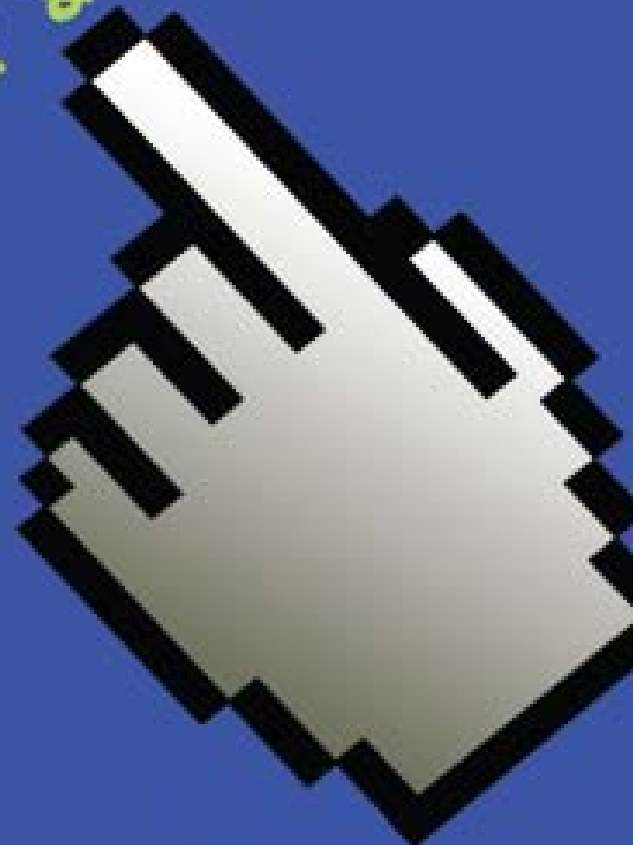


Economic Development Marketing



PRESENT & FUTURE



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ECONOMIC DEVELOPMENT MARKETING: PRESENT & FUTURE

EXECUTIVE SUMMARY

Economic developers must be adept at implementing marketing strategies to promote their communities and grow their local economies. They must know how to communicate with businesses to be successful in this pursuit. Recent changes in communication, especially the rise of the Internet, are profoundly altering how business communication and research takes place, and are influencing how businesses engage in the process of site selection and interact with economic development organizations.

Many economic development agencies are responding to these changes through the way they market their communities and provide their services. Others have been left scrambling to make sense of how their industry is changing. Economic development organizations and local governments often do not match the speed of the private sector when it comes to restructuring business practices to respond to new challenges and opportunities. At the same time, benchmarking the success of economic development marketing efforts is difficult, as there are no typical “sales” data to point to as is the case with typical marketing.

Technology advances and globalization changes have only increased the dynamic nature of marketing, so economic developers are now reevaluating how to most effectively communicate with businesses. As the paths of communication between communities and business have broadened and the business demands for rapid information communication have increased, the necessity of effective marketing communication has become more crucial.

Economic Development Marketing: Present and Future, through analysis of a nationwide survey of economic development practitioners, examines how economic developers are using strategies to market their communities and their services. The book investigates changes in marketing over time and the effectiveness of the strategies used. Results from a separate survey of site selection consultants and corporate real estate professionals were brought in to determine how the marketing practices of economic development practitioners compare to the behavior and preferences of those involved in corporate site selection.

Highlights from the book include:

MARKETING EFFECTIVENESS

Both economic developers and site selectors agree that an organization’s website provides the most effective marketing strategy for economic development. Face-to-face marketing strategies also received high marks. The survey results indicate that effective marketing must be both high-tech and high-touch, combining effective use of an online presence with personalized, face-to-face service.

BUDGETING

Economic development organizations do not always prioritize their budgets in terms of what strategies they find effective, indicating a lag between awareness and action. This is most evident in the case of print advertising, which received the second highest average budget

allocation despite its low effectiveness rating (for more statistics on print advertising, as well as other strategies with high budget allocations and low effectiveness ratings, see Chapter 2). On the other hand, public relations, special events, site selection consultants/familiarization tours, and targeted lead development databases were all rated very effective, but were given relatively less money.

Average budget allocation vs. perceived effectiveness

Marketing Strategy	Rating Effective	Average Budget Allocation	% of Respondents Increasing Budget In Next Five Years
Internet/website	79%	17%	73%
Out-of-town meetings with businesses	72%	10%	59%
Public relations	64%	8%	49%
Site selection consultants and familiarization tours	64%	6%	55%
Special events	56%	7%	46%
E-mail	48%	4%	49%
Targeted lead development databases	43%	2%	42%
Slogans, logo and identity	38%	3%	28%
Trade shows and conferences	36%	11%	42%
Direct mail	26%	5%	30%
Brochures	20%	11%	26%
Print advertising	16%	11%	25%
Videos	14%	2%	20%
Online advertising	13%	1%	35%
TV/radio advertising	10%	1%	17%
Telemarketing	6%	1%	9%

Economic developers have not followed the larger trend toward online advertising that is seen in other industries. Only 13% of economic developers rated it as an effective strategy and it received only 1% of the marketing budget, even though most businesses allocate 10% of their budget to it, it is growing throughout other industries, and it is one of the most measurable forms of marketing. Respondents reported on average that they would increase budgeting for online advertising in the next five years, even though they cut funding within the past five years.

INDUSTRY TARGETING AND SCOPE

The industries most targeted by economic development organizations differ from those that are served by corporate real estate professionals and site selectors (for a list of industries, see Chapter 3). Furthermore, the economic development organizations that reported effective marketing results and stronger local economies were those that had campaigns which were aligned more closely with the industry focus of corporate real estate professionals and site selectors. Targeting the manufacturing industry is the top priority of economic developers even though it is a declining employment sector. High-growth industries such as business services, information, and finance receive lower priority.

DIFFERENCES BY CHARACTERISTICS OF ORGANIZATIONS AND COMMUNITIES

Budgeting and industry targeting is significantly affected by the characteristics of the community served. Effective marketing strategies were utilized in certain types of organizations and areas more than others. These organizations tended to be small, rural, and in the Midwest. They also tended to be government organizations rather than economic development corporations. Smaller communities in the West focused on creating amenities, while larger communities in the Northeast targeted knowledge-based industries. Economic developers should be aware that different organizations face different challenges, but they should also be aware of how their own activities compare to similar organizations and communities.

PRACTICES OF EFFECTIVE ORGANIZATIONS

Nothing comes for free, including effective economic development marketing. Economic developers who reported having effective marketing programs also reported devoting more staff time to marketing, as well as having significantly higher marketing budgets. Those who reported having effective marketing reported having stronger local economies on average.

Effective marketers also exhibit particular tendencies in their targeting of industries. Compared to the average organization, they target more of their marketing efforts at business services, sciences, information technology, and financial services, and focus less on manufacturing, retail, and agriculture. These preferences are closely aligned with the needs of the site selection professionals surveyed.

OUTSOURCING

Ineffective marketing strategies tend to be outsourced by economic development organizations. While there are several possible reasons for this practice that are discussed in detail in the book, economic developers may want to reevaluate whether some of these strategies are worth investing in at all.

HOW SITE SELECTORS GET INFORMATION

The website is the first point of contact that site selectors have with an organization, and by the third stage of the site selection process almost one and a half times as much communication was found to take place through the website than through personal contact. A comparison of marketing effectiveness and budget allotments revealed that websites are extremely cost effective, especially when compared to traditional strategies.

Timing of contacts (cumulative) made by site selectors*

Time of Contact	Economic Development Organization	Economic Development Organization's Website
When beginning an initial site selection search for possible locations	22%	31%
When developing a long-list of possible areas in which to locate based on restrictive-criteria	38%	50%
During evaluation/analysis of a long-list of locations	53%	76%
After narrowing options to a short-list of a few finalists	81%	86%
During evaluation/analysis of a short-list of locations	98%	97%
To confirm information the site selector has already gathered	99%	97%
Only if the company or client specifically asked the site selection consultant to contact an EDO.	99%	98%

* For every point in time, the totals up to and including that time are summed.

While it is undoubtedly necessary to develop an effective website, economic development organizations should also recognize the importance of personal, face-to-face interaction, which was valued highly by site selectors and economic developers alike. 99% of site selectors reported personally contacting an economic development organization during the process of site selection, demonstrating that the services of knowledgeable economic development staff are truly irreplaceable, no matter the advances in technology.

WEBSITE FEATURES

Although websites are perceived as effective tools, most economic development organizations could do far more to increase their effectiveness. 29% still do not possess a website analytics service to track visitors to their websites, 45% fail to update their websites more than once a month, and 67% lack online site selection assistance, such as an integrated GIS system. For an in-depth discussion on the many features of economic development websites, see Chapter 8.

BENCHMARKING

The most common standard for benchmarking the success of an economic development organization's marketing efforts is the number of leads generated, which is a measurable criterion. On the other hand, organizations almost as commonly judge marketing effectiveness through immeasurable criteria, or do not benchmark their marketing at all. See Chapter 9 for the complete rankings of benchmarking criteria.

Economic Development Marketing: Present & Future can be used by economic development practitioners to better understand the changes in the practice of economic development marketing on a national scale. In the instances where consensus is achieved regarding the merits of particular marketing strategies, this book can serve as a resource on best practices for economic development marketing.

The field of economic development is undergoing rapid change. Accelerating technology, says site selection consultant Ed McCallum, has left community and economic development at a crossroads, and communities have no excuse not to embrace this technology.¹ Delayed responses to the marketplace will be increasingly devastating to communities, as they attempt to market themselves to businesses that are increasingly footloose in a global economy, and whose business practices and preferences regarding site selection are ever-evolving. Communities must provide the information that businesses and corporate real estate professionals need because information is a competitive advantage. Also, the need for information intensifies as the economy worsens. Businesses and real estate professionals typically don't ask as many questions and dig deep when the economy is strong, but the demand for information rises as the economy worsens.²

Every community has something to offer, and economic development practitioners must be experts in communicating what that "something" is. We live in a time when the methods of communication are changing rapidly. Practitioners that can best adjust to these changes will be in the best position to help their communities thrive.

The detailed information, results and findings are all included in the book *Economic Development Marketing: Present & Future* by Anatalio Ubalde and Eric Simundza. For more information on the book please visit www.GISplanning.com.

¹ Southern Economic Development Council. "SEDC's 2007 Annual Conference." *SEDC News*, Fall 2007.

² Forman, Eric. "Slowing Economy Drives Information Demand." *Realcomm Advisory*, June 26, 2008.