

# PLACE MARKETING IMPLEMENTATION IN DIFFERENT ADMINISTRATIVE SUBDIVISIONS: ESTONIAN CASE STUDY

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## Abstract

The principal scope of this paper is to construct the chain-of-marketing that regards the implementation of a place marketing strategy, in particular regional tourism and development policy. For a few decades place marketing has been mostly a marketing viewpoint for urban areas in the context of tourism in cities or metropol. Smaller rural areas and country-sides have not got so much attention and place marketing is not much used as a strategic tool to improve development in such areas. Place marketing is usually seen as a tourism improvement for tourists, but actually the target audience is much wider. The starting point of the paper was the assumption that the quality of place marketing in these rural areas is not good and strategically elaborated. By comparing three different case studies, Tartu Rural Development Association (Example 1), 4P area in Central-Estonia (Example 2) and Attractions in Municipality of Konguta (Example 3), worst and best practices have been identified, and an answer to the question whether there exists such a thing as ideally sized and structured geographical area that deals with place marketing on the regional level has been sought.

**Keywords:** place marketing, regional development, tourism, life quality, region marketing, city marketing, geographical area promotion

## 1. Introduction

Before place marketing, place selling was a dominant form of promoting locations. As the name indicates, place selling is a more operational approach to promotion, which is strongly based on various forms of advertising. Recently, place marketing has become a prominent feature of the economic development strategy, place development.

The main drive to place marketing comes from globalization which brings along extra efforts in marketing not only for enterprises but countries as well. National economic policies across the world are converging. In practice, if undertaken effectively, place marketing can contribute greatly to the economy in terms of attracting tourism, students of tertiary education, economic immigration, and foreign direct investments (FDI). The growth of world and regional trade arrangements, shared currencies, and external disciplines agreed with multinational investors, fuels the convergence of economic policies across the world leaving little to choose in pure policy terms between different countries as sites for investment (van den Berg and Braun 1999). In addition, place marketing can also enhance the attractiveness of the place's exports. The basic idea is that every place should ask itself why anyone wants to live, relocate, visit, invest, or start or expand a business there. Kotler *et al.*

(1993) brings out two main questions: what does this place have that people need or should want, and from a global perspective what competitive advantages does this place offer that others do not?

In Estonia the first contributions to place marketing were done through the country promotion program Brand Estonia held by Enterprise Estonia (EAS) in 2001. The main outcome was the dissatisfaction of Estonians who saw the 13 million EEKs spent to work out a plain mark “Welcome to Estonia” rather than the contribution to promote Estonia as a whole. (Kullasepp 2007) The concept was rather unclear not only for residents but entrepreneurs as well.

In 2007 the state with the help of European Union donated 65 million EEKs to reform the concept of Brand Estonia and also to renew the mark “Welcome to Estonia”. Still the concept targets mainly tourists but not investors and residents which are also important target groups in place marketing. This is one important reason why wider and more thorough observation into place marketing in Estonia needs to be done. Another reason comes from the fact that also the foreign experts’ estimations show that Estonia is not able to introduce itself to the world with a unitary message. The most important inducement is probably the fact that also in theoretical framework the main focus is on urban areas and it appears also in Estonia where place marketing concerns mainly Tallinn as the most developed area in Estonia (for instance, “Tallinn – the Next European Capital of Culture” or “Tallinn, the Party City” – an advertisement in MTV). Rural areas have not got enough attention although there are plenty of opportunities of place marketing for them too. It is important to distinguish between different administrative divisions that could help target different regions in Estonia and determine the need for place marketing not only for Estonia as a whole but also for these divisions. In this paper we consider village, municipality, county, region and country as the administrative divisions.

An important factor that also shows the importance of place marketing is the enhanced need for effective regional and local development programs in Estonia. The divergence in regional development is exacerbating tensions and impeding the development of free market-driven competition in the whole world, unions of countries as well as within the countries. Regional divergence has become an important impeding factor in Estonian development. So place marketing could be one source to decrease that divergence and develop regions on equal grounds.

Consequently the aim of this paper is to identify the main principles for place marketing of different administration divisions. The paper consists of three different parts. First, the theoretical framework of place marketing has to be clarified. In part 2, we bring out main definitions concerning place marketing. Secondly, it is also important to explain the sources for place marketing strategic decisions and this is done in part 3. The empirical part 4 consists of 3 case studies based on three different regional levels of Estonia. Last, the results and implications are brought out.

## 2. Theoretical framework of place marketing

In the present paper the definition of place marketing is proceeds from Kotler's *et al.* (2002) approach. Place marketing means designing a place to satisfy the need of its target markets. It succeeds when citizens and businesses are pleased with their community, and the expectations of visitors and investors are met. The "produced good or service" known in traditional marketing concept, means the "place's image" in place marketing concept (Metaxas 2002). The image derives from the local distinctive characteristics that are the multiple combinations of products and services the place constitutes.

Understanding the concept of place marketing also needs the clarification of the word "place". That is a nation-state, a geopolitical physical space; a region or state; a cultural, historical or ethic bounded location; a central city and its surrounding populations; a market with various definable attributes; an industry's home base and a clustering of like-industries and their supplier; a psychological attribute of relations between people (Kotler *et al.* 2002). As mentioned in the introduction, in present paper the term "place" is determined by administrative divisions: village, municipality, county, region and country.

Place marketing comprehends various elements that need to be considered when planning the ways of place marketing. Figure 1 summarizes these elements in a framework called *Levels of Place Marketing*. There are three main factors playing an essential role in place marketing process: target markets, marketing factors and planning group. Target markets mean the selected segments and customers to which a place chooses to send marketing messages. Marketing factors are the attractions and infrastructure of the place, its people and image and quality of life. The planning group is responsible for the planning and control process of place marketing. (Rainisto 2003)

The place's "customers" are its investors, tourists, manufacturers, exporters, new residents and corporate headquarters. Also traders, market intermediaries, NGOs, and office-holders in other countries and in multilateral institutions could be added as target markets. Understanding their psychology and demographics is crucial. Their interactions with one another take place in a complex environment, affected by governments, social forces, cultural factors, and markets. The country must clearly identify its clients: who are they, what motivates them, what do they do and buy (and how, where and when), what are their decision-making processes and priorities, who influences these and how. It is important to remember that people and institutions buy goods and services to satisfy needs. So the places must find ways to differentiate and position themselves for their target markets (Krantz and Schätzl 1997).

Figure 1 gives a good overview of the elements influencing place marketing, but another important issue to analyze is the place marketing process itself that includes analyzing the influencing elements as well. The process of place marketing starts with the strategic analysis of the place, together with the work of the vision and mission statements. This is mainly the issue of planning groups.



**Figure 1.** Levels of place marketing. (Kotler *et al.* 2002: 46)

The major actors in the place marketing process consist of local, regional, national and international players (Kotler *et al.* 1999).

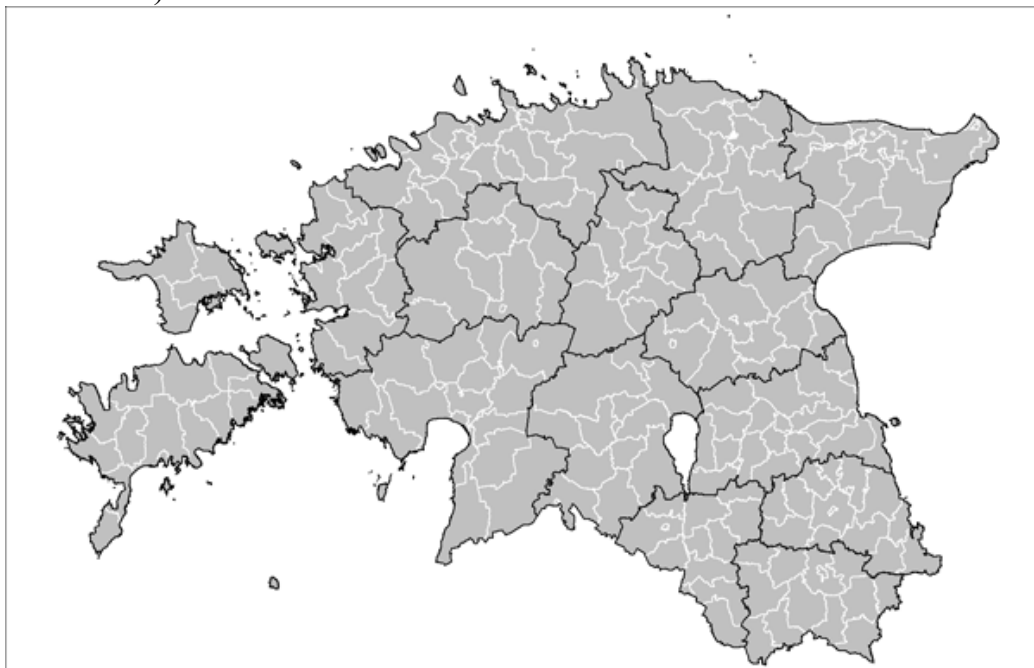
- **Local actors** can be divided into two sub-categories: public sector actors and private sector actors. Public sector actors are: mayor or city manager, business development department in the community, urban planning department of the community (transport, education, sanitation etc.), tourist bureau, conventions bureau, public information bureau etc. Private sector actors can be seen as individual citizens, leading enterprises, real estate developers and agents, financial institutions (banks and insurance companies), electricity and gas utilities, telecommunications companies, chamber of commerce and other local business organizations, hospitality and retail industries (hotels, restaurants, departments stores, other retailers, exhibition and conventions centers), travel agencies, labor market organizations, architects, transport companies (taxi, railway, airline) and media (newspaper, radio, TV).
- **Regional actors** are regional economic development agencies, local and state government and regional tourist boards.
- **National actors** are mostly political heads of government, inward investment agencies and national tourist boards.
- **International actors** are embassies and consulates, inward investment agencies, economic development agencies with a specific link to a region or a city and international enterprises with a place-bound link.

Ritchie and Ritchie (2002) suggest the need for a move from promotion-oriented place marketing to a more holistic, strategic approach in order to attain sustainable competitive advantage. For that the elaborated place marketing process is essential and therefore larger emphasis on strategic decision making has to be put in order to effectively manage place marketing.

### 3. Place marketing strategic decisions in administrative divisions

Estonia is a small country. Its area (45 227 km<sup>2</sup>) is similar to that of The Netherlands yet the population is ten times smaller (1 340 341 people as of January 2008, Statistics Estonia). Estonia's land border is 645 km long, with half of it running along rivers and lakes. Estonia's mainland neighbors are Russia and Latvia. The sea border has been established in agreement with Latvia, Finland, Russia and Sweden. (Portal of the Republic Estonia)

A Municipality is the smallest administrative subdivision of Estonia. Each municipality is a unit of self-government with its representative and executive bodies. The municipalities in Estonia cover the entire territory of the country. Municipalities in Estonia are of two types: urban municipalities or towns, and rural municipalities or parishes. There is no other status distinction between them. Municipality may contain one or several populated places. Some urban municipalities are divided into districts with limited self-government. Municipalities are ranging in size from Tallinn with 400 000 inhabitants to Ruhnu with as few as 60 inhabitants. The population in over two-third of the municipalities is under 3 000 inhabitants and many of them have found it advantageous to co-operate in providing services and carrying out administrative functions. Since October 2005 there is total of 227 municipalities in Estonia, 34 of them are urban and 193 are rural. Figure 2 illustrates the Estonian administrative subdivisions and county borders: (Ministry of Internal Affairs)



**Figure 2.** Estonian administrative subdivisions and counties.

Basing on the theoretical framework it is necessary to evaluate different planning groups of these areas. Rainisto (2003) says that four types of actor groups can be defined. International actors are the strategic ones and local actors are directly involved in precise area of administrative subdivisions. In the table below it is pointed out how different organizations and planning groups are involved in Estonian context:

**Table 1.** Different actor groups in Estonian context (all names pointed out are examples and the list of names is not conclusive)

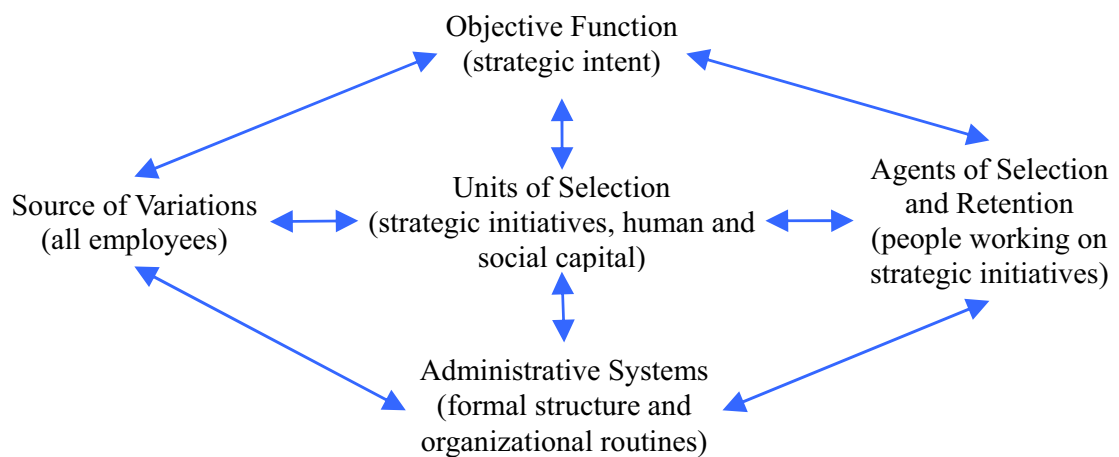
<b>International actors</b>	Welcome to Estonia brand-identity Estonian Ministry of Foreign Affairs
<b>National actors</b>	EAS (Enterprise Estonia) Ministry of Economic Affairs and Communications Estonian Ministry of the Interior
<b>Regional actors</b>	Union of 4P Tartumaa Turism SA Lõuna-Eesti Turism SA Emajõe Jõeriik SA
<b>Local actors</b>	Municipality of Konguta SA Sõrvemaa Värav The Alam-Pedja Nature Reserve

It is quite a theoretical viewpoint to have the planning groups in four actor groups. Actor groups must be divided based on administrative subdivisions to have a better overview of planning groups in place marketing (Rainisto 2003). In this paper we are using administrative subdivisions as planning groups which are pointed out as: village, municipalities, union of municipalities, county, region and country. Such partition enables to implement place marketing on different levels and point out how to do it in precise regional areas.

Place marketing implementation should be organized on the same way as strategies in common firm policy. If planning group is formed, place environment can be successfully analyzed by SWOT matrix and strategies can be extracted by TOWS techniques. After collecting and analyzing soft and hard data concerning the current place profile and marketing situation the SWOT analysis follows. It is regarded as the fundamental essential tool of situation analysis intended for designing the strategy and development programs. It may also be regarded as a basis implying answers to the questions: what the position of the place is and where it is heading for in future (Matlovičova). Along with the increasing heterogeneity of place as a marketing product, there is a need for partial SWOT analyses (for each geographical area), which is in the summary of the analytical section synthesized in the form of complex SWOT analysis (region or country level).

After SWOT analysis strategy should be implemented and taken into consideration. Model of strategy as guided evolution has five main elements (see Figure 3). There are two units of selection in the model: strategic initiatives and human and social capital (Lovas, Ghoshal: 2000). This is basically an area which can be considered as

place with its' strategic initiatives (from SWOT-TOWS analyses) and human capital as planning groups. The strategic intent defines the objective function in the model. In place marketing context it can be seen as a goal for place marketing which basically shows us the chosen target markets. As such it reflects self-government preferences of the future direction of the area. Administrative systems which include formal structures and organizational routines serve to facilitate the replication of a natural selection environment. The sources of variation in the strategic processes in principle include everyone who may have relevant knowledge of the issues. These can be different planning groups in same area or on other place marketing levels. The agents of selection and retention are multiple, and effectively include everyone who works on a strategic initiative. These can be extra marketing forces, advertising companies etc.



**Figure 3.** The five elements of guided strategy evolution. (Lovas, Ghoshal 2000)

In this model of strategy as guided evolution, it is precisely interventions that define the role of self-government in shaping the strategy and performance of areas (from village to country) (*Ibid.*). It should be understood that place marketing is a complicated system which really needs strategic viewpoint to understand different elements and factors. At first planning group idea should be debated and committed and strategic environment should be analyzed. All networking partners as sources of variations and administrative systems should be understood.

#### **4. Estonian Case Studies: place marketing in different regional areas**

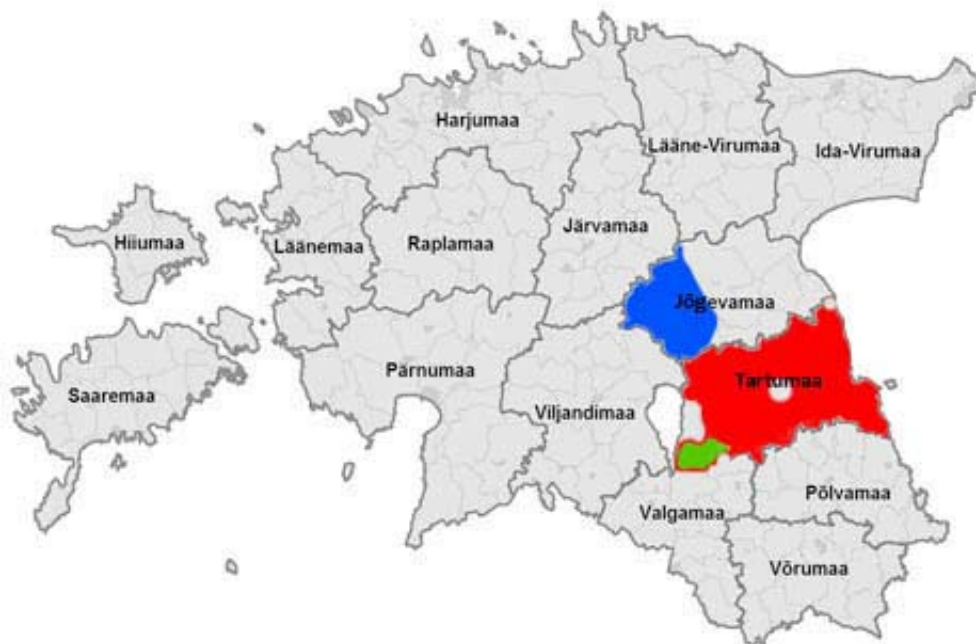
**Methodology and sample.** Estonian case studies are established in different regional areas in Estonia. For this paper three different regional levels are analyzed to show more precisely how place marketing is acting and is established. The authors of this paper are involved in consulting the rural areas in strategic development and due to this reason good contacts with leaders of municipalities have been arranged.

Municipality is the smallest administrative subdivision of Estonia. Each municipality is a unit of self-government with its representative and executive bodies. The municipalities in Estonia cover the entire territory of the country.

Municipalities in Estonia are of two types: urban municipalities or towns, and rural municipalities or parishes. There is no other status distinction between them. In this paper mostly rural areas were involved. Municipality may contain one or several populated places. Some urban municipalities are divided into districts with limited self-government (districts and villages). Municipalities are ranging in size from Tallinn with 400 000 inhabitants to Ruhnu with as few as 60 inhabitants. Over two-third of the municipalities have a population of under 3 000 inhabitants.

All information published in this paper is gathered through open interviews and seminars in different municipalities. Interviewing leaders of municipalities was most reasonable method for the empirical study. The authors have been the key persons in working out strategic documents for mentioned areas and that has guaranteed a good overview of the situation in different municipalities. The interviews were done with Agu Kasetalu, Kristiina Liimand, Toivo Tõnson, Maimu Kelder, Reet Alev and Rauno Kuus. Indirectly over 50 persons were involved in the strategic development and all ideas were implicitly admitted. The interviews with the leaders of municipalities were conducted during the period from November 2006 – January 2009.

There are three examples included to show the real situation of Estonian place marketing: **Tartu Rural Development Association** as a place marketing implementer in Tartumaa (**16 municipalities included**), **4P** (parish Puurmani, parish Põltsamaa, town Põltsamaa, parish Pajusi) **area in Central-Estonia** as a place marketing planner in Central-Estonia (**4 municipalities included**) and **attractions in municipality of Konguta** (**1 municipality involved**). Figure 4 gives an overview of their positions on Estonia's map.



**Figure 4.** Location of TRDA (red), 4P area (blue) and the municipality of Konguta (green).



By comparing three different examples worst and best practices have been identified, and an answer to the question whether there exists an ideally sized and structured geographical area that deals with place marketing at the regional level has been sought. In this paper 20 different municipalities were analyzed. Municipality of Konguta is part of Tartu Rural Development Association and that is why total number of municipalities is 20 not 21. Since October 2005 there is a total of 227 municipalities in Estonia. The authors have analyzed 19 rural municipalities of total 193 and 1 urban municipality of total 34 which covers 2.94% of urban areas and 9.84% of rural areas. One aspect of the purpose of present paper is to analyze place marketing in rural areas mostly and the percentage of 9.84% gives quite an objective sample.

Consequently from the aim of this paper three aspects will be analyzed: place marketing objects, targets of place marketing and strategic level of decisions. According to the answers which were given by the interviewees, the main objects, targets and strategic development during the observed period will be identified, and the influencing factors of place marketing of each regional level will be analyzed. Also notice, that in the tables with each case study there are two factors: rate of mass policy and rate of distinctness policy. The discussion of these factors is taken together at figure 5 (see pages 13-15).

**Example 1: Tartu Rural Development Association** (*Tartumaa Arendusselts*) Tartu Rural Development Association is a local action group (LAG) in South Estonia. The main purpose of the association is to develop the rural living environment through the partnership of three sectors. One important task of the LAG is implementing the EU LEADER program in the region of Tartu. The association is one of the biggest LAGs in Estonia. TRDA (Tartu Rural Development Association) consists of 16 Tartumaa municipalities. Due to the legislation of the LEADER program, bigger urban municipalities cannot be included to this area. Three rural municipalities from Tartumaa are not included because of lack of interest. In Tartu County lives the total of 147 000 persons, and approximately 24% of them lives in Tartu Rural Development Association area, numberly 35 422 inhabitants. TRDA total land area forms 87% of the total Tartu County area. These figures show colorfully that most of the TRDA area is rural. The city of Tartu is an attractive center of Tartu County and approximately 68% of Tartu County population lives there.

**Table 2.** Figures of Tartu Rural Development Association

<b>Factor of place marketing</b>	<b>Figure</b>
Geographical area	area 2,612 km <sup>2</sup> , surrounds the city of Tartu which is the second largest city in Estonia
Infrastructure	Infrastructure in the area of Tartu Rural Development Association is quite average, mostly bandaged with Tartu. Tartu is connected to seven main roads (directions to Tallinn, Jõgeva, Kallaste, Rāpina, Luhamaa, Valga and Viljandi). Totally it is 1254 km of national roads of which 12% are main roads, 14% secondary roads and 74% other roads. The conditions of larger roads are good, smaller roads are frequently broken.
Human resources	Population is 35 422 inhabitants (the city of Tartu is not part of TRDA), density of population is 13.6 inhabitants per km <sup>2</sup>
Economy	Mostly quite developed economy, some of the Estonia's most fertile lands and successful farmers are located in the region of Tartu, which provides around 10 % of the whole Estonian agricultural production. The main branches of industry are wood and furniture, glass, food and beverages, clothes. The timber industry is the most evenly developed. About one-third of Estonian print production comes from Tartu County. The universities and research institutions located in the city of Tartu offer good opportunities to develop knowledge intensive production.
Culture and Nature	The region has diverse nature, rich historical and cultural traditions. Tartu County is situated between two big lakes – Lake Peipus and Lake Võrtsjärv. Peipus is a border lake between Estonia and Russia, and Europe's fifth largest lake. Peipus and Võrtsjärv are connected by River Emajõgi which has a high value for tourists. The villages of the Russian Old Believers on the shore of Lake Peipus are very unique and lend a special cultural value to the area. Alongside farming, fishery is an important activity in the regions near Lake Peipus and Lake Võrtsjärv.
Planning group	Development association
Target markets	Residents, tourists, companies, investors etc
Competition	Competition mainly on region level, between counties. One competitive advantage is definitely geographical position of Tartu, all aspects of place marketing are fulfilled.
Rate of mass policy	3: Region
Rate of distinctness policy	2+ : Complemented to Special

**Example 2: 4P area in Central-Estonia**

4P area in Central – Estonia is established basing on four municipalities: town Põltsamaa which is also the center of the 4P area, Parish of Põltsamaa, Parish of Pajusi and Parish of Puurmani. The name “4P area” comes from the first letters of these four areas. All four municipalities are neighbours and connected on everyday bases. They have established different projects together: waste organizing systems are developed together, energy projects are headed in cooperation etc. Different

strategic projects are mostly held through co-operation to maximize the influence on target markets. Center of Jõgevamaa is town Jõgeva, which is not classically combined with 4P area. Jõgeva is situated in the middle of Jõgevamaa, the Piibe road goes across the town. 4P area is situated in Tallinn – Tartu – Valga road, which practically gives the area an infrastructural advantage.

**Tabel 3.** Figures of 4P area

<b>Factor of place marketing</b>	<b>Figure</b>
Geographical area	Total area 947,9 km <sup>2</sup>
Infrastructure	Main roads are Tallinn – Tartu – Valga road and Võhma – Põltsamaa – Jõgevaa road. Both roads are main roads and carry a lot of transport via area. The center of the area is the town Põltsamaa. Tallinn is 120 km to north, Tartu is 60 km to south, Jõgeva is 25km to East.
Human resources	Total population 12 347 inhabitants
Economy	As common to rural areas, main economic fields are agriculture and forestry; there are also some stone mining companies in the area. In the town Põltsamaa most services are provided and basically standard life-quality is provided.
Culture and Nature	The most important issue in tourism field is culture and nature attractions. It is told that the 4P area was once a residence for a king and the remaining of the castle increases different historical stories. Nature is quite diversified and mostly the area is monotonous and suitable for agriculture, some areas are wetland or preserves.
Planning Group	Union of municipalities
Target markets	Tourism, Residents, Companies
Competition	4P area is mostly accessible via Tallinn – Tartu – Valga road, which basically makes the competition situation with other areas in this route quite intense. 4P area is competitive in economic as well as in cultural and natural aspect. The cultural background is quite good; the castle and churches are main attractions in the area. The nature is mostly presented via wet-areas and game preserves.
Rate of mass policy	2+ : Union of Municipalities
Rate of distinctness policy	2 : Complemented

### **Example 3: Attractions in Municipality of Konguta**

The municipality of Konguta is situated in western-area of Tartu County. The neighbours are the municipalities of Rannu, Rõngu and the town Elva. Municipality of Konguta is one of the smallest municipalities in Tartu County. Municipality of Konguta is quite abandoned rural area, which is situated next to the town Elva. In the municipality there are no main services provided, but actually really specific cultural and natural reserves are found. Due to that, in this municipality the main task is to upgrade on special attraction to improve tourism and local life-quality. Co-operation with the neighbourhood is yet not achieved due to the lack of co-operative interest to develop different projects together. That is why the improvement of

tourism attractions is held individually without any partnership with other municipalities.

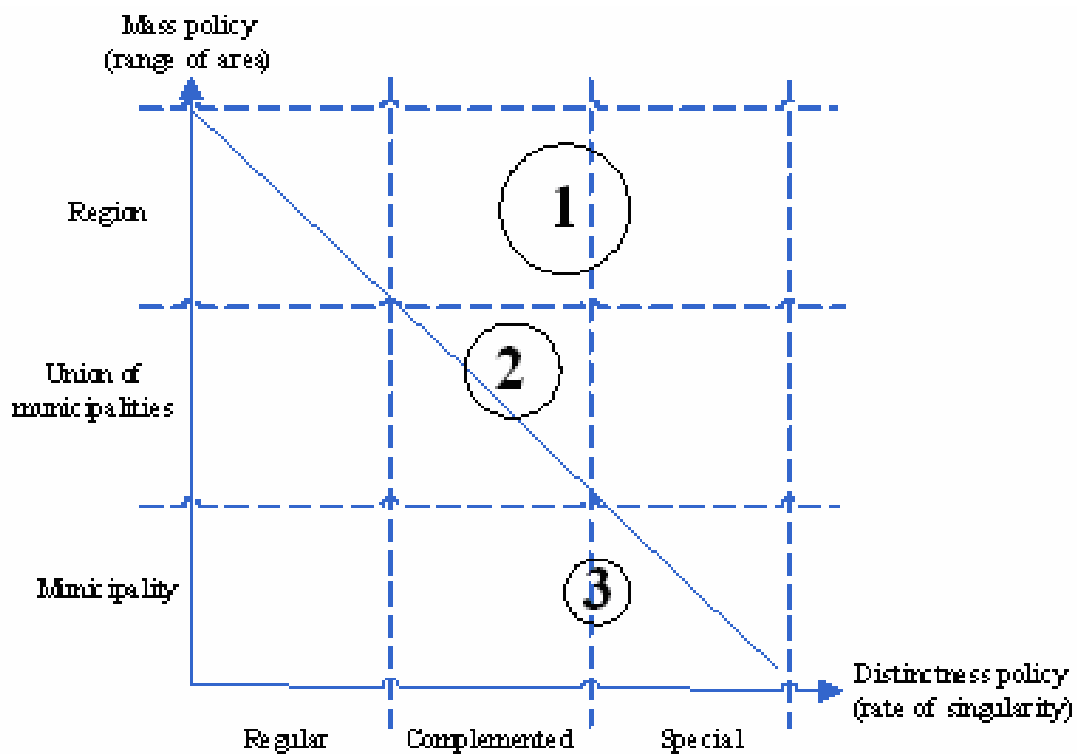
**Tabel 4.** Figures of Municipality of Konguta

<b>Factor of place marketing</b>	<b>Figure</b>
Geographical area	Total area: 107,6 km <sup>2</sup>
Infrastructure	The center of the municipality (Annikoru) is located 30 km from Tartu and 210 km from Tallinn. There are two main roads across the municipality, Tartu – Viljandi – Pärnu road and Tallinn – Tartu – Valga road.
Human resources	Total 1419 inhabitants
Economy	Micro-firms are common in the area; in 2008 88 companies were registered in the economy registry. Main fields are agriculture and fabrication of agricultural crop. Forestry and wood processing are common as well.
Culture and Nature	Historical findings have been found on a narrow area in the Old Valley of Kavilda; excavations are held every summertime. Supposedly the oldest historical findings in Estonia are found in Konguta. The nature of Konguta provides classical sights of landscapes; the Old Valley of Kavilda is definitely a noteworthy attraction.
Planning Group	Board of Municipality
Target markets	Tourists, residents
Competition	Municipality of Konguta competes mostly on attraction level with other areas. Konguta does not have any system of figures and for this reason one attraction gets all attention.
Rate of mass policy	1 : Municipality
Rate of distinctness policy	2+ : Complemented to Special

The analysis of previous examples revealed that two paradigms are important while implementing place marketing. Firstly, it is necessary that the area comprises the services and figures that are required in this area. A village center with one shop cannot be a system of services. Big towns and urban areas on the contrary have multiple centers with independent complex service systems. In figure 5 this criteria is presented as “mass policy”. Basically, if the range of an area is big enough and the area contains some complex service systems it could be reasonable to implement place marketing. Another axis shows the rate of singularity, presented as “distinctness policy” on figure 5. In some cases the area is too small to implement place marketing, but at the same time the attractions of this area are special enough to assure the success of place marketing.

The previous empirical examples are set on figure 5 according to the estimation based on the analysis done with each case (see tables 2, 3, 4). The diagonal stripe on figure 5 shows the critical line of place marketing. All positions below this critical line should be pointed out as unsuitable areas for place marketing. All positions above it have figures and attractions required to implement place marketing. The

figure 5 illustrates the rationality of place marketing in each case previously analyzed.



**Figure 5.** Critical level of place marketing. (Composed by authors)

Tartu Rural Development Association area is positioned on the figure as number one (1). The size of this geographical area and population is big enough to provide required services and figures. The area has different economic fields; for example tourism is executed in the area, hospitals etc are in this area. Tartu County possesses different historical and natural attractions, which are important for some target markets, but are not defined as special in Estonia as a whole. Still, the area is large enough for place marketing and different strategies can be held in Tartu Rural Development Association area.

4P area is positioned as number two (2). The area is not as large as TRDA's, consisting of 4 different municipalities. One of these municipalities is a town that acts as a local centre. Many services are provided in region, but some services and products can be purchased from another center nearby. The rate of singularity is not so high as well. At the same time the 4P area has deep cultural and natural paradigms, but something special cannot be pointed out. The town Põltsamaa has attractions as a castle, churches etc. Although an extant castle is not a very common attraction in Estonia, still a lot of churches can be seen in the area. On figure 5 the 4P area stands quite close to the critical line of place marketing.

Number three (3) points out the situation in Municipality of Konguta. The area consists of only one municipality area; the center of the municipality is Annikoru. Agricultural activities are held mostly; also some forestry work is done. No services

are provided in the area; for example, no accommodation or catering service is held out. All services are accessible in nearby town, Elva or center of Tartu County, the City of Tartu. On the other hand, the rate of singularity is quite high because of the unique Old Valley of Kavilda which brings together several cultural and natural aspects in one phenomenon. The size of the municipality is not large enough to form one functional district for place marketing. On figure 5 it can be seen that the municipality of Konguta stands under the critical line because both criterias are too low to deal with place marketing individually.

If the area is not suitable for place marketing (positions under the critical line shown on figure 5), some strategies must be engaged to improve the possibility to plan place development and marketing of the area. There are two radical options to improve the area's possibilities: one strategy is merging and affiliation, second strategy is improving unique advantages to increase competitiveness. Both strategies are explained as follows:

- ✓ **Strategy 1 (S 1):** Unions and mergers – Optimal areas are regions with similar features, which enable to achieve the balance between advantages and disadvantages. Classical area for place marketing is achieved if all main services are provided and the area can act like individual district. In Estonian context the union of municipalities can usually provide an area large enough to implement place marketing.
- ✓ **Strategy 2 (S 2):** Unique advantages – Competitive advantages can be achieved by improving unique attractions. Unique attractions should be improved to products and region-based brands which make it possible to compete with larger areas that possess all services. In Estonian context a unique advantage is usually associated with culture or nature, in some places also economic environment can be considered as a unique advantage.

Consequently from previous, not all areas are able to implement place marketing because of lack of figures. Still all places and areas are parts of others and that is why all districts are involved in the place marketing system. It is important to understand the roles regions hold in place marketing. Regions above the critical line of place marketing (see figure 5) can implement place marketing for the region by themselves, but smaller areas have to co-operate with others to fulfill the required criterias of mass policy and distinctiveness policy. It is important to understand the commitment of place marketing targets.

It was said in the theoretical framework, that usually the targets of place marketing are tourists, residents, manufactures, investors, corporate headquarters etc. All places should figure out which target groups have commitment in which specific area. To be more accurate, figure 6 illustrates the commitment issue of each place.

Target Group	Village	Municipality	Union	County	Region	Country
Tourists and conventioners			x	x	x	x
Residents	x	x	x			
Manufacturers		x	x	x		
Investors				x	x	x
Exporters					x	x
Corporate Headquarters						x

**Figure 6.** Commitment of target groups in place marketing. (Composed by authors)

Tourists and conventioners usually do not know any regional districts and self-government areas. It is more likely that they understand the places like union or county. Basically tourists see more often union, county, region and country image. Residents see mostly their life-space and their commitment is stated in village, municipality or union areas. Manufacturers are committed to municipality, union and county areas, because of the figures important in business (infrastructure, human capital, resources etc). Investors see areas more strategically and usually county, region or country level is considered as possible place and environment to invest. Exporters are mostly interested in the specifications of economic environment; region and country are classified as commitment areas. Corporate headquarters are usually trying to find possibilities to manage international transfers and schemes and that is why mostly country level is understood as the area for commitment.

To sum up these remarks, it is possible to draw out three different levels for place marketing. **Village and municipality level** is too small and less-effective to impact larger target groups and that is why mostly residents (permanent and new residents) should be affected as well as manufacturers. Village and municipality can provide different projects and figures for economic development as well as residential programs. Implementers of place marketing on this level are usually local actors, but all activities on this level should be considered as not complex place marketing but as partial development for some larger area (part of some large region's place marketing system).

**Union and county levels** are usually involved in tourism, residents, manufacturers and investors. There is no point to shape residents on a big scale, because usually area-wide decisions are not implemented to all villages and residents. On union and country level tourism and investor relationship are included to a usual resident. Union and country level can develop networking solutions for firms and tourism. Different co-operation projects can be held which increase route-based solutions and attraction-based tourism routes.

**Region and country level** are usually more complex and cross-border between regions and countries. Place marketing on region level should deal mostly with tourism, investors and exporters, country level should add corporate headquarters to this list. Region and country level should deal with international tourism and international economy. Country level is most powerful tool for place marketing because it can control inflow of tourism as well as FDI structure. On this level strategic decisions should be made and definitely all place marketing issues of smaller regions should be taken into consideration.

## 5. Implications and results

Place marketing is a needful theory and tool for systematic regional planning and development. Place marketing is usually established only on one level, but systematic place marketing in different regional levels is not organized. In this paper it was pointed out, how it is possible to implement place marketing as a tool for all levels in administration division and how different planning groups should act.

All implications and results are quite subjective because planning groups are not always covering the same geographical area as regional district in self-government sense. Due to this fact, it is always necessary to make a mind-map with all different planning groups and their interests included. Sometimes a place can be seen totally different from residents' and manufacturers' point of view and that is why it is hard for them to co-operate in place marketing implementation. Below some results are pointed out how place marketing should be considered and implemented in geographical areas, especially in rural areas in Estonia:

- ✓ Firstly, **place marketing should be considered as a networking tool in complex environment**. It means that different levels of place marketing are implemented by different planning groups and all decisions which are made are structured as part of a complex system. In Estonia large branding campaign „Welcome to Estonia“ was established, but it was done only in country and region level, not in first level of place marketing – village and municipality. That was the reason why results of this program were not so good. In future all campaigns should be implemented from–village-to-county methodology, which means that all small unique attractions and regional unions should be handled as substrates for the next level of place marketing;
- ✓ Secondly, all **planning groups should understand their role** and the need for liability in place marketing system. It is not realistic if small village starts to provide tourism services to Italians while country is not interested in Italians. There is no point to manage village-based products for country, because country's role is different. Therefore the small areas without the needed capacity for place marketing should concentrate on unique attractions and unions with other areas, while region and country based organizations should concentrate more on international level and gross-border ideas;
- ✓ Thirdly, **planning group is not always covering the same area as physical area in self-government sense**. Sometimes a planning group is covering only some places of county or region and in this case the decisions made are not area-based. If a planning group is not area-based (in classical geographical



way), it should definitely have a common source which connects one planning group's interests to another planning group's interests. Sometimes geographical objects as lakes, rivers and preserves can be understood as common sources. Because of that a planning group should be conceived to improve some special advantage of a place marketing factor;

- ✓ Fourthly, place marketing should **not be seen only as a functional tool for tourism improvement**. Additionally, place marketing defines tourists, residents, manufacturers, investors, exporters and corporate headquarters as the target groups. Place marketing should cover all these target groups in different implementation levels and that is the reason why place marketing should be taken comprehensively on all levels. Improvements for other target groups are necessary to maximize the satisfaction of different interests.
- ✓ Fifthly, this empirical study showed **that a minimal area for implementing place marketing should usually be a union of municipalities**. Union of municipalities is large enough to have different unique attractions and also the capacity of a union is big enough to provide all necessary services and life-quality. Many of them have found it advantageous to co-operate in providing services and carrying out administrative functions. Smaller areas than a union of municipalities are usually not able to implement place marketing (complex place marketing theory) correctly.
- ✓ Sixthly, **the best practices in place marketing have not yet appeared** but the work of planning groups in networks should guarantee the best solutions for a whole region or country.

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