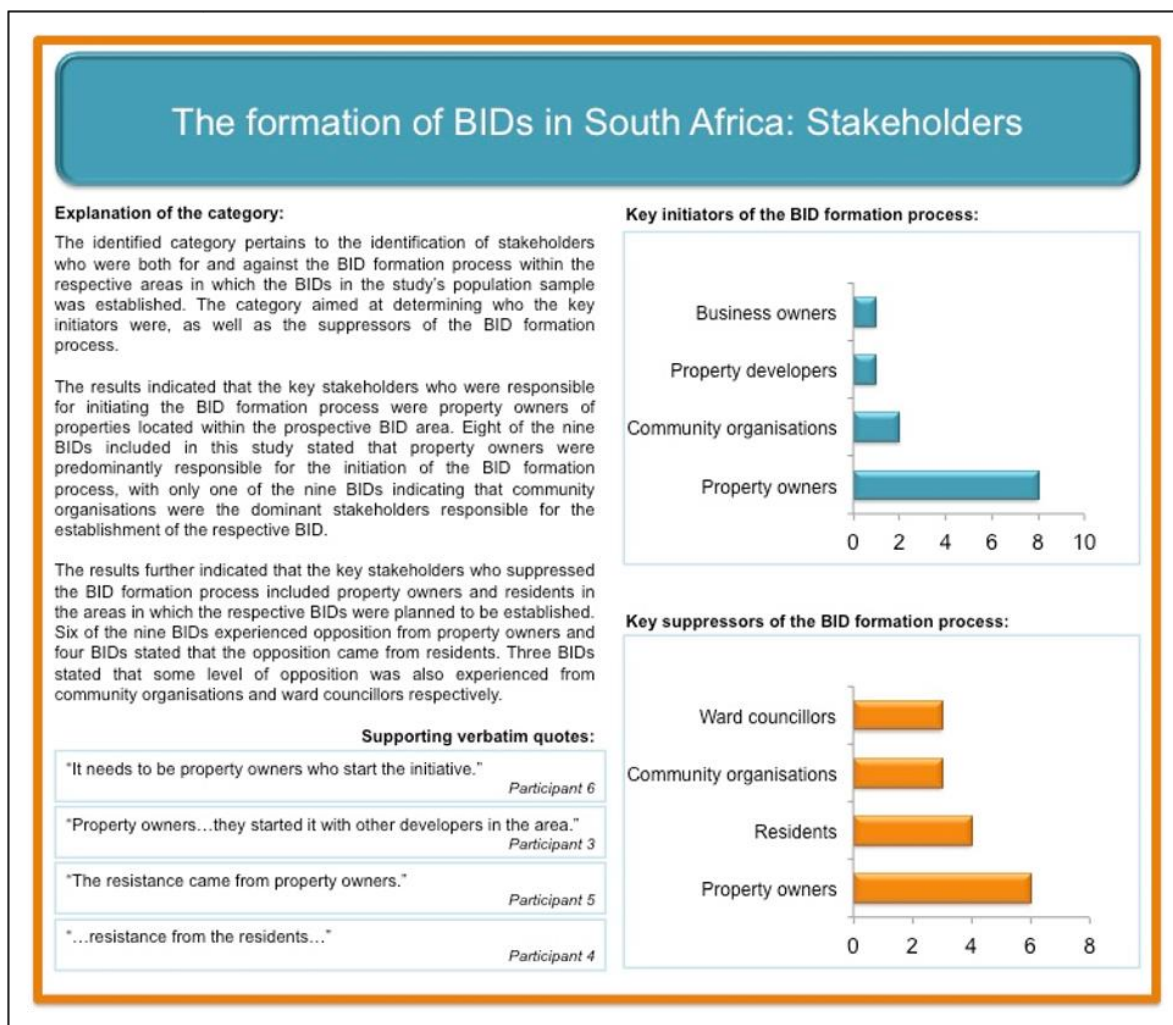


7.2.2.3 Category 1(C): Stakeholders

Category 1(C) considers the identification of stakeholders who were responsible for initiating the BID formation process (initiators) and the stakeholders that were opposed to the establishment of a BID (suppressors) within the respective area. The aim was to identify the key stakeholders who were responsible for identifying the various problem areas in the urban environments in which they operate and to discern who the keen advocates are of implementing the BID model as a possible solution to the identified problem areas. In addition, this category aimed at identifying those stakeholders who are against the implementation of the BID model as a viable solution to problems that ensued in the respective urban environments of BIDs included in this study. The various reasons provided for being for or against the establishment of a BID in a moribund urban environment are provided in section 7.2.2.1, and are comprised within Category 1(A) concerning

the establishment of a BID. This section only concerns the identification of stakeholders who can be regarded as either initiators or suppressors of the BID formation process.

Most of the BIDs included in this study stated that property owners (specifically commercial property owners) were mostly responsible for initiating the BID formation process. In addition, some BIDs indicated that property developers and business owners in the areas in which the respective BIDs were planned to be established also formed part of those stakeholders who agreed that the implementation of the BID model would be the most effective method to solve the array of different problems within their respective urban areas. To a lesser extent, some BIDs stated that community organisations were also initiators of the BID formation process. In contrast, property owners were also perceived to be the predominant suppressors of the BID formation process. In addition, residents were also a key group of stakeholders who were opposed to the establishment of a BID within the area in which they reside. Some community organisations were also regarded as suppressors of the BID formation process, mainly because they believed that the BID would divert business away from them (see section 7.2.2.1 for an in-depth discussion on the reasons as to why some stakeholders were for the BID formation process, and why some were against it). Figure 7:3 provides a summary of the results pertaining to category 1(C).

Figure 7:3 Category 1(C) research results – Theme 1

By considering categories 1(A), 1(B) and 1(C) respectively, the major theme evident from the empirical study for these categories is:

- **Theme 1:** The formation of BIDs in South Africa (see Table 7:2).

Theme 2 and its identified categories are discussed in the subsequent section.

7.2.3 Theme 2: The structure of BIDs in South Africa

This section provides a detailed discussion pertaining to the structure of BIDs within the South African context and presents the research results for each of the two categories identified.

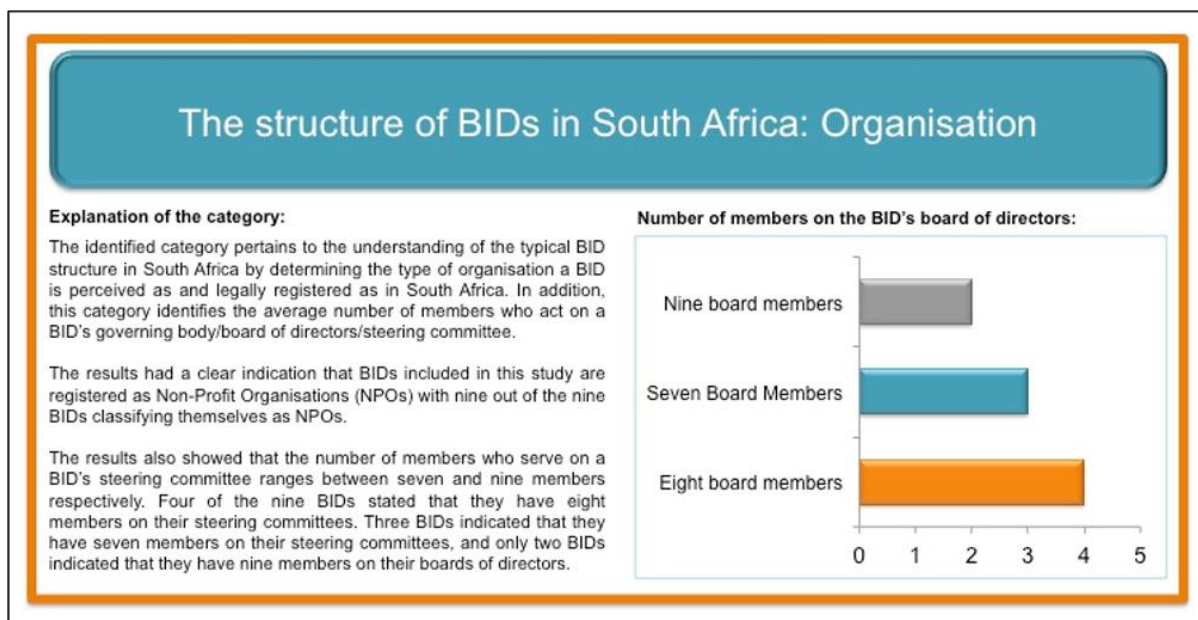
7.2.3.1 Category 2(A): Organisation

Category 2(A) establishes the type of organisation that BIDs included in this study are registered as, and determines, on average, how many board members comprise the BID's governing

body/board of directors/steering committee. The aim of acquiring this information is to gain a more holistic understanding of how BIDs in South Africa are structured.

The results obtained for this category clearly indicate that BIDs are regarded as Non-Profit Organisations (NPOs) with all nine BIDs included in this study stated that they are registered as NPOs. In addition, the results indicated that the steering committees of the respective BIDs are comprised of seven to nine members. Most BIDs indicated that their steering committees comprise of eight members, and none of the BIDs stated that they have a steering committee in excess of nine members. Figure 7:4 provides a summary of the results pertaining to category 2(A).

Figure 7:4 **Category 2(A) research results – Theme 2**



7.2.3.2 Category 2(B): Employees

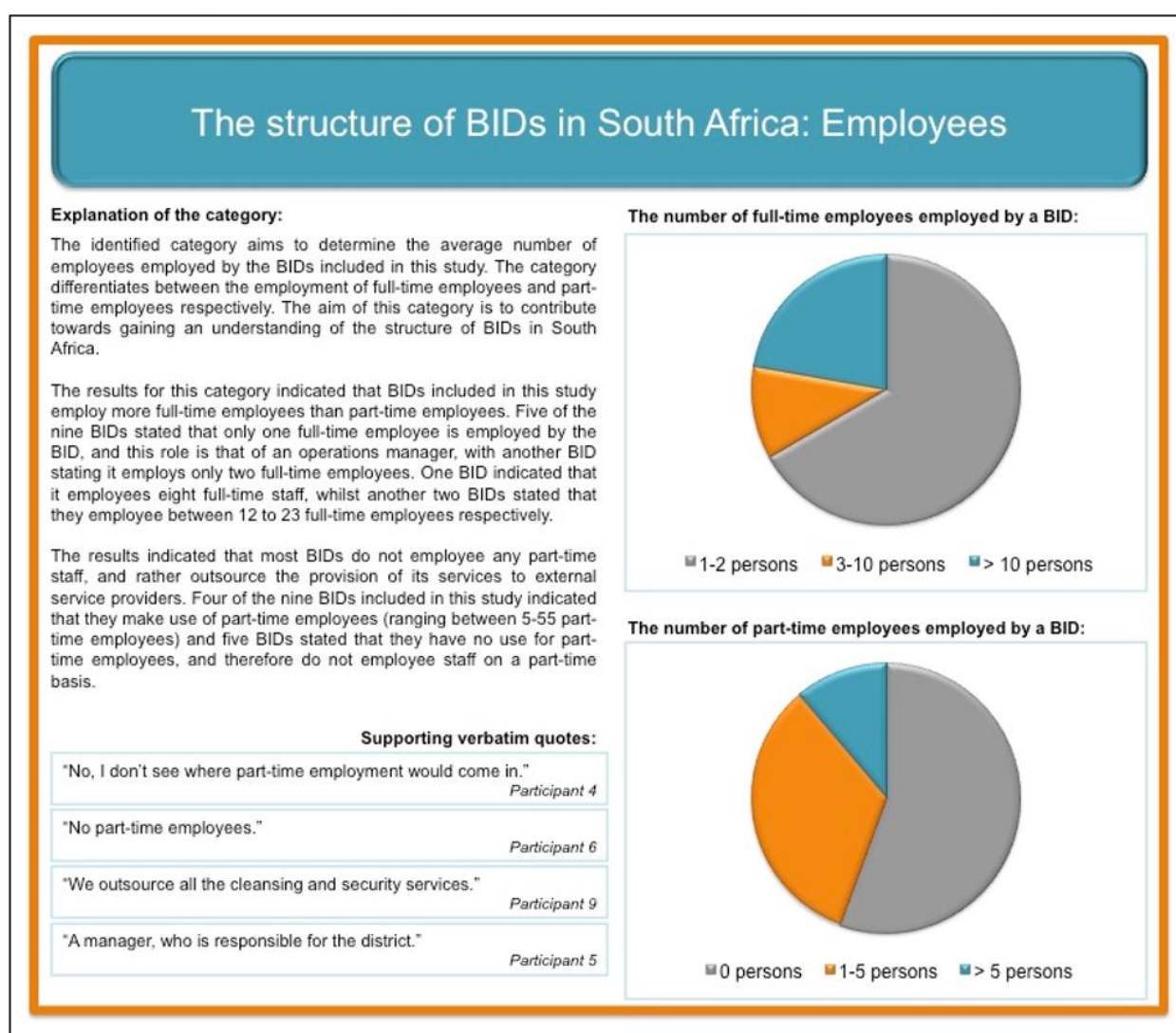
Category 2(B) considers the number of employees employed by the BIDs included in this study. The category discerns between the number of full-time employees employed by the BID and the number of part-time employees employed by the BID.

The results indicate that most BIDs included in this study tended to rather employ full-time employees than part-time employees. Most BIDs stated that only a few full-time employees are employed by the BID, ranging between one to two workers. Only two BIDs indicated that they employ more than ten full-time employees. The majority of the BIDs stated that, with regards to full-time employees, only a chief executive officer (CEO) and an operations manager is necessary to be appointed on a full-time basis. The larger BIDs tend to employ more full-time employees

with a range of different managers. For example, in the case of the Voortrekker Road Corridor Improvement District (participant 9), which has been subdivided into four different precincts, an operations manager for each precinct has been appointed.

Very few of the BIDs included in this study therefore appoint part-time employees. One of the reasons for this is that most BIDs outsource their services to external service providers. This enables the BID to employ less staff. The majority of the BIDs indicated that they have no need to employ part-time staff. Figure 7:5 provides a summary of the results pertaining to category 2(B).

Figure 7:5 **Category 2(B) research results – Theme 2**



By considering categories 2(A) and 2(B) respectively, the major theme evident from the empirical study for these categories is:

- **Theme 2:** The structure of BIDs in South Africa (see Table 7:2).

Theme 3 and its respective categories are discussed in the section that follows.

7.2.4 Theme 3: The scope of BIDs in South Africa

This section provides a discussion pertaining to the scope of BIDs within the South African context and presents the research results for each of the three categories identified.

7.2.4.1 Category 3(A): Area

This category considers the average size of the delineated area in which the BIDs included in this study are established. By determining the average size of the delineated BID area, it allows for a deeper understanding of the scope of BIDs in South Africa.

The results for this category were very diverse. Three of the BIDs included in this study (Illovo Boulevard Management District, Kramerville Management District, and Observatory Improvement District) were not aware of the exact size of the delineated BID area, and thus could not provide an answer to the question pertaining to the area size of the respective BIDs. The area sizes of these four BIDs were unavailable from other sources as well. The area sizes of the BIDs included in this study are provided in Table 7:4.

Table 7:4 The area sizes of select BIDs in South Africa

Business Improvement District		Area size
1.	Ballito Urban Improvement Precinct	15 km ²
2.	Florida Road Urban Improvement Precinct	1.6 km ²
3.	Hatfield City Improvement District	4 km ²
4.	Illovo Boulevard Management District	-
5.	Kramerville Management District	-
6.	Northpine City Improvement District	40 km ²
7.	Observatory Improvement District	-
8.	Umhlanga Urban Improvement Precinct	12 km ²
9.	Voortrekker Road Corridor Improvement District	4 km ²

By considering the area sizes of the BIDs presented in Table 7:4, it is evident that BIDs vary significantly in terms of the sizes of the areas in which they operate, with the largest area size reported at 40 km² and the smallest BID reported at 1.6 km² in area size. One of the reasons for the variance in the area sizes of BIDs is due to the type of BID (see section 5.4), with some BIDs

comprising of a single road (i.e. Florida Road Urban Improvement Precinct) and some BIDs comprising entire neighbourhoods (i.e. Hatfield City Improvement District).

7.2.4.2 Category 3(B): Properties

Category 3(B) peruses the average number of properties comprised by the BIDs included in this study. In addition, this category identifies the category of properties located within the confines of the various BIDs with the aim of determining what the predominant category of properties located within these BIDs are (i.e. retail, residential or commercial).

Two of the BIDs included in this study could not provide any information regarding the number of properties located within its confines. The results of this category indicated that four of the nine BIDs comprised of approximately 52 to 57 properties within its boundaries. Two of the BIDs stated that 650 and 850 properties are located within their respective boundaries, whilst only one of the BIDs indicated that their delineated area comprises more than 2 000 properties. Table 7:5 presents the approximate number of properties comprised by the BIDs included in this study.

Table 7:5 The number of properties located within select BIDs in South Africa

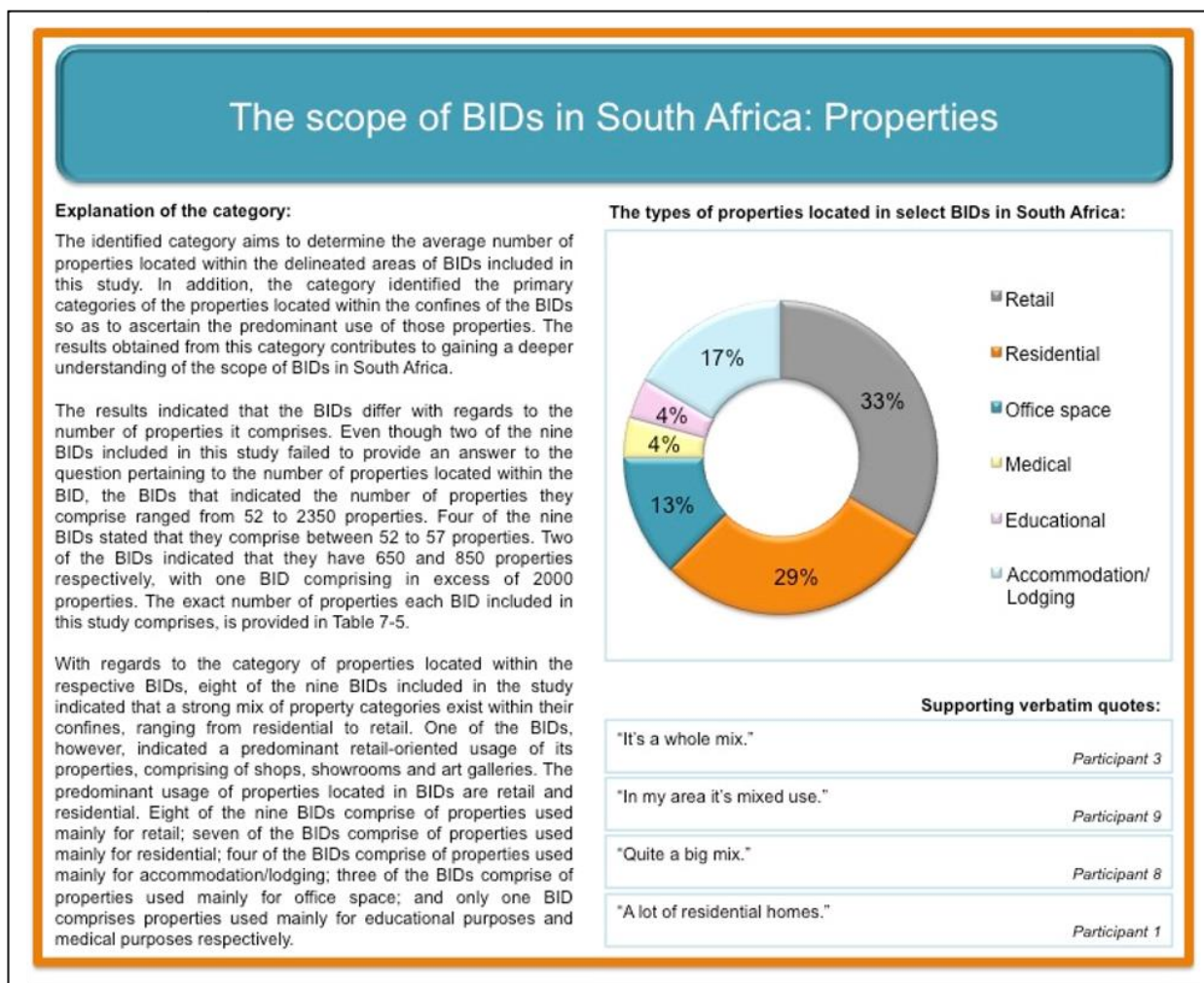
Business Improvement District		Number of properties
1.	Ballito Urban Improvement Precinct	650
2.	Florida Road Urban Improvement Precinct	-
3.	Hatfield City Improvement District	52
4.	Illovo Boulevard Management District	57
5.	Kramerville Management District	53
6.	Northpine City Improvement District	2 350
7.	Observatory Improvement District	-
8.	Umhlanga Urban Improvement Precinct	55
9.	Voortrekker Road Corridor Improvement District	850

By considering the number of properties located in each of the respective BIDs listed in Table 7:5, it is clear that most of the BIDs comprise between 50 to 60 properties, with only a few BIDs comprising in excess of 500 properties.

With regards to the various categories of properties located within the boundaries of the BIDs, most of the BIDs included in this study indicated that a mix of property types exists within their confines, ranging from residential to commercial. One of the nine BIDs (Kramerville Management District), however, comprised mostly of retail space and showrooms, as it is located in a semi-industrial area with very few residential and office buildings. The industrial buildings and

warehouses were converted into retail space, and the BID is widely known as one of Johannesburg's more prominent design quarters, with some of the semi-industrial companies still operating from within the district. Figure 7:6 provides a summary of the results pertaining to Category 3(B) and graphically illustrates the primary categories of properties located within the BIDs' respective confines.

Figure 7:6 **Category 3(B) research results – Theme 3**



7.2.4.3 Category 3(C): Financial

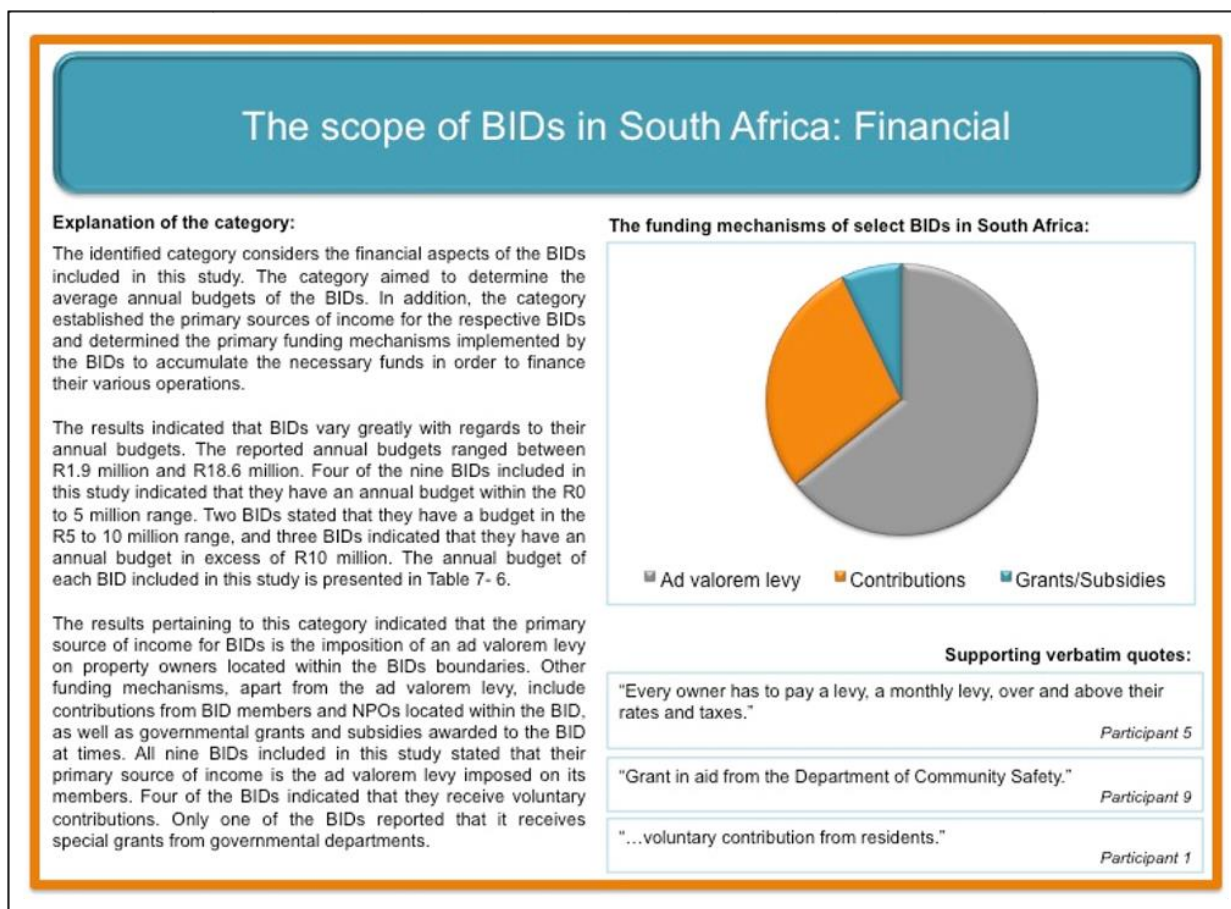
Category 3(C) considers the financial aspects regarding the BIDs included in this study. This category establishes the average annual budgets of the and determines their primary source of funding as well as the mechanisms implemented to accumulate the necessary finances in order to fund their various operations. Information regarding these financial aspects provides a more profound understanding of the scope of BIDs in South Africa.

The results indicated that a diverse range of annual budgets is implemented by the BIDs included in this study. The annual budgets have been reported to range from R1.9 million to R18.6 million. Table 7:6 presents the annual budget for each BID included in this study.

Table 7:6 The annual budgets of select BIDs in South Africa

Business Improvement District		Annual budget
1.	Ballito Urban Improvement Precinct	R12 million
2.	Florida Road Urban Improvement Precinct	R3 million
3.	Hatfield City Improvement District	R9.5 million
4.	Illovo Boulevard Management District	R3.5 million
5.	Kramerville Management District	R2.3 million
6.	Northpine City Improvement District	R1.9 million
7.	Observatory Improvement District	R5.7 million
8.	Umhlanga Urban Improvement Precinct	R10 million
9.	Voortrekker Road Corridor Improvement District	R18.6 million

The results regarding this category indicate that most BIDs accumulate their funds by imposing an additional levy on property owners within the boundaries of the BID. The *ad valorem* levy imposed on the property owners is added to their monthly rates and tax bills. The local government collects the special levy and deposits it into a dedicated BID account. The funds are then transferred to the BID's governing body/steering committee for further implementation in order to fund its various operations (see section 5.7 for a description of how the additional levy is imposed on BID members). Some of the BIDs indicated that, apart from obtaining funds by means of an additional levy on BID members, and alternative funding mechanisms include voluntary contributions from BID members and NPOs located within the BID's boundaries, and from time to time receiving grants and subsidies from government departments. Figure 7:7 provides a summary of the results pertaining to Category 3(C) and graphically illustrates the primary sources of income of BIDs included in this study.

Figure 7:7 Category 3(C) research results – Theme 3

By considering categories 3(A), 3(B) and 3(C) respectively, the major themes evident from the empirical study for these categories are:

- **Theme 3:** The scope of BIDs in South Africa (see Table 7:2).

Theme 4 and its identified categories are discussed in the following section.

7.2.5 Theme 4: The place marketing strategies of BIDs in South Africa

This section provides a discussion pertaining to the place marketing strategies of BIDs in South Africa and reports the research results for each of the three categories identified.

7.2.5.1 Category 4(A): Management

Category 4(A) considers the management of place marketing strategies of BIDs included in this study. The category firstly aims to establish whether BIDs have a place marketing strategy available for implementation. Secondly, the category determines who the responsible BID stakeholders are regarding the design, implementation and control of the BID's place marketing

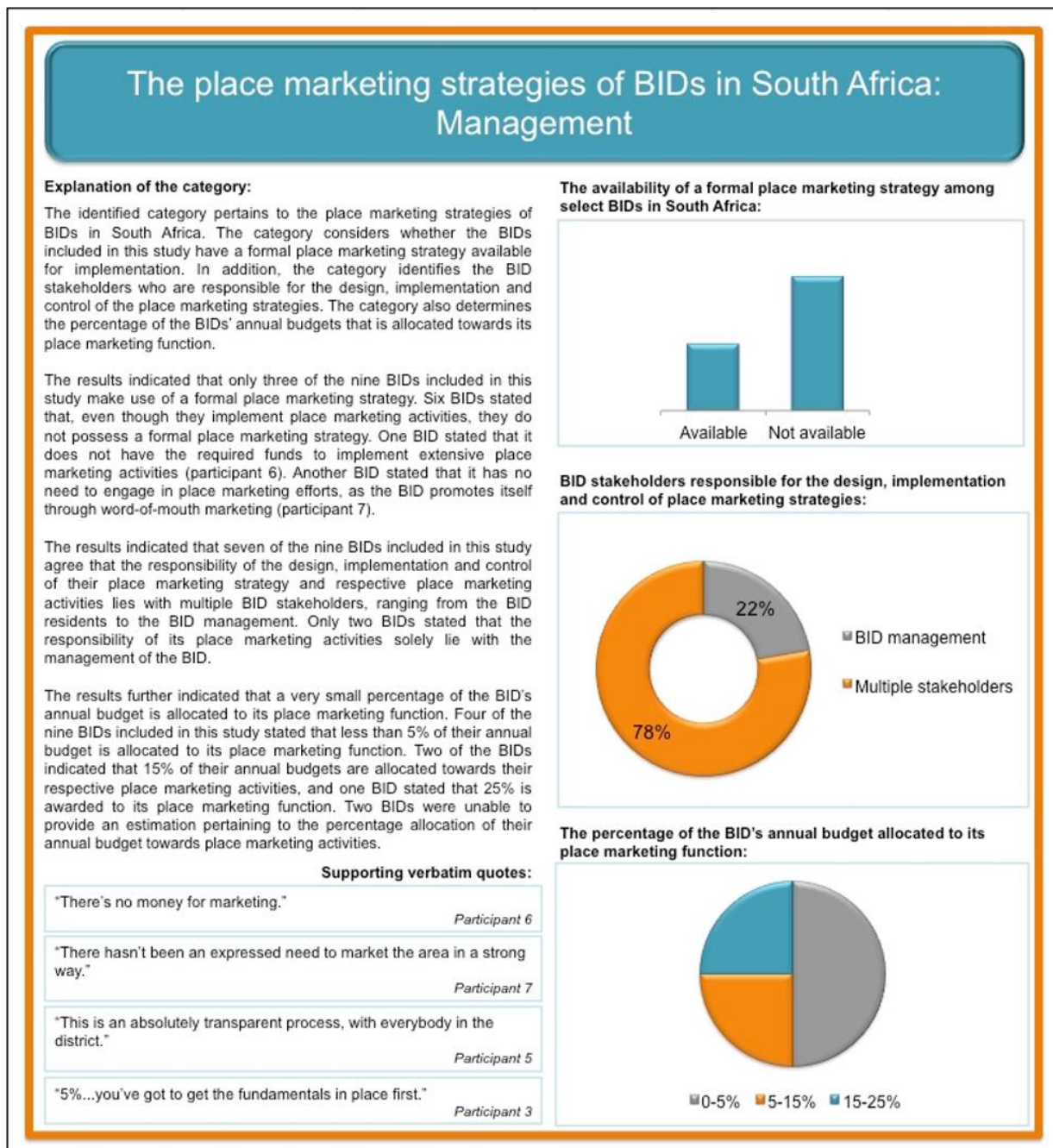
strategy. Thirdly, the category determines how much of the BID's annual budget is allocated towards its place marketing function.

The results indicated that most BIDs included in this study do not have a formal place marketing strategy in place. The most omnipresent reason provided by the research participants is that the BIDs do not have the necessary funding in order to finance extensive place marketing efforts. Three of the nine BIDs included in this study indicated that they do make use of a formal place marketing strategy. Six of the BIDs stated that they do not have a formal place marketing strategy. The BIDs who do not possess a formal place marketing strategy, however, do engage in place marketing activities at various times of the year, however, these activities are not recorded or strategised in a formal place marketing strategy. One of the research participants (participant 6) explicitly stated that the BID is unable to fund place marketing activities, even though the BID deems it necessary to engage in place marketing efforts. Another research participant (participant 7) stated that the BID has been marketing itself through word-of-mouth marketing and that no additional marketing efforts were necessary to be implemented in order to achieve their place marketing goals and objectives.

With regards to the responsibility of designing, implementing and controlling the place marketing strategy and its various activities, most BIDs indicated that the responsibility lies with multiple BID stakeholders. Similarly, those BIDs who do not have a formal place marketing strategy indicated that the planning, implementation and control of their place marketing activities (albeit not derived from a formal place marketing strategy) are lodged in the domain of multiple BID stakeholders, ranging from the BID residents to the BID manager. Only two of the nine BIDs included in this study emphasised that all place marketing activities are devised, implemented and controlled solely by its board of directors.

The results indicated that a very small percentage of the BIDs' annual budgets (between 1% to 25%) is allocated towards its place marketing function. Owing to the fact that security and sanitation trump place marketing with regards to the prioritisation of service provision, it can be deduced that most of the budget is awarded to the provision of such services instead of spending it on place marketing activities (see section 7.2.5.2). Figure 7:8 provides a summary of the results pertaining to Category 4(A).

Figure 7:8 Category 4(A) research results – Theme 4



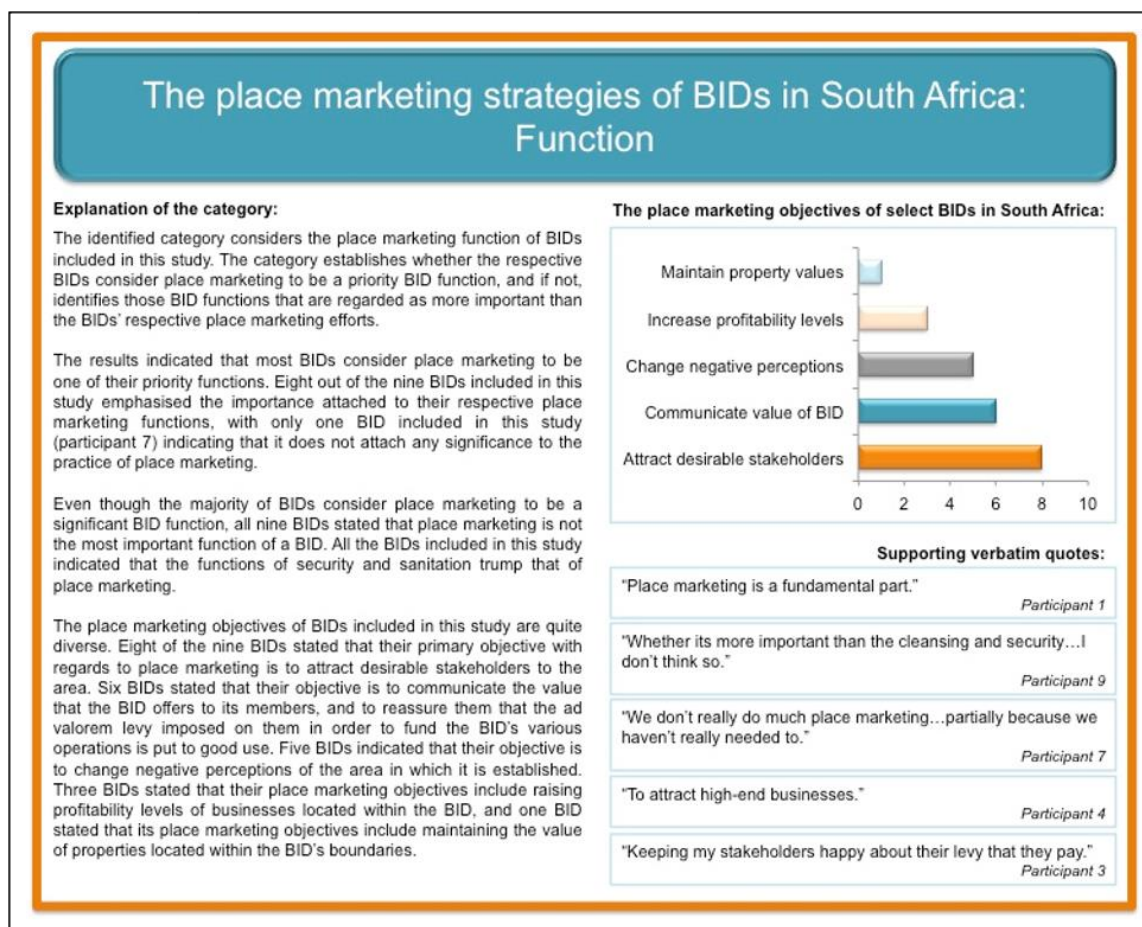
7.2.5.2 Category 4(B): Function

Category 4(B) considers the place marketing function of BIDs included in this study. The category establishes whether the place marketing function is regarded as a priority for BIDs included in this study, and if not, identifies those BID functions that are regarded as more important than place marketing. In addition, the category determines the various objectives of the BID's place marketing function, as well as the goals that the BIDs aim to achieve upon the implementation of their respective place marketing strategies and activities.

The results pertaining to this category indicated that eight of the nine BIDs included in this study regard place marketing as a priority function. Only one BID stated that it does not regard place marketing as a priority function. However, even though most BIDs agree that place marketing is a priority function, all nine BIDs included in this study stated that place marketing is trumped by the BIDs' security and sanitation functions. The research participants argued that the BIDs first need to create a place-product to market (see section 3.3.1.1), and as such the formation of a safe and clean environment precedes the marketing thereof.

The results further indicated that BIDs have a diverse range of place marketing objectives. The most prevalent objectives BIDs have with regards to their place marketing strategies and activities, are to attract desirable stakeholders to the area (i.e. investors, high-end businesses and affluent consumers). Another prominent objective of BIDs' place marketing efforts is to communicate to its members the value it offers through the implementation of its various services, and to reassure the BID members that the *ad valorem* levy paid on a monthly basis is utilised effectively. BIDs also aim to change the negative perceptions attached to previously moribund urban areas through its various place marketing activities. Some participants stated that their place marketing objectives include maintaining property values in the area and improving profitability levels of business located within the boundaries of the BID. Figure 7:9 provides a summary of the results pertaining to Category 4(B).

Figure 7:9 Category 4(B) research results – Theme 4



7.2.5.3 Category 4(C): Implementation

Category 4(C) considers the implementation of place marketing strategies and activities of BIDs included in this study. The category identifies the respective BIDs' place marketing factors – those resources that BIDs possess which are unique and can be utilised to promote the area and to attract desirable stakeholders (see section 3.5.2). In addition, the category determines the BIDs' target market(s) and identifies the various place marketing activities that BIDs devise and implement in order to reach their respective place marketing goals and objectives.

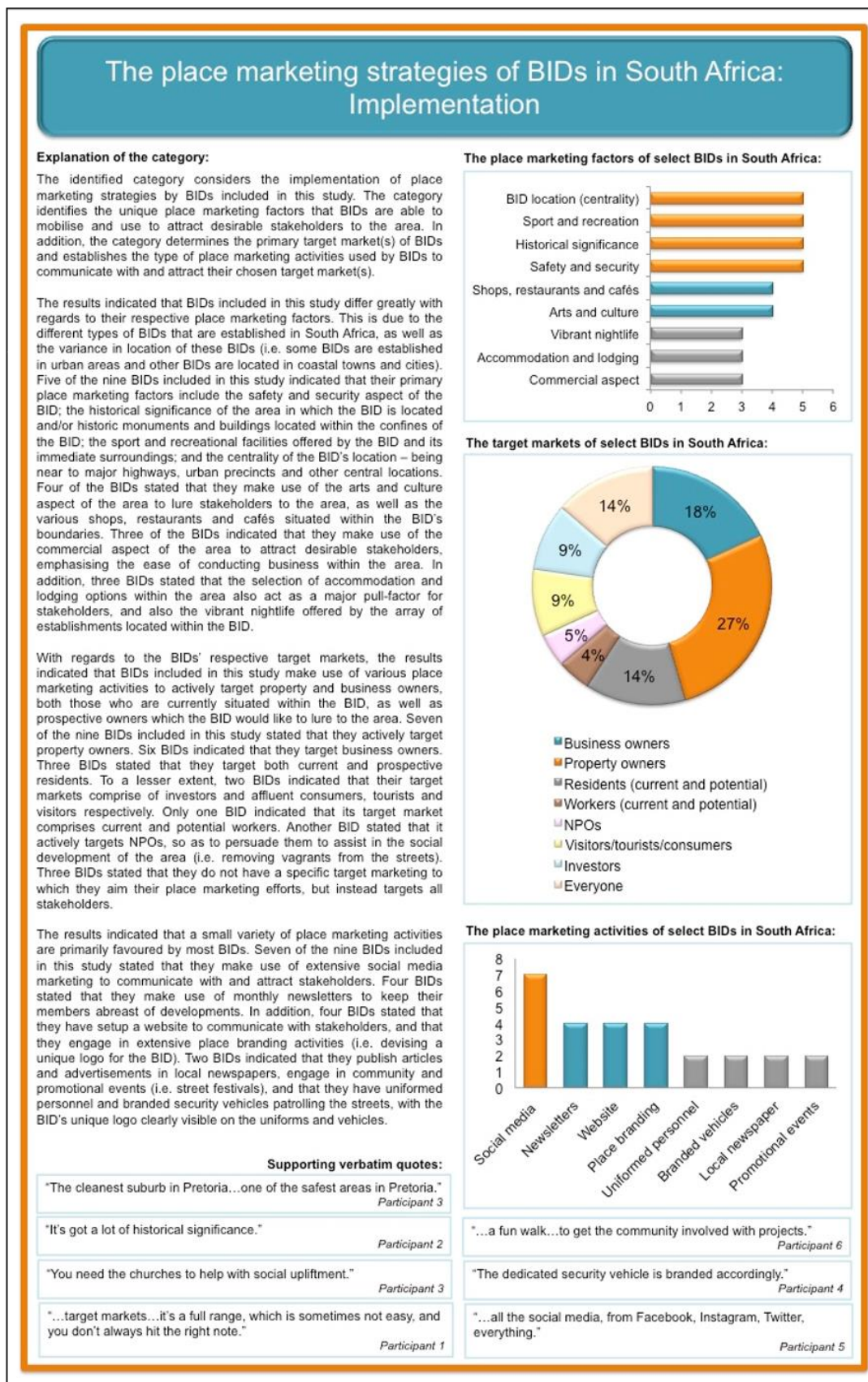
The results indicated that BIDs differ vastly in terms of their available place marketing factors. This is due to the different types of BIDs and the different locations in which the BIDs are established. Some of the more prominent place marketing factors of BIDs included in this study are, *inter alia*, the cleanliness and safety of the BID; the centrality of the BID's location; the historical significance of the area in which the BID is established and/or of the buildings and businesses located within the confines of the BID; the sport and recreational facilities offered by the BID; the shops, restaurants and cafés located within the BID; the arts and cultural aspects of

the BID area; the vibrant nightlife offered by the BID; the ease of conducting business within the BID area (commercial aspect); and the lodging and accommodation options offered by the BID.

The results also indicated that most BIDs have multiple target markets to which they direct their place marketing efforts. The predominant target markets across the BIDs included in this study are business owners and property owners. BIDs also target current and potential BID residents; visitors, tourists and consumers; investors; and three BIDs (Ballito Urban Improvement Precinct, Florida Road Urban Improvement Precinct and Umhlanga Urban Improvement Precinct) stated that they target all possible stakeholders. To a lesser extent, BIDs also direct their place marketing efforts towards various NPOs with the aim of convincing them to contribute towards and to assist with social development within the area (i.e. creating job opportunities for vagrants and providing shelter for the homeless).

The results of category 4(C) further indicated that BIDs included in this study are involved with a diverse range of place marketing activities, ranging from all possible forms of social media marketing to the hosting of festivals, concerts and other events. Most BIDs stated that their place marketing activities include social media marketing on platforms like Facebook and Twitter. Other popular place marketing activities that BIDs engage in include having an active and up-to-date website promoting the BID and its services; writing and sending out newsletters to BID members and other BID stakeholders; and implementing various place branding activities, for example devising a unique logo for the BID (i.e. the navy blue and gold logo devised for the Illovo Boulevard Management District). The results of this category indicated, albeit to a lesser extent, that BIDs also promote themselves by placing advertisements in local newspapers; hosting various cultural and promotional events in the BID area (i.e. the community AIDs day hosted by the Northpine City Improvement District) and some BIDs promote themselves by having uniformed personnel with the BID's unique logo embroidered on staff members' jackets and having branded security vehicles patrolling the streets (i.e. the Illovo Boulevard Management District). Figure 7:10 provides a summary of the results pertaining to Category 4(C).

Figure 7:10 Category 4(C) research results – Theme 4



By considering categories 4(A), 4(B) and 4(C) respectively, the major theme evident from the empirical study for these categories is:

- **Theme 4:** The place marketing strategies of BIDs in South Africa (see Table 7:2).

Theme 5 and its identified categories are discussed in the section that follows.

7.2.6 Theme 5: The evaluation of place marketing performance of BIDs in South Africa

This section provides a detailed discussion pertaining to the place marketing strategies of BIDs in South Africa and presents the research results for each of the three categories identified.

7.2.6.1 Category 5(A): Measurement

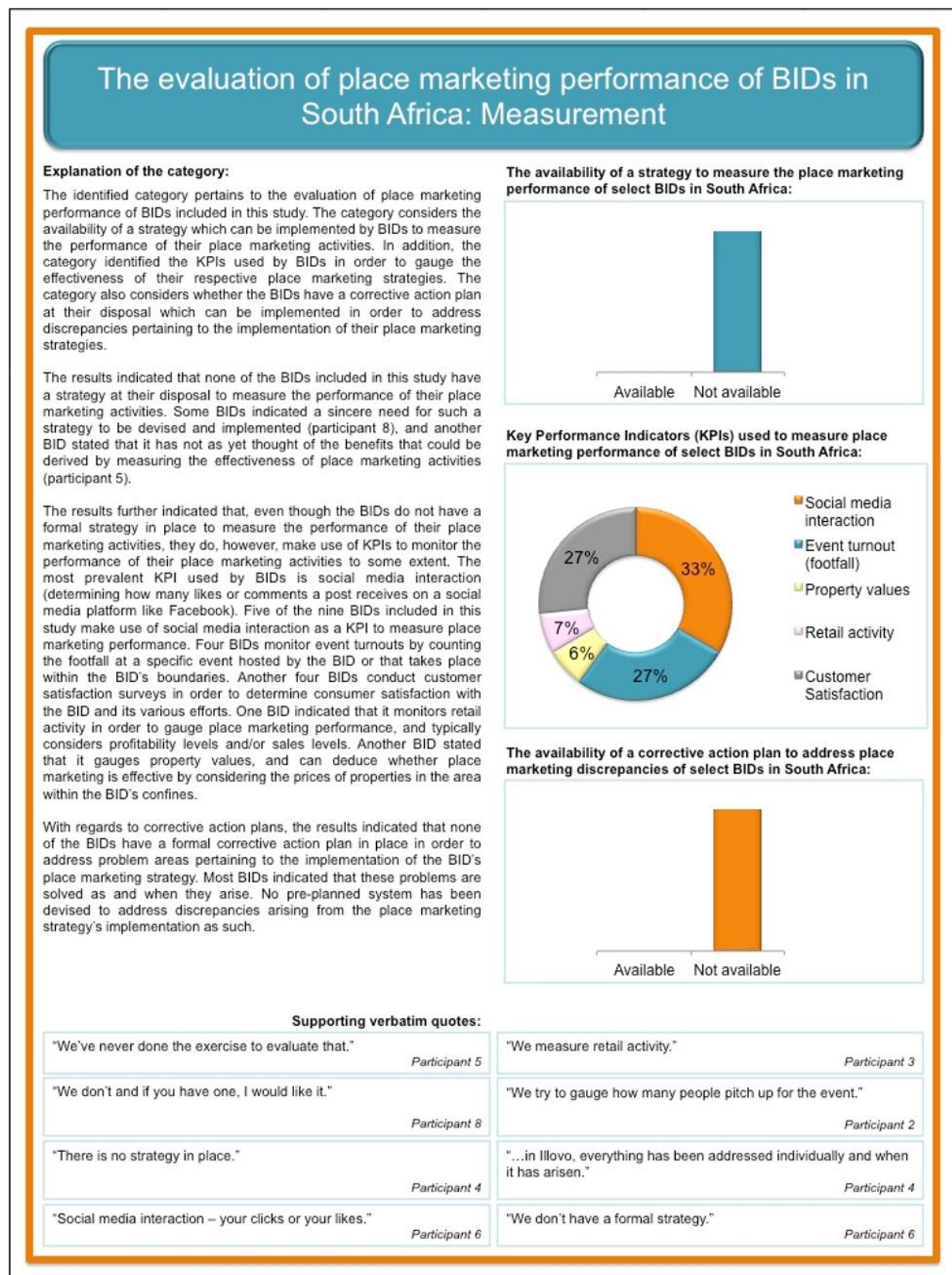
Category 5(A) considers the evaluation of place marketing performance of BIDs included in this study. The category establishes whether the respective BIDs have a strategy at their disposal that they can implement in order to measure the performance of their place marketing activities. In addition, the category determines the KPIs used by the BIDs to gauge the effectiveness of their place marketing activities, and also establishes whether they have a corrective action plan in place with a view to address identified discrepancies regarding the implementation of their place marketing strategies.

The results of this category indicated that none of the BIDs included in this study have a strategy available to measure the performance of their place marketing activities. Even though none of the BIDs reported to have such a strategy in place, some BIDs stated that there is a need for a strategy to measure the performance of place marketing activities, and that they would greatly appreciate it if such a strategy could be devised (participant 8). Other BIDs stated that they have never thought about measuring the effectiveness of their place marketing efforts, and as such have never devised a strategy to engage in the measurement of place marketing effectiveness (participant 5).

The results further indicated that, even though the BIDs do not have a formal strategy in place to measure place marketing performance, some of the KPIs that are implemented to gauge the performance of their place marketing activities include tracking social media marketing interaction (i.e. how many times a post was liked on Facebook or how many people commented on a photo on Instagram); counting the number of visitors that attend an event hosted by the BID within the BID's boundaries; monitoring retail activity (determining whether profit margins have increased or decreased during a place marketing campaign's time period); gauging property values in the area; and conducting annual customer satisfaction surveys.

The results therefore indicated that none of the BIDs have a formal corrective action plan in place in order to address problem areas pertaining to the implementation of their respective place marketing strategies. Most BIDs stated that these problems are addressed upon being identified, and are usually discussed with the BID's management prior to devising a plan of action as to how to go about solving the issue. Figure 7:11 provides a summary of the results pertaining to Category 5(A).

Figure 7:11 Category 5(A) research results – Theme 5



By considering category 5(A), the major theme evident from the empirical study for this category is:

- **Theme 5:** The evaluation of place marketing performance of BIDs in South Africa (see Table 7:2).

7.2.7 Summary of the empirical research results

Table 7:7 summarises the categories and themes identified in the empirical research results. It also notes the main findings pertaining to each identified theme.

Table 7:7 Summary of empirical research results

	Theme 1: The formation of BIDs in South Africa		
Categories	1(A) Establishment	1(B) Motive	1(C) Stakeholders
Main finding 7.1	Participants indicated that the average time period to legally establish a BID rarely exceeds a 24-month period. Opposition is experienced during the initial phases of the BID formation process due to the reluctance of stakeholders to pay an additional levy above and beyond the rates and taxes paid to the local municipality, as they believe that they are already paying for services that are not being delivered. Another reason for the strong opposition is due to a lack of stakeholders' understanding of the BID concept and its related benefits. Most participants indicated that the primary motive for establishing a BID relates to high levels of crime and grime, as well as the failure of local municipalities to provide adequate public services. Thus the vision and mission of most BIDs included in this study is to create a safe, clean and attractive environment in order to maintain property values and raise profitability levels of business located within the BID. Participants stated that the primary stakeholders who are responsible for initiating the BID formation process include property owners of properties located within the BID. Similarly, stakeholders who are mostly against the formation of a BID also include property owners within the proposed district, as well as current residents who reside within the proposed boundaries of the BID.		
Theme 2: The structure of BIDs in South Africa			
Categories	2(A) Organisation	2(B) Employees	
Main finding 7.2	Participants indicated that all BIDs included in this study are registered as Non-Profit Organisations (NPOs). On average, BIDs have eight members acting on their governing body/board of directors/steering committee. Participants indicated that on average, most BIDs employ two full-time employees which usually fulfil the role of BID CEO and BID operations manager. Most BIDs do not employ part-time employees, and rather outsource the provision of services to external service providers.		

Table 7:7 Summary of empirical research results (continued)

Theme 3: The scope of BIDs in South Africa			
Categories	3(A) Area	3(B) Properties	3(C) Financial
Main finding 7.3	Participants indicated that the area size of BIDs differs vastly, and therefore no average size of a typical BID could be deduced. On average, most BIDs comprise of 52 to 57 properties, with only a small number of BIDs comprising in excess of 500 properties. Most properties located within the BIDs are used for retail and residential purposes. Participants indicated that the annual budgets of BIDs differ vastly, however most annual budgets of BIDs included in this study range between R1-10 million. The primary source of income for BIDs is the <i>ad valorem</i> levy imposed on all property owners within the confines of the BID.		
Theme 4: The place marketing strategies of BIDs in South Africa			
Categories	4(A) Management	4(B) Function	4(C) Implementation
Main finding 7.4	Participants indicated that most BIDs do not have a formal place marketing strategy. Those who do make use of a formal place marketing strategy indicated that the stakeholders responsible for devising, implementing and controlling the strategy predominantly include a multiplicity of BID stakeholders, and is not confined to the BID's management alone. Most BIDs allocate less than 5% of their annual budget towards place marketing activities. Participants indicated that the primary objectives of their place marketing efforts is to attract desirable stakeholders to the area, communicate the value of the BID and its respective service offerings to BID stakeholders, and to change negative perceptions which may exist of the area in which the BID is established. Most BIDs regard place marketing as a priority function; however, most of them agreed that the place marketing function is trumped by the provision of higher levels of security and sanitation in the area. Participants indicated that the primary place marketing factors include the safe and clean aspects of the BID; the historical significance of the area in which the BID is established, as well as the historical background of monuments and buildings within its confines; sport and recreation facilities located within the BID; and the location of the BID – being close to highway access points and other central locations within the wider town/city. Participants indicated that most BIDs actively target property and business owners respectively, mostly by using social media marketing as a way to communicate with their target market(s) and to promote the BID and its offerings.		

Table 7:7 Summary of empirical research results (continued)

	Theme 5: The evaluation of place marketing performance of BIDs in South Africa		
Categories	5(A) Management		
Main finding 7.5	Participants indicated that none of the BIDs included in this study have a formal strategy for measuring the performance of their place marketing activities. The KPIs implemented by BIDs to gauge their place marketing performance, albeit not having a formal measurement strategy in place, include social media interaction, customer satisfaction and event turnout (footfall). Participants indicated that no BIDs have a corrective action plan at their disposal in order to address and purge problem areas pertaining to the implementation of the BID's place marketing strategy or the implementation of its various place marketing activities.		

7.3 SUMMARY

This chapter presented the empirical research results obtained for this study. The chapter commenced by providing a brief review of the questions asked during the in-depth interviews. The review indicated the questions asked, the aim of the questions, the secondary research objective addressed by the questions, the literature chapter pertaining to the specific questions, and the themes and categories related to the questions. The chapter continued by presenting the thematic and categorical framework, which was subsequently used to report the empirical research results pertaining to each respective category and theme identified. The chapter concluded by providing the main findings related to each identified theme.

Chapter 8 focuses on how the empirical research results presented in this chapter relate to the literature review presented in Chapters 2 to 5 in an attempt to address the research objectives of the study. Conclusions and recommendations are provided for each of the secondary research objectives in order to ultimately address the primary research objective. In conclusion, Chapter 8 addresses the primary research objective of this study by providing a strategy for measuring place marketing performance of BIDs in South Africa.

CHAPTER 8 CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

8.1 INTRODUCTION

The aim of this chapter is to address the research objectives that have been formulated for this study (see sections 1.6 & 6.2.1). The chapter commences by brief overview of the study as a prelude to the rest of the chapter. Then follow conclusions and recommendations for each of the secondary research objective as well as for the primary research objective of the study. The chapter proceeds by discussing the link between the empirical research results and the literature discussed in Chapters 2, 3, 4 and 5 with a view to motivate the concluding remarks and recommendations provided for each secondary and primary research objective. A strategy for measuring place marketing performance of BIDs in South Africa is subsequently proposed. Finally, the chapter continues by presenting the limitations of the study, and by providing suggestions for future research.

8.2 OVERVIEW OF THE STUDY

In order to provide a context pertaining to the conclusions and recommendations of each research objective discussed in section 8.3, this section presents a summary of the study's objective, the main concepts addressed in each literature chapter (Chapters 2, 3, 4 and 5), and the research methodology (Chapter 6).

This study was conducted in order to address the primary research objective of devising a strategy for measuring place marketing performance of BIDs in South Africa. The reason for pursuing this primary research objective is contained within the problem statement (see section 1.5). To recapitulate, the research problem was identified as a lack in extant literature pertaining to the measurement of place marketing performance, specifically within the context of BIDs in South Africa that perform place marketing activities in order to improve the areas in which they are established. Through a comprehensive review of the literature, it has become evident that no particular method for measuring place marketing performance of BIDs exists, not only amongst BIDs in South Africa, but indeed around the world (see section 1.5). As the BID model is gaining increased prominence internationally in countries, states, cities, towns and other demarcated areas, more intensive research pertaining to their relevant functions, such as that of place marketing, is required (Dorritie, 2010:14). Thus, the motivation for undertaking the current study is to devise a strategy for measuring the place marketing performance of BIDs in South Africa (see section 1.6).

A literature study was conducted pertaining to the key concepts of the research objectives as well as the problem statement, and was presented in Chapters 2, 3, 4 and 5 as follows:

- Marketing (Chapter 2)
- Place marketing (Chapter 3)
- Measuring place marketing performance (Chapter 4)
- Business Improvement Districts (Chapter 5)

Chapter 2 provided background to the marketing concept by discussing its origins and its primary function within a business, specifically focusing on the marketing process and the marketing strategy, as well as its respective constituents. The chapter concluded by highlighting the importance of marketing control. By presenting a background to the traditional marketing concept, this chapter acted as a prelude to Chapter 3, in which the traditional marketing concept was extended to the concept of place marketing. In the third chapter, a discussion on the place marketing concept was present with reference to ways in which a place can be marketed as a product, and how place marketing differs from traditional marketing. Chapter 3 also highlighted the need to conduct this study by emphasising the significance of place marketing, both in theory and in practice, as well as the importance of engaging in effective place marketing control and measurement. Chapter 4, in turn, explored the measurement of place marketing performance and emphasised the need to devise a strategy for this performance. The chapter presented a discussion of current place marketing measurement systems, as well as their various deficiencies. The chapter concluded by providing guidelines as to how a place marketing measurement strategy can be devised. Chapter 5 then provided the context of the study, which includes BIDs in South Africa. The chapter provided a brief overview of the BID concept and its origins, focussing on the concept's global proliferation and its increase in significance in towns, cities and countries around the world. The chapter provided an overview of the respective functions of the BIDs, specifically focussing on its place marketing activities. The chapter concluded by discussing the origin and function of BIDs in South Africa, and stated the various challenges faced by BIDs in South Africa. Furthermore, Chapter 5 emphasised the significance of the present study by reiterating the necessity of devising a strategy for measuring place marketing performance of BIDs in South Africa. The key concepts pertaining to each literature chapter are presented in Table 8:1.

Table 8:1 Literature overview Chapters 2, 3, 4 and 5

Key aspects	Reference
Chapter 2 – Marketing	
The origin of the marketing concept was discussed and a comprehensive and current definition of marketing was provided.	Sections 1.2 and 1.3
Analysing and discussing the marketing process elucidated the importance of implementing the marketing concept in order to improve business performance and to capture value from consumers.	Sections 1.4, Figure 1:2
The importance of practicing stringent marketing control was emphasised and the marketing control process was discussed with specific reference to measuring marketing performance.	Section 1.7, Figure 1:5
Chapter 3 – Place marketing	
An explanation was provided as to how the concept of place marketing was derived from the traditional concept of marketing, and a clear indication was regarding the differences between traditional marketing and place marketing.	Sections 3.2 and 3.3.2, Figure 3:2
The significance of place marketing was discussed, with particular reference to the ability of place marketing to increase place competitiveness, stakeholder satisfaction, urban regeneration, create a unique place identity and image, and assist in the effective branding of a place – all with the aim of attracting desirable stakeholders and improving the overall maintenance and development of a place.	Section 3.4, Figure 3:3
The need to measure place marketing performance was discussed by focussing on the ability of place marketing performance measurement to address deficiencies in the	Section 3.6
Key aspects	Reference
Chapter 3 – Place marketing	
The implementation of the place marketing strategy was discussed, and by so doing, aiming to improve the effectiveness of place marketing efforts. The shortcomings of place marketing performance measurement were highlighted and the lack of adequate strategies to measure place marketing performance effectively was pointed out.	
Chapter 4 – Measuring place marketing performance	
A comprehensive definition of marketing control was formulated. The significance of marketing control was discussed and its prominent position within the marketing management process was pointed out.	Sections 4.3, 4.3.1 and 4.3.3, Figures 4:1 and 4:2
Every stage of the marketing control process was discussed and analysed accordingly, focusing on the specific requirements necessary to implement an effective marketing control strategy.	Section 4.4, Figure 4:3
Performance measurement systems were discussed (focussing specifically on marketing and place marketing performance measurement systems), with specific reference to existing performance measurement systems and their respective shortcomings.	Sections 4.5.1 and 4.5.2, Table 4:7

Table 8:1 Literature overview Chapters 2, 3, 4 and 5 (continued)

Key aspects	Reference
Chapter 4 – Measuring place marketing performance (continued)	
An in-depth discussion pertaining to place marketing performance was provided, stipulating the various challenges associated with the effective measurement of place marketing performance.	Sections 4.6.1 and 4.6.2
The chapter provided a discussion pertaining to the development of a strategy for measuring place marketing performance, specifically referring to the various requirements for devising such strategy. The chapter concluded by discussing the development process of a performance measurement system	Sections 4.7.1 and 4.7.2, Figure 4:9
Chapter 5 – Business Improvement Districts	
The BID concept was defined, the origin of the BID model was discussed, and the global proliferation of the BID concept was emphasised – indicating its increase in prominence in towns, cities and countries around the world.	Sections 5.2, 5.3 and 5.4, Figure 5:1
The range of services offered by a BID was discussed, and its place marketing function was analysed.	Section 5.8, Figure 5:6
BIDs specific to the South African context were discussed, focussing on the various motives for implementing the BID model in South Africa and discussing the various challenges faced by BIDs in South Africa. The chapter concluded by stipulating the importance of the place marketing function of BIDs and emphasised the absence of a system for evaluating place marketing performance, and thus reiterating the necessity of devising a strategy for measuring place marketing performance of BIDs in South Africa.	Sections 5.9.1, 5.9.2 and 5.9.3

In order to address the primary research objective of this study, secondary research was conducted by means of a review of the literature and primary research was conducted by collecting data for the empirical study. A qualitative research design was selected for this study and data was collected by means of in-depth interviews with nine research participants, who included BID managers and/or executives who were responsible for the development, implementation and/or control of the BIDs' place marketing strategy. Research participants were selected by means of non-probability judgement sampling (see section 6.2.4.4). The data that was collected for the empirical study was analysed by using the Morse and Field approach, and by making use of the ATLAS.ti qualitative data analysis software (see section 6.2.5.2), after which the results were presented in Chapter 7. The subsequent section answers the research objectives by providing conclusions and recommendations pertaining to each research objective.

8.3 ANSWERING THE RESEARCH OBJECTIVES

This section provides answers to the research objectives formulated for the study. The seven secondary research objectives are addressed firstly in order to ultimately answer the primary research objective of the study. An indication of how the study's research objectives are linked with to literature review and empirical study is provided in Table 8:2.

Table 8:2 Summary of the linkages between the research objectives, literature review and empirical study

Research objectives	Literature review	Empirical study
Primary research objective		
To devise a strategy for measuring place marketing performance of business improvement districts in South Africa.	Chapters 2, 3, 4 and 5.	In-depth interview questions: B1-17, C1-10, D1-3.
Secondary research objectives		
1: To establish the formation, structure and scope of BIDs in South Africa.	Chapter 5.	In-depth interview questions: B1-17.
2: To determine the place marketing activities of BIDs in South Africa	Chapters 3 and 5.	In-depth interview questions: C1-10.
Secondary research objectives		
3: To identify the stakeholders who are involved in the development, implementation, and/or evaluation of place marketing strategies of BIDs in South Africa.	Chapters 2, 3 and 5.	In-depth interview question: C3.
4. To identify the target markets of BIDs in South Africa.	Chapters 2, 3 and 5.	In-depth interview questions: C4, C5.
5. To explore the place marketing objectives of BIDs in South Africa.	Chapters 3 and 5.	In-depth interview questions: C5, C6.
6. To identify the place marketing factors of BIDs in South Africa.	Chapters 3 and 5.	In-depth interview questions: C7.
7. To investigate how BIDs in South Africa currently measure place marketing performance.	Chapters 2, 3, 4 and 5.	In-depth interview questions: D1, D2, D3.

Conclusions and recommendations pertaining to each of the secondary objectives were drawn based on the empirical research results presented in Chapter 7 as well as the literature review presented in Chapters 2, 3, 4 and 5. The subsequent section provides the conclusions and recommendations pertaining to each research objective.

8.3.1 Conclusions and recommendations

8.3.1.1 Secondary research objective 1

Secondary research objective 1 states that the aim was *to establish the formation, structure and scope of BIDs in South Africa*. Table 8:3 presents the literature findings, conclusions and recommendations pertaining to secondary objective 1.

Table 8:3 Conclusions and recommendations: Secondary research objective 1

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 1
By conducting a thorough review of the literature pertaining to place marketing, place marketing performance measurement and BIDs, it was noted that in order to devise a strategy for measuring place marketing performance, sufficient information regarding the unique business environment in which the BID operates is required (Grewal <i>et al.</i>, 2009:120-121; Wibisono, 2011:111). Three primary sectors regarding the business environment of a BID include the formation, structure and scope of a BID (Hoyt, 2006:225). The formation of a BID considers factors such as the approximate time it takes to legally establish a BID; the nature of opposition experienced at the commencement of the BID formation process; the primary motivation for establishing the BID in the specific area; and the identification of stakeholders who were both supporters as well as suppressors of the establishment of a BID. The structure of the BID pertains to factors such as the type of organisation a BID is classified as in the particular country of establishment' the number of members who act on the BID's steering committee; and the number of full-time and part-time employees employed by the BID. The scope of the BID relates to factors such as the size of the area that the BID comprises; the number and type of properties located within the BID's boundaries; and the annual budget of the BID, as well as its various funding mechanisms to obtain sufficient finances in order to fund its operations (Hoyt, 2006:226). As discussed in Chapters 1 and 4, the evaluation of a BID's business environment constitutes one of the initial steps towards devising a strategy for measuring place marketing performance (see sections 1.4.3 & 4.7.2.2). The business environment of BIDs in South Africa was analysed by considering the formation, structure and scope of each BID included in this study, and data was obtained by conducting in-depth interviews with each research participant. Secondary objective 1 was addressed in main findings 7.1, 7.2 and 7.3. Conclusions pertaining to the formation, structure and scope of BIDs in South Africa are provided subsequently.

Table 8:3 Conclusions and recommendations: Secondary research objective 1 (continued)

CONCLUSIONS: SECONDARY RESEARCH OBJECTIVE 1
Conclusion 1.1: The formation process of a BID in South Africa is mainly initiated by property owners and takes on average one to two years to complete. Opposition by property owners to the establishment of a BID is typically experienced during the initial phases of the BID formation process in South Africa due to their unwillingness to pay the <i>ad-valorem</i> levy, because they tend to feel that the rates and taxes that they already pay to local municipalities should be sufficient to fund the provision of public services to the area. In addition, many stakeholders who are opposed to the establishment of a BID are misinformed about the BID concept and its benefits. The primary reason for establishing a BID in South Africa is due aims to decrease high levels of crime and grime, and the inability of local municipalities to provide adequate public services. BIDs therefore aim to create a safe, clean and attractive environment in order to maintain property values, attract desirable stakeholders, and to increase profitability levels of businesses located within the BID's confines. Conclusion 1.2: With regards to the structure of BIDs, it can be concluded that BIDs in South Africa are registered as NPOs, with an average of eight BID members acting on its steering committee. On average, BIDs in South Africa employ two full-time employees (mainly fulfilling the roles of BID manager and BID operations manager), and very rarely employ part-time employees. Conclusion 1.3: With regards to the scope of BIDs in South Africa, BIDs vary greatly with respect to the sizes of the areas they comprise. The average number of properties BIDs in South Africa comprises ranges between 50 to 60 properties, and are mainly used for retail and residential purposes. The annual budgets of BIDs in South Africa mainly range between R1 to 10 million, for which funding is primarily accumulated through the imposition of an <i>ad-valorem</i> levy on property owners located within the BID's confines.
RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 1
Pertaining to the formation of a BID in South Africa, it is important for all prospective BID stakeholders to be well informed of what the BID concept entails and to be aware of all the various benefits that the establishment of a BID can provide to its members and the area in which it is established. In addition, it is important that a majority of the stakeholders are in favour of establishing a BID as a possible solution to the identified problem areas. It is therefore suggested that the following recommendations be considered: Recommendation 1.1: Since property owners are the primary suppressors of the BID formation process, BID initiators must ensure that property owners as well as other stakeholders are well informed of the BID concept and that the various benefits that the BID can offer the area in which it is established as well as the advantages it poses to BID members are clearly communicated. In this manner, property owners within the BID's confines might be convinced to pay the <i>ad-valorem</i> levy required by BIDs to provide additional public services.

Table 8:3 Conclusions and recommendations: Secondary research objective 1 (continued)

RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 1 (continued)
Recommendation 1.2: BIDs operate most effectively as public-private partnerships (PPPs) (see sections 5.5.2 & 5.6) and therefore it is important that a variety of stakeholders, both from the public and private sectors, have a seat on the BID's steering committee and be involved in the management and execution of all BID-related activities. Recommendation 1.3: Owing to the fact that a BID's primary source of income in South Africa is the imposition of an <i>ad-valorem</i> levy on property owners within the BID's boundaries, it is recommended that BIDs actively seek alternative methods of accumulating income in order to increase their annual budgets, which will enable them to allocate a larger percentage of their funds to their priority functions such as safety, sanitation and place marketing activities, as well as other secondary functions and new projects.

8.3.1.2 Secondary research objective 2

Secondary research objective 2 indicates that the aim was *to determine the place marketing activities of BIDs in South Africa*. Table 8:4 shows the literature findings, conclusions and recommendations pertaining to this objective.

Table 8:4 Conclusions and recommendations: Secondary research objective 2

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 2
A review of the literature in Chapters 3 and 5 indicated that place marketing is regarded as one of the primary functions offered by BIDs in South Africa (see sections 3.4 & 5.8.4). BIDs are actively involved in conducting marketing research in order to gain more information on their respective target markets, and then implementing various place marketing activities to reach their target audiences effectively and efficiently (Anderson <i>et al.</i>, 2009:136; Caruso & Weber, 2006:200; Mello, 2014:28-29). BIDs repackage the area in which they are established as a <i>place product</i>, which infers that a BID markets a place similar to that of a business marketing its product to its respective target markets (see section 3.3.1.1). The <i>place product</i> comprises various different factors including the environment (i.e. economic, political, cultural, residential); the facilities offered by the place (i.e. infrastructure, transportation, educational facilities); the various identities, images and brands of the place (i.e. place logo); and the human resources the place offers (i.e. labour force) (Trueman <i>et al.</i>, 2007:21; Zhou & Wang, 2014:28).

Table 8:4 Conclusions and recommendations: Secondary research objective 2 (continued)

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 2 (continued)
Place marketing is regarded as a primary function of a BID due to its significance in achieving the developmental goals of a place. Place marketing enables a BID to improve its place competitiveness; achieve stakeholder satisfaction; assist in urban regeneration; create a unique place identity and image; and engage in effective place branding strategies (see section 3.4). Hoyt (2006:222) purports that some of the place marketing strategies implemented by BIDs to market themselves to their various stakeholders include, <i>inter alia</i>, engaging in effective place branding activities (see section 3.4.5) such as creating a distinct logo for the BID; devising slogans; setting up a website; sending out newsletters to stakeholders; and hosting outdoor events like street parades, festivals and concerts. BIDs often host cultural events and entertainment attractions in order to enhance the area's liveliness and to sustain the growth in profitability levels of businesses in the district by luring consumers and tourists to the area (Gross, 2013:355; Mello, 2014:28-29). Data pertaining to the place marketing activities of BIDs in South Africa was obtained by conducting in-depth interviews with each research participant. Secondary objective 2 was addressed in main finding 7.4. Conclusions pertaining to the place marketing activities of BIDs in South Africa are provided subsequently.
CONCLUSION: SECONDARY RESEARCH OBJECTIVE 2
Conclusion 2.1: Even though BIDs in South Africa regard place marketing as a priority function (following that of safety and sanitation), very few BIDs have a formally devised place marketing strategy in place, and, on average, allocate less than 5% of their annual budget towards the place marketing function. Most BIDs make extensive use of social media platforms to actively market their areas to chosen target markets. The responsibility of devising, implementing and controlling the place marketing strategy and the activities it comprises lies with a multiplicity of stakeholders, ranging from the BID management to local residents.
RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 2
Some of the primary objectives of a BID are to improve their place competitiveness, attract desirable stakeholders to the area, and to promote a unique place identity and image (see sections 3.4.5 and 5.8.4). In addition, BIDs strive to improve negative perceptions of the areas in which they are established (see section 5.9.3). The implementation of an effective place marketing strategy can help to achieve these BID objectives (Anderson <i>et al.</i>, 2009:126; Maheshwari <i>et al.</i>, 2011:209), and as such, BIDs in developed countries have increased their expenditure on place marketing activities (Gross, 2013:360; Hoyt, 2005a:25-26; NYC BID Profiles, 2009:75). It is against this backdrop that the following recommendations are provided:

Table 8:4 Conclusions and recommendations: Secondary research objective 2 (continued)

RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 2 (continue)
Recommendation 2.1: BIDs in South Africa should consider and be made aware of the significance of place marketing, and the link between place marketing and overall place development must be clarified and emphasised. Recommendation 2.2: BIDs in South Africa should allocate a greater percentage of their annual budgets towards place marketing activities, and if the funds are not available, seek alternative methods to accumulate income in order to finance place marketing efforts. Recommendation 2.3: BIDs in South Africa should devise formal place marketing strategies in order to improve the effectiveness of resource allocation and to implement and control place marketing activities more effectively and efficiently.

8.3.1.3 Secondary research objective 3

Secondary research objective 3 denotes that the aim was to identify the stakeholders who are involved in the development, implementation, and/or evaluation of place marketing strategies of BIDs in South Africa. Table 8:5 presents the literature findings, conclusions and recommendations pertaining to this objective.

Table 8:5 Conclusions and recommendations: Secondary research objective 3

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 3
In order to devise a strategy for measuring place marketing performance, it is necessary to identify the stakeholders who comprise the place marketing planning group (see sections 3.5 & 4.7). The literature presented in Chapters 3, 4 and 5 indicated that an amalgamation of BID stakeholders, both from the public and private sectors, must be involved in the design, implementation and control of a BID's place marketing strategy (see sections 3.5.3, 4.7 & 5.5.2). The amalgamated efforts, in terms of place marketing, between stakeholders in both the public and private spheres are important and is a necessary step in the sustainable place-development process (Baker & Cameron, 2008:83; Byrd, 2007:6; Hospers, 2004:275; McManus & Connell, 2014:108; Parker <i>et al.</i>, 2015:1106). Baker and Cameron (2008:83) propound that a collaboration of place marketing efforts between stakeholders in both the public and private sectors is beneficial because individual stakeholders would create less promotional impact on potential visitors than if they collaborated; a promotional campaign where resources are pooled allows the benefits to be shared equally among all stakeholders; and objectives can be achieved more effectively if stakeholders recognise their interdependencies.

Table 8:5 Conclusions and recommendations: Secondary research objective 3 (continued)

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 3 (continued)
By considering the literature presented in Chapters 3 and 5, it is evident that collaboration between place marketing stakeholders is fundamental to place marketing success. Secondary objective 3 was addressed in main finding 7.4. Conclusions pertaining to the stakeholders who are responsible for the design, implementation and control of a BID's place marketing strategy are provided subsequently.
CONCLUSION: SECONDARY RESEARCH OBJECTIVE 3
Conclusion 3.1: Various BID stakeholders are involved in the design, implementation and control of place marketing strategies of BIDs in South Africa.
RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 3
The long-term success of place marketing depends on the collaboration between public institutions, private individuals and business leaders, with the role of local government being particularly important (Baker & Cameron, 2008:83; Gibson & Davidson, 2004:387; Morgan, 2012:9). It is therefore that the following recommendations should be considered:
Recommendation 3.1: BIDs in South Africa must ensure that stakeholders from both the public and private sectors are responsible for the planning, implementation and control of their place marketing strategies.
Recommendation 3.2: Public and private stakeholders of place marketing must cooperate on various levels of social association, in and across different functional domains, and on different spatial scales in order to support their involvement in place marketing planning.

8.3.1.4 Secondary research objective 4

Secondary research objective 4 states that the aim was *to identify the target markets of BIDs in South Africa*. Table 8:6 shows the literature findings, conclusions and recommendations pertaining to this objective.

Table 8:6 Conclusions and recommendations: Secondary research objective 4

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 4
The literature presented in Chapters 2, 3 and 4 emphasise the importance of effective targeting, which refers to the decision that a business makes as to who will receive their Arnegger and Herz (2016:83) assert that tourists are regarded as the most important target market on which a place should focus, as their expenditures are above average mainly due to the need for accommodation, catering expenses, and their high purchasing power. By considering the literature presented in Chapters 2, 3 and 4, identifying the target market(s) of BIDs in South Africa is a necessary step towards devising a strategy for measuring place marketing performance (see section 4.7). Secondary objective 4 was addressed in main finding 7.4. Conclusions pertaining to the target markets of BIDs in South Africa are provided subsequently.
CONCLUSION: SECONDARY RESEARCH OBJECTIVE 4
Conclusion 4.1: The primary target markets of BIDs in South Africa include property owners and business owners respectively.
RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 4
One of the main objectives of BIDs is to attract desirable consumers, including inter alia, residents, tourists and affluent consumer back to the district for regeneration purposes and to increase the profitability levels of businesses located within the BID (see section 3.5.1). The primary target markets of BIDs around the world include tourists, residents and business/property owners. BIDs in South Africa predominantly target property and business owners, with a few BIDs not having a clearly defined target market at all. It is therefore that following recommendations can be considered: Recommendation 4.1: BIDs in South Africa must ensure that they have a clearly defined target market to which their place marketing activities are targeted. Recommendation 4.2: BIDs in South Africa must expand their target market(s) to include residents, tourists and affluent consumers in order to increase footfall within the district and to increase profitability levels of businesses located within the BID. Recommendation 4.3: BIDs in South Africa must conduct extensive market research in order to learn more about their target markets, and in so doing, customise their place marketing strategies to reach their target audiences more effectively and efficiently.

8.3.1.5 Secondary research objective 5

Secondary research objective 5 indicates that the aim was *to explore the place marketing objectives of BIDs in South Africa*. Table 8:7 presents the literature findings, conclusions and recommendations pertaining to this objective.

Table 8:7 Conclusions and recommendations: Secondary research objective 5**LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 5**

By conducting a review of the literature presented in Chapters 3, 4 and 5, it was emphasised that formulating a vision and various place-specific goals and objectives are necessary during the place marketing planning phase (see sections 3.5.3, 4.7.2.4, 4.7.2.5 & 5.4). Defining the BID's vision, mission and strategic objectives with regards to its place marketing strategy is an important step in the process of developing a strategy for measuring place marketing performance (see sections 4.7.2.4 & 4.7.2.5).

BIDs with a clearly defined vision, mission and strategic intent of their place marketing strategy are prone to outperform those who do not have such statements (Moutinho & Southern, 2010:337-338). The vision and mission of the BID is considered when the goals and objectives of the place marketing strategy are established (Sousa & Aspinwall, 2010:486). Wibisono (2011:111) concurs by stating that the BID's mission (see conclusion 1.1) must be aligned with the goals and objectives of its place marketing strategy, and these strategic statements should form the basis from which the performance variables (metrics/KPIs) are selected. Popky (2015:4) affirms that performance variables that are determined and selected based on the vision and mission of a business will improve the quality of performance measurement outcome.

Zenker and Martin (2011:39) propound that it is important for a BID to integrate its place marketing goals and objectives into the strategy for measuring place marketing performance. The first step would therefore be to define the BIDs place marketing goals and objectives clearly (Ambler & Roberts, 2008:744). Da Gama (2011:648) emphasises that an understanding of how the place marketing strategy translates into the achievement of objectives will allow place marketers to determine and select a set of performance variables that will optimise the entire process more easily.

Some of the place marketing objectives of BIDs found within the literature (see sections 3.4 & 5.2) include improving its place competitiveness, improving the levels of stakeholder satisfaction, assisting in the regeneration of decayed urban areas, establishing a unique place identity and image, engaging in various place branding activities, promoting the place marketing factors inherent to the area in which the BID is established, maintaining property values, and increasing footfall to the area which in effect will raise profitability levels of businesses established within the BID.

By considering the literature presented in Chapters 3, 4 and 5, determining the place marketing objectives of BIDs in South Africa is a necessary step towards devising a strategy for measuring place marketing performance (see section 4.7). **Secondary objective 5 was addressed in main finding 7.4.** Conclusions pertaining to the place marketing objectives of BIDs in South Africa are provided subsequently.

Table 8:7 Conclusions and recommendations: Secondary research objective 5 (continued)

CONCLUSION: SECONDARY RESEARCH OBJECTIVE 5
Conclusion 5.1: The primary place marketing objectives of BIDs in South Africa are to attract desirable stakeholders to the area, communicate the value of the BID and its respective service offerings to BID stakeholders, and to change negative perceptions which may exist of the area in which the BID is established.
RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 4
It is important for BIDs to have clearly defined goals and objectives with regards to their place marketing strategies, and for these goals and objectives to be closely aligned with the overall vision and mission of the BID (see sections 4.7.2.4 & 4.7.2.5). It is against this backdrop that the following recommendations are provided: Recommendation 5.1: BIDs in South Africa must have clearly defined place marketing goals and objectives to which their place marketing activities should be aimed. Recommendation 5.2: The place marketing goals and objectives of BIDs in South Africa should be closely aligned to the overall vision and mission of the BID in order for the BID's place marketing function to contribute effectively towards achieving the overall goals and objectives of the BID. Recommendation 5.3: The place marketing goals and objectives of BIDs in South Africa should be considered when selecting performance variables (metrics/KPIs) used to measure the BID's place marketing performance. Recommendation 5.4: BID's place marketers should be able to indicate how the BID's place marketing strategy contributes towards achieving its place marketing (and therefore overall) goals and objectives, and in so doing, strengthen the position of place marketing within the BID's structure

8.3.1.6 Secondary research objective 6

Secondary research objective 6 indicates that the aim was *to identify the place marketing factors of BIDs in South Africa*. Table 8:8 shows the literature findings, conclusions and recommendations pertaining to this objective.

Table 8:8 Conclusions and recommendations: Secondary research objective 6**LITERATURE FINDINGS: SECONDARY RESERCH OBJECTIVE 6**

The literature presented in Chapter 3 and 4 regarding place marketing factors form part of the levels of place marketing as proposed by Kotler *et al.* (2002:46), and should be considered when devising a strategy for measuring place marketing performance (Pergalova & Angluo-Ruiz (2011:2-3) (see sections 3.5 & 4.7).

Kotler *et al.* (2002:46) make use of the term *place marketing factors* to refer to the offerings of a place. Wang and Fesenmaier (2007:864) affirm that the aggregation of the different place marketing factors constitute the *place product*, and this concept described by Abeltina (2014:365) as everything within a particular place that can be promoted and marketed as a product. Brown and Campelo (2014:425) identified three approaches that could be used by place marketers to identify unique and distinct place marketing factors, namely personality associations (i.e. local celebrities and/or heroes); signature architecture (i.e. an historical monument or building); and special events (i.e. festivals or sporting events). In relation to events that contribute to the distinction of a place, Southworth and Ruggeri (2011) observe that events of a historic or political nature also contribute towards the perceived merit of a place. In addition, Ratcliffe and Flanagan (2004) suggest that places could emphasise their distinctiveness in terms of being cleaner, greener, and safer than their counterparts. Anholt (2010) supports this notion, stating that the environmental credentials of a place play a crucial part in the selection of a specific place in a market of many.

According to Basile *et al.* (2016:477), place marketing factors could be both tangible and intangible in nature. Tangible place marketing factors include, *inter alia*, the residents of the place; local celebrities and heroes; natural landscapes and features; heritage sites; museums, monuments and art; entertainment and sporting facilities; medical facilities; and other infrastructure and buildings like shopping malls, hotels, and office blocks (Atkinson *et al.*, 2002:27; Basile *et al.*, 2016:477; Berglund & Olsson, 2010:2-3; Eshuis *et al.*, 2013:509; Hughes, 2016:6; Mattsson & Sorensen, 2015:198; Roth & Diamantopoulos, 2009; Sepe & Pitt, 2017:5; Teller & Elms, 2012:546; Vatter, 2014:175). Intangible place marketing factors include political, cultural, and social distinctions; the standard of living of residents of the place; the level of technological advancement; investment and the investment rating; public relations; the place image and brand; fiscal laws; history; culture; services; the emotions of people; and the environment of the place, including the commercial, political, cultural, historical, technological and residential environments (Basile *et al.*, 2016:477; Kavaratzis, 2004; Mattsson & Sorensen, 2015:198).

Table 8:8 Conclusions and recommendations: Secondary research objective 6 (continued)

LITERATURE FINDINGS: SECONDARY RESERCH OBJECTIVE 6 (continued)
If the place marketers of a BID fail to identify relevant place marketing factors that could be attractive to stakeholders, they often have to alter existing place marketing factors and/or construct new place marketing factors that may attract desired stakeholders to the BID (Basile <i>et al.</i>, 2016:478; Berglund & Olsson, 2010:2-3). According to Basile <i>et al.</i> (2016:478), place marketers can deem it necessary to modify the place marketing factors and alter them in such a way that they respond more effectively to the specific needs and desires of the BID's stakeholders. At times, new place marketing factors have to be introduced in order to attract the attention of BID stakeholders and to fulfil their specific needs. According to Kolb (2006), it is often more important for a BID to create and develop place marketing factors than simply altering and/or promoting those already present in the specific area. Through the custom creation and construction of various place marketing factors the likelihood that place marketers' efforts in this regard is increased, since it means that efforts coalesce with the relevant BID stakeholders' needs (Teller & Elms, 2012:560). Braun (2008), Kavaratzis (2008) and Young (2005:734) argue that in this way, place marketing contributes towards creating and shaping a BID that effectively satisfies the emotional needs and desires of stakeholders, and in so doing, enhancing their locational attractiveness and competitiveness. The identification of a BID's place marketing factors is a necessary step towards devising a strategy for measuring place marketing performance (see sections 3.5.2 & 4.7). The primary place marketing factors of BIDs in South Africa were identified by conducting in-depth interviews with research participants. Secondary objective 6 is addressed in main finding 7.4. Conclusions pertaining to the place marketing factors of BIDs in South Africa are provided subsequently.
CONCLUSION: SECONDARY RESERCH OBJECTIVE 6
Conclusion 6.1: The primary place marketing factors of BIDs in South Africa include the safety and cleanliness of the BID; the historical significance of the area in which the BID is established, as well as the historical background of monuments and buildings within its confines; sport and recreation facilities located within the BID; and the location of the BID – such as being close to highway access points and other central locations within the wider town/city.
RECOMMENDATIONS SECONDARY RESERCH OBJECTIVE 6
It is important for a BID to identify and promote place marketing factors inherent to the area in which it is established. If adequate place marketing factors are not known or available, place marketers should strive to amend existing factors or to create new place marketing factors that are in line with the demands of stakeholders and that would attract desirable stakeholders to the area. It is therefore that the following recommendations are provided Recommendation 6.1: BIDs in South Africa should identify and promote those place marketing factors of the area in which they are established that are most significant, and consequently deemed most attractive and valuable to BID stakeholders.

Table 8:8 Conclusions and recommendations: Secondary research objective 6 (continued)

RECOMMENDATIONS SECONDARY RESEARCH OBJECTIVE 6 (continue)
Recommendation 6.2: BIDs in South Africa should amend existing place marketing factors and/or create new place marketing factors if those that are in place are undesirable or inadequate. Recommendation 6.3: BIDs in South Africa should conduct extensive market research in order to determine which place marketing factors are in line with the demands of targeted stakeholders, and actively promote (or create) those place marketing factors sought by stakeholders.

8.3.1.7 Secondary research objective 7

Secondary research objective 7 states that the aim was *to investigate how BIDs in South Africa currently measure place marketing performance*. Table 8:9 shows the literature findings, conclusions and recommendations pertaining to this objective.

Table 8:9 Conclusions and recommendations: Secondary research objective 7

LITERATURE FINDINGS: SECONDARY RESEARCH OBJECTIVE 7
The literature presented in Chapters 2, 3, 4 and 5 emphasised the importance of practicing effective place marketing control, and therefore measuring place marketing performance (see sections 2.8, 3.6, 4.6.1 & 5.9.3). By measuring the performance of place marketing strategies, problem areas and various discrepancies can be identified and purged, resulting in the implementation of a more effective and efficient place marketing strategy. According to Ashworth and Kavaratzis (2009:525), place marketing's focus has shifted from being merely a construct implemented to improve the promotion of a place to being considered as an integrated management tool – one that requires effective performance measurement. However, this perception is not commonly shared in place marketing practice, and as such, very few approaches exist for the measurement of place marketing performance (Zenker & Martin, 2011:35).

Table 8.9 Conclusions and recommendations: Secondary research objective 7 (continued)

LITERATURE FINDINGS: SECONDARY RESERCH OBJECTIVE 7 (continued)
According to Sousa and Aspinwall (2010:480), the measurement of place marketing performance is important for the improvement and development of the place product (see section 3.3.1.1) as it enables place marketers to identify discrepancies in the implementation of place marketing strategies and, by so doing, allows them to enhance the effectiveness and efficiency of specific marketing activities. In addition, it enables place marketers to monitor stakeholder satisfaction, to ensure the strategic alignment with set goals and objectives, and to facilitate the decision-making process. Businesses are under increasing pressure to account for the costs incurred on their marketing activities (see section 4.2). BIDs are no different. According to Morgan <i>et al.</i> (2012:74), BIDs are required to account for their place marketing expenditure and to demonstrate the additional value of their respective place marketing activities. In order for a BID to be accountable, it must be transparent by showing how it allocates its resources and provide results of such allocations (Morrison, 2013:258). Dwyer <i>et al.</i> (2014:282) assert that in order for a BID to allocate its annual budget most effectively, the performance results of its respective place marketing activities must be known. Thus, one of the primary objectives of BIDs around the world should
LITERATURE FINDINGS: SECONDARY RESERCH OBJECTIVE 7
The identification and analysis of a BID's current strategy for measuring place marketing performance is an important step to consider when devising a new strategy for measuring place marketing performance (see section 4.7.2.3). The current method used by BIDs in South Africa to measure place marketing performance was identified by conducting in-depth interviews with research participants. Secondary objective 7 was addressed in main finding 7.5. Conclusions pertaining to the measurement of place marketing performance of BIDs in South Africa are provided subsequently.
CONCLUSION: SECONDARY RESERCH OBJECTIVE 7
Conclusion 7.1: BIDs in South Africa do not have a formal strategy in place to measure place marketing performance, nor do they have a corrective action plan to implement when a problem area or discrepancy has been identified pertaining to the BID's place marketing strategy. At times, BIDs in South Africa gauge the success of individual place marketing campaigns by making use of metrics/KPIs that include social media interaction, retail activity (footfall), and customer satisfaction.
RECOMMENDATIONS: SECONDARY RESERCH OBJECTIVE 7
By considering the literature presented in Chapters 2, 3, 4 and 5, it can be deduced that the effective control of place marketing strategies and the measurement of place marketing performance are important for the successful implementation of a BID's place marketing strategy. It is therefore necessary for a BID to devise and implement a strategy for measuring place marketing performance in order to identify problem areas and discrepancies with regards to the implementation of its place marketing strategy. This will allow for the BID to purge any problem areas and to improve the effectiveness and efficiency of its place marketing activities.

Table 8.9 Conclusions and recommendations: Secondary research objective 7 (continued)

RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 7

Whilst the importance of measuring place marketing performance is highlighted in the literature, very few BIDs actively measure the performance of their place marketing activities, and even fewer BIDs (none of the ones included in this study) have a strategy in place for measuring place marketing performance.

In addition, the literature (see section 4.4.2) has indicated that multi-dimensional metrics/KPIs (including both financial and non-financial metrics/KPIs) should be included in a place marketing performance measurement strategy. Most BIDs, however, still make use of only financial metrics to measure the financial contribution of a BID's place marketing activities.

The measurement of a BID's place marketing performance should be accompanied by a corrective action plan that the BID can implement in order to address any problem areas or discrepancies identified after measuring the BID's place marketing performance. None of the BIDs in South Africa who participated in the present study, however, have a corrective action plan in place.

It is with this backdrop that the following recommendations are provided:

Recommendation 7.1: BIDs in South Africa should be made aware of the importance of measuring place marketing performance.

Recommendation 7.2: BIDs in South Africa should be made aware of the benefits associated with and the increased effectiveness of implementing multi-dimensional metrics when measuring place marketing performance.

Recommendation 7.3: BIDs in South Africa should be made aware of the importance of devising and implementing a corrective action plan in order to address any discrepancies and problem areas identified during the measurement of place marketing performance.

Recommendation 7.4: BIDs in South Africa should make use of a strategy for measuring place marketing performance (provided in section 8.3.2) in order to identify and purge problem areas with regards to the implementation of their respective place marketing strategies, and in so doing, enable them to customise their place marketing strategies for a more effective and efficient implementation.

Recommendation 7.5: BIDs in South Africa should regularly measure their place marketing performance and indicate how its place marketing activities can assist the BID in achieving its overall goals and objectives, thus strengthening the position of place marketing within the BID's structure and justifying the allocation of BID resources towards its place marketing function.

Table 8.9 Conclusions and recommendations: Secondary research objective 7 (continued)

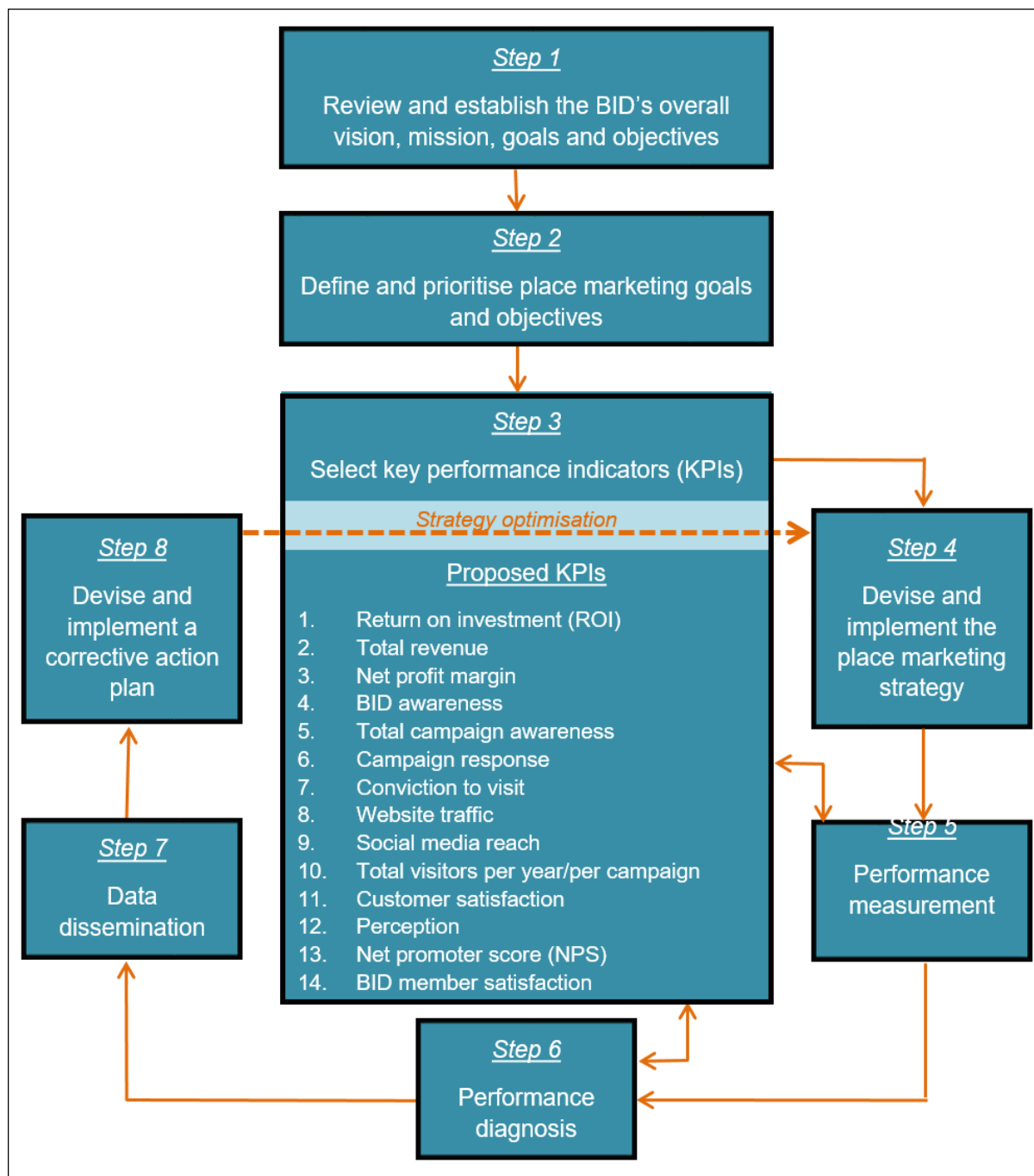
RECOMMENDATIONS: SECONDARY RESEARCH OBJECTIVE 7
Recommendation 7.6: BIDs should make use of multi-dimensional metrics, including both financial and non-financial metrics, when measuring place marketing performance Recommendation 7.7: BIDs in South Africa should devise and implement a corrective action plan in order to address discrepancies and problem areas that have been identified when measuring place marketing performance.

In lieu of recommendation 7.4 presented in Table 8:9, the subsequent section presents a strategy for measuring place-marketing performance of BIDs in South Africa, which also addresses the primary objective of this study.

8.3.2 A proposed strategy for measuring place marketing performance of BIDs in South Africa

An analysis of the literature presented in Chapters 2, 3, 4 and 5 has indicated the importance of measuring place marketing performance in order to identify and purge problem areas pertaining to the implementation of a BID's place marketing strategy. A review of the literature as well as the empirical research results of this study (presented in Chapter 7), indicated that very few BIDs actively measure the performance of their place marketing strategies. None of the BIDs included in this study have a strategy for measuring place marketing performance (see Table 8:9), and most BIDs very rarely measure the performance of their place marketing activities. The literature review conducted for this study and the empirical research results obtained were used to devise a strategy for measuring place marketing performance of BIDs in South Africa. In addition, the proposed steps of devising a strategy for measuring place marketing performance (see section 4.7.2) have been stipulated in order to propose a strategy for measuring place marketing performance of BIDs in South Africa, presented in Figure 8:1.

Figure 8:1 **A strategy for measuring place marketing performance of BIDs in South Africa**



The steps of the strategy presented in Figure 8:1 are briefly discussed subsequently, and a list of proposed KPIs and their respective descriptions is provided (see Table 8:10).

8.3.2.1 Step 1: Review and establish the BID's overall vision, mission, goals and objectives

The first step of measuring the place marketing performance of BIDs in South Africa is to review the overall vision and mission of the BID, and to establish the BID's strategic goals and objectives. This step is required prior to proceeding to step 2, which entails the formation of the BID's place marketing goals and objectives. According to Wibisono (2011:111), the overall vision and mission of the BID must be considered when devising the place marketing goals and objectives, as the place marketing goals and objectives must be aligned with and support the BID's overall vision, mission, goals and objectives.

8.3.2.2 Step 2: Define and prioritise place marketing goals and objectives

The second step of the place marketing performance measurement strategy is to formulate the BID's place marketing goals and objectives. Zenker and Martin (2011:39) propound that it is necessary for a BID to integrate its place marketing goals and objectives into its place marketing performance measurement strategy. A clear indication should be provided as to what the BID aims to achieve with the implementation of its place marketing strategy and its specific place marketing activities. The goals and objectives should be defined as concretely as possible in order to ascertain what the expected outcome should be of the implemented place marketing strategy.

Sousa and Aspinwall (2010:486) reiterate the importance of aligning the BID's place marketing goals and objectives to the BID's overall vision and mission. Achieving the BID's place marketing goals and objectives should contribute towards achieving its overall vision, mission, goals and objectives. Da Gama (2011:648) emphasises that an understanding of how the place marketing strategy translates into the achievement of the BID's place marketing goals and objectives will allow the BID to more easily determine and select a set of KPIs that will optimise the entire process.

8.3.2.3 Step 3: Select key performance indicators (KPIs)

The third step, and one of the most important steps of a BID's place marketing performance measurement strategy, is to select the KPIs that will allow the BID to measure the performance of its place marketing strategy towards achieving the set goals and objectives.

The choice of KPIs is either externally imposed or is a relative and subjective decision made by the BID, as it expects the selected KPI to provide the required performance information most effectively and efficiently. The selection and implementation of multi-dimensional KPIs (see section 4.4.2.3) with a diverse nature, including both financial and non-financial performance metrics, could bequeath valuable and relevant insights to the process (Zenker & Martin, 2011:39).

In addition, Popky (2015:3) provides three cardinal rules that should be adhered to by all businesses, no matter their size or industry when selecting KPIs: KPIs should be user-friendly, easy to duplicate and it should provide valuable, practical and relevant information. By considering the above, and by conducting an analysis of the place marketing performance measurement literature (Chapter 4), the acquired information and the empirical research results of this study (see sections 7.2.5.2 & 7.2.6.1) were combined to compose a list of KPIs that appears most relevant to the place marketing activities of BIDs in South Africa. The list of proposed KPIs and their descriptions are presented in Table 8:10.

Table 8:10 A list of proposed KPIs to be implemented when measuring the place marketing performance of BIDs in South Africa

	KPI	Description
1.	Return on investment (ROI)	The formula to calculate ROI is: (gain from investment – cost of investment)/ cost of investment (Goovaerts <i>et al.</i> , 2014:193). ROI measures the performance outcome viewed relative to the BID's resources invested.
2.	Total revenue	Determines the total revenue accumulated during a specific period of time (i.e. during the place marketing campaign) in order to gauge whether the BID's place marketing activity had a positive, negative or zero effect on the revenues of businesses located within the BID's boundaries.
3.	Net profit margin	Determines the net profit margin accumulated during a specific period of time (i.e. during the place marketing campaign) in order to determine whether the BID's place marketing activity had a positive, negative or zero effect on the net profit margins of businesses located within the BID's boundaries.
4.	BID awareness	Determines both spontaneous and prompted awareness of the BID as a destination versus other areas of interest within the same town/city in order to establish how 'top-of-mind' the BID is as a destination compared to other areas. This KPI measures general awareness levels in order to determine whether the place marketing campaign/event had an effect on the awareness levels of the population.
5.	Total campaign awareness	Determines spontaneous awareness, prompted awareness, and specific place marketing campaign recognition of the BID versus other areas of interest within the same town/city. This enables the total reach/impact of the BID's place marketing activity to be assessed.

Table 8:10 *A list of proposed KPIs to be implemented when measuring the place marketing performance of BIDs in South Africa (continued)*

6.	Campaign response	This measure provides an indication of the range of responses that the population makes to the BID's place marketing campaign. This enables the BID to determine how the place marketing campaigns stimulate people to act.
7.	Conviction to visit	Determines the link between campaign response and actual visits. Tracking campaign awareness and intention to visit provides the BID with an indication of how its place marketing efforts are driving conviction.
8.	Website traffic	Determines the amount of visitors to the BID's website during a specific period of time, and identifies the demographic profile of visitors as well as their activity on the BID's website. It can also be used to determine how many website visitors are converted into actual visitors to the BID by conducting a survey. This will indicate the success rate of the BID website's ability to convince people to visit the BID.
9.	Social media reach	Determines the rate of interaction with the BID's social media platforms. BIDs are able to measure gauge the rate of social media interaction by measuring the number of likes on their Facebook pages or the number of followers on their Twitter accounts, for example. BIDs are also able to track engagement through metrics that determine lead conversions, customer conversions and percentage of web traffic associated with its social media efforts.
10.	Total visitors per year/per campaign	Determines whether the BID's place marketing efforts have a positive effect on the number of visitors to the BID.
11.	Customer satisfaction	Determines whether the BID's stakeholders are satisfied with the BID's services, the BID area, and the facilities offered by the BID (i.e. selection of shops and other facilities). Customer satisfaction can be measured by using a customer satisfaction survey to record stakeholders' responses.
12.	Perception	Determines the effect that the BID's place marketing efforts have on the perception of stakeholders of the area in which the BID is established. Perception can be measured by making use of surveys, conducting in-depth interviews or focus groups with target audiences.
13.	Net promoter score (NPS)	Determines the level of customer loyalty by calculating the number of promoters (those visitors who are satisfied with the BID and who are most likely to return) and detractors (those visitors who are dissatisfied and who are most likely not to return).

Table 8:10 A list of proposed KPIs to be implemented when measuring the place marketing performance of BIDs in South Africa (continued)

14.	BID member satisfaction	Determines whether the BID's place marketing efforts have an effect on the satisfaction of BID members (i.e. property owners within the district). This KPI is specifically applicable to BIDs in South Africa, as those BIDs included in this study stated that one of their primary place marketing objectives is to communicate the value that the BID has to offer to its members.
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Source: Adapted from: Goovaerts *et al.* (2014:193); Katsikeas *et al.* (2016:5); Marciniak (2013:221); Milichovsky & Simberova (2015:214); Morgan *et al.* (2012:76-84); Wibisono (2011:114).

8.3.2.4 Step 4: Devise and implement the place marketing strategy

The fourth step of the strategy to measure a BID's place marketing performance is to devise and implement the actual place marketing strategy. It is important for the BID's place marketers to consider the place marketing goals and objectives formulated in step two of the strategy in order to ascertain that the design and implementation of the strategy will contribute effectively and efficiently towards achieving the specific place marketing goals and objectives. Once the place marketing strategy is implemented, the fifth step of the performance measurement strategy can commence, which entails the measurement of performance.

8.3.2.5 Step 5: Performance measurement

Step five of the place marketing performance measurement strategy concerns the performance measurement of the BID's place marketing strategy that has been implemented in step four. This step involves the implementation of the selected KPIs related to the BID's place marketing goals and objectives and to evaluate the results of delivered place marketing activities and also to assesses their impact on overall BID performance (Frösen *et al.*, 2016:61; Stewart, 2009:641). Therefore, the KPIs that have been selected in step three of the strategy must be measured to determine how each KPI's projected performance weighs up to its actual performance. Performance diagnosis takes place during step six of the strategy in which the BID's place marketers can analyse whether their place marketing activities are indeed achieving the formulated place marketing goals and objectives effectively and efficiently.

8.3.2.6 Step 6: Performance diagnosis

Step six of the place marketing performance measurement strategy concerns the diagnosis of the BID's place marketing performance. The place marketing performance information that is collected during step five of the strategy is generally a plethora of complex data, and as such,

without proper diagnosis (analysis), the information gathered could be misused in strategic decision-making. Nudurupati *et al.* (2011:282) agree that the collection of performance information does not suffice, as the data needs to be analysed in order to make it usable for strategic purposes. Dibb *et al.* (2012:723) affirm that during this step of the place marketing performance measurement strategy results obtained from actual performance are compared with the BID's place marketing goals and objectives in order to identify any discrepancies that may exist. Once the information is obtained from the deployment of each respective KPI included in the performance measurement stage, relevant data must then be generated, interpreted and disseminated to the BID's relevant stakeholders for further decision-making and for the development of a corrective action plan, if required (Bernstein *et al.*, 2010:1048; Clark *et al.*, 2006:200; Marchand & Raymond, 2008:670; Nudurupati & Bititci, 2005:153; Nudurupati *et al.*, 2011:281).

8.3.2.7 Step 7: Data dissemination

Insights gleaned from measuring marketing performance cannot contribute to overall business performance when considered in isolation, but rather, it should be shared and integrated across the entire BID and its stakeholders (Micheli & Manzoni, 2010:473; Rogers & Sexton, 2012:6). According to Wibisono (2011:107-108), it is important for BID management to share the BID's place marketing performance information amongst its members and other stakeholders in order to ensure that all stakeholders and members are acquainted with the place marketing strategy and its performance; and most importantly, to realise how they can contribute towards its successful implementation and outcome. By doing so, a combination of stakeholders' insights could prove valuable when addressing discrepancies and when devising corrective action plans. The dissemination of performance information and insights will allow different stakeholders to make effective use of the information to support decision-making (Hacioglu & Gök, 2013:S427). Srimai *et al.* (2011:668) concur that the effective and efficient dissemination and sharing of information allows for timely and informed corrective action to take place.

It is important for BIDs to distribute the outcomes of performance measurement and the insight gained from its analysis with other BID stakeholders timeously so that collective action can be taken in order to address and purge the problem areas most effectively and efficiently. Insight gained from the diagnosis of performance results must therefore be shared with the BID's executives, governing body, members of the BID and other relevant stakeholders in order to improve decision making and to gather input so as to construct an effective corrective action plan.

8.3.2.8 Step 8: Devise and implement a corrective action plan

Once the BID has analysed and interpreted the place marketing performance measurement results, the final step of the place marketing performance measurement strategy requires BIDs to develop and implement a corrective action plan in cases where major discrepancies have been found or when the performance results indicate that the BID's place marketing strategy is failing to reach its set goals and objectives.

Information pertaining to the discrepancies identified during the performance diagnosis stage of the place marketing performance measurement strategy should be fed back to BID management through effective dissemination processes with a view to make necessary amendments to the BID's place marketing strategy and to re-align the BID's available resources with the established place marketing goals and objectives. In the literature, this is referred to as corrective action, which comprises the final step of the strategy for measuring place marketing performance of BIDs in South Africa.

8.4 LINKING ALL ASPECTS OF THE STUDY: RESEARCH OBJECTIVES, QUESTIONS IN THE INTERVIEW GUIDE, MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Table 8:11 provides a summary of the links between all aspects of the study, including the stud's primary and secondary research objectives, the questions asked in the interview guide, the main findings, conclusions and recommendations.

Table 8:11 **Links between research objectives, questions, main findings, conclusions and recommendations**

Questions	Main finding	Conclusions	Recommendations
Secondary objective 1: To establish the formation, structure and scope of BIDs in South Africa.			
Section B: Questions 1 – 17	7.1, 7.2 and 7.3	1.1, 1.2 and 1.3	1.1, 1.2 and 1.3
Secondary objective 2: To determine the place marketing activities of BIDs in South Africa.			
Section C: Questions 1 – 10	7.4	2.1	2.1, 2.2 and 2.3

Table 8:11 *Links between research objectives, questions, main findings, conclusions and recommendations (continued)*

Questions	Main finding	Conclusions	Recommendations
Secondary objective 3: To identify the stakeholders who are involved in the development, implementation, and/or evaluation of place marketing strategies of BIDs in South Africa.			
Section C: Question 3	7.4	3.1	3.1 and 3.2
Secondary objective 4: To identify the target markets of BIDs in South Africa.			
Section C: Questions 4 and 5	7.4	4.1	4.1, 4.2 and 4.3
Secondary objective 5: To explore the place marketing objectives of BIDs in South Africa.			
Section C: Questions 5 and 6	7.4	5.1	5.1, 5.2, 5.3 and 5.4
Secondary objective 6: To explore the place marketing factors of BIDs in South Africa.			
Section C: Question 7	7.4	6.1	6.1, 6.2 and 6.3
Secondary objective 7: To investigate how BIDs in South Africa currently measure place marketing performance.			
Section D: Questions 1 – 3	7.5	7.1	7.1, 7.2, 7.3, 7.4, 7.5, 7.6 and 7.6

8.5 LIMITATIONS OF THE STUDY

Even though this study was carefully devised and achieved its objectives successfully, some unavoidable limitations can be noted. This section provides the limitations pertaining to both the literature review as well as the empirical research. The following limitations regarding the literature review can be identified:

- Extensive literature is available on marketing and marketing control; however, limited information is available on place marketing and place marketing control.
- Literature available on the place marketing aspect of BIDs is limited.
- Literature available on the BIDs in South Africa is almost non-existent, and therefore literature pertaining to BIDs within the international arena had to be used.

- The limited amount of information with regards to BIDs in South Africa is not up-to-date; most publications are older than ten years.
- Extensive literature is available on the measurement of marketing performance, however, limited information is available specifically concerning the measurement of place marketing performance.
- In South Africa, BIDs are mostly referred to as City Improvement Districts (CIDs). As however the international term mostly used to denote an improvement district is *Business Improvement District (BID)*, this term was used in the title of the study and throughout the study to refer to an improvement district, even though the study was conducted in South Africa. The extensive range of terminologies used to denote an improvement area could cause confusion of the concept under study.

The limitations pertaining to the empirical study are as follows:

- Due to the fact that no sample frame of BID managers in South Africa was available, non-probability judgement sampling was used to select the sample population of the study, which imposes implies limited generalisation of the results to all the BIDs in South Africa.
- Although the sample size was representative of the study, the type of BIDs and the geographic spread were not sufficiently representative, so they slightly underrepresented the target population.
- The empirical results indicated that most BIDs do not have a formal place marketing strategy. As such, the use of a strategy for measuring place marketing performance as devised in this study may be preceded by first devising a place marketing strategy for BIDs in South Africa. Thus the use of the strategy devised in this study may be postponed or irrelevant at this point in time.

By considering the limitations of the study, various recommendations for future research are presented in the subsequent section.

8.6 RECOMMENDATIONS FOR FUTURE RESEARCH

The following recommendations are proposed for future research:

- By using a probability sampling method, the results of this study could have been representative of the entire population and not only the research participants included in this study.

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- In order to obtain a true and accurate representation of the target population and its geographic characteristics, future research should comprise a larger sample size.
 - It is recommended that future research studies of the same or similar nature include a pilot study to confirm whether research participants understand the questions asked during the in-depth interviews and to address any other issues that could possibly arise during conducting such an initial interview.
 - This study used only a qualitative research design and collected data by means of conducting in-depth interviews with research participants. In order to improve the rigour and trustworthiness of the study, future research can incorporate a mixed-method design, including both qualitative and quantitative research methods to gather relevant data.
 - Due to the study's qualitative nature, it is recommended to provide a more profound explanation of the epistemological and ontological orientations applicable to this study and to explain how the theoretical framework shapes the study through the links between ontological, epistemological and methodological assumptions.
 - It is recommended for future studies of the same or similar nature to provide a more in-depth discussion pertaining to the research paradigm employed in the study.
 - This study was conducted at one point in time only. In order to improve the external validity of this study, longitudinal research designs could be incorporated at which the study is conducted at various different points in time.
 - This study is of such a nature that it can transcend national boundaries and could be used to conduct a comparative study regarding the place marketing activities of BIDs in various countries around the world.
 - The strategy devised in this study can be used to conduct further research to determine the effectiveness of BIDs' place marketing strategies.
 - Further research can be conducted to determine how BIDs can improve the performance of their place marketing strategies.

8.7 SUMMARY

This chapter commenced with an overview of the study after which the research objectives were addressed by considering them both from a literature and empirical perspective. The chapter proceeded by providing conclusions and recommendations pertaining to each specific research

objective of the study. A strategy for measuring place marketing performance of BIDs in South Africa was presented, which effectively addresses the primary objective of this study. The chapter concluded by providing the limitations of the study and presented recommendations for future research.

By considering the various theoretical chapters of this study, as well as the results, conclusions, limitations and recommendations, the study has made both an academic as well as a practical contribution. The theoretical chapters (chapters 2, 3, 4 and 5) provided the required knowledge necessary for devising a strategy for measuring place marketing performance of BIDs in South Africa. In addition, definitions have been formulated in these chapters that are specific to this study and that can be used by both academia and practice when required to elaborate on the meaning of specific constructs. As the concept of place marketing is not as yet well-defined and understood in both academia and practice, the theoretical chapters provided a clear indication as to how place marketing was born from and is grounded in the traditional marketing concept. The measurement of place marketing, which is also a novel practice in both academia and practice, was also discussed in great detail, contributing towards the general place marketing literature.

Knowledge obtained from the literature review allowed for the construction of a research instrument that was used to collect data pertinent to devising a strategy for measuring place marketing performance. A combination of the theoretical as well as empirical data collected was used to devise a strategy for measuring place marketing performance of BIDs in South Africa. This strategy is of such a nature that it can transcend international boundaries and be implemented by BIDs across the globe in the place marketing control pursuits.

The strategy devised in this study will allow place marketers of BIDs to measure the effectiveness of their place marketing efforts. By so doing, it will enable them to realise whether their place marketing strategies are, indeed, reaching the specified goals and objectives that they were intended to reach. It will also allow place marketers of BIDs to identify various problem areas in the implementation of their place marketing strategies, and to purge these problem areas timeously. Measuring place marketing performance will enhance the BIDs' capabilities of effectively and efficiently allocating their limited resources towards those activities that enable them to reach their diverse and varied goals and objectives most effectively. Place marketers of BIDs will thus be in a better position to provide evidence and justification of their place marketing expenditure to stakeholders by indicating how the resources invested in place marketing activities yield and return and contribute towards the overall success of the BID.

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APPENDIX A: LIST OF RESEARCH PARTICIPANTS

LIST OF BUSINESS IMPROVEMENT DISTRICTS THAT PARTOOK IN THE STUDY

Participant		City	Manager / Executive
1.	Ballito Urban Improvement District	Ballito (KwaZulu-Natal)	Thierry Leclezio / Cara Reilly thierry@urbanmgt.co.za www.ballitoup.co.za
2.	Florida Road Urban Improvement District	Durban (KwaZulu-Natal)	Jarrold Evans / Cara Reilly Jarrod@urbanmgt.co.za www.floridaroaduip.co.za
3.	Hatfield City Improvement District	Pretoria (Gauteng)	Lucas Luckhoff lucas@hatfieldcid.co.za www.hatfieldcid.co.za
4.	Illovo Boulevard Management District	Johannesburg (Gauteng)	Tina White tina@rmsprop.co.za www.cidforum.co.za
5.	Kramerville Management District	Johannesburg (Gauteng)	Tina White tina@rmsprop.co.za www.cidforum.co.za
6.	Northpine City Improvement District	Cape Town (Western Cape)	Lindsay Schereka info@northpinecid.co.za www.northpinecid.co.za
7.	Observatory Improvement District	Cape Town (Western Cape)	Nishendra Moodley info@obsid.org.za www.obsid.org.za
8.	Umhlanga Urban Improvement Precinct	Umhlanga (KwaZulu-Natal)	Dewet Geldenhuys / Cara Reilly info@umhlangarocksu.co.za www.umhlangauip.co.za
9.	Voortrekker Road Corridor Improvement District	Cape Town (Western Cape)	Derek Bock Derek.Bock@vrcid.co.za www.vrcid.co.za

APPENDIX B: INTERVIEW GUIDE

INTERVIEW GUIDE

SECTION A: INTRODUCTION

Thank participant for their time and provide a short description of the topic under study: The main aim of this study is to devise a strategy for measuring the place marketing performance of BIDs in South Africa. In order to achieve this objective, I need to investigate various other aspects of the BIDs in South Africa. Today we are going to start by providing an overview of the _____ (insert BID name) by specifically looking at its formation, structure and scope. We will then discuss the BIDs place marketing strategy and the methods used to evaluate its effectiveness, after which we can address any closing remarks you may wish to share with regards to the topic.

SECTION B: FORMATION, STRUCTURE AND SCOPE

Formation

1. From your point of view, what would you say was the reason for forming the BID?
2. In what year did the planning phase begin?
3. In what year was the BID legally established?
4. In what year did the BID commence with its operations?
5. Which best describes the group(s) responsible for forming the BID? (I.e. business owners, property owners, elected officials, government agencies, residents, etc.).
6. Did you experience any opposition?
7. From which group(s)?
8. What would you say is the vision/mission of your BID?

Structure

9. What type of organisation, would you say, describes your BID? (I.e. Government organisation, NGO, combination of Government and NGO, private agency, public and private agency), or do you perhaps have a different description?
10. Currently, how many full-time employees does your BID have?
11. Currently, how many part-time employees does your BID have?
12. How many BID members are on the governing body?

Scope

13. How many properties are located in the BID?
14. Describe the composition of land use and buildings in your BID with respect to their size and type of use? (I.e. Retail, office, hotel/lodging, educational, medical, residential, etc.).
15. What is the size of the BID? (I.e. m² / km²)
16. What is your BID's current annual budget in South African Rand value?
17. What is the primary source(s) of funding for the BID? (I.e. special tax assessment, voluntary donations, subsidies or grants, etc.).

SECTION C: PLACE-MARKETING STRATEGY

1. Is your BID involved with any place marketing activities?
2. Do you have a formal place marketing strategy?
3. Who, in terms of the BID's various stakeholders, is involved in coordinating the place marketing strategy and/or place marketing activities in terms of planning, implementation and control?
4. Who would you say is your target market(s)?
5. Why have you selected the mentioned target market(s)?
6. What are the main goals and objectives of your marketing strategy?
7. In your opinion, what are the resources/factors that the BID possesses and is able to employ in order to reach these goals and objectives? (I.e. historic buildings, museums, clean and safe public areas, restaurants, hotels, shopping malls, etc.).
8. Would you consider place marketing to be a priority function of your BID?
9. What BID function would you regard as being more important than place marketing?
10. How much of your BID's annual budget is spent on place marketing activities?

SECTION D: PERFORMANCE EVALUATION OF PLACE MARKETING STRATEGIES

1. Do you have a scientifically devised strategy in place for measuring the performance of your place marketing strategy and/or activities? If not, how do you go about determining whether the performance of your place marketing strategy is on par?
2. What do you consider to be the key performance indicators (KPIs) with regards to your place marketing strategy and/or activities? (I.e. total visitors per year/per campaign, new businesses being established in the BID, customer satisfaction, destination awareness, unique website visitors, social media interaction, etc.).
3. If you realise that your place marketing strategy and/or activities are not performing as desired or that the set goals and objectives are not being achieved, how do you go about

solving these problems? Do you devise a formal corrective action plan to address the identified discrepancies?

SECTION E: CLOSURE

Ask the research participant whether he/she would like to add any closing remarks regarding the topic of discussion.

Thank the research participant once again for their time and participation in the study.

APPENDIX C: INTERVIEW TRANSCRIPTS

Please refer to the CD-ROM included at the back of this thesis.

APPENDIX D: RESEARCHER FIELD NOTES

Please refer to the CD-ROM included at the back of this thesis.

APPENDIX E: LETTER OF INVITATION



NORTH-WEST UNIVERSITY[®]
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Web: <http://www.nwu.ac.za>

Dear (NAME OF PARTICIPANT)

20 November 2017

This is an invitation to participate in a research study focusing on the Business Improvement Districts (BIDs) in South Africa. I am currently conducting research towards a Doctorate degree in Marketing Management at the North-West University, with specific focus on devising a *strategy for measuring the place marketing performance of business improvement districts in South Africa*.

Objective:

To provide a brief overview of the formation, structure and scope of BIDs in South Africa, and to investigate the place marketing function of these BIDs. In essence, the information accumulated will be used to devise a strategy that can be implemented by BIDs in South Africa to measure their place marketing performance, and as such can determine if their current place marketing efforts are indeed achieving the desired goals and objectives. By determining the BIDs current place marketing performance, various discrepancies can be identified and rectified, and as such will aid the optimal allocation of limited resources and improve overall performance of the BID.

Sample and methodology:

The researcher aims to conduct face-to-face depth interviews with the management or executives of the BIDs, who are specifically involved in the planning, implementation and/or evaluation of their respective place marketing strategies / activities. These interviews will be conducted with managers / executives of BIDs across South Africa. The interview will take approximately 20 to 30 minutes of your time.

Confidentiality and anonymity:

All results will be used as empirical research for the written Doctoral Dissertation on the topic under study. All research participants are welcome to request results upon completion of this study.

Participation:

If you are willing to participate in the face-to-face interview, kindly provide details of your availability between the 1st of December 2017 and the 31st of January 2018, per email or telephone; the provision of two or more alternative dates would be much appreciated. Please respond by Monday 27 November.

You will receive confirmation of the interview arrangements. If it is not viable for you to meet in person, please contact me to discuss alternative arrangements (i.e. Skype). I would also appreciate it if you could notify me if you wish *not* to participate or if you feel that another colleague may be better suited to be interviewed in the topic under study.

Please accept my thanks in anticipation of your willingness to participate in this research study. Feel free to contact me directly with any queries.

Yours sincerely,

.....

Roland Goldberg

Ph.D Student

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APPENDIX F: DATA ANALYSIS AND CODEBOOK

Please refer to the CD-ROM included at the back of this thesis.

APPENDIX G: PEER CHECKING APPROVAL LETTERS



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14 May 2018

Mr Roland Goldberg

QUALITATIVE THEMATIC VALIDATION: MR ROLAND GOLDBERG

This letter hereby serves to verify that I, Prof Alfred Henrico, have worked through analysed data applicable to this study as it is presented in Atlas T18, as well as the reporting thereof in the dissertation. I have scrutinised the emerging themes and crossed checked all themes with the data analysis and reporting.

To this end, I agree with the accuracy of the identified themes.

I wish Mr Goldberg all the best.

Regards

Prof A. Henrico
Associate professor in Business Management

Oorspronklike gegewens: (12420921) C:\Users\12420921\Documents\Qualitative thematic validation Mr Roland Goldberg.docm
14 Mei 2018



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18 May 2018

Dear Mr Roland Goldberg

PEER REVIEW OF MR GOLDBERG'S QUALITATIVE DATA ANALYSIS

This letter verifies that I, Johan le Grange (Intern Research Psychologist; Reg No. PS S 0137588) meticulously went through the qualitative analysis of the transcribed data of Mr Goldberg's thesis called "A strategy for measuring place marketing performance of business improvement districts in South Africa." Moreover, I reviewed Mr Goldberg's use of Morse and Field's qualitative analysis of the transcribed data. Conclusively, this letter confirms that Mr Goldberg rigorously analysed the data and then verifies that the themes reflect both confirmability and dependability (cf. Krefting's article called *Rigor in qualitative research: the assessment of trustworthiness*).

Yours sincerely

Johan le Grange
Research Psychology Intern

Original details: (22215948) C:\Users\NWUUser\Google Drive (22215948@nwu.ac.za)\2018 Drive\01 Research Internship\Projects\Roland Peer Review\Letter Confirming Peer Review.docm
18 May 2018

APPENDIX H: LETTER FROM LANGUAGE EDITOR

Declaration

*This is to declare that I, L Rathbone, language editor and translator, have
language-edited the thesis by*

Roland Henry Goldberg

With the title

**A STRATEGY FOR MEASURING THEPLACE MARKETING
PERFORMANCE OF BUSINESS IMPROVEMENT DISTRICTS IN
SOUTH AFRICA**

Dr L Rathbone

Accredited Translator and language editor

Date: 26 May 2018

APPENDIX I: CONFIRMATION OF TECHNICAL EDITING

Mr RH Goldberg
North-West
University
School of Management
Sciences
Potchefstroom campus

I hereby confirm the technical editing on your thesis

**“A strategy for measuring the place marketing performance of
business improvement districts in South Africa”**

including all designs, tables and textual aspects has been completed.

EP Beukes
26 May 2018
