

Place Branding; Future Prospects of Tourism and Foreign Investment

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Abstract

Brand Management, as a relevant topic in Marketing, has been gained significant academic as well as practical attention for the last two decades. Branding and branding tools are widely accepted, not only because of their potentiality in achieving the corporate objectives, but it satisfies the customers also. The importance of branding practices in Marketing has been increasing day by day in order to expand the recognition and differentiation of the product in the context of globalization and immense competition. Just like the case of a product or service, the unique and differentiated characteristics of a region or a city or a place must also be branded and promoted in order to attract more investment, resources, workforce, and visitors. So, strategic planning and marketing of a place by using the economic, social and cultural attributes of destination along with the place identity are necessary for a place to be competitive in a globalized market. The target market consists of three classes; local community, investors and visitors and the whole place marketing and branding decisions should consider all the above-mentioned groups. The scope of this study is limited in two areas; foreign tourist arrivals and foreign investments.

Key Words: Tourism Destination, place marketing, place branding, country image

Introduction

Creating better places for people and business is termed as place branding. The most important aspect of branding a place is to properly communicate the cultural uniqueness, economic steadiness, political stableness, industrial friendliness, legal safety, technical advantages and a well qualified and intelligent human capital to the outside countries. Nation branding or place branding is a developing field of study which can enhance the image and status of a country or a place to earn more foreign currency, to attract more foreigners as tourists and to convey the heritage of the land to the rest of the world. Nation branding has

been practiced by some of the countries successfully for many years. In countries like the US, UK, Canada, France, the practice of nation branding is known as Public Diplomacy which has been dealt with by some professional bodies. Now the developing countries considered this very seriously as a positive image will make way to more Foreign Direct Investment (FDI) and better relations among countries. When one country can be termed as a good brand, it will be recommended and promoted for trade and tour.

The concept of place branding perceived a place or a nation as a brand or a product that can be marketed and promoted. Place branding mainly involves two aspects; place marketing and place promotion. Terminologies like nation branding, region branding, and city branding can be classified under the broad category of place branding. It can be defined as the visual, verbal and behavioural communication of the image, uniqueness, identity, and characteristics of a place to its target market. A well-planned branding strategy must communicate the image of a place in a way that can create a positive awareness and reaction among the target customers. Place branding techniques and strategies cannot be applied invariably across all the destinations or regions as the basic characteristics of different destinations are not similar. The place branding technique which has successfully implemented in one location may not work in another place.

A place or a destination brand is a complex subject, the marketing of which is very difficult when compared to a product as it comprises an association of products and services. The comprehensive experience of a traveller will depend upon a number of factors like transportation towards the destination, stay inside the locality, food consumed during the stay, activities while inside the area, cleanliness in the places visited and the behaviour of local people, etc. Unlike a product or a standardized service, the characteristics and some components of a place brand cannot be easily altered or revamped by the marketer. A destination can be defined as a combination of both tangible and intangible attributes. Tangible attributes include towers, forts and other geographical spots and intangible attributes such as culture, customs, history, etc.

Destination branding can be defined as “an organizing principle that involves orchestrating the message and experiences associated with the place to ensure that they are as distinctive, compelling, memorable and rewarding as possible” (Bill Baker 2007). Any place

or destination which has unique features and identity can be marketed and to be branded. Destinations are in competition with each other to achieve more reputation, investment, visitors, workforce, etc. In order to position the destination or place to the target market, the place should be marketed and branded depending upon the unique and differentiated characteristics of that particular place.

Review of Literature

There are a lot of principles and techniques to understand the concept of place branding. Robert Govers, Erik van't Klooster and Gerard Van Keken introduced 5 principles for successful place branding which should associate with the identity of the region or place. The five principles consist of Distinctiveness, Authenticity, Memorable, Co-creation and Placemaking. Robert Aitken and Adriana Campelo introduced the 4Rs model to place branding academics which suggests Rights, Roles, Relationships and Responsibilities as the tools for co-creation in a place marketing strategy. Place marketing or place branding studies are very important in a developing country that eyes on more and more investment for its infrastructural development and foreign money from abroad in the form of both as FDI (Foreign Direct Investment) and as earnings from travel and tourism. Some of the studies related to the available literature can be discussed below.

Dr. Dimitrios Buhalis (2000) in his paper explained several models for strategic marketing and branding of destinations by addressing all kinds of stakeholders in a sustainable way. He also suggests a public-private partnership for better results and recommends the use of new technologies with the cooperation of the local community in order to enhance the brand value in the market.

Kavaratzis Mihalis (2005) in his work pointed out the image-based strategies and the importance of culture, leisure and entertainment in differentiating and marketing a place considering tourists, investors, and the local community. The strategy of branding the city or place through cultural activities involves a chain of activities like idea generation, creation of marketable products, circulation of information and delivering the products to the target audience. They gave importance not only to the economic functionality of the location but to the socio-cultural attributes as well.

Paolo Rizzi and Ilaria Dioli (2010) in his work pointed out the importance of image for a city or a region in attracting investment and tourism as well as the degree of satisfaction of local people with the image. They suggested a unique proposition for the city or a destination can be achieved by the implementation of a strategic plan, place marketing and branding tools and by event hosting. They also recommended a customized adoption of strategies and tools of place branding as different regions are different in nature.

Ying Fan (2010) in his article tried to interpret the origin and concept of nation branding and also he made an effort to list out the differences between product and service branding with destination branding or nation branding. He defined nation branding as a process of creating an image to a nation and monitoring, evaluating and managing the image in order to enhance the brand communication to the outside world.

The Significance of Place Marketing and Place Branding

A diversity of activities contributes towards the place branding of a city or a country. Fields like history, sociology, politics, etc have a say in the brand value of a place. A number of reasons are behind a strategic place branding which includes attracting tourists, investments from abroad, talented people from different countries, etc. These factors made the planners and managers of a city or a place to think about the branding of a place seriously. A well defined and communicated place brand can be considered as an asset of any country. Today, a well-known place or country image is necessary for economic or political attention.

The scope of place branding is confined to two areas in this paper; the significance in Foreign Direct Investment from other countries and the flow of foreign tourists. It can be discussed in detail below.

I. FDI and Country Image

Foreign Direct Investment is one of the main sources of economic development in our country. Most of the countries have shown interest in investing in our country to capitalize on the financial advantages offered here. The financial advantages are in the form of low cost and skilled labour, developing and steady economy, availability of materials, etc. In FDI mobilization, India has been growing at a faster rate than the US and China.

In 2014, India marked its presence in the top ten FDI recipient countries in the world as per the report of UNCTAD in 2015 (World Investment Report 2014-UNCTAD). In the year 2013, India's position was 15th in the list. The Government has been decided to increase foreign investment by changing the laws and attracting more investment from foreign countries by showing an industrial and investment-friendly image to the outside world. The recent Government policies and Make in India initiatives paved the way for a sudden growth in Foreign Direct Investment to the country. Due to the amendments in law and changes in foreign policy and by offering and promising an investor-friendly image and environment to the rest of the world, India ranked 3rd in the top prospective host country for foreign investment as per the survey conducted by UNCTAD for the year 2015-2017 (World Investment Report 2014-UNCTAD). This is because of the change in foreign investors' perception of India as an investment hub.

The main sectors of foreign investment are listed below;

1. Infrastructure

It is regarded as the most important sector in our country. The infrastructure development of any country should be ensured in order to attract investment both from inside and from foreign countries. It is the minimum criteria to mobilize the funds from investors. The sector includes power, bridges, roads, etc. Most of the foreign investors coming to India have been showing more interest in the infrastructure sector because of its huge potentiality in this sector. A number of international companies are interested in joining the development of transport and power projects.

2. Automotive

India is now the export hub of almost all the multinational automobile companies in the world. It is one of the largest industries in the world today. The annual production of vehicles in the country during the last fiscal was more than 20 million. It covers almost 10% of the total GDP of our country. Haryana, Karnataka, Maharashtra and Tamil Nadu are the main participants in the manufacturing of automotive. The Government of India amended the rules to invest 100% FDI in the automobile industry for the growth of this sector.

3. Pharmaceuticals

Another major industry in India is pharmaceuticals which is having global importance. The pharmaceutical industry of India is the third-largest in the world by volume. The potentiality of the pharmacy industry consists of great Doctors and scientists which made the industry attracted by foreign investors all over the world. The India Government has been allowed 100% FDI in the pharmaceutical industry to attract more players. 'Pharma vision 2020' is a programme by the Government to make India the global leader in drug manufacturing.

4. Service

The largest and fastest-growing sector in India is the service sector. The contribution of this sector to GDP is more than 50%. The service sector provides the largest number of employment opportunities in the country. India has the second fastest-growing service sector in the world. It has been attracting more foreign investment than any other sector. The service sector includes insurance, transport, real estate, communication, business services, finance, etc. The software industry in this sector has been created a good brand image for the service sector of the country with the help of some global giants in the sector like TCS, Wipro, Infosys, etc.

5. Railways

Indian Railway sector is considered as one of the largest in railways across the world. The Government has been liberalizing the FDI norms in this sector to attract more investment to capitalize on the opportunities of this low-cost transport and logistics system.

6. Chemicals

Chemical and Petrochemicals industry in India is the 8th largest chemical industry in the world. The proximity to the world's largest Petrochemical industries and the Government's investment and promotion in the field of research made the sector attractive for foreign investors. FDI is allowed up to 100% in this sector.

7. Textile

The textile industry in India is the oldest sector in India which is accounted for around 10% of the export. It includes both the organized and unorganized sectors. The country has allowed up to 100% FDI in the textile industry. Moreover, the Government has been

implementing a number of initiatives to attract investors in the textile industry to promote export.

II. Tourism and Country Image

In a developing country like India, tourism is one of the most important sources of economic development and employment. Tourism is the main income source for a number of countries around the globe. Tourism promotional councils, boards, agencies, and other authorities were created in each developing country to promote tourism and its allied activities. Tourism is the largest service industry in the country. It is accounted for more than 10% of our GDP. The branding of the tourism industry started with the “Incredible India” campaign which was the responsibility of the Ministry of Tourism, Government of India. The Foreign Exchange Earnings from the tourism and allied sector during the last year was around Rs 1,12,958 crore. The tourism sector is one of the top sectors attracting foreign investments as well.

Ministry of Tourism first implemented its promotional campaign “Incredible India” in the year 2002-2003. From Table 1, the difference in tourist arrivals can be clearly figured out before and after the implementation of the Incredible India campaign which created a clear brand image about the tourism sector and different tourism products in India. The main aim of this campaign was to create a unique identity for the country. The campaign was highly successful and the result was an unbelievable 14% increase in the tourist arrival in the next year followed by another 26% in the subsequent period.

Table 1

Foreign Tourist Arrivals (FTAs) in the country from 2000 - 2004

Year	FTAs in India (in Million)	Percentage (%) change over the previous year
2000	2.65	6.7
2001	2.54	-4.2
2002	2.38	-6.0
2003	2.73	14.3
2004	3.46	26.8

(Source: India Tourism Statistics 2015)

Implications and Policy recommendations

The economic advantages and emotional connections are the main things that force an investor or a visitor to visit a particular destination. A city brand or a place brand will help the investors or visitors to select a destination that will offer low search costs, quality services, and satisfaction. As a developing country, our nation needs more investments and foreign exchange in the form of FDI and tourism receipts from the outside world. So all the potential regions and cities should practice place marketing strategies to communicate a unique identity and brand image to ensure a steady income from outside the region.

Conclusion

In order to attract more and more visitors to a tourist destination, a destination should brand in a unique way to differentiate it from its competitors. 100% pure New Zealand, Incredible India, Malaysia- truly Asia, etc are some of the campaigns to attract the visitors by branding and communicating the branded image of those destinations to the outside world by an advertisement for promoting tourism development. London First, Mumbai First, Global Investor's Meet in Kerala, etc are some of the branding programmes practiced by the destinations to mobilize funds for industrial development. So, it is evident that in order to attract foreign investment and visitors, the destination must convey a unique identity to the outside world that must differentiate it from its competitors. It can be done by applying place marketing and place branding practices.

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