

# Marketing Cities for Investment



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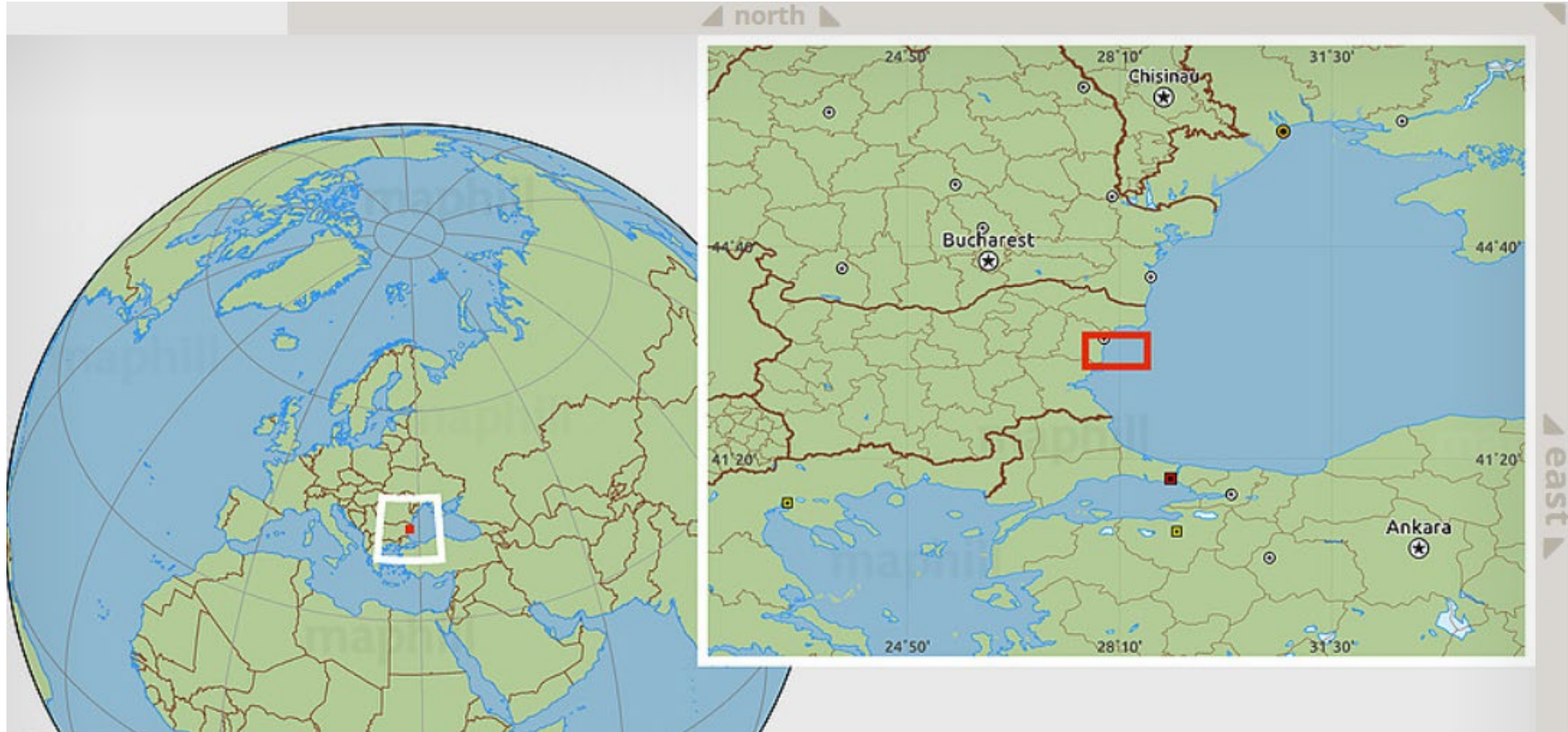
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# Brief Personal Bio

- BA – Arnhem Business School, the Netherlands
- MBA – University of Wales, UK
- Ph.D. – University of Economics-Varna, Bulgaria
- GMSE Rep. Office Bulgaria



- *Academic editor:* Journal of Hospitality Marketing & Management, Economic Studies, Advances in Hospitality and Tourism Research, International Journal of professional management
- *Specializations:* Germany, Spain, UK, Cyprus, Belgium, Thailand, Ukraine, Portugal, Czech Republic, Serbia, India, Romania, etc.
- *Consulting:* Automotive, Tourism, Mobile Gaming, Janitorial services
- *Current:* Head of Marketing dept., Assoc. Prof. at UEV, Freelance Marketing consultant, Visiting Professor



# The BASICS

**Founded** in 681 AD

**Area:**

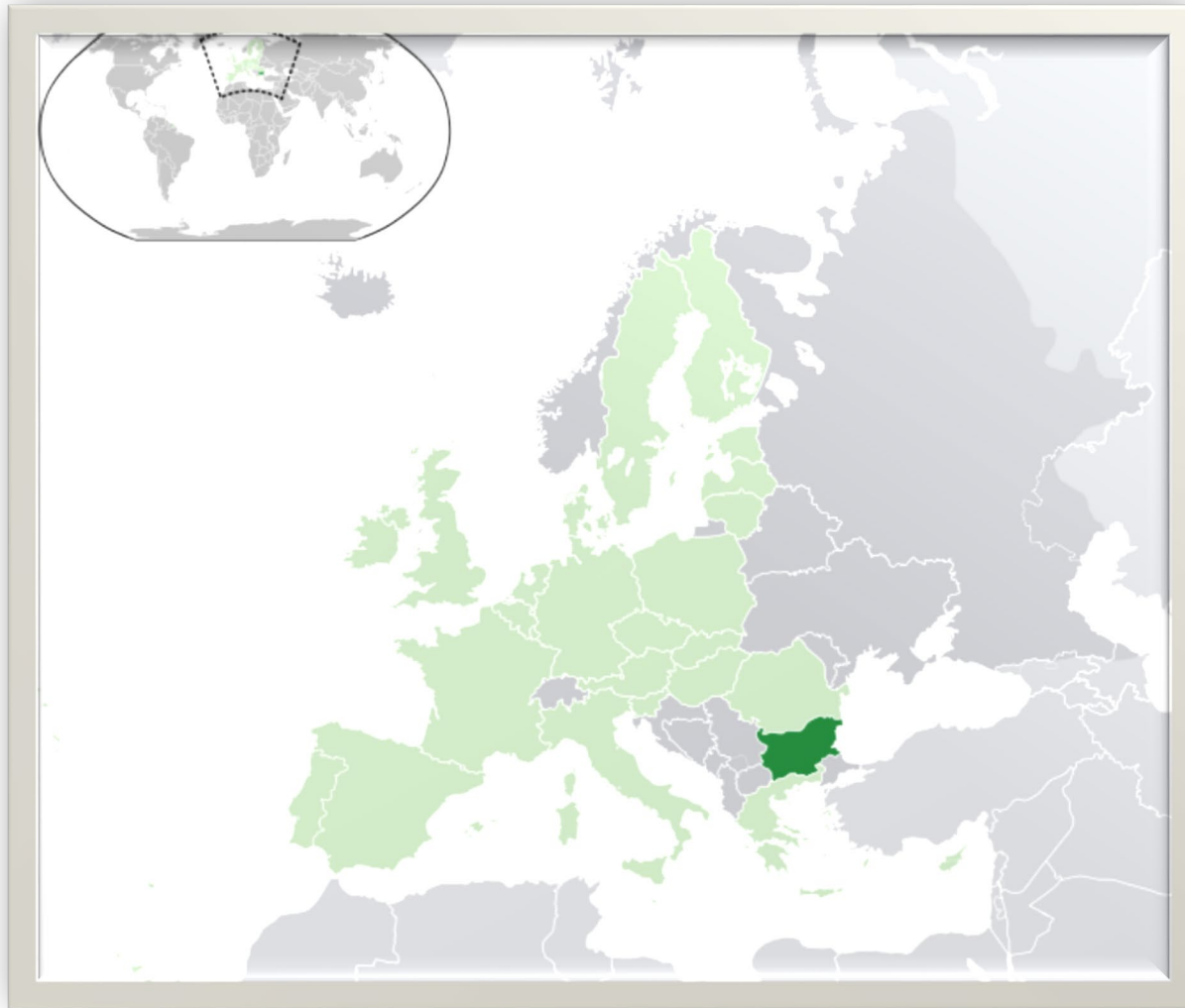
With 110 994 sq.km Bulgaria ranks as the 16<sup>th</sup>-largest country in Europe and 104<sup>th</sup>-largest in the world (2.5 times bigger than NL)

**Population:**

6,825,483 (2022 est.);

**Life expectancy:**

total population: 73.61 years



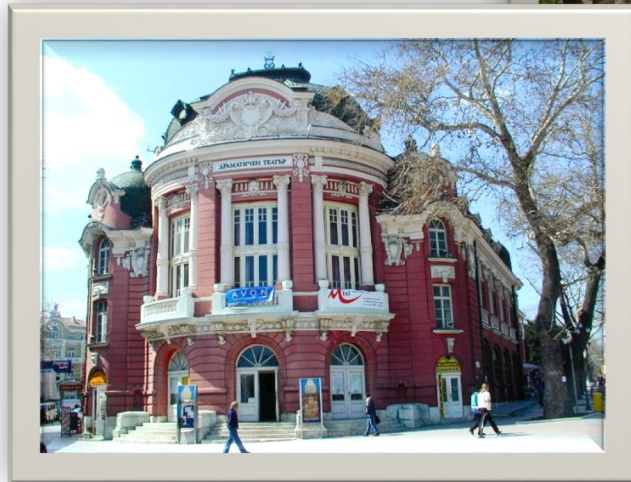
# The Main Cities



SOFIA



PLOVDIV



VARNA

**Sofia** is the capital and the largest city of Bulgaria and the 47<sup>th</sup> largest city by population in the EU with 1.4 million people living in the Capital Municipality.

•**Plovdiv** is the second largest city with a population of 381,738. Plovdiv's history spans some 6,000 years, with traces of a Neolithic settlement dating to roughly 4000 BC.

•**Varna** is the largest city and seaside resort on the Bulgarian Black Sea Coast, third-largest in Bulgaria with a population of 358,724. Commonly referred to as the marine (or summer) capital of Bulgaria, Varna is a major tourist destination, business and university centre

# The Slavic Alphabet

In late 9th century the brothers Cyril and Methodius created and disseminated the Cyrillic alphabet

<b>Аа</b>	<b>Бб</b>	<b>Вв</b>	<b>Гг</b>	<b>Дд</b>	<b>Ее</b>	<b>Жж</b>	<b>Сс</b>	<b>Зз/Зз</b>	<b>Ии</b>	<b>Її/Іі</b>
azŭ a [a]	buky b [b]	vědě v [v]	glagoli g [g]	dobro d [d]	estĭ e [ɛ]	živěte ž/zh [ʒ]	dzělo dz/Z [dz/z]	zemlja z [z]	iže i [i]	i i/I [i]

<b>Гг</b>	<b>Кк</b>	<b>Лл</b>	<b>Мм</b>	<b>Нн</b>	<b>Оо</b>	<b>Пп</b>	<b>Рр</b>	<b>Сс</b>	<b>Тт</b>	<b>Уу/Уу/Уу</b>
g'a/djerv g' [g]	kako k [k]	ljidije l [l]	myslite m [m]	naši n [n]	onŭ o [o]	pokoji p [p]	riči r [r]	slovo s [s]	tvrido t [t]	ukŭ u [u]

<b>Фф</b>	<b>Ѡѡ*</b>	<b>Хх</b>	<b>Ѡѡ</b>	<b>Ѡѡ</b>	<b>Ѡѡ</b>	<b>Ѡѡ</b>	<b>Ѡѡ</b>	<b>Ѡѡ</b>	<b>Ѡѡ</b>
fritŭ f [f]	fita θ/th/T/F [t/θ/f]	xērŭ x [x]	otŭ ō/w [o:]	tvrido otŭ tō/tw [to:]	šta št/sht/šch/shch [ʃt/ʃtʃ]	ci c [ts]	červ č/ch [tʃ]	ša š/sh [ʃ]	

<b>Ъъ</b>	<b>Ыы/Ыы</b>	<b>Ьь</b>	<b>Ѣѣ</b>	<b>Ѧѧ</b>	<b>Ѩѩ*</b>	<b>Ѫѫ*</b>	<b>Ѭѭ*</b>	
jerŭ ŭ/u: [ʌ]	jery y [y]	jerĭ ĭ/i: [ɪ]	jatĭ ě/je [jɛ]	ja ja [ja]	ęsŭ ę/e~ [ɛ̃]	qsŭ q/o~ [ɔ̃]	jęsŭ ję/je~ [jɛ̃]	jqsŭ jq/jo~ [jɔ̃]

<b>Ѧѧ</b>	<b>Ѩѩ*</b>	<b>Ѫѫ*</b>	<b>Ѭѭ*</b>	<b>Ѯѯ*</b>	<b>Ѱѱ*</b>	<b>Ѳѳ*</b>
ksi ks [ks]	psi ps [ps]	ižica ŭ/v [ɪ, y]	ju ju [ju]	je: je: [jɛ]	er " (silent)	(unknown) o (unknown)

\* - Rare or archaic forms or letters

\* - Used in interjections, esp. before vocatives

# The World's Oldest Gold Treasure



In the 1972 during excavations in Varna, Bulgaria, has found the oldest man made golden treasure in the world. It dates as far back as the 4-th millennium B.C. The treasure has found in the Varna necropolis. The common weight of the golden treasure is approximately 1.5 kg.



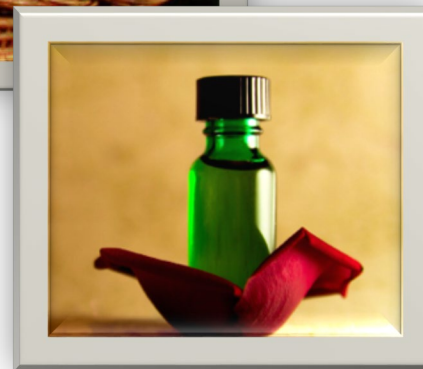
# The Bulgarian Yoghurt



The roots of production of Bulgarian yoghurt date as far back as the Thracian time, when sheep breeding was the main source of livelihood of the people.

Bulgarian yoghurt is produced from warmed milk that has endured lactic acid fermentation at 40-45C. The fermentation is caused by bacteria called "**Lactobacillus bulgaricus**," which are found only on the territory of Bulgaria and this is the reason our yoghurt to have such unique taste.

# The Land of Roses



- Bulgaria is known as The Land of Roses
- Bulgaria rose essential oil is produced in a valley called “**The Valley of Roses**”.
- Rose essential oil, or so-called “**rose otto**”, is produced by a water distillation process in copper stills.
- It may take 3 000 to 5 000 kg of flowers (**more than one million flowers!**) to produce **1 kg of rose oil**. A collector usually gathers 25 kg of blossoms a day.



- Bulgaria is the oldest documented wine producing region in the world. Archeology, folklore, and literature have left lots of evidence of vine planting and wine production on the Bulgarian territory since 6,500 years ago.
- The wine industry is the most competitive sector of the Bulgarian food industry. It consists of more than 350 cellars!

# Bulgaria in the UNESCO World Heritage List



The Monastery of Saint John of Rila is the largest and most famous Eastern Orthodox monastery in Bulgaria.

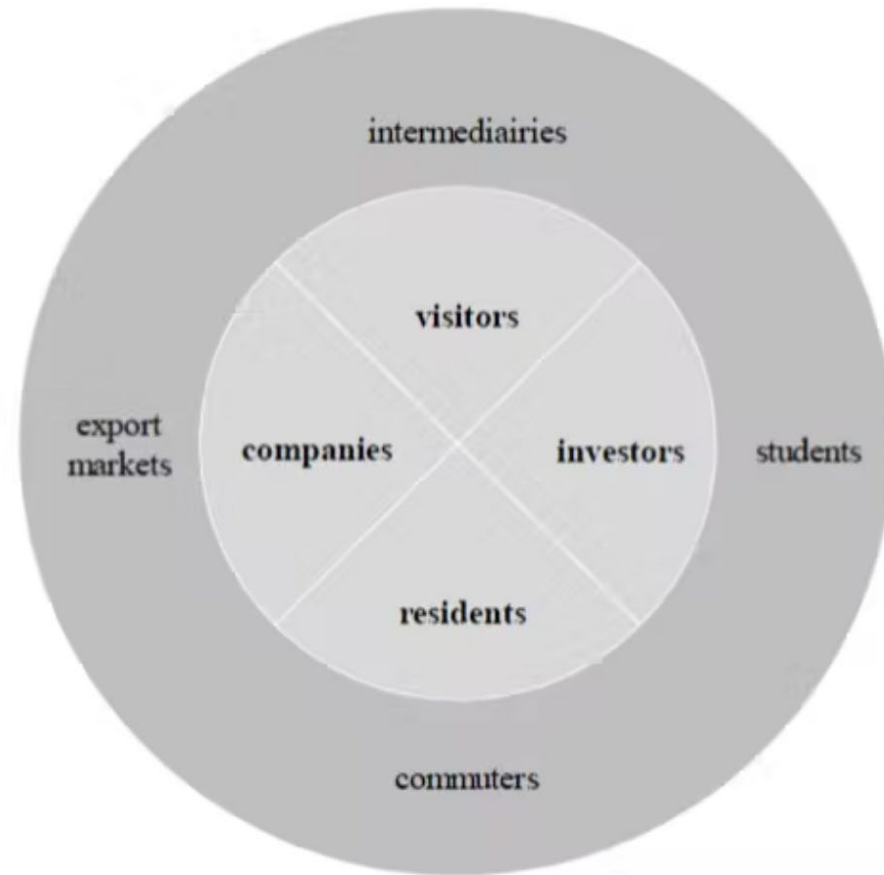
The cobbled streets of the old town of Nessebar, which sits on a promontory, are lined with ruins such as Byzantine-era fortifications and baths. The ruins of the 5th-century Church of St. Sofia include stone columns and large arched windows.

# City Marketing or Marketing of Cities?

- Marketing is a jigsaw piece in a larger marketing approach for the city: (1) advertise the city as having a competitive edge for investment to **stakeholders**; (2) create demand for inward investment.



# Who are the Stakeholders?



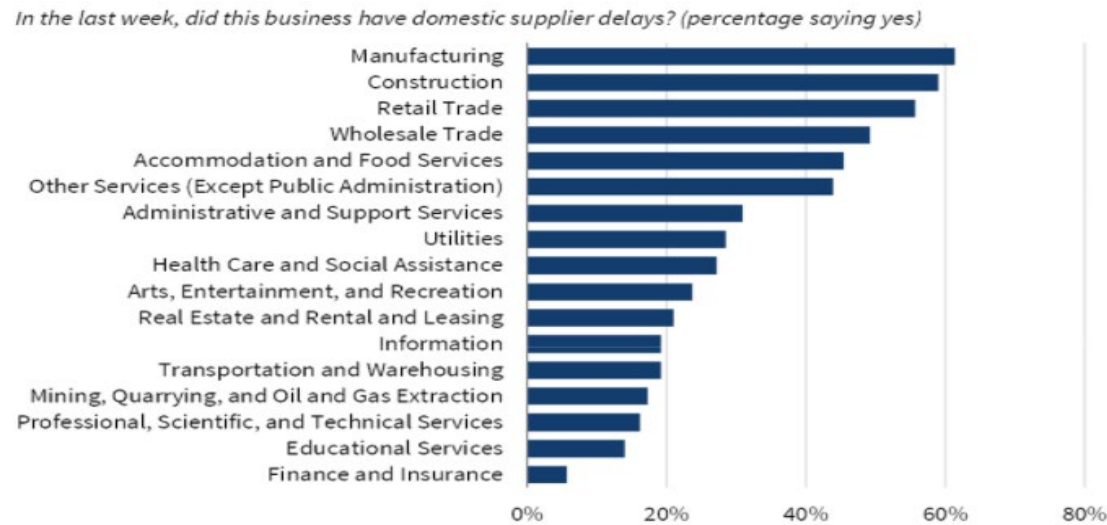
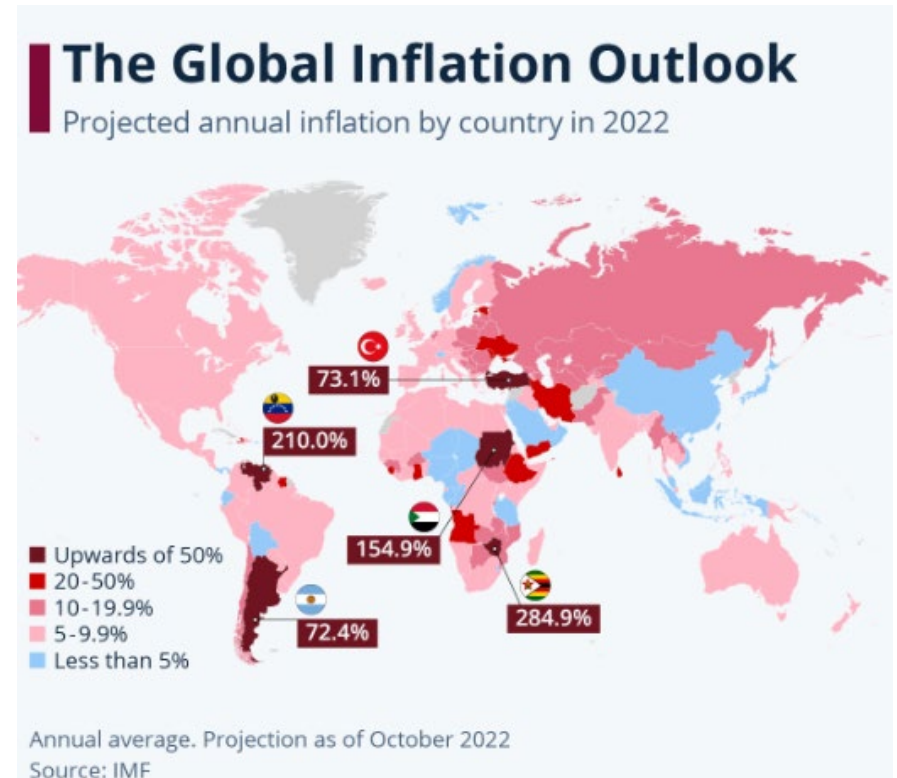
# Differences between City Marketing and Product Marketing

Parameter	Destination Brand	Product / Service Brand
Type of customers	Many ( residents / non residents / tourists / traders / governments	Generally a single group of customers
Expectations from the brand	Different customer groups have different expectations from the destination brand	Uniform expectations from the brand
Comparison with other brands	Difficult	Easy - as there could be direct substitutes for the product / service brand under consideration
Communication strategy	Different messages for different groups of customers	Same message for all groups of customers
Pricing strategy	Not relevant	Can develop a unique pricing strategy
Positioning strategy	Can develop on one or more aspect of the destination brand - tourism / trade / investments	Unique positioning strategy
Distribution Strategy	Use various channels to attract customers to the destination brand	Use various channels to sell and make available the product / service brand.
Association of the customer with the brand	Very long term (for all customer types - for traders and investors it would be for their financial association, for tourists the memories that are associated with the destination )	Length of association depends upon many marketing variables like product / service quality, competition, quality of substitutes, perceived necessity, product / service category etc.

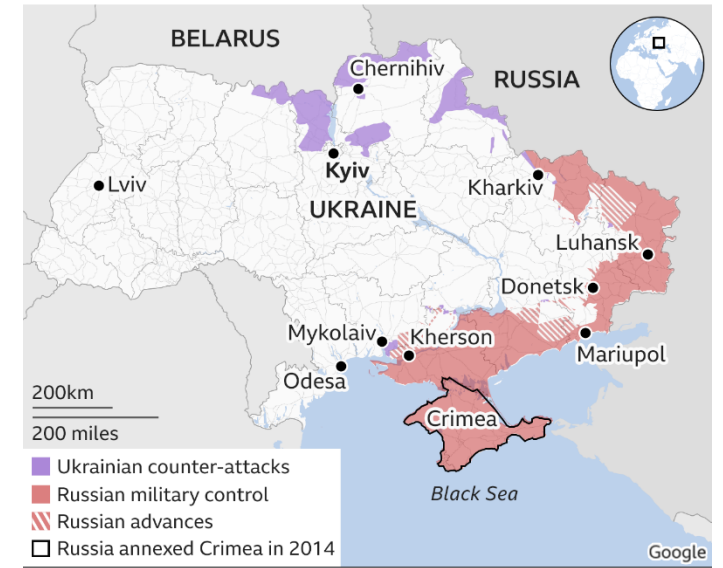
Speaking of city marketing, let's take a look at the landscape!



# Key Market Dynamics Affecting International Marketing



## How far have Russian troops advanced?

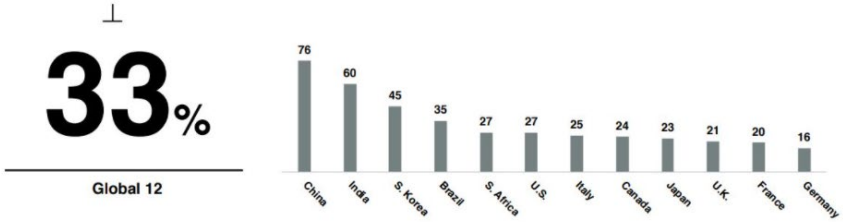


# Key Market Dynamics Affecting International Marketing

## 1 IN 3 HAVE ALREADY PUNISHED BRANDS THAT DID NOT RESPOND WELL

Percent who agree

I have convinced other people to stop using a brand that I felt was not acting appropriately in response to the pandemic



2020 Edelman Trust Barometer Special Report: Brands and the Coronavirus. Q2. Please indicate how much you agree or disagree with the following statements about brands and how they are responding to the current coronavirus pandemic. 9-point scale; top 4 box, agree. Question shown to those who have heard of the virus (Q11/1). 12-mlt avg. Data collected between March 23 and March 26, 2020.

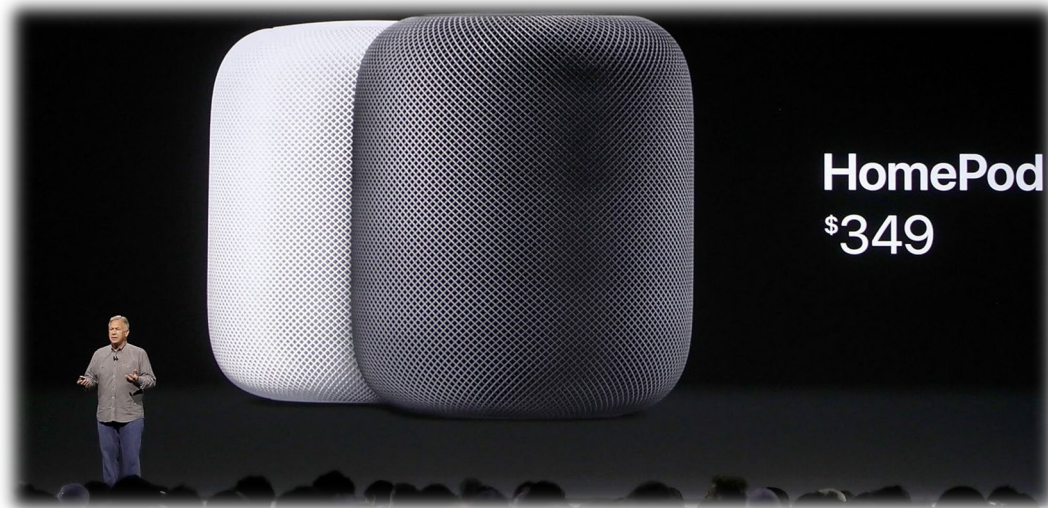


## Hybrid events will continue to rule the calendar



# Key Market Dynamics Affecting International Marketing

- Rapid technological developments (digital/mobile)
- Greater customer empowerment (price transparency)
- Search for **emotions/experience**
- Loss of credibility of traditional media
- Multiplication of offers/channels



# Key Market Dynamics Affecting International Marketing

**Savvy Customers:** Increasingly, consumers have become more experienced and more demanding.

**Economic downturns:**

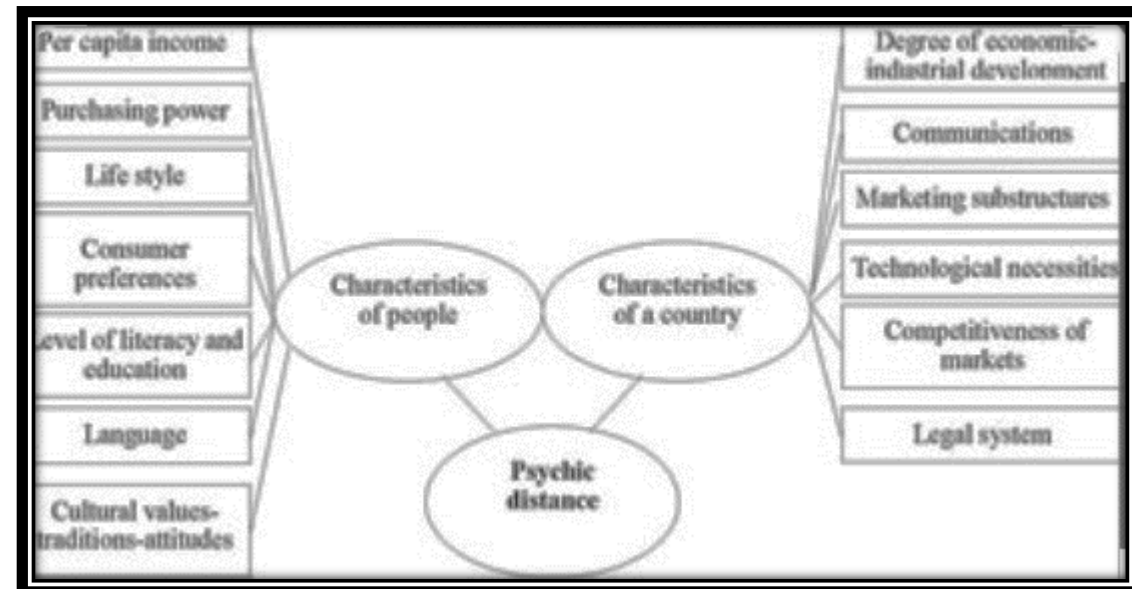
*-18 % of consumers reported that they had bought lower-priced brands of consumer packaged goods in the past 2 years.*

*-46 % of the switchers to less expensive products said “they found better performance than they expected”.*

*-34 % of the switchers said “they no longer preferred higher-priced products.”*

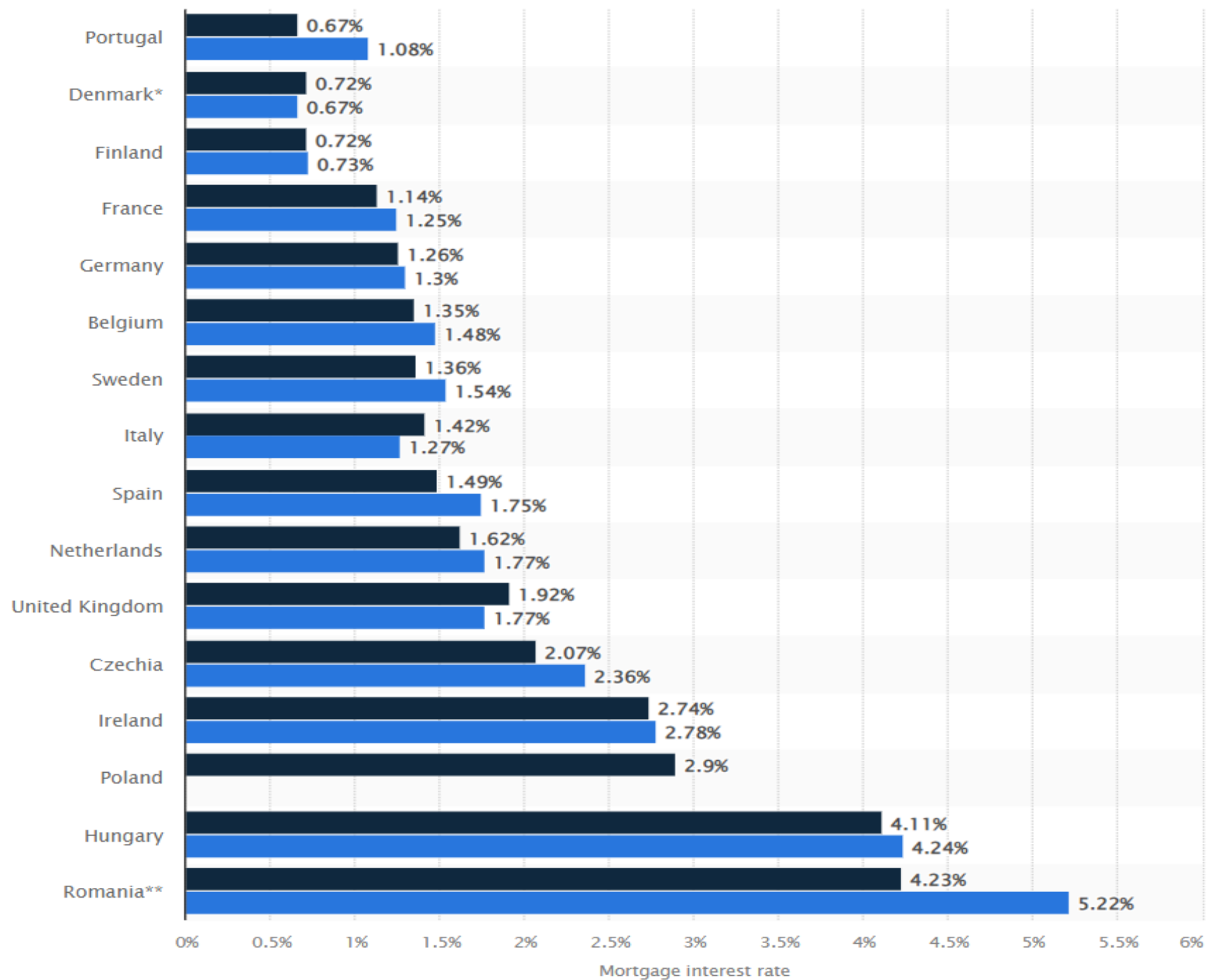
# Choosing a City for Investment in a Foreign Country

- Ranking of markets according to market potential of countries/regions
- Local competition
- Political risks
- Trade barriers
- Cultural/psychic 'distance' to potential market
- OTHER FACTORS ALSO APPLY?!?



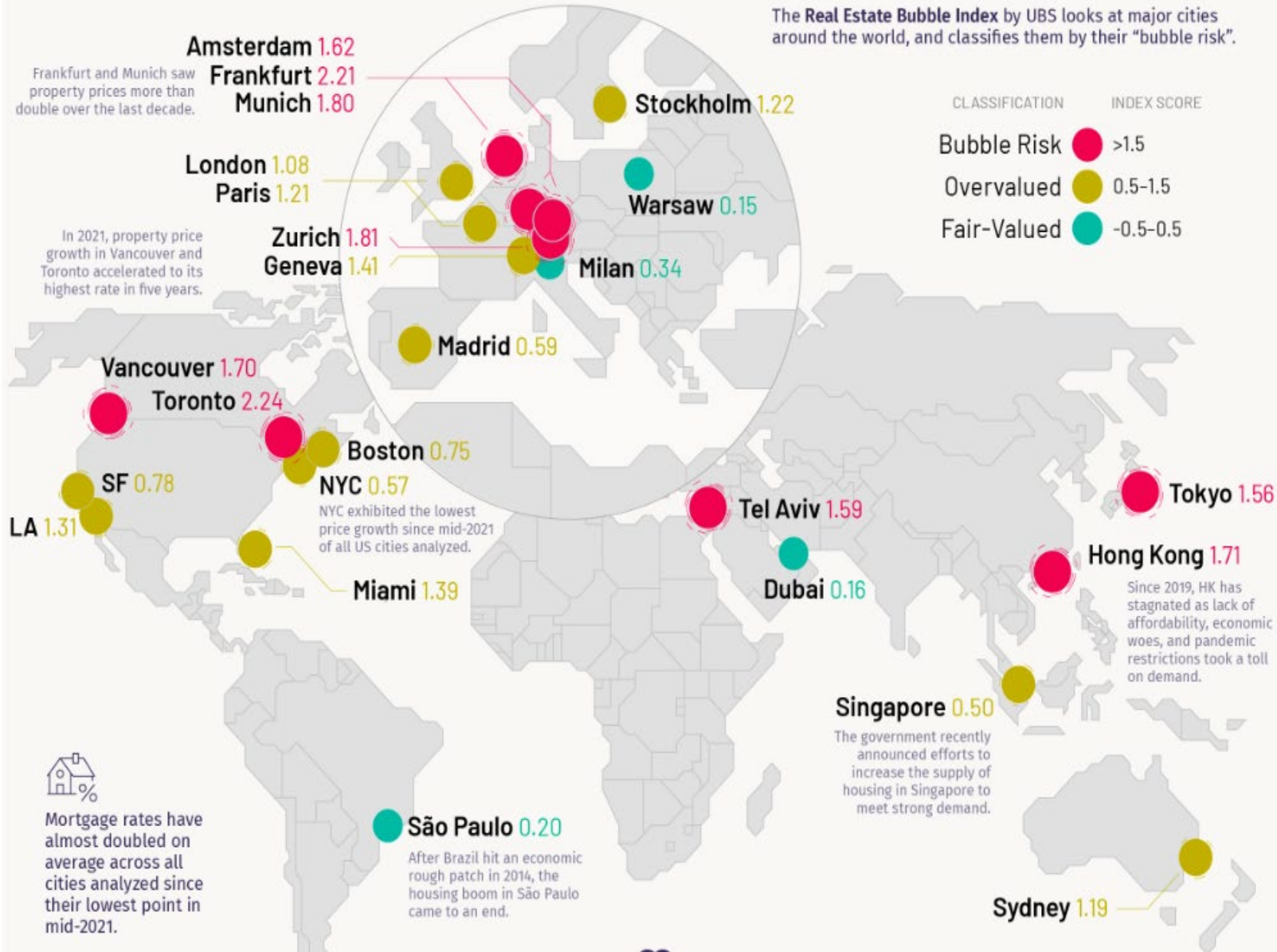
## Criteria included in the overall BERI index

- Political stability
- Economic growth
- Currency convertibility
- Labor cost/ productivity
- Short-term credit
- Long-term loans/venture capital
- Nationalization
- Monetary inflation
- Balance of payments
- Enforceability of contracts
- Bureaucratic delays
- Communications
- Local management
- Professional services



# REAL ESTATE BUBBLE RISK 2022

The Real Estate Bubble Index by UBS looks at major cities around the world, and classifies them by their "bubble risk".





The Wharton School of the University of  
Pennsylvania in consultation with U.S.  
News & World Report issues the “Best  
Countries Ranking”

Sept. 27, 2022

**Quality of Life (14.52%):** a good job market, affordable, economically stable, family friendly, income equality, politically stable, safe, well-developed public education system, well-developed public health system.

**Entrepreneurship (14.17%):** connected to the rest of the world, educated population, entrepreneurial, innovative, provides easy access to capital, skilled labor force, technological expertise, transparent business practices, well-developed infrastructure, well-developed digital infrastructure, well-developed legal framework.

**Agility (13.96%):** adaptable, dynamic, modern, progressive, responsive.

**Social Purpose (13.49%):** cares about human rights, cares about the environment, gender equality, religious freedom, respects property rights, trustworthy, well-distributed political power, racial equity, cares about animal rights, committed to climate goals, committed to social justice.

**Movers (10.57%):** different, distinctive, dynamic, unique.

**Cultural Influence (10.36%):** culturally significant in terms of entertainment, fashionable, happy, influential culture, strong consumer brands, modern, prestigious, trendy.

**Open for Business (9.35%):** cheap manufacturing costs, favorable tax environment, bureaucratic corrupt, transparent government practices.

**Adventure (5.48%):** friendly, fun, good for tourism, pleasant climate, scenic, sexy.

**Power (5.02%):** a leader, economically influential, strong exports, politically influential, strong international alliances, strong military.

**Heritage (3.09%):** culturally accessible, rich history, great food, many cultural attractions, many geographical attractions.



## Portugal

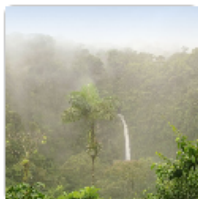
 #1 in Least Bureaucratic  
#26 in Best Countries Overall

Jutting into the Atlantic Ocean on the edge of the Iberian Peninsula and flanked by [Spain](#) to the east, Portugal [READ MORE »](#)

GDP  
**\$250 billion**

GDP PER CAPITA, PPP  
**\$35,888**

POPULATION  
**10.3 million**



## Costa Rica

 #2 in Least Bureaucratic  
#40 in Best Countries Overall

Located in the heart of Central America, Costa Rica has been one of the most politically and economically stable [READ MORE »](#)


GDP  
**\$64.3 billion**

GDP PER CAPITA, PPP  
**\$23,387**

POPULATION  
**5.14 million**



## Peru

 #3 in Least Bureaucratic  
#50 in Best Countries Overall

Peru is a nation whose [history](#) is as diverse as the peaks and valleys of its terrain. A strip of the Andes mountain [READ MORE »](#)


GDP  
**\$223 billion**

GDP PER CAPITA, PPP  
**\$13,895**

POPULATION  
**33.4 million**



## Finland

 #4 in Least Bureaucratic  
#15 in Best Countries Overall

Geography defines the history and culture of Nordic Finland, one of the most northern-reaching countries in the world [READ MORE »](#)

GDP  
**\$299 billion**

GDP PER CAPITA, PPP  
**\$55,007**

POPULATION  
**5.54 million**



## Chile

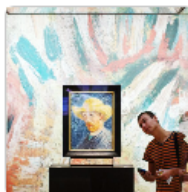
 #5 in Least Bureaucratic  
#49 in Best Countries Overall

Distance is one way to define Chile, a long, narrow country on South America's western coastline whose dramatic [READ MORE »](#)


GDP  
**\$317 billion**

GDP PER CAPITA, PPP  
**\$29,104**

POPULATION  
**19.2 million**



## Netherlands

 #6 in Least Bureaucratic  
#12 in Best Countries Overall

Situated along the fringes of Western Europe, the Netherlands is a coastal lowland freckled with windmills characteristic [READ MORE »](#)

GDP  
**\$1.02 trillion**

GDP PER CAPITA, PPP  
**\$63,767**

POPULATION  
**17.5 million**





The CAGE Distance Framework identifies Cultural, Administrative, Geographic and Economic differences or distances between countries that companies should address when crafting international strategies.

# Origins of City Marketing

- In the 1960's – Baltimore, US (city fairs, specialty shops, civic pride)
- In 1958, the Greater Baltimore Committee, a regional organization of business leaders, in cooperation with City Government, unveiled a report that called for the transformation of 22 acres in the heart of downtown Baltimore. To implement the plan, the City created a public-private corporation known as the Charles Center Management Corporation.
- 1980's – gained momentum in Europe

THE BALTIMORE SUN



# What is City Marketing and Why Do We Need It?

- Firstly – it attracts inward investment (building the image of the destination and the well being of communities);
- Secondly – promoting an area of the city for certain activities (living, consuming, entertainment)
- Thirdly – enhancing the city competitiveness (festivals)

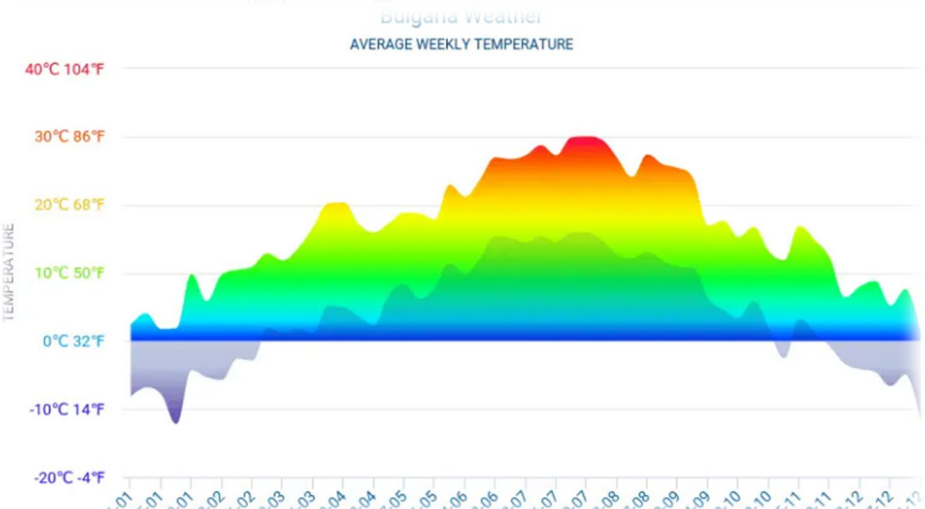
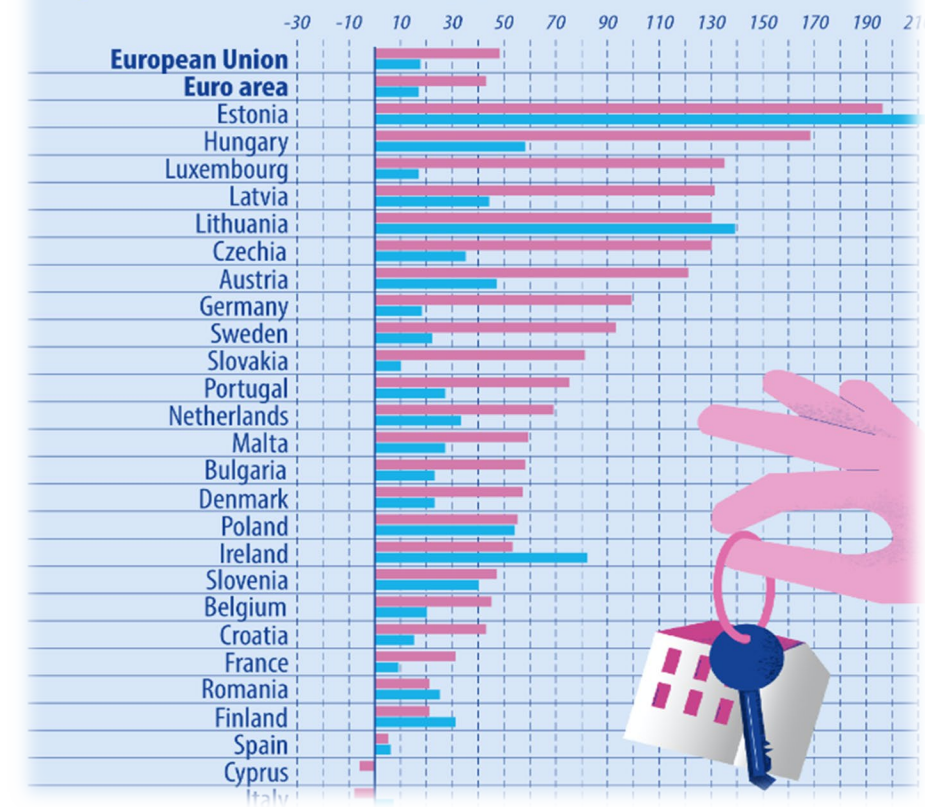
# Reasons to Select/Invest in a City?

- 1) National image
- 2) Geography
- 3) Economic reasons



## House prices and rents

Changes between 2010 and Q2 2022 (%)



# Determining Factors for City Marketing

- Management of city's image
- Tourism
- Investment and immigration
- Culture & Heritage
- People
- Security



*Baden-Baden, the 'Summer Capital of Europe', was patronised by the ruling and cultural elite of nineteenth century continental Europe. Located on the western edge of the Black Forest, it became one of Europe's largest and most fashionable spas with an unbroken tradition of using mineral water for healing from antiquity to the present*



# Policy Directions in City Marketing

- Service culture
- Routinized culture
- Innovative culture

## Marketing the City

The role of flagship developments in urban regeneration

Smyth, H.

# Social Effects

- Welfare of the local residents
- Preserving heritage
- Development of tourism resources
- Growth of modern urban culture (Singapore)
- Growth of population



*Singapore Changi Airport, famous for its indoor waterfall, is now an attraction in its own right,*

# Economic Effects

- Transforming the image of a city (entrepreneurship, attraction of service companies)
- New forms of economic development (Digital nomads in Portugal)
- Marketing networks (Varna Forum)
- Attraction of foreign investors
- Tourism

- **digital nomad visas** back in February 2021 the list consisted only of 21 countries that had these types of visas in place or in the works. That list has now expanded to **58 countries** and is still growing



- **Cost of program:** free
- **Length:** 1 year, but if you register a business like the Individual Entrepreneur scheme this can lead to permanent residency.
- **Income to prove:** \$2000 per month
- **Cost of living index:** 40.6 - (82 out of 140)
- **Internet fixed:** 25.37 Mbps Median - speedtest.net Feb 2023
- **Internet mobile:** 30.53 Mbps Median - speedtest.net Feb 2023

Number of Estimated #DigitalNomad Posts

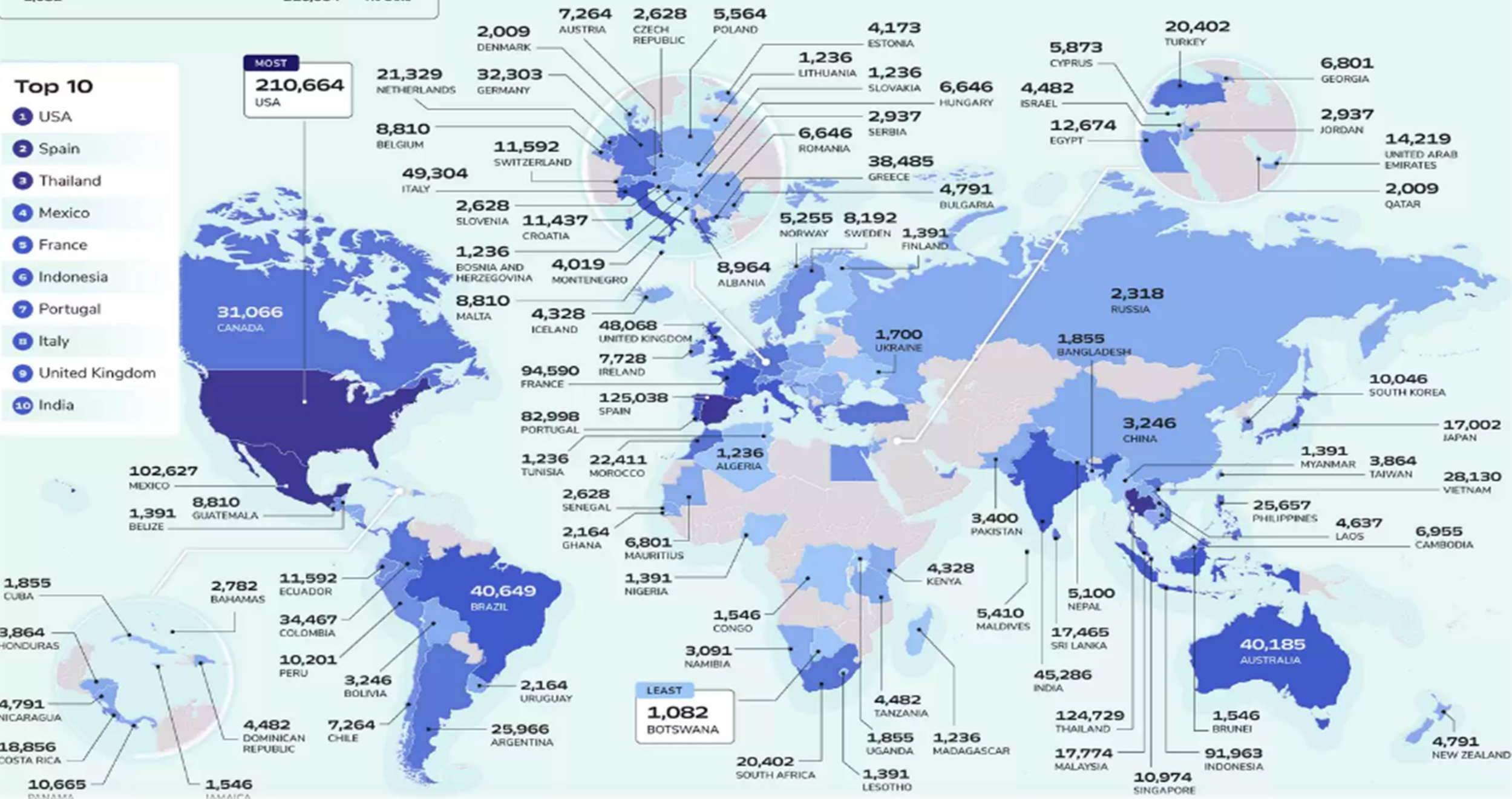
1,082 210,664 No Data

Top 10

- 1 USA
- 2 Spain
- 3 Thailand
- 4 Mexico
- 5 France
- 6 Indonesia
- 7 Portugal
- 8 Italy
- 9 United Kingdom
- 10 India

**MOST**  
210,664  
USA

**LEAST**  
1,082  
BOTSWANA



# Good Practices – Georgia, Bulgaria, Singapore

- Georgia ranks 26th in the 2022 Economic Freedom Index of the Heritage Foundation, and, according to Transparency International; Georgia has the lowest corruption rate in the region.
- Bulgaria markets itself as a country with flat tax rate! Industries in high-unemployment areas are granted 0% tax rate; highly skilled HR;
- Singapore - Over 25 Free Trade Agreement (FTAs) Over 90 Double Taxation Agreements (DTAs); the highest-ranking country in Asia in terms of quality of living and safety

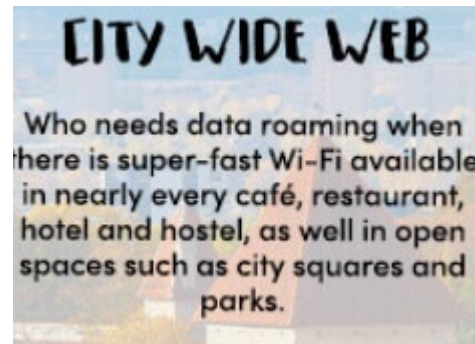


# Strategy – How to Get Started

1. Vision and mission (reasons for existence + future orientation)
2. Embrace your city's DNA (what you stand for)
3. Manage your city's perception



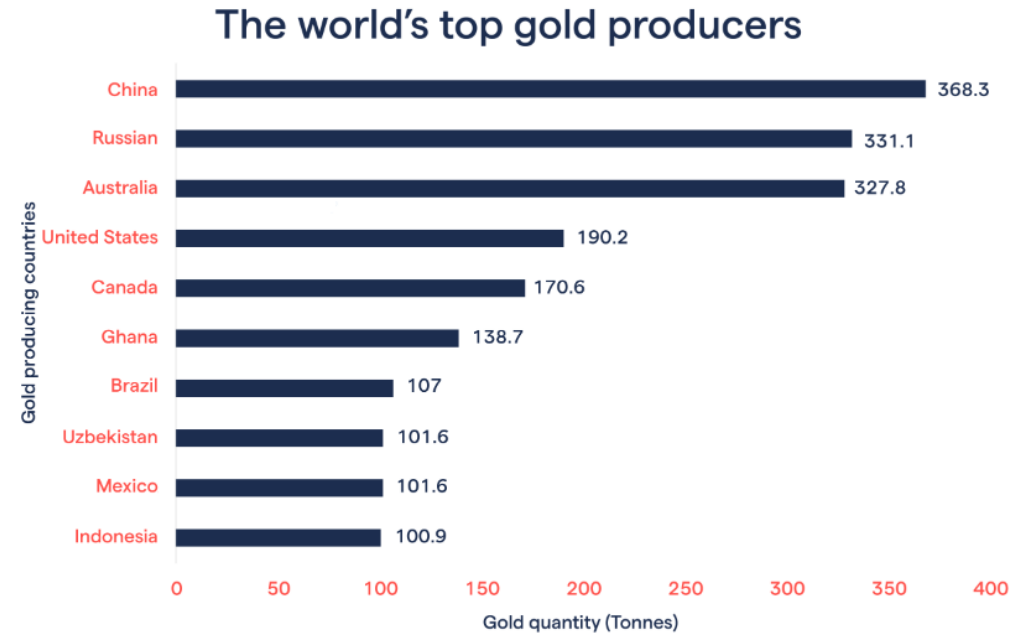
Dublin – home of tech giants



*Robots will deliver everything from shopping bags to internet purchases, pizzas and many other things, freeing us from wasting time and energy on such daily chores.*

# Tactics for City Marketing

- Devise a slogan
- Start with companies rather than tourists
- Respect local communities
- In the evolving landscape of international trade and geopolitics, the BRICS nations — Brazil, Russia, India, China, and South Africa — have garnered significant attention with their discussions about a potential common currency.



# What is your key take away from this session?

- Definition
- Meaning and use
- Stakeholders
- Importance
- I want to delve into it and learn more



# Doing Business in Bulgaria - Labor

Right/Protection	Details
National Minimum Wage	BGN 710 <sup>1</sup> (approximately €363,017)
Holiday	20 business days
Working Hours	Eight hours
Rest Periods	Each employee is entitled to a lunch break of at least 30 minutes, a rest of minimum 12 hours between the working days and a weekly rest of two consecutive days, one of which is Sunday. The non-working days and holidays are set by the law.
Pension Rights	<ul style="list-style-type: none"> <li>• Pension for periods of social insurance and old age ;</li> <li>• Early retirement pension;</li> <li>• Social old age pension.</li> </ul>
Maternity Leave / Pay	Paid maternity leave at 90% of the mother's salary is granted for up to 410 days, 45 of which should be taken during the last stage of pregnancy.

TRADING  
ECONOMICS

Calendar News Markets Indicators Countries Forecasts S

## Bulgaria Indicators

Overview GDP Labour Prices Health Money Trade Government Business Consumer Housing

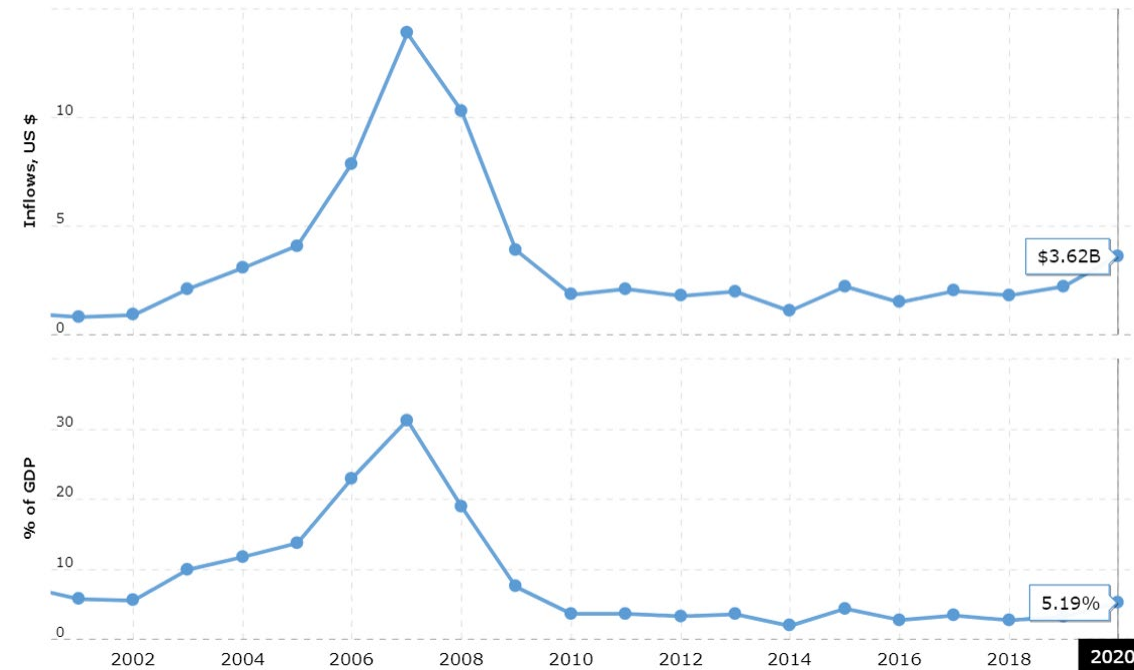
	Last	Previous		
<b>Unemployment Rate</b>	4.2	4.3	percent	Sep/22
<b>Employed Persons</b>	3121	3068	Thousand	Jun/22
<b>Unemployed Persons</b>	138	140	Thousand	Sep/22
<b>Long Term Unemployment Rate</b>	2.6	2.4	percent	Jun/22
<b>Youth Unemployment Rate</b>	14.1	13.8	percent	Sep/22
<b>Labour Costs</b>	175	174	points	Jun/22
<b>Job Vacancies</b>	21401	20782		Jun/22
<b>Wages</b>	1710	1708	BGN/Month	Jun/22

# Doing Business in Bulgaria – Taxation and FDI

- Corporate income tax at the rate of 10% is the core tax in Bulgaria.
- Bulgarian resident companies are subject to corporate income tax on their worldwide income. Non-residents are taxed only on Bulgarian-source income, i.e., income derived from activities conducted through a permanent establishment in the country and on income from Bulgarian sources.
- A tax credit or an exemption may apply under a tax treaty for foreign taxes paid. If no treaty relief is available, Bulgaria grants a unilateral domestic tax credit.
- Taxable income comprises accounting profits per the profit and loss account, as adjusted for tax purposes.
- Tax losses may be carried forward for five years to be offset against future taxable profits. The carryback of losses is not permitted.

VAT rates are as follows:

- 20% on all goods or services
- 9% on hotel accommodation
- 0% on intra-community and international transport



# Doing Business in Bulgaria – Corruption **32%** **16%** **44%**

OF PEOPLE THINK CORRUPTION INCREASED IN THE PREVIOUS 12 MONTHS

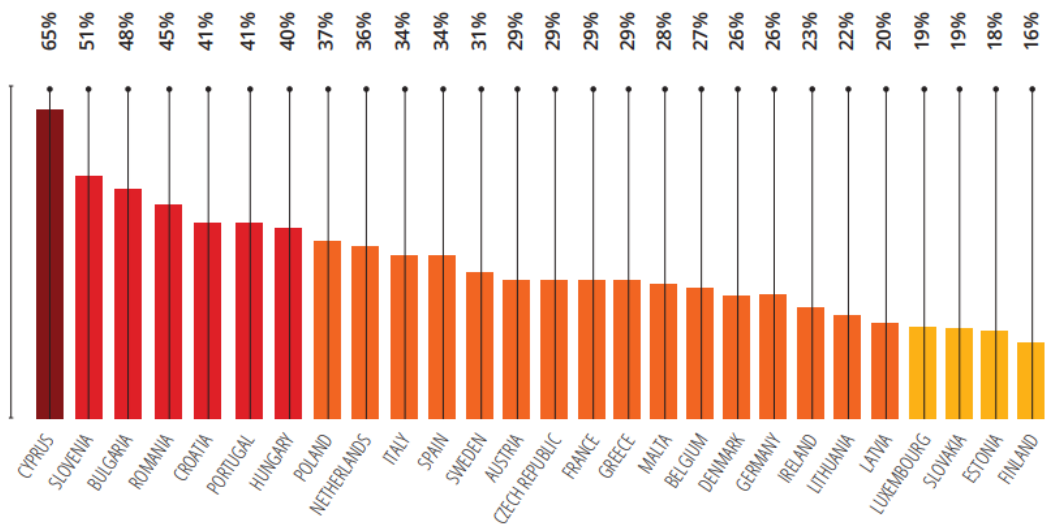
THINK CORRUPTION DECREASED

THINK CORRUPTION STAYED THE SAME

- GLOBAL CORRUPTION BAROMETER EUROPEAN UNION 2021 CITIZENS' VIEWS AND EXPERIENCES OF CORRUPTION

## CORRUPTION ON THE RISE, BY COUNTRY

Percentage of people who think corruption increased in the previous 12 months.<sup>3</sup>



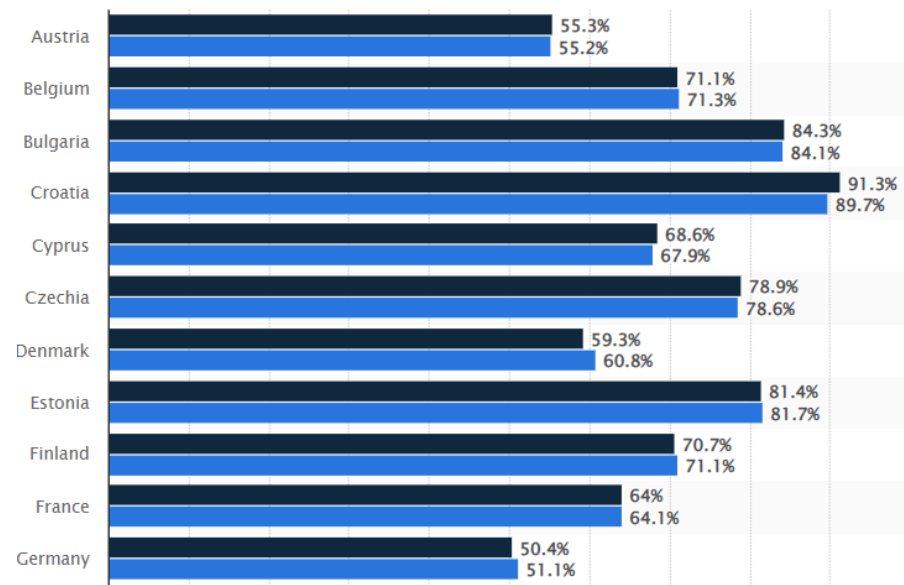
## GOVERNMENT PERFORMANCE AGAINST CORRUPTION, BY COUNTRY

Percentage of people who think their government is doing badly vs. well in tackling corruption.<sup>13</sup>

● Badly ● Well ● Don't know

# Doing Business in Bulgaria – Culture

- Public holidays – most in EU
- Bulgarians have a traditional outlook on family life. Many generations share a home and share responsibility for money and children.
- Home ownership.
- Initial meetings should be used as an introduction. The next meetings can then be used for more business focused discussions.
- Prejudices morphing (“German quality”)



Date	Day	Holiday
1 Jan	Sat	New Year's Day
3 Mar	Thu	Liberation Day
22 Apr	Fri	Orthodox Good Friday
23 Apr	Sat	Orthodox Easter Saturday
24 Apr	Sun	Orthodox Easter Sunday
25 Apr	Mon	Orthodox Easter Monday
1 May	Sun	Labour Day
2 May	Mon	Labour Day Holiday
6 May	Fri	Saint George's Day / Army Day
24 May	Tue	Culture and Literacy Day
6 Sep	Tue	Unification Day
22 Sep	Thu	Independence Day
1 Nov	Tue	Day of the Bulgarian Enlighteners *
24 Dec	Sat	Christmas Eve
25 Dec	Sun	Christmas Day
26 Dec	Mon	2nd Day of Christmas
27 Dec	Tue	Christmas Holiday



**THANK YOU  
FOR YOUR  
ATTENTION**