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BENEFICIARIES OF A PLACE: WHOSE LIFE IS BETTER?

BASIC RESEARCH PROGRAM

WORKING PAPERS

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BENEFICIARIES OF A PLACE: WHOSE LIFE IS BETTER?[2]

The paper shows relationships between characteristics of residents and places where they live. A combination of three criteria of place attractiveness (retention and attraction, conditions for natural growth, and settling) was chosen to classify place market segments, and profiles of beneficiaries for all the segments on the theoretical level were built.

The results of the empirical study partially confirm developed theoretical typologies. Two methods to segment place market are equal only if expectations of population are constant. Study results allow place marketers to identify emerging shifts in the structure of beneficiaries of specific places and predict their further evolution.

Keywords: resident, beneficiary, place attractiveness, place market segment
JEL Classification: J19, M31, O18, R00, R10, R23

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Introduction

Cities, towns and even villages have to compete for the inhabitants, investors and visitors to meet new global challenges. An answer to the question "How can a concrete place attract the most useful residents?' has become the key 'know-how' of a place to succeed in this competition.

The issue of preferences of the main population groups regarding place attributes has been an important area of emphasis in urban planning research over the past two decades. Differences in environmental preferences between different population groups and classes have generated considerable interest in the planning literature (Stamps, 1999; Regan and Horn, 2005; Niedomysl, 2008). Studies on demographic, socioeconomic and geographic components of the preferences have contributed to contemporary understanding of residential behavior (Lindberg et al, 1992; Dokmeci and Berkoz, 2000; Niedomysl, 2004; and Kim et al., 2005).

Any place is a complex combination of place attributes (place characteristics, facilities, etc.). This approach was reflected by Ashwort and Voogd (1988), Ulaga et al.(2002), Walters (2000). As well it is difficult or impossible to change such place attributes as geographical location, climate, layout of streets, history, and, in some ways, the habits and customs of citizens. These facts make researchers evaluate residential attitudes toward both separate place attributes and their combinations or profiles using multi-attribute approaches and methods (Van Poll, 1997; Molin, 1999).

In addition, residential preferences have considerable influence on the satisfaction of migrants, tourists and existing inhabitants, which, in turn, is a determining factor in place marketing and place branding. Considering place as a complex product and the above mentioned groups as place customers (or target groups of place marketing), it becomes particularly significant to distinguish crucial place attributes that meet preferences of the most valuable groups and largely determine their perceptions of place image and attitudes toward place as a whole (Zenker et al., 2009).

Meanwhile, until now one important issue regarding the practical application of this research has not found a definitive interpretation. On the one hand, the marketing strategy of a place has to be segmented as a marketing strategy of a firm to compete successfully (i.e. to attract valuable residents – Kotler, 1993). On the other hand, the concept of a plurality of target groups in place marketing (Ashwort and Voogd, 1988) and the concept of undifferentiated marketing (Ward 2004) are in obvious contradiction with this idea. Local authorities and other place sellers will inevitably experience difficulties with the development of a place marketing strategy that has to be segmented and coordinated with the interests of a broad range of place

consumers at the same time. In other words, it was uncertain until now, what value (value of a place or value of a customer) should underlie the place marketing activities.

The assumption that the creative class is the most valuable (and external, as a rule) target group (Zenker, 2009) reflects approach in place marketing research which could be called a "customer-value". At the same time, it is necessary to learn more about the typical preferences of the population groups which already inhabit specific places. The approach of Ge and Hokao (2004), who propose the concept of residential lifestyles and identify empirically four types of residential preferences, can be considered a "place-value" one.

Parker et al. (2007) develop this approach and concluded that the clustering of people with similar spatial preferences concurrently means the clustering of places with similar geographic and sociocultural attributes that are of particular significance for geography and urban sociology. Besides, from our point of view, a list of probable applications of this idea is not limited to these sciences. A classification of places by residential preferences could be a valuable tool for place marketing analysis because it can obviously help place marketers to reveal and describe places as complex products like any product range in the general field of marketing. In addition, such classification could allow place marketers to accurately determine the target groups whose diversity, indeed, is inherent in the large proportion of real places and inhibits marketing activities in the interests of any one group. That is, place marketing strategy could be developed in the frame of standardized methodology not as a summarized experience of different cities and towns.

The theory of place market segmentation (theoretical classifications and typologies, as well as answers to this question on a theoretical level) is one of the less investigated issues in place marketing. However, empirical findings on the relationships of place product attributes and place consumers mentioned above can be applied only in particular cases. In particular, the diversity of existing and probable target groups which can be observed in real cities and places have not yet been reflected in place marketing theory and methodology.

Research concept

Based on the above discussion, there are several questions that will serve as a point of departure for the present investigation.

The answer to the practical question "How can a specific place attract the most useful inhabitants?", that was asked at the beginning of this paper, requires stating two theoretical questions: 'What inhabitants are the most useful for different places?', 'What type of places can attract what kind of inhabitants?' (or "What kind of inhabitants prefer what type of places?") . Only after the answers to these questions are given it will it be possible to determine how

concrete place should be changed to attract residents that are considered as the most useful and, thus, answer to the first question.

In our previous study (Rozhkov, 2012) hypothetical typologies of place market segments and distinctive characteristics of the Russian place market segments were tested by comparing of profiles (combinations) of expected demographic indicators of five Russian towns (expected demographic profiles) with profiles of their attributes (towns' profiles). This paper suggests another way to examine the hypothesis of place market segmentation and is aimed to compare demographic profiles of those towns to profiles of their main beneficiaries.

It is necessary to emphasize that the use of the term "target group" is based on the assumption of real marketing activities which are aimed to meet preferences of a special group of the population. However, place marketing may not be a particularly common tool of public policy especially in Russia. That is, a place can be managed in the interests of a certain de facto group, but this policy may be not announced. Consequently, it seems essential to use term "beneficiary of a place" and define it as a group of the population whose preferences are met by existing place attributes the most exactly.

The following statements underlie the investigation.

1. Certain population groups have preferences regarding the range and quality of place attributes.

2. Specific place has attributes of specific range and quality.

3. Therefore, this place only meets the interests of those population groups whose preferences are the closest to its attributes.

4. The range and the quality of place attributes determine residents' behavior as the place customers (demographic behavior of local population as a whole), which, in turn, can be considered as the main characteristic of a place market segment. In Russia, each market segment makes a demand for a specific combination of place attributes (Rozhkov 2012).

5. Each market segment is oriented to the satisfaction of the needs of place beneficiaries, i.e. beneficiaries demonstrate the most significant satisfaction among other population groups.

6. Consequently, every specific place occupies a certain place market segment and very rarely can fulfill the needs of all residents (or make their lives better). That is, this place hardly ever meets all the criteria of place attractiveness.

7. Finally, the type of place and the profile of a beneficiaries of this place are related. In other words, beneficiaries' attitudes towards a place differ from both those of the rest of population and those of other segment beneficiaries. And it is possible to distinguish a beneficiary of each place market segment from those who find the place less valuable for themselves.

The conceptual base of this research is the heuristic monothetic 3-dimensional typology of place market segments (table 1) and the hypothetic classification of distinctive characteristics of the market segments (*Рожков, 2011;Rozhkov, 2012)*.

Tab. 1. The heuristic monothetic 3-dimensional typology of places market segments

Segment	A combination of criteria for attractiveness of place to residents		
	retention and attraction	natural growth	settling
1	-	-	-
2	-	-	+
3	-	+	-
4	+	-	-
5	+	+	-
6	+	-	+
7	+	+	+
8	-	+	+

This paper will discuss whether it is possible to describe beneficiaries of these segments on a theoretical level. If so, then the developed typology could be used as a tool for the segmentation of specific places.

It is possible to assume that the following segments fulfill the needs of the following population groups or, in other words, these population groups show the highest level of satisfaction with the following place market segments (Table 2).

Tab. 2. Profiles of beneficiaries in place market segments

Theoretical segment	Beneficiary profile				
	Sex	*Age*	*Duration of stay*	*Education*	*Social status*
1(---)	male	17-29 30-39 40-49	migrant	not educated	jobless
2(--+)	equally	over 55	native	primary secondary	retiree
3(-+-)	female	30-39 40-49 50-55	native	secondary secondary specialized	retiree working pensioner
4(+--)	male	17-29 30-39 40-49	migrant	secondary primary	employee
5(++-)	equally	30-39 40-49 50-55	equally	secondary specialized higher	employee working pensioner
6(+-+)	equally	17-29 30-39 40-49	equally	higher incomplete higher secondary specialized	employee student
7(+++)	equally	equally	equally	equally	equally
8(-++)	any	any	native, long-term resident	any	any

In other words, it may be suggested that only identifying place market segment which a specific town occupies allows place marketers to understand whose life is better in this town. Alternatively, by classifying demographic characteristics of the most satisfied people, it becomes possible to establish the belonging of a specific place to a certain theoretical place market segment and vice versa.

Data and methods

To examine the hypothesis a survey of residents was conducted (2,000 people aged 17 and older in five Karelian towns were surveyed). Based on the results of the survey, a focus group was formed. We have also used local statistical data.

There is some evidence to suggest that the benefits of a place are subjective which residents can evaluate better than anybody else. Because each place market segment is mostly oriented to fulfill the needs of place beneficiaries, they are those who demonstrate the most significant level of satisfaction among other population groups.

To build empirical profiles of beneficiaries, data on the level of residential satisfaction with each surveyed town as whole and demographic characteristics of the respondents were collected and summarized. A question included was "How would you rate your town (on 5-point scale)?" In addition, questions about the following demographic characteristics of the respondents were also asked: sex, age, duration of stay, education, social status. Then all satisfied respondents (who gave marks "4" or "5" to their town) were grouped according to these characteristics, and proportions of these groups in the total number of satisfied respondents in each town were calculated.

Each specific town was classified by three demographic indicators below (Table 3).

Tab.3. Indicators for attractiveness of place to residents

Criteria for attractiveness of place to residents	Indicator
1. retention	expected departure
2. natural growth	expected birth rate
3. settling	difference of expected general birth rate and expected departure of natives

Data on reproduction and departure expectations of respondents were collected to evaluate these indicators. Two questions included in the questionnaire were: *«Would you move to another place, if it were possible? »* and *«Are you planning to have a child (or another child) in the near future?».*

To compute the indicators of expected departure the frequency of the answers to these questions relatively to the number of all respondents in each town was calculated and then an average value of this relative frequency for all surveyed towns was subtracted from the its value of each town. With regard to expected birth rate, the same calculations were done, however, only the answers of women of childbearing age were counted, and the results were first related to the total number of these women in each surveyed town.

To compute the indicators of settling difference of expected general birth rates and the expected emigration of natives for each town was calculated and then an average value of this difference for all surveyed towns was subtracted from the its value of each town.

Each indicator of attractiveness is a binary variable "+" (yes) or "-"(no) whether the relative frequency of the answers to the questions mentioned above for each town was more or less its average value. The combinations of the values of these three indicators showed the empirical place market segments which the surveyed towns occupy.

Further, the number of coincidences between theoretical and empirical beneficiaries' characteristics was calculated and the closest theoretical place market segment was revealed for each surveyed town.

Finally, the empirical place market segment and the one that was identified as the closest to empirical beneficiaries' profiles were compared for each surveyed town to check the hypothesis.

Results

The combination of values of three expected demographic indicators for each town pointed to its empirical place market segment (Table 4). The positive values of the first indicator were interpreted as the absence of the criteria of retention and vice versa.

Table. 4 Empirical place market segments

Surveyed town	Indicators for attractiveness of place to residents			Empirical place market segment
	relative expected departure	relative expected birth rate	difference of relative expected general birth rate and relative expected departure of natives	
Pudozh	22%	0%	-18%	3(-+-)
Segezha	65%	-5%	-19%	1 (---)
Kondopoga	-17%	7%	18%	7(+++)
Sortavala	-6%	-5%	5%	6(+-+)
Olonets	-8%	4%	15%	7(+++)

Demographic structures of satisfied residents for each surveyed town are presented in the Table 5.

Table 5. Empirical beneficiaries' profiles

Surveyed town	Name and proportion of the demographic groups among the most satisfied respondents *(percentage of group size to the total number of those respondents of the town who gave the answers "4" or "5" to the question "How would you rate your town (on 5-point scale)?"*									
	Sex	*%*	Age	*%*	Duration of stay	*%*	Education	*%*	Social status	*%*
Pudozh	**m**	**54**	1	25	**1**	**76**	1		1	3
	f	**46**	2	11	2	19	2	14	2	**39**
			3	18	3	5	3	19	3	6
			4	7			4	57	4	26
			5	**38**			5	5	5	26
							6	5		
Segezha	**m**	**58**	1	17	**1**	**51**	1		1	10
	f	**42**	**2**	**30**	**2**	**25**	2	7	2	**67**
			3	11	**3**	**24**	3	26	3	0
			4	14			4	**33**	4	10
			5	28			5	14	5	14
							6	21		
Kondopoga	**m**	**47**	1	16	**1**	**57**	1		1	5
	f	**52**	**2**	**29**	**2**	**32**	2	6	2	**69**
			3	22	**3**	**11**	3	24	3	2
			4	12			4	**34**	4	14
			5	20			5	15	5	10
							6	21		
Sortavala	m	**53**	1	**44**	**1**	52	1		1	33
	f	**47**	2	17	**2**	**34**	2	8	2	**45**
			3	11	**3**	**14**	3	19	3	1
			4	7			4	**41**	4	13
			5	21			5	1	5	7
							6	27		
Olonets	**m**	**66**	1	10	**1**	**61**	1		1	4
	f	34	**2**	**39**	2	16	2	6	2	**77**
			3	26	3	23	3	6	3	6
			4	14			4	38	4	1
			5	11			5	8	5	11
							6	**42**		

Notes: Codes of the groups: sex: m- male, f – female; age: 1- 17-29 years old, 2 – 30-39 years old, 3- 40-49 years old, 4 -50-54 years old, 5 - older than 55; duration of stay: 1 – natives, 2 - long-term residents (those who lives here more than 10 years but has arrived from other place) , 3– newcomers (those who lives here less than 10 years); education: 1 – not educated, 2 – primary, 3 – secondary, 4 – secondary specialized, 5 – incomplete higher, 6 – higher; social status: 1 – student, 2- employee, 3- jobless, 4- retiree, 5- working pensioner

The figures show some similarities in the empirical profiles of beneficiaries. For instance, social status is the demographic characteristic of satisfied people that is common for all towns. Employees have a largest proportion among those respondents who gave marks "4" or "5" to their towns in comparison to other social groups. Four of five towns are attractive for people with secondary specialized education and the same number mostly fulfils the needs of the residents of both sexes. This profile points to the segment 5 of hypothetic typology which is the conceptual base of the study.

However, more particular conclusions can be made if both similarities and differences between towns are analyzed and, especially, demographic characteristics of satisfied groups of not only between investigated towns as within them are compared.

Both the profile of beneficiaries and the combination of values of place attractiveness indicators of Sortavala point to the same theoretical segment 6. Focus group data meet the trends revealed by the survey analysis. The only clarification that is needed is regarding the description of the beneficiaries of the segment on a theoretical level. Any business or trade places not only megacities can match this theoretical type. Sortavala is such a place with a well-developed cross-border trade and with cultural and other links to Finland. Young residents can realize their aspirations, do not strive to move out, and seem to behave in line with European stereotypes of childbearing, having one or two children in the family.

Pudozh's typical beneficiary is a 55 years old (38% of satisfied respondents) man or woman who was born here (76%). These figures could be interpreted as signs of the 2nd segment but education points to the 3^{d} segment and the social status of the beneficiaries belongs to 5th one. The place market segment number of Pudozh revealed empirically is 3^{d}. The expected birth rate in Pudozh coincides with the average value for all surveyed towns and gives a reason to assume that the town probably moves from 2nd to 3^{d} segment. That is, the demographic expectations of the people are somewhat better than their real life in the town, which beneficiaries rated. Additional information obtained from focus group showed that some new settlers have begun to move in. However, we have no sufficient figures that prove that they are those who support the relative expected birthrate.

Segezha and Kondopoga have the same profiles of beneficiaries which include primarily features of 5th place market segment. Focus group and local statistical data also indicates industrial profile of both towns. However there are apparent discrepancies between the profile of beneficiaries and empirical place market segment of each town.

Residents of Kondopoga demonstrate comparatively low expected departure and young people are optimistic. This optimism (18%) is more obvious than Pudozh's women show in

expected childbearing (0%). It means that there are sufficient prerequisites for young people to become the beneficiaries, although they have not yet.

On the contrary, inhabitants of Segezha are highly pessimistic in the worst values of all three indicators for attractiveness. Therefore, probable future shifts in the structure of beneficiaries will be extremely unfavorable if the residents' expectations transform into behavior.

Olonets is the most difficult case of all surveyed towns for an interpretation in terms of the research concept. The characteristics of the beneficiaries can be matched to different theoretical place market segments. However, more interesting, beneficiaries of Olonets seem to be belonging to those segments which are not adjacent in typology so that the town can not be considered as moving from one type to another.

Table 6 shows the number of coincidences between empirical (see Table 4) and theoretical (see Table 2) profiles of beneficiaries and the closest theoretical place market segments for each surveyed town.

Table 6. Correspondence between empirical beneficiaries' profiles and theoretical place market segments

Number of coincidences between theoretical and empirical beneficiaries' profiles					The theoretical place market segment
Pudozh	Segezha	Kondopoga	Sortavala	Olonets	
0	0	0	1	1	1(---)
3	1	1	1	1	2(--+)
2	2	2	0	**3**	3(-+-)
0	**2**	**2**	2	**2**	4(+--)
2	**4**	**4**	3	3	5(++-)
1	2	2	**4**	1	6(+-+)
1	2	2	2	0	7(+++)
1	1	1	1	1	8(-++)

The comparisons between the closest theoretical (Table 6) and empirical (Table 4) place market segments for each town allows us to conclude that the hypothesis of empirical study was supported in Sortavala, partially supported in Pudozh and not supported in three remaining cases.

Conclusion and discussion

If the applications of two developed theoretical typologies - typology of places market segments and beneficiaries - are compared as a whole it can not be state definitely that there is

consistency between them on empirical level. That is, the theoretical model of place market segmentation should be corrected in order to typify segments and beneficiaries more adequately.

The first point to be made is that demographic expectations of residents are not always the same their attitude toward place as a whole. In other words, the expected behavior can be both better and worse than a real life in a specific place. Consequently, two methods to segment place market – by both attitude of beneficiaries and expected behavior or population as a whole - are equal only if expectations of population are constant. Otherwise, discrepancy arises and this makes the theoretical model of segmentation unsuitable because population expectations and profiles of beneficiaries can be unrelated (as cases of Segezha and Kondopoga show).

It is more reasonable to conclude that the profiles of beneficiaries should include not only objective demographic characteristics but also variables of expectations and behavior to segment residents as accurately as places of their residence.

In addition, it would be useful to clarify the definitions of the 1st and the 7th segments of the theoretical typology. They have a special place in it, reflecting extreme negative (Segezha) or positive (Kondopoga and Olonets) expectations of the population as a whole at the same time as the other segments are mostly connected with expectations of particular groups.

Another convenient way of resident segmentation could be worked out if we compare investigated profiles of beneficiaries to empirical statistical data rather than predicted behavior. Nevertheless, the approach represented in this paper is valuable by itself because it allows place marketers to identify emerging shifts in the structure of beneficiaries of specific places and predict their further evolution. Indeed, any difference between a profile of beneficiaries and place market segment could be interpreted as a probable change of the most satisfied group in the near future. It can be assumed, for instance, that Pudozh might be more attractive for women of childbearing age, Kondopoga could succeed in the retention of young cohort, and Segezha will lose attractiveness to any internal population group.

Finally one more conclusion can be drawn regarding the profiles of beneficiaries in place market segments. To resolve the problem of contradictions in empirical profiles of the most satisfied residents (for example, Olonets' residents) it is necessary to change polythetic typology to monothetic one. That is, each theoretical profile should be completely different and homogenous to identify exactly empirical data on residents' characteristics.

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