

# Urban Marketing of Small Cities

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## Abstract

*In the politics of the regional and local development much less attention is devoting itself to small cities compared with large urban agglomerations. However a territorial cohesion of regions is seriously dependent on the amount and the level of development of small cities. Justifying the need of marketing assisting of the development of these economic individuals is the purpose of this article. The practice of the planning and the marketing management is poorly popularized especially in regions of Eastern Poland. In this article authors are stressing the need of assisting attraction of small cities towards basic groups, in it of residents, diverse companies, institutions and social organizations as well as visitors. The small cities are in the regions the specific „pumping stations” of the production, services, capital and information from the larger centers to one’s back. On the example of the poorly urbanized Lubelskie Voivodship it is possible to state that the net of cities is too rare. Low urban planning standards are characteristic of small cities. The urban planning marketing can be the direction of the improvement of the social, economic and spatial situation of such regions as the Lubelskie Voivodship. Amongst this tools a main role will be playing the improvement in the standards of the technical and social infrastructure and comprehensive preparing the new investment grounds for the settlement and the market business activity. The improvement in the corporate culture of local governments in cooperation with all sorts partners on the local and regional level will also be needed.*

**Keywords:** small cities, urban planning marketing, territorial cohesion

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## Introduction

The problem of functioning and development of small cities remains in the shadow of the issues of huge agglomerations and metropolitan areas. In the countries of the European Union, the issue of centers and urbanized zones which determine the importance of entire countries and are of importance at the supranational and global scale, is dominant. Meanwhile, continued concentration of development potentials within such zones causes the peripherization of extensive surrounding areas including small cities. Large centers are more and more expensive for potential users, but they are also becoming less attractive. Therefore, the undisturbed process of spatial polarization can be an inhibitor of the development of territories of entire regions and countries, particularly for smaller investors in the sphere of entrepreneurship and settlement.

The European Union recognized the problem. In 2008, the regional policy adopted territorial cohesion. The development of regions in the territorial dimension should be based on networks concentrating settlement and business activity. Small cities play a very important role in such networks. The objective of this article is to justify the need of marketing support of the development of small cities in the settlement-economic network of regions. In weakly developed and weakly urbanized regions, it is a particularly difficult task. It is a challenge constituting a necessary condition for overcoming social and economic stagnation and therefore accelerating the development rate. The challenge can be undertaken through urban marketing. The problem of development of the network of small cities is illustrated based on the example of the Lubelskie Voivodship, showing the lowest degree of urbanization in Poland.

## 1 Marketing in small cities

The practice of marketing management in Poland is still at an early stage of development. It is particularly rarely introduced in small cities. In local spatial policy documents and development strategies of the majority of small cities, no such declarations are observed, nor objectives that would determine the long-term policy of substantial changes increasing the attractiveness of small cities for their current and future users, including:

- residents and their households;
- diverse entrepreneurship, particularly for small and medium enterprises;
- social institutions and organizations, and
- visitors, including tourists (Bury, Markowski, and Regulski 1993, 31, 39).

The expectations of those four basic groups of users of cities provide a substantive basis of the local marketing policy. For the purposes of marketing practice, the so far unordered terms of “city marketing” and “urban marketing” should be differentiated. The terms are often used alternatively. Urban marketing means governing cities in reference to their permanent (immobile) elements (i.e., the management of urban space). City marketing is a broader term, describing the total organization of activities for the improvement of the attractiveness, functioning, and development of cities.

## 2 Role of small cities in territorial cohesion

The idea of territorial cohesion is associated with the improvement of the intra- and interregional integration. The interpretation of the objective, however, has a somewhat broader scope. According to the official definition of the European Union from 2008, “territorial cohesion can be defined as the provision of harmonious, sustainable, and polycentric development of different types of territories” (Baucz, Łotocka, and Żuber 2009, 11). An issue requiring explanation is the role of small cities in the improvement of the three aforementioned definitions of cohesion elements. The first one is the issue of harmonious development of regions. The network of small cities provides services to their entire territories. The efficiency of such services depends on the density of the network of cities, their socio-economic potential, quality, including diversification of market functions, and their spatial management. The second element of territorial cohesion is sustainable development between the following spheres: social, economic, and environmental. The concentration of settlement, service to residents, and business activity in small cities can be beneficial for the environment under the condition of full provision of devices preventing the pollution of water, air, and soil. The third element of territorial cohesion is the polycentricism of settlement and economic activity. The network of small cities determines this condition of territorial cohesion of regions. An internally coherent region (functionally integrated) is particularly based on a developed network of cities, including small centers concentrating the support of social and economic needs in their zones of influence. Therefore, small cities constitute a specific “pumphouse” of goods and services from larger centers to rural areas. Non-agricultural economic activity can be concentrated there, providing the supply of workplaces for the residents of the supported region. The concentration of settlement and market economic activity is a condition for creating diverse external benefits in a local dimension. Current dispersal of rural settlement continuously blocks obtaining such benefits. This results in permanently lost chances for development both in the local and regional dimension. The polycentricism of development and management of regions is a manifestation of spatial order in all its six aspects, under the condition that the processes occurs “at the cost” of dispersed rural settlement.

## 3 Small cities in the settlement-economic network of regions

Small cities of Europe with a population of up to 50 thousand are inhabited by approximately 20% of the population of the continent (Knox and Mayer 2009, 11), constituting a considerable social and economic potential. Their network developed gradually in the social history of Europe. For a long time, they have fulfilled the function of market places, supporting agricultural areas. The need of exchange between urban and rural areas was one of the most important factors of

the density of their network. With time, some of them grew, and others remained in stagnation or declined, often due to unfavorable geopolitical conditions or developing new commercial trails. Examples of such declined towns are very numerous in the regions of East Poland. Some of them enjoy town privileges, others lost them and have never gained them back. Many of them fulfil the function of nodes of local service, usually within communes. They are towns rarely exceeding a population of 5 thousand. Somewhat larger cities have a larger range of service, they support areas of counties or even subregions.

Small cities particularly constitute nodes of flow of goods and services between larger centers and rural areas. Wholesale is concentrated in large and medium-sized cities. It supports retail sale in small cities and rural areas. The economic base of small cities is not limited to retail sale. It also includes producers, usually in the form of micro enterprises. Some small cities concentrate within their territory or neighborhood the production and distribution of building materials, frequently based on local resources, or selling products to local markets. Small entrepreneurship commonly functions, supporting agriculture, and providing not only sales, but also diverse services for rural settlement.

#### 4 Reality versus expectations

A considerable dissonance exists between the actual and expected role of small cities in the economy of regions. It is particularly evident in regions with a low level of economic development and urbanization. Such an unfavorable situation concerns regions of East Poland, where the role of small cities is relatively weaker than in more developed regions. This is determined by three groups of factors. Firstly, the regions are monocentric with a single dominant urban center, also usually economically weak in comparison to the largest urban agglomerations. Secondly, central cities of eastern regions have excessively weak support of the network of medium-sized cities with a population of 50 000–100 000. Thirdly, regions of East Poland have an insufficient number of such cities. Cities of the Lubelskie Voivodship had a population of 1 065 700 residents at the end of 2015. Data concerning the population of cities are presented in table 1.<sup>1</sup>

The problem of low urbanization of the Lubelskie Voivodship concerns the excessively scarce network of cities. One city corresponds to 534,5 km<sup>2</sup>. The second problem is a high number of the smallest cities: 20 cities with up to 5 thousand residents, and 27 cities with up to 10 000 residents, which constitutes 57,4% of their total number. There are only four medium-sized cities with a population of more than 50, with Puławy close to the threshold of the bracket. The influence of such cities on smaller centers is weak, particularly due to the insufficiently developed entrepreneurship and insufficient diversification of other urban functions.

**Tab. 1.** Number of cities and their residents in Lubelskie Voivodship by population size at the end of 2015

Population brackets	Number of cities/towns	Number of residents	Percentage of total residents
Over 100 000	1 <sup>a</sup>	340 700	32,0
50 000–100 000	3	186 100	17,5
30 000–50 000	4	153 900	14,4
20 000–30 000	2	49 000	4,6
10 000–20 000	10	162 100	15,2
5 000–10 000	7	122 500	11,5
Up to 5 000	20	51 300	4,8
Total	47	1 065 700	100,0

*Source:* Own calculations based on data published by Central Statistical Office of Poland

<sup>a</sup>Lublin

1. [In the journal European practice of number notation is followed—for example, 36 333,33 (European style) = 36 333.33 (Canadian style) = 36,333.33 (US and British style).—Ed.]

Small cities do not constitute a uniform group in terms of functional structure. Some of their functions exist commonly, such as support of the consumption market, own and in their rural surroundings, and local services for agriculture. Some cities also fulfil other important functions, for example as satellites around large cities. Five small satellite cities function around Lublin (Lubartów, Łęczna, Piaski, Bychawa, and Bełżyce). Tourism and recreation is an important function of few small cities, including Kazimierz Dolny, partially Włodawa (with the neighboring Okuninka), Krasnobród, and Zwierzyniec. The only example of a nationally recognized health resort in the Lubelskie Voivodship is Nałęczów, where also the recreational function develops. Transport nodes at the junction of railway lines and roads with international significance are of less importance for small cities. This function currently provides no impulse for development. This group includes several cities such as Międzyrzec Podlaski at the junction of international roads, and Dęblin as a railway node. In functional terms, small cities located at the eastern border of Poland can be distinguished, including: Terespol, Włodawa, and Hrubieszów. So far, only Terespol with the surrounding rural commune developed the service of cross-border traffic. Włodawa and Hrubieszów have not achieved importance in the service of cross-border cooperation.

The state and dynamics of development of the aforementioned dominant functions as well as mixed functions suggest common stagnation of small cities in the Lubelskie Voivodship. The development of entrepreneurship is particularly missing as the core of the local economic base. As a consequence, local economic effects, workplaces, income of residents, and own income of urban and urban-rural communes, even from taxes and local fees, are scarce.

Problems of small cities, in the example Lubelskie Voivodship, can be generally presented in several groups of phenomena, such as:

- unfavorable demographic situation (aging of population, negative natural growth and migration balance);
- low level of development of the local economic base, including crime rate, workplaces, income of residents, and own income of communes;
- high unemployment, particularly hidden in agriculture in rural areas surrounding the cities;
- high decapitalization of building development, and lack of revitalization projects;
- low standard of provision of technical infrastructure, particularly sewage system;
- low standard of provision of social infrastructure facilities, particularly cultural, health protection, safety, and recreation facilities;
- neglect of the cultural landscape determining the identity of places;
- lack of prepared new investment land for building development for residential, services, and entrepreneurship purposes; and
- low standard of the local road network, including internal roads.

The current situation of small cities evidently does not favor the improvement of the economic activity of the region throughout its territory, and the expectations for overcoming the stagnation are high. The most important expectations (needs) addressed to cities include:

- preparation of new investment land for building development for residential, service purposes, and for arranged public areas, as well as for production activity;
- development of new local centers of activity;
- improvement of the pattern of city roads, their surface, and management of their surroundings;
- improvement of the state of arranged green areas, including parks and squares;
- provision of the sewage network and making it available for all users;
- revitalization of degraded areas and old neglected buildings; and
- development of the local cultural identity through architecture, small urban design, and functions specific to a given place (Gzell 2004, 13).

An expectation with high significance for small cities is strengthening of local mechanisms of generating economic development. It is therefore required to create the local atmosphere of entrepreneurship and incentives for settlement. It is a difficult task to prepare new investment land for entrepreneurship zones and residential districts, and particularly single family housing with basic services. Entrepreneurship will require land with complex provision of technical infrastructure, similarly as new residential districts. A question arises what mechanisms should be met by small

cities to attract interest of investors for locating their companies. Small cities generally have lower costs of location, investment, and functioning of companies or their plants.

## 5 Attributes of attractiveness of small cities. External marketing

The search for attributes of attractiveness of small cities should be directed at the expectations of actual and potential users (customer). It is an art of efficient selling of cities and places in their territories (Ashworth and Voogd 1990, 65–75). The question should be therefore answered what urban products are expected by users of cities, and particularly potential investors. In general, users expect relatively low costs of investment and maintenance of their activity, as well as a considerable prevalence of various external benefits resulting from the choice of place over related disadvantages. In a somewhat broader scope, several groups of attributes of attractively can be designated, covering groups of urban products such as:

- complex service in the scope of local technical and social infrastructure, sale of consumption articles, and arranged recreational areas;
- internal and external transport openness, including a network of arranged streets and parking lots, pedestrian and cycling paths, and connections with external roads;
- planning and technical preparation of new investment land for residential and service building development (storage houses, production plants), and revitalization of old inefficient building development;
- diversification of market economic activity and supply of workplaces. It is possible when local companies direct their products not only to the local market (endogenic market functions), but also have an offer for the nearer and farther surroundings (exogenic market functions);
- spatial order in the building development and management of the areas of small cities, permitting access to all areas, safety of the neighborhood, as well as creating an attractive urban landscape; and
- differentials—i.e., specific urban points that can be goods of material culture (monuments, palace and park complexes, sacred objects of different denominations, marked memorial places, unique urban systems). They can also be original products of the local industry or handicraft. Such elements determine the identity of a place.

It should be emphasized that the aforementioned attributes of attractiveness of small cities can have importance not only for single centers, but also for social and economic integration of their network in a specified region. Such a direction of marketing policy of small cities can be described two-fold as: “the role of the city in the network” and “the role of the network in the city.” Both of the approaches to the marketing policy of small cities indicate the need for cooperation of two levels of self-government in the scope, namely local and regional, for effective improvement of the attractiveness of small cities for their users. The art of attracting attention to a place (city) and its selling is external marketing (towards customers). The city self-government can apply four groups of marketing-mix tools. The highest importance is ascribed to the development of elementary products of cities and image of cities as products (Zuziak 1997, 143). In addition to elementary products, the quality of a city involves a network of relations between various activities. They are external effects of particular entities providing activity in the territory of the city and outside it. “External effects are economic effects referring to entities providing economic activity, consumers and producers, that are not subject to the verification of markets of goods and services” (Pealinck 1992, 249). In addition to economic effects (advantages and disadvantages), they are also other socially accepted values.

The remaining three groups of external marketing-mix in a city include: financial conditions of investing and functioning of any business entities, various forms of promotion of the city, and user (investor) support. The application of such tools depends on the organizational system of self-government authorities and efficiency of their activities for the improvement of the attractiveness of the city. It is internal marketing (Frankowski 1997, 173).



## 6 Internal marketing in self-government institutions

The leading element of internal marketing of communes is the art of creating and organization of information circulation. Practically all organizational units of self-government authorities and members of the city council should have full access to information on offers of land and facilities for users. The competences of the self-government human resources constitute the basic condition of marketing efficiency. Municipal offices should have an appointed unit of marketing organization. It can be combined with strategic and spatial planning service and operational programming. The team can also include the surveyor of the commune. All specialist staff of the municipal office should be connected to the team.

The task of the city's marketing team is not only close cooperation within organizational units in the Municipal Office. It is also cooperation with the local community, and particularly with persons animating the city's development and any undertakings improving its attractiveness (Szromnik 2007, 148–151). The atmosphere of inclusion of the local community to cooperation will improve as soon as considerable investments appear improving the municipal standards or creating new workplaces and new functions, at least recreational. This can provide for the improvement of the understanding for the preparation of new investment land and for degraded parts of small cities. Such needs are common. Some local companies as well as wealthy residents can undertake initiatives in the scope of undertakings related to the support of the local market. Such a role of residents can be described as that of "local actors." They directly engage their initiatives and financial resources in the development of entrepreneurship, particularly small and medium-sized, substantially supporting the growth of employment and income of the population.

Tasks of the city's marketing team also include the development of a partnership network of external cooperation, also with self-governmental institutions of the regional level. The mutual independence of the levels, however, requires close cooperation in the scope of development of small cities. The regional self-government determines financial support in specified areas in particular seven-year programming periods in the scope of regional operational programmes. Moreover, the support is partially directed to small cities through governmental operational programmes. Each investment undertaking must correspond with the objectives of the coordinated local and regional policy.

Another area of marketing activity of the self-government of small cities is the so-called business environment. The activity of marketing units of municipal offices requires updated knowledge on the functions and possibilities of support of the development of entrepreneurship and creating business sentiment in specifically prepared places. Among local and supralocal partners, this particularly concerns organizational units of scientific and technological parks in the region, incubators and clubs, and other entrepreneurship-related organizations. Chambers of commerce are an important type of partner of the city self-government. Their competences and legally specified functions should be known to self-government authorities. Chambers of commerce can be a partner coordinating support in the development of any possible forms of entrepreneurship in the city.

A complete self-government unit should have a bank of data on specialists and study and design service units to which various studies are ordered (plans, designs, expert opinions, desk studies). The municipal marketing team can be a place of gathering as well as disclosing information, including its distribution. It is an element of the city's promotion. It can be largely based on exhaustively prepared websites where interested parties will find not only information on the state of management of the city and contents of any kind of plans, but also on business, cultural, sports, and other events that were and will be organized there.

Human resources for public offices are usually quite limited in small cities. A low number of available full-time workplaces does not allow for the development of marketing organization. Therefore, the organization of internal marketing needs to be based on local animators outside of the human resources of municipal offices. This way, marketing activity in a small city can integrate the local community and release its initiative for the improvement of its life and business activity environment.

## 7 Rules of the marketing policy

The marketing policy of development of a small city, just like any other policy, is a “well-thought way of conduct by a particular entity, aimed at obtaining the intended objective” (Dunaj 1999, s.v. “polityka”).<sup>2</sup> In reference to the issue of urban marketing, the policy of local self-governments can be described as a well-thought way of conduct aimed at a continuous increase in the attractiveness of small cities in the opinion of their actual and potential users. The socio-economic development of territorial entities is characterized by high inertia. This justifies the application of long-term marketing policy based on strategic thinking. Single investment undertakings in both the private and public sectors usually do not radically change the image of cities, and therefore their attractiveness. In the Polish reality, development of small cities usually proceeds in small steps. This is unfavorable for the implementation of a long-term, stable development policy. Urban marketing must be based on the principle of a long-term strategy, similarly as marketing of any other territorial unit (Parkinson 1994, 298–300).

The maintenance of the long-term character of the marketing strategy based on a possibly permanent vision of the future requires the specification of further rules. Changing external conditions determine the flexibility of planning and development management. Satisfying this condition requires active participation of self-governmental authorities in works on keeping all planning documents up to date. The planning flexibility rule also requires constant programming of undertakings, and preparation of their drafts. The self-government should strive for obtaining external financial support in the form of subsidies for development. This will be possible if it has a large resource of prepared projects, and is ready to select the ones intended for implementation. Sometimes the project activity is called the “pipeline” of prepared documentation of new investments.

In spite of the unfavorable variability of objectives of the regional development policy of the European Union and Polish government, local self-governments should attempt to benefit from the corresponding sources of financial subsidies, and maintain the logic order of implementation of tasks. An example can be planning and technical preparation of new investment land for residential and service building development, arrangement of open areas and entrepreneurship zones in advance. It is the rule of sequentiality of implementation of an investment, maintaining the order of provision of favorable conditions for the implementation of further ones. Usually, the initial phases of development of particular land focus on public, and not only commune tasks. Then, the phases focus on private tasks, including the sectors of entrepreneurship and residential construction. In other words, the implemented public tasks should to the maximum possible degree be based not on creating the best possible final effects of attractiveness, but the possible efficient stimulation of development.

Another important rule in marketing strategies of small cities is the selectiveness of the choice of areas of support of development, and selection of objectives determining the improvement of attractiveness. The starting point is the selection of objectives. A typical example of such an objective can be the improvement of the situation in the local labor market. Small cities have insufficient supply of workplaces. Employment in the local institutions and offices of social organizations is frequently much lower than in private entrepreneurship. In such cases, anticipatory arrangement of local commercial and service centers, market places, and designated entrepreneurship zones is important.

The last of the proposed rules of marketing support of development of small cities is internal and external cohesion. The city itself should be coherent (internal cohesion), and it should be coherent with its surroundings (external cohesion). Internal cohesion is defined as the harmonization of functions in the city and development policy (integrated planning). External cohesion aims at the improvement of the situation of a particular city in the settlement and economic network of the region. The improvement of the condition of small cities requires the cooperation of self-governments of the regional and local level. Sufficiently intensive cooperation between those two levels of self-governments in the scope of the intraregional spatial policy is so far hardly observed. Systemic cooperation for the improvement of the attractiveness of the space of the region depends among others on the selection of marketing tools.

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2. [Original definition in Polish: przemyślany przez kogoś sposób postępowania mający doprowadzić do osiągnięcia zamierzonego celu — Ed.].

## Final conclusions

Small cities constitute an important element in the development of the economic and social space of regions. They condition territorial cohesion and use of development potentials in regions. They make available large, so far neglected, unattractive, and inefficiently managed areas of traditional agriculture. They constitute a condition of the multifunctional development of rural areas. The example of the weakly urbanized Lubelskie Voivodship evidently shows that the network of small cities is too weak to efficiently activate the entire area of the region. As many as twenty out of forty seven cities do not exceed 5 000 residents. In reality, they are centers of support of own or the surrounding communes. Due to this, a considerable part of the Lubelskie Voivodship remains in the state of social and economic recession. Overcoming the negative trend of socio-economic stagnation is a task for long-term implementation. This results from the inertia of the patterns of spatial development and urban planning quality of small cities. "Pushing" dispersed rural, usually homestead development, to centers of concentration of settlement requires many decades and consequent policy of polycentric network of cities, particularly small ones. The condition of such an arrangement of the trajectory of spatial transformations in weakly urbanized regions is their comprehensive openness for development.

One of the main elements of support of development of small cities according to the new trajectory of urbanization of regions, like in the example of the Lubelskie Voivodship, is the organization and implementation of local systems of urban marketing. The task of local marketing systems is the preparation of the offer for all types of users, including settlement of the population and diverse forms of entrepreneurship. The condition for development of small cities is the strengthening of the economic base and gradual obtaining of financial self-sufficiency. The objective of the marketing policy is continuous improvement of attractiveness for users. Small cities are generally cheaper than medium-sized and large ones. They increase the supply of land for settlement and business activity.

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