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**POSTGRADUATE STUDY MANAGEMENT
EKONOMSKI FAKULTET U OSIJEKU**

**INTERDISZIPLINÄRE
MANAGEMENTFORSCHUNG VI**

**INTERDISCIPLINARY
MANAGEMENT RESEARCH VI**

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THE JOSIP JURAJ STROSSMAYER UNIVERSITY OF OSIJEK,
FACULTY OF ECONOMICS IN OSIJEK - CROATIA
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Foreword

It is our pleasure to introduce the book “Interdisziplinäre Managementforschung VI/ Interdisciplinary Management Research VI” to you. The first volume appeared in 2005 as a result of co-operation between the Faculty of Economics in Osijek (Croatia) and Pforzheim University (Germany), particularly through the postgraduate programme “Management”. The co-operation between these partnering institutions has been nurtured, amongst else, through annual scientific colloquiums at which interesting topics in various fields of economics and management have been presented and later published in the proceedings. Over the years, the scientific colloquiums have drawn the attention of academic scholars from other Croatian universities, as well as from other countries including Hungary, Poland, Romania, Slovenia, Montenegro, Bosnia and Herzegovina and Serbia, each making a contribution in academic and professional discussion about contemporary management issues. Actuality and importance of the issues discussed, the international character of the book in terms of authors and topics, the highest standards of research methodology and continuity in publishing have been recognized by the international academic community, resulting in the book now being indexed in world-known data bases such as Thomson ISI, RePEc, EconPapers, and Socionet.

The latest edition, i.e. “Interdisziplinäre Managementforschung VI/ Interdisciplinary Management Research VI” encompasses 74 papers written by 139 authors. The success of former editions has echoed beyond the traditionally participative countries and authors and now includes new authors from Ireland, India and the Czech Republic, each providing a valuable contribution to this interdisciplinary management forum.

As editors we hope that this book will continue to encourage academic scholars and professionals to pursue excellence in their work and research, and to provide an incentive for developing various forms of co-operation among all involved in this project.

Prof. Dr. Dražen Barković

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BRANDING IMPACT ON THE ECONOMIC DEVELOPMENT OF CITIES AND COUNTIES - EXAMPLE BRANDING CITY OF ILOK

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Abstract

In the time of globalization, countries, regions and cities which want to take position on the tourist market or to attract investors are faced with increasing competition. Often different counties and cities offer similar investment opportunities, the same living standard, cultural and gastronomic offer. Therefore we can assume that the brand value and branding quality is based on increasing level of recognition and destinations value in the eyes of its target groups.

Since the City of Ilok, as well as the whole Vukovar-Sirmium County passed consequences of war and transition in its economic structure, it is possible to identify a number of development problems (unemployment, decline in living standard and deficit in cities' and county's budgets). All mentioned led to the decreased attractiveness and worse image of Vukovar-Sirmium County and City of Ilok. In this sense the concept of branding offers long-term sustainable solutions through differentiation based on rational - tangible and emotional - intangible factors where the image of county cities takes a very important place. In this article a long-term development vision and destination branding of the City of Ilok based on the traffic, natural, historical, demographic and social competitiveness factors, will be proposed. Factors of attractiveness of the City of Ilok, selected through research and analysis of its perceptions by target groups of consumers, will set up following differentiation points: location, nature, river port, cultural heritage, gastronomic

and enological offer, knowledge and lifestyle. Based on these points, this article will propose the positioning of the City of Ilok according to selected target segments of consumers and will built identity elements and brand promises. All above mentioned can assure the realization of many advantages offered by the concept of branding Ilok: better image and differentiation, creation of a unique identity, increased attractiveness and recognition of the City. The parallel implementation of other development strategies will result with the creation of added value, increased employment rate, increased income, increased number of investors, better infrastructure and education, strengthened overall economy and finally improved living standard of the local population.

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Keywords: competitiveness of the region, place marketing, brand, destination branding, City of Ilok

1. INTRODUCTION

City of Ilok is recognized like historic wine town in economic developed and environmentally clean environment. Good traffic connections, infrastructure, competitive economy and developed tourist offer based on the rich cultural, historical and natural heritage. Today, City of Ilok revives after homeland war and deportation citizens of Ilok, and also it is open for change and hearty to welcome all its guests. Many visitors compared Ilok with Opatija because of his natural beauty, and also with Dubrovnik because of preserved medieval fortress and the wealth of cultural monuments.

2. DEFINING THE TERMS OF BRAND AND BRANDING

When we are talking about the brand, generally we don't think about the whole issues that occur in just one word. The classic definition of brand by the American Association for the marketing, but also by Kotler (Kotler; 2006, 549) and Bennett (Bennett, 1995th, 85), is presenting a name, term, sign, symbol or design, or their combination, which aims is to identification of goods or services of one or a group of producers and their differentiation from competitors' goods and services.

We can expand classical definition of brand by modern concepts about the fundamental system, visual, verbal and written characteristics in order to identify and

distinction product and service of one seller or one offerer from other. But the brand goes beyond what we can see, hear or feel, so in this context we observe it like a phenomenon that behaves like a living organism, because its definition don't only analyze the concept of products, names, symbols, or any physical – contemplation characteristics. Well, the brand presents companies quality, the way of business and communication within the company and interaction with the market. However, the interaction with the brand stimulates a series of emotional, rational, cultural and sociological images which associate on producers. During the shopping consumers don't buy only a product, such as once thought, they also buy its emotional meaning and substitutes for its unsatisfied needs. According to Pavlek (Pavlek; 2008, 92-94), brand became valuable companies property and estimated it is represented an average of about 50% of the balance sheet structure of companies in developed countries.

The customers generally require a value in combination of functional and psychological benefits and feature which implicit through functional product features and psychological characteristics of the brand. (Vranesevic; 2007, 12)

3. THE ROLE OF BRAND AND BRANDING IN THE LOCAL DEVELOPMENT OF CITIES

Every place has its original history and heritage that will affect on his image. When we talking about city identity, that means that situation in which creates assumption in the environment and inside of own organization and based on these assumption creates expected perception how the subject want to be seen and accepted by actual and potential consumers.

The identity of the city is active role you can affect on it, while the image is passive process of marketing communications, and you can't affect on it. Image is the perception of consumers and / or users of certain products, institutions, brands, business or person who may or may not be in harmony with reality or actuality (AMA, American Marketing Association, 2007). Also same agencies give definition of marketing place like the branches of marketing, which aim is to affect on target groups that could later develop a positive relationship with the products and services that are related with specific places. The basic settings of marketing place are marketing theory, branding, rural and / or urban development, local economic development, and such like that it uses multiple objectives such as building a positive image

of place, attracting business investment, tourists and visitors, various institutions, events, etc. (Rainisto; 2003, 28).

The identity of the city can also be seen as a set of characteristics of place that *different it from others. It is obviously that identity will always be a consequence of some planned activities, marketing or those that belong in domain of urban planning and city management.*

When the city achieves the appropriate level of the desired identity, then the *task of marketing place is that the desired identity forward to potential customers / users in a way that it is explained and understood as eligible image that they will develop to the place. Marketing of places must be the way how the appropriate identity will be located in the cognitive sphere of consumer / users. Therefore, marketing of place must be integrated in all forms of economic development as a natural element of the development.*

Branding of place can't be restricted only on the name of place, logo or symbols, but it means a positive association with people, hospitality, climate, geographical location, history, heritage, architectural organization, etc. All these elements are part of the overall identity of place. They can't be seen clearly, but they are result of complex processes and phenomena that are created through a long period of time.

4. STARTING POINT FOR CREATING A BRAND CITY OF ILOK

Places are complex products since consumers perceive them through the many services and experiences that aren't under control of local government, but the number of participants (stakeholders). Cities with different interests represent a unique experience for each costumer.

The advantages of concept for creating brand can be used if are respected the following principles of branding place (Hanson; 2004, 218):

- *Real estimate the place - to develop the brand on an authentic basis*, mining, the internal (within the consumer places), implement and external research (consumers outside the city), the perception of attractiveness factors and image of place, and make comparisons with competitors. This research shouldn't be older than 3 years.
- *Develop a vision for the future* – think the brand of place will look for 10 years or even one generation ahead.

- *Define attractive, unique brand position*, which can be the communications basis of different brand experiences.
- *Provide full support to the leaders, political unity and continuity*, which are prerequisites for creating a successful long-term brand of place.
- *Should affect those who are affected*: media, travel writers, celebrities, local businesses and others, and at least so far to reduce the possible negative effects.

Successful brand of place should be: based on truth, reflect the aspirations for future; present the spirit and personality of the place, be relevant and differentiate for target consumers, convincing, inherent and sustainable (City of Hamilton; 2002., 2)

Common phenomenon is that cities which have experienced collapse of *old* industries didn't develop parallel new industries and new basis of recognition. In these situations, the necessity of regeneration of the city is indisputable, and also imposes the need for brand creating. However, question is when should start with creating a brand in a city which has lost its old role, and there is still nothing as great as would be replaced, or whether move to create a brand before the implementation of regeneration of the city or after it. Sarah Jarvis recommend starting branding parallel with regeneration and so that (Jarvis; 2005, 27):

- identifies what makes the city proper;
- specialize leading project that will be the initiator and sign to others;
- the accent from the beginning that creating brand is long-term project, as well as the regeneration of the city.

5. SITUATION ANALYSIS CITY OF ILOK

For the purposes of this paper was implemented a SWOT analysis (Table 1) and status presentation linked with the elements of identity. This research wasn't based on the samples and because of that its purpose is to analyze situation in Ilok such as status paradigm of marking city as a tourist destination in this part of Croatia.

Example of SWOT analysis present the analysis of elements that directly or indirectly influence on creation of identity, and in that context they are assumption for image creating and building brands of Ilok. At the same time, SWOT analysis shows us positioning of Ilok in the context of tourist destinations

Table 1. SWOT analysis city of Ilok

	Strength	Weaknesses
Internal	<ul style="list-style-type: none"> Richness of compact urban, rural historic environment, attraction Legends and myths that can easily weave in almost every locality Tourism is one of the strategic sectors of the economy Tourist Board city of Ilok is very active and adventurous Development of tourism sector and tourism infrastructure Recognition city of Ilok in media like tourism destinations Development of Wine tourism offer Positive condition population city of Ilok towards tourism The proximity of foreign tourist markets Unpolluted environment The existing waterway of the Danube River Geo-Traffic is in the excellent position 	<ul style="list-style-type: none"> Transport infrastructure is on low level Unsatisfactory evaluation of natural and cultural resources for tourism purposes Underdeveloped tourist product Wine offer is incomplete and improvised Lack of interpretation, in place with historical overview Presentation at odds with the expectations of visitors infrastructure sites is on low level and hardly accessible lack of clear management strategy on tourism development lack of information for potential visitors Limited human resources
	Opportunities	Threats
External	<ul style="list-style-type: none"> Networking with winemakers from other wine regions Growing interest and importance of managing tourist destinations Investment in communal and tourism infrastructure New trends on tourism market Growing interest in the wine / culinary tourism, culture and indirectly wine in Croatia Growing interest in media for wine offer in Ilok Increasing interest young people for education in tourism, management and wine The use of incentive measures of the state, regional and local government Better use property city of Ilok The integration of cultural values in the protection and development Demand for new tourist product intensified use of resources Danube waterway 	<ul style="list-style-type: none"> Competition from other regions Lack of private investment in tourism Slow implementation of civil reconstruction projects Lack of institutional support from national and regional level Intensified development of tourism with inappropriate management of visits may cause a negative impact Inefficiency in the implementation of regional plans Neglect by the local community, wider community and other institutions of cultural and historical sites Restrictive legal regulation Unspecified tourist industry - a large concentration of tangible and intangible cultural heritage is unused for tourism purposes

Source: Made by authors (based on our own observations)

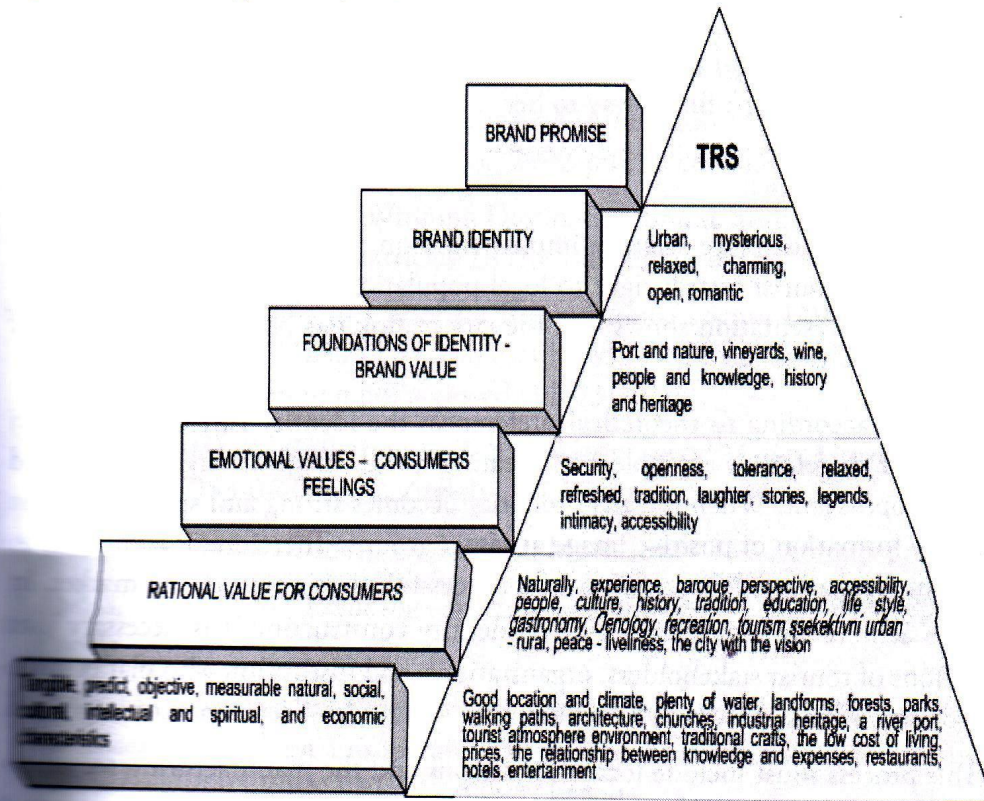
The above SWOT matrix city of Ilok and strategic goals of development it is clear that Ilok can apply more marketing strategies:

- **Marketing of Attraction** - The most prominent approach since Ilok developed or prepared for the realization of many cultural and natural attractions (Old Ilok cellars, The Odescalchi Castle, Tourist resort Principovac, Ilok walls, the church Saint John of Capistrano, Danube coastline settlement).

- Marketing of Infrastructure – includes rich architecture and symbols of the city, and a number of infrastructural projects.
- Marketing of People - many famous historical persons (Julije i Ante Benesis, Saint John of Capistrano, Mladen Barbaric, Ivan Rengjeo, Livio Odescalchi) who are source of many stories that can attract visitors and an inspiration for the citizens. But a key part of the strategy of marketing of people is citizens who are the most numerous and most effective carriers of brand, on condition that accept the offered concept of city branding as a part of their own identity.
- Marketing of Image - the current image of city of Ilok is, in accordance with the SWOT matrix and acceptance in media, slightly positive and on that way suggests a low recognition level of city. A number of started and planned projects are in collaboration with the Institute for Tourism Zagreb and the German Society for Technical Cooperation (GTZ) with the aim of strengthening the attractiveness and infrastructure city of Ilok such as a good foundation for starting a new project, creating and strengthening the brand image of the city.

The “brand benefit pyramid” is useful instrument in process of creating identity and positioning of the city, which also used for formatting a brand promises.

Figure 1. Brand benefit pyramid city of Ilok



Source: Made by authors (based on our own observations)

The promise of brand formed through by acronym "TRS": *traminac, romantika, sreća*. Any of these words symbolize a group of reality based on the brand value city of Ilok:

- **Traminac** - Traminer from Ilok is leading wine between Europe's traminers. He was served at the coronation of Queen Elizabeth II and before that it was listed among the wines that are served on the British Court. His harmony and elegance represent him as a very pleasant aperitif.
- **Romantika** – romantic, adventurous, fantastic, incredible, wonderful, fairy tale, imaginative, sensitive, scenic, charming, pleasant, beautiful, medieval, perfect, ideological, unreal, alien. All those emotions that visitor experiences in city of Ilok (Klaić; 2004, 189).
- **Sreća** - happiness lasting, positive emotional condition which includes the calm satisfaction with their lives, but also actively satisfaction and achievement.

Acronym "TRS" in Croatian also symbolizes the vine: eating grapes, grapes for juice, wine and sherry. Its fruits particularly its wine, most of them perceives it like a symbol of joy. Desire for pleasure motivates a man in all, but also she is source of frustration when we can't find a way to her.

6. CONCLUSION

The marketing of place strategy implementation must be implemented at all levels, from the tourist board, right to local population. Through theoretical view and the status presentation shows that the city of Ilok has built some elements of identity.

However, according to theoretical preferences the identity isn't constructed in entirety, and therefore is a problem of creating a real image at target groups and the local population. When the city's identity becomes strong and specific, we can expect the formation of positive image at target groups. Therefore, it is difficult to talk about strong brands, as a factor of a successful positioning in the market. In order to achieve an appropriate level of identity construction it is necessary joint operations of tourist stakeholders, organizations, and institution who planes strategies for city of Ilok, on which based a proper and healthy development in general.

This process must include local populations and the manufacturing sector, because they are all stakeholders in the development and economic advancement of its community. Neither of the action don't act independently, regardless if they are profit or non-profit character, or public or private sector, they supplement and supporting each other.

Image and identity are very important factors in construction of strong and recognizable brand name of the city, because it is very important to focus on the theoretical study of the importance of place image and identity, as well as its practical application in practice in order to build competitive offer to domestic and international market.

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