In this paper the authors introduce a specific application of competence marketing: a model adapted for place-, regional-, settlement- and community marketing. This work is based on previous research programs carried out for several years and practical experience. The paper deals with competence-marketing view and by providing a detailed analysis of market-based approaches, which seem to be in contradiction at first sight, introduces a competence-based and regional marketing model.

Introduction

In the past few years marketing has become a specific tool of regional development and settlement policy targeting at meeting the needs and satisfying the demands of institutions, companies and individuals working and acting in the interest of inhabitants and regions. Marketing is a tool used for synthesizing and coordination of development. In the form of single image and aspect it introduces, places and communicates a region and a settlement. Thus, on the one hand, it provides a managerial and functional approach, on the other hand, it offers clear planning and operational management system of tools.

The product of the regional and settlement marketing is the area and the place itself (Töpfer 1993.), e.i., the conditions, values, facilities, experience, services, products offered by it, in other words everything that satisfies the demands and meets the requirements of particular customers and target groups (population, tourists, investors, governments, universities, enterprises, etc.). As it can be observed, the supply of a region or a place involves a wide choice of several concrete products, services and values, which have two characteristic features (Garamhegyi 2000.): one part (e.g. parts of infrastructure, roads, plots, natural conditions, mountains, rivers, schools, etc.) belongs to the ‘public welfare’, the owner of which is the community itself in its narrow and broad sense (the representative of which is for instance the local government or the state); the other part belongs to private owners. They are products and services offered by local organizations, enterprises and individuals (e.g. hotels, swimming pools, machines, food and so on).

That is the reason why marketing when related to a particular region appears in two forms. On the one hand, it is a ‘traditional’ marketing used for achieving the objectives of specific enterprises and non-profit organizations. On the other hand, it is a public marketing targeting the development of a particular region, area and city that becomes independent and assists ‘private-marketing’ activities serving the interests of community objectives.

Community objectives of regional development are to assure as highest possible welfare for its inhabitants (Meffert 1991) by effective promotion and ‘selling the product, i.e. itself’ (which

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appears in complex and multilevel exchange processes, faces difficulties during development and the interests of certain groups are vitally concerned) to potential customers at particular special market places. The basic appearance of the place-product is its image, the notion formed of it, on the basis of which the decision making target groups develop their relationship with it. The regional and settlement marketing is a community type marketing, which developed its activities in the interest of the community of the whole region and besides following the principle of being competitively neutral it provides assistance to achieving greater success of target enterprises, organizations, institutions and persons. The content of marketing in this case also depends on competition intensity arising between regions, peculiarities of the market and relation field. Regional and settlement marketing is the promotion and communication of exploration and realization of competitive strength, comparative advantages and forces of attraction in order to achieve multisided, economic and welfare objectives (Piskóti etc. 2002.).

The place-product is a product having hierarchic structure, where the products of particular territorial levels (country, region, county, small region, settlement) include products of lower levels, but can not be considered their simple summing up. Our marketing model is one of the most characteristic appearances of the competition and cooperation duality. The ‘coopetition’ (Meffert 2000.) should operate as a live practice of places, it means that counties should cooperate in the interest of regions, but remain competitors when it comes to utilization of resources and direct developments within the region. There is no efficient place-marketing without a proper combination of cooperation and competition. Unreasonable competition must not hinder cooperation. Representation of direct interests can not be loosened in cooperation and compromises. Consequently, the relationship between marketing of particular place levels is complex. Neither bottom-up nor top-down planning can be effective, but only a ‘specially-tuned’ and interactive method can lead to success.

Summarizing the above mentioned ideas it can be claimed that the region and settlement-product is of dual nature. On the one hand, it contains all functions, tasks, qualities and values offered by a region, a settlement and institutions in the form of products and services of traditional enterprises. On the other hand, the product itself is the territory, place, region and settlement, similar to a company name and the way it is assessed in its particular market is based on its previous performance. The image is the important result of the reflection of territory identity and a basic determining factor of its success. (Madsen 1992.)

This product-duality determines two content weight points of marketing: on the one hand, conscious and customer-based development of object and service elements of the supply, on the other hand a single image and communicative activity. Elaboration of consistent theoretical and management models of regional marketing leads to offering several professional opportunities. On the basis of product peculiarities and community objectives the results achieved by schools of marketing theories in the past few years alongside with their practical implementation should be combined and further developed, on the other hand a solution system which can play a dominant role, can be professionally and logically justified and implemented, should be developed.

1. Competence marketing
According to the competence-oriented marketing approach developed from the so called ‘resource-based view’ an enterprise has to concentrate on inside circumstances and competencies (inside out) to be competitively strong and flexible. This is the reason why competence marketing is considered to be a real turning point and a real paradigm change as it seems to interpret the essence of marketing, without taking into account the direct market needs or answers given to the needs. The competence marketing originates from the theories of Anglo-Saxon micro-economy, according to which advantages in competition resulting from the special resources, abilities and strength of a company result in returns above the average. (Penrose, 1959; Chandler, 1962). The term competence means being competent (e.g.: in an assignment) or having an ability (to do something). In the science of management this term is sometimes misinterpreted. In marketing the concept of capability is taken into account, meaning types of competencies a company has when it enters a market and approaches customers. Becker was the first to call the conscious development of competencies a marketing objective and considered the company image to be a core competence (an ability, a factor ensuring advantage in competition.

Competence has two dimensions. The so called experience competence is based on background general experience and means the problem solving ability of a company, whereas the possible competence is related to abilities on the basis of which new problems are solved, and the acceptance and demonstration of which are primarily a matter of image. Competence transfer involves acquiring competencies in the interest of customers and their utilization and realization for customers. On the other hand, competence transfer leads to specific knowledge transfer between a seller and a buyer. It is an essential tool in achieving customer satisfaction and development of custom-based process. The competence-oriented approach (as an inside-out prospective type) and the market approach targeting customers’ needs (the market-based view) seem to be in contradiction with each other at first, but only at first sight, as the inside features, the abilities of an enterprise and their values are never independent from the market conditions. The core competence and its values can be determined from the customer side, meaning that due to the core competence an enterprise is able to acquire considerable values in competition comparison.

Considering marketing to be a resource-based view makes it possible to interpret important interdependencies and relationships, as a market is nothing else but a solution method of a bilateral resource-problem. (Freiling, 2001). A customer demand is a lack of resources explored in a subjective way, where the responsibility of a seller lies in satisfying the demand and meeting the needs by utilizing his own resources and competencies. Strategy-competence marketing develops durable competitive advantages on the basis of understanding the market conditions and exploration of core competence of an enterprise. Achieving uniqueness and distinguish ability (the frame of which is made up by the concept of Corporate Identity) as a corporate objective depends on the prevailing atmosphere in competition and the intensity of competition. Buyers’ satisfaction appears as a result of a competence-transfer.

Competence-marketing – compared with the traditional marketing concepts - brings about certain changes in priorities and weight shift in certain assignments. While traditional marketing, focusing primarily on the near future, was trying to create competition advantages, competence marketing puts emphasis on integration of development processes in the past, the current situation and future development. Marketing is a constant development and conscious utilization
of resources and competencies.

Emphasis should be laid not only on transactions, but on the experience gained during them as well. The task of marketing is not simply to take part in transaction processes, but to utilize the experience gained and use it in our own value creation process. It is only natural that marketing is used at different activity levels. The basic level is created by the whole market and its selected segments. Continuous observation is required to identify the level we are at and to decide whether there is a possibility to open a more attractive new market. Competence-based marketing concerns market analysis, which requires a development of a comprehensive Marketing- Intelligence system and harmonizes market research with modern knowledge management. The Resource-Based View can not be opposed to the Market-Based View, since the inside-out types are also provided with market appropriacy as described in the classical article by Prahalad and Hamel (1990) in which customer value and competitor differentiation are two basic features of the core competence. The inside-out and the inside-in views are, actually, two sides of the same coin, but they are thought to make an important content unity. (Backhaus 2001) The task of marketing is to combine and integrate resources in a specific way adjusting them to market requirements. Competence-marketing appeared as a methodology elaborated on the basis of experience gained in the high-tech market and small and middle size enterprises, but it is related to other special market areas, like settlement and regional marketing. (Piskoti etc.2002).

On the pages to follow we shall introduce a special model of competence marketing used in regional and town community marketing and developed on the basis of the results of over ten empirical, and prime studies and thirty expert works and projects.

2. Competence-marketing for regions and settlements

2.1. Competence types, core competencies

The competitiveness of a region or a settlement basically lies in its qualities, how effectively it can utilize competencies in various fields ensuring steady development of supply. Our research proves that the starting point of place development can be nothing else but development carried out on the basis of its own competencies and closely adjusting itself to it even if it badly needs to involve substantial outside resources. Consequently, in order to formulate the concept of marketing and develop its strategy the application of a ‘resource/competence-based view’ is suitable. The essence of the applied competence lies in the fact that the image-based customer side can be conquer on the basis of the supply of the region and settlement and their communicative abilities.

The term competence means abilities and professional skills embodied in the target region and settlement, which, on the one hand, are ‘inborn’ natural and human conditions, and on the other hand results achieved by people representing the target region or settlement and putting in their own efforts in the fields of economy, culture and science. The market supply of cities and settlements, its realization and examination can be made on the basis of their environment, abilities and competencies and greatly depend on the facilities offered by the settlements.
When evaluating supply of a region or settlement, we must consider the character of natural environment (quality of soil, tourist attractions, existence of raw materials, etc.); the component of human potential, qualification of the work force, methodological and view bias, the number of the people living there and their lifestyles; people managing the place and region, the professional training, attitude and methodological approach of the staff in offices; the previous structure of the economy, the standard of the infrastructure, facilities ensuring organic development and cultural factors, historic and traditional values. Besides these basic competencies the functional competencies include capabilities involved in activities and service-forms (healthcare, education, transport, courts) of the place. Determination of core competencies ensures the strategic advantages of the area. Such core competence can be medicinal water, a unique natural resource (lake, cave, waterfall, etc.), cultural traditions on the basis of which several core products can be developed.

City and region-products are unique products which can not be physically moved, or taken away, a service-product like an administration in the town hall, which can not always be shown, as they are prepared and ‘sold’ only after ‘shopping decisions are made. (Kozma 2002) Actually, a
place-product buyer does not buy a traditional product, but a belief in success and results strengthened on the basis of competencies. He believes and knows the capabilities and competencies of the target region and settlement, in a target aspect, meaning that he evaluates core competencies. Such core products like spas, ski centres and industrial parks are built on supply and communication core competencies and are followed by entrepreneurial or community products. Thus, this does not always mean direct, settlement–owned, execution capacity or communication, but other activities of organisations and institutions operating in the region and city. This means work force employed by an enterprise operating in the city, a safari-park founded by an organisation, an investment conference held by the chamber, that is a product in promotion of which the managers of the city and local government are involved indirectly and provide indirect support (e.g. tax incentives, communication services, etc.)

Consequently, the ‘place-product’ is the competence image shaped by the evaluated supply and communicative abilities and purchased on the basis of a picture, knowledge and attitude created about the region and settlement – the life style and possibilities of management of its resources. This image, i.e. the community marketing activity shaping it has a great impact on the buyers’ purchasing willingness and decision making process and naturally, performing different activities in different stages. As the interpretation of the traditional marketing mix is not directly related only to target entrepreneurial and organisational marketing levels built on core competencies, the following marketing tool system has been developed: development of community supply on the basis of core competencies and communication mix, primarily image-shaping and sales promotion elements. Besides the activities of the seller’s and the supplier’s sides, the descriptive characteristics determining the behaviour of the buyer’s side are also very important. In our case customer knowledge can not be neglected either, for in many cases it is not simply the matter of an ordinary purchase and sale, but a long-standing relationship, for instance in case of investment, where the person of the buyer is essential for the settlement, as his behaviour, fairness or on the contrary his autotelic behaviour has a considerable impact on the life and development of the settlement. (Próbáld 1995)

Two main circles of categories are to be examined, namely factors and competencies determining the customer’s decision making behaviour, which in case of persons and organisations have considerable diversity, although they have some common features as well (persons give priority to psychological, cultural, demographical and social factors, whereas in case of organisations they are supplemented by features characteristic to target organisation and environment (size, structure, culture, etc.) and process and characteristic features of a buyer’s decision making behaviour that means content differences in the stages and elements of decision making processes, methods, decision making dimension and criteria of information collection, comparison and evaluation. Models of customer, purchase and decision making behaviour can be applied to a region or a settlement at individual, family and organisational levels. These characteristics determine the way the ‘buyers’ and partners build up their evaluation structure and expectation-system, and the way they position and evaluate the supply, appearance and image of the target region and cities in it. If the outcome of the decision is positive, the customer’s and consumer’s satisfaction and discontent can be measured and taken advantage of after sales, as there are feedback, experience, complaints and acknowledgement, which affect and modify the potential activities of both the ‘seller’ and the buyer. This is the way in which the process becomes complete after feedback.
The competence image always gives a subjective picture, but its relationship to objective facts, image factors and real performance does matter. The most important index of the success of marketing work is the degree of its positiveness and how close the objective situation, the fact and the subjective work are to each other. Conscious image shaping can be done in three stages. Firstly, the actual conditions have to be looked at, the opinion of potential customers, their ideas and expectations have to be found out and compared those of competitors in rival regions and settlements. Secondly, the supply and the productivity of the city have to be improved and developed in the way the ‘buyers’ expect and be different from the ones offered in the competitor-city. With the change of objective parameters the position of the city improves. According to marketing basic rules positioning has to handle duality – the customer and its competitor – together and always take them into account. Thirdly, using effective communication activities the target group has to be made familiar with the performance, strengths, advantages, facilities and opportunities of the city, that means shaping a single identity which after being reflected and known will result in a positive subjective image.

If there is a big difference between the objective facts and the subjective image at the expense of the latter, the communication performance is bad and unable to identify the actual strengths and performance. The case when the subjective judgement is better than the objective performance is also extremely dangerous, as sooner or later it will turn out when the settlement-product is used, causing disappointment and disillusionment in customers and resulting in a negative image being shaped of it, which can hardly be changed. If the objective state of affairs is worse than the possibilities offered by the conditions, the performance supply of the city and the region has to be improved first. All this ‘buyer-seller’ mechanism happens in the medium determining narrower-wider environment conditions and market tendencies, i.e. in a reciprocal action and determination between the wider and more extended system and its participants.

2.2. The process of marketing planning

Place marketing as community marketing can be successful only if built on conscious evaluation and analysis, an activity determining objectives and strategies. The effectiveness of marketing activity increases if by using its content and tools it can lay a foundation on the results of marketing activities of larger geographical and territorial units. If a county, a region and a country operate a conscious marketing and communication PR activity, it can be used for implementation of settlement marketing, for example by information flow, distribution of publications, harmonization of content of messages and organisation of common events. Naturally the positive impact can have a backward effect, too. The settlement activists shape and determine the elements of country-marketing and their efficiency. Their own strategy planning should not be independent from the related region and settlement planning.

The marketing activity of a place does not belong only to the tasks of the (local) government concerned. The marketing effectiveness system includes various activities of the target institutions and scientific, professional, social and civil organisations. (Rechnitzer 1998) Independent institutional work can supplement and promote each other. Coordination and harmonization of particular tools and activities (which does not happen in practice) is of great importance so that their effects should not neutralize each other. Coordination belongs to the responsibilities of the local government or an organisation assigned by it or cooperating with it and its objective is to bring in line target activities after thorough and conscious consideration.
providing synergy effects. The need for coordination underlines the consciousness of marketing activity and the necessity of strategic consideration. **Defining place marketing as community marketing** does not mean that it is not closely related with profit-based entrepreneurial marketing or participants involved in it. Moreover, providing indirect support and guidance to autonomous and market participants is of the utmost importance.

![Diagram](image.png)

**Figure 2. Process of strategic planning and realization of place marketing.** (Piskoti etc.2002, p. 53)

A clear definition of marketing strategy and tools can be done only on the basis of complex research and data. (Kotler-Haider-Rein 1993.) As Figure 2 shows, the first step is the analysis of the outside (macro) environment (social, economic, ecological, technological, regulatory-legal stipulation system). The specific feature of these factors is that the strategy under elaboration and its tools can not have a direct impact on them. They should be looked at as an environment and a stipulation system, some of which promote strategy development and offer possibilities, whereas others make it difficult and constitute threats. To know these factors is important as our knowledge and pursuance of changes provides a basis for us to be prepared, take the opportunity and avert the danger. Moreover these factors provide a wider basis for strategy development, makes it more flexible, often makes it possible to involve additional resources. Then it improves forecasting of legislative and governmental decisions and thus opens opportunities for exerting influence on them and developing conscious lobbying activities. Plus national and international trends can be predicted, which significantly determine the efficient allocation of our own resources.

The examination of direct market fields includes five important areas regarding their content: **value-, image-, target group-, competitor- and activity audits.** The values, environment,
supply competence and weakness of the region and settlement have to be taken into account first so that the position elements and factors can be determined (VALUE AUDIT). While conducting this survey a special attention has to be paid to natural values, properties of the area, capital, standard of the infrastructure and supply and quality of workforce as they are determining resources and make up the competence background. The assessment of economic performance of the area with its entrepreneurial map, production structure, input-output relationship system, inside consumer structure, profitability and efficiency evaluation also belongs to fundamental investigations.— Secondly, on the basis of objective, factual data, after gathering information about the settlement it is essential to find out what subjective picture and image have been developed about it by its own inhabitants and outside target groups (IMAGE AUDIT). The analysis of these results and findings of primary research, opinions that might differ from factual data, lack of information reflect the current shortcomings and weaknesses of communication work. Within the economic image there are investment or site images, cooperation and market demand images. (Nemes 2000.). The expectations closely related to image assessments include the ones raised by particular target groups, ‘customers’ to regions, counties, settlements and cities. The circle of customers is many-sided and its evaluation encompasses current and potential customers, the determining features of their ‘shopping behaviour’ and decision making processes (TARGET GROUP/CUSTOMER AUDIT). The important target groups are local inhabitants, potential immigrants, tourists and visitors, local entrepreneurs and institutions, potential investors and cooperating partners, local governments and their offices and institutions, government, authorities and public offices, political and social organisations, other professional organisations and associations. While conducting self-assessment and assessment done by others the factual data obtained has to be analyzed and compared with those of potential competitors, thus, secondary and primary researches are to be combined with competitor analysis providing basis for application of benchmarking techniques (COMPETITOR AUDIT). Last but not least, the content, tools and methodology of marketing activity have to be evaluated and compiled so that by using marketing audit tools contextual, organisational personnel conditions and directions of marketing development activity can be defined (ACTIVITY AUDIT).

By means of analysis and on the basis of defined positions and forecasting objectives of the region and settlement can be formulated. The primary objective, as we have already mentioned above, is to ensure the welfare, improve standard of life in its economic, community, cultural and ecological aspects. The expectations raised by people living in the target area, settlement and regions are to be met. The most important elements are development of infrastructure to ensure operation of the area, e.g. transport (rail, road, water access, car driving in the city, parking facilities, special lanes for cyclists, solving housing problems, public utilities, etc.); maintaining services promoting non-material conditions of lifestyle (for instance the development of education, research, cultural supply, standard of commercial endowment, etc.); promotion of service character of offices, local government and its offices; providing the inhabitants and population with reliable and consistent information about the strategic issues and operations; and direct involvement of the population in regional and city policy and decision making processes and expression of their views. The factors of people’s quality of life living there, as residents, as visitors or potential immigrants are equally important, because on the one hand, they promote the local patriotism of those living in this area, encourage them to play an active role in the development of the settlement and be ready to do something in its interest; on the other hand, they attract tourists and organizers of professional events to the city; and they may contribute to the promotion of an increase in immigration – especially after achieving some
success in gaining general objectives.

On the basis of the primary and dominant objectives the so-called secondary objectives promoting implementation may be developed, out of which the increase of the economic performance such as intensification of competitiveness and attractiveness is of utmost importance. This process is a tool of marketing economic development and is involved in formulating the economy development concept and priorities; providing indirect assistance to operational conditions of local enterprises, offering administrative, intermediary and information services, developing collective trade, supporting consultant and safeguarding activities, etc.; providing rational support to new enterprises and plants targeting immigration such as offering infrastructure, sites, tax incentives, economic-diplomatic activities, etc.

In order to implement and realise a relevant and attainable objective system a strategy frame has to be elaborated, which is customer-based (during segmentation it focuses on expectations of target groups); competition-based (it targets the environment and strategy efforts of competitive regions and cities; behaviour based (it clearly defines the relationship, behaviour style towards the market and environment participants) and tool-based (it provides a frame to an appropriate state, a ‘selection principle’ from marketing tools to harmonize the selection and to avoid the centrifugal marketing policy). The strategy profile to be built on the basis of an integrated marketing strategical approach and the strategy programs representing it clearly define the appropriate tools and the condition system required for their implementation. The RSM-strategies provide a basis for the development of sophisticated tool combinations ensuring gaining the objectives. The RTM strategies provide basis for the development of sophisticated tool combinations based on supply development and identity concept ensuring gaining the objectives. (Töröcsik 1995)

**Group elements of supply / performance-mix** (Piskoti etc.2002, p. 168)
County identity and image

On the basis of elaboration of several strategies and strategy programs we suggest the elaboration of the realisation strategy which is nothing, but the definition of organisational, personnel and financial stipulation system and planning prices realisation processes (time and task plans) ensuring implementation of strategic proposals. While being involved in the above mentioned planning and implementation we must not forget about getting feedback and providing control during the processes. If there is a lack of information on the basis of which objectives must be set, it has to be supplemented before a decision is made and additional information collection and analysis have to be done in order to avoid setting faulty objectives. A similar course of action has to be followed in case of coming into conflict with strategies and their contents and ways of implementation while choosing the tools and setting the objectives of the strategies.

The two pillars of regional and city marketing are inside and outside views. Similar to business sphere the successful market-based and outside marketing is possible only if ‘the inside marketing battle is won’. In the operation of a profit-based company, inside marketing means implementation of a marketing approach and taking a customer and market-based approach with the help of which marketers can develop inside coordinating and integrating activities whether in the case of R&D, production, finance or funding. The marketing of a county or region can not be successful without winning capital and activists working there. A selection of target groups and a differentiated approach to them constitute the county marketing basis. While introducing the possibilities of segmentation and applying target marketing tools special attention has to be paid to peculiarities, namely the fact that several target groups (especially the inside, but the outside ones as well) can act as marketers themselves of the target region and city. These peculiarities on the one hand make the development of community marketing management easier, but on the other, they make it more difficult.

Such elements of the marketing management and the planning process as control, evaluation and operation of an effective feedback system of activities, achieved effects and results can not be neglected. One part of the results can be relatively easily measured, because with the appearance of outside investors the local entrepreneurs expand their capacities, there is an increase in the number of tourists visiting the place, more and more people settle down in there and all these factors appear in the statistical data, which can be measured later. The changes that can not be measured should be evaluated by conducting surveys, collecting direct feedbacks and providing chances for opinion polls. The elaboration of controlling and managing systems involving the above mentioned factors also make up a part of a complex marketing project.

The theoretical concepts and strategic management processes of place marketing introduced in this work does not only mean the adaptation of one of the theoretical schools of marketing practice, but provides proper basis to people involved in implementation of practical marketing activity. The practice-based concept is proved by the practical implementation of several project works alongside with the place and city marketing programs carried out under the supervision of
the author in various parts of the country. The practical experience prove not only the fact that it can be applied, but calls the attentions of its inventors to the need of its further elaboration, introduction of new aspects and the fact that besides the dominant concept the practical implementation builds on the combination of marketing approaches as well, as it is generally shown in the first part of this study.

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