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The Six Biggest Mistakes in Economic Development Marketing

By Andy Levine

A CANDID LOOK AT “WORST PRACTICES” AND HOW TO AVOID THEM

It's often said that we learn more from our mistakes than our successes. An experienced place marketer looks closely at the current state of economic development marketing through the lens of the six common mistakes made by economic development groups. Beyond identifying these “worst practices,” the focus of the article is on how to build a best-in-class marketing program for your community and put in place an effective means of measuring success.

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THE YEAR OF
THE ECONOMIC
DEVELOPER

the six biggest mistakes

IN ECONOMIC DEVELOPMENT MARKETING

By Andy Levine

Let's call it "worst practices."

On the pages that follow, I've shared the six biggest mistakes in the field of economic development marketing, a specialized discipline that focuses on helping cities, regions, states and countries attract investment and build wealth. These common blunders have emerged from my own observations and those of my colleagues working with literally hundreds of places over the past 56 years since DCI was founded in 1960.

So let's take a close look at each "worst practice," one by one:

MISTAKE #1...SWIMMING IN THE SEA OF SAMENESS

With 39,000 municipal government units in the United States alone, the competition to attract investment, talent and tourists is intense. But most places fail to differentiate their offerings, choosing instead to vaguely tout their "quality of life," "exceptional workforce" or "pro-business attitude."

All strong economic development marketing programs start by answering two basic questions:

1. What makes our community different?
2. Why should our target audience care about this?

Here are a few examples of differentiation that are backed up by statistics and stand out as meaningful to the right audience of prospective investors:

- Warsaw, Indiana, is the orthopedics capital of the world. This mid-sized city of 14,000 residents has captured \$11 billion in annual sales – nearly one third of the world's overall orthopedic trade volume.

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- The state of New Jersey has more scientists and engineers per square mile than any other state in the country. The numbers have even been verified by Politifact's "Truth-o-Meter."
- San Marcos, Texas, markets itself as the fastest growing city in America. The Bureau of Labor Statistics backs up the claim for 2013, 2014 and 2015.
- Chattanooga, Tennessee, boasts the fastest internet access in America. For less than \$70 per month, businesses and consumers enjoy an ultrahigh-speed fiber-optic connection that transfers data at one gigabit per second. That is 50 times the average speed for the rest of the country.

These are all tangible examples of differentiation on a national scale. But what if you don't have a clear point of differentiation from the thousands of other communities across the USA? For many cities and counties it may help to think a bit smaller and establish what makes your community different within your state or region.

Regardless of how the competitive set is structured, a community needs to take a close look at itself and its competitors and determine what makes it different. Otherwise, you'll forever be lost in "a sea of sameness."

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A CANDID LOOK AT "WORST PRACTICES" AND HOW TO AVOID THEM

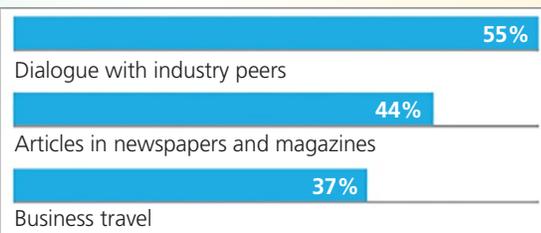
It's often said that we learn more from our mistakes than our successes. An experienced place marketer looks closely at the current state of economic development marketing through the lens of the six common mistakes made by economic development groups. Beyond identifying these "worst practices," the focus of the article is on how to build a best-in-class marketing program for your community and put in place an effective means of measuring success.

MISTAKE #2... SHOUTING RATHER THAN ENGAGING

The average person experiences 2,000+ marketing messages before they go to lunch each day. Most of these messages are simply tuned out and go unnoticed by the target audience. In today's marketplace of print, broadcast, online and out-of-home messages, there is so much shouting it's more difficult than ever to cut through the clutter.

Smart communities increasingly turn to credible third parties to tell their stories of success. The news media – everything from top business publications like *Fortune*, *The Economist* and *Forbes* to more specialized industry outlets like *Genetic Engineering News* and *Industry Week* to websites like *The Huffington Post* – can be powerful brand builders for communities. “Articles in newspapers and magazines” have consistently ranked among the leading sources of information influencing executive perceptions.

LEADING SOURCES OF INFORMATION INFLUENCING EXECUTIVE PERCEPTIONS OF AN AREA'S BUSINESS CLIMATE



DCI's "Winning Strategies in Economic Development Marketing" report, a survey of corporate executives that first started in 1996, has consistently found "dialogue with industry peers," "articles in newspapers and magazines," and "business travel" to be the top three sources of information influencing perceptions of an area's business climate.

The single most powerful media outlet for economic development organizations is *The Wall Street Journal*. A whopping 65 percent of executives surveyed within the "Winning Strategies" survey reported reading *The Journal* on a daily basis and 26 percent of those surveyed identified *WSJ.com* as their go to source for online information.

Equally powerful is an emerging breed of digital communication programs that recruits socially savvy local business executives and residents and then utilizes them as online ambassadors for their communities.

The Northwest Arkansas Council is a case in point. The economic development group successfully recruited more than 500 socially active business and community leaders to join the Northwest Arkansas Digital Ambassadors in November 2014. The group shows their support and enthusiasm for the region by sharing positive news, announcements and updates via their own social networks on Twitter, LinkedIn and Facebook. An email notification of relevant news and happenings combined

Great for business. Great for life.



How It Works

- Step 1**
Click on the "Sign Up" button and enter your information.
- Step 2**
Choose your preferred social networks.
- Step 3**
Share it by clicking "yes" in the emails that we will send with new content!
- Step 4**
Continue to share and show your support and enthusiasm for the region!

What is #NWAmbassadors?

The Northwest Arkansas Council Digital Ambassadors are a group of digitally and socially active area professionals, businesses and community leaders who show their support and enthusiasm for the Northwest Arkansas Region by sharing positive news, announcements, and updates via their social networks.

Thank you for your continued support of the Northwest Arkansas region!

The Northwest Arkansas Council has created a corps of 597 "Digital Ambassadors" who share the region's latest news and positive developments with their own social media followings on LinkedIn, Facebook, and Twitter accounts.

with a "Share Now" button makes the process easy to use for busy ambassadors.

According to Rob Smith, the Council's Communications Director, "We send out an average of 3-5 messages per month to our ambassadors and we normally get 30 percent – 40 percent of the group sharing these with their own social media networks. National rankings, relevant economic data and quality of life messages seem to have the highest engagement rates. It's been a very successful way to tell our story." Tampa, El Paso, Denver and Louisville are other innovators in the emerging "digital ambassador" space.

The key takeaway? What others say about your community is more important than what you say about yourself. Or as Chuck Alvey, a former economic developer from Reno, Nevada once quipped, "I guess the calf rarely brands itself."

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MISTAKE #3...VIEWING A NEW LOGO/TAGLINE AS A SILVER BULLET

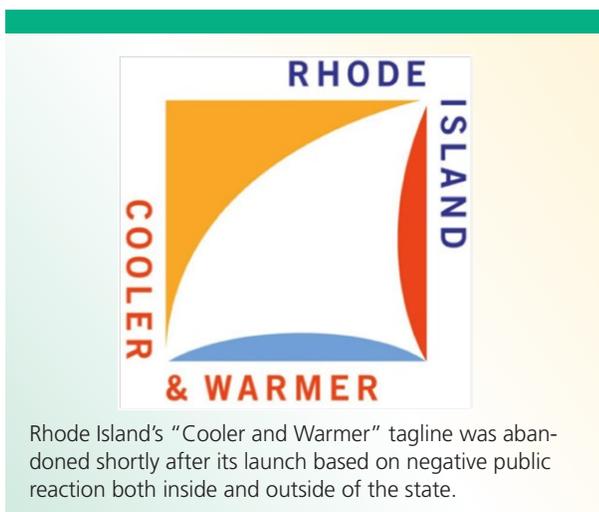
As an individual who has reviewed literally hundreds of brandmarks, logos and taglines, I have a strong opinion in this area. It's my view that far too many hours and financial resources are expended on developing a community's graphic representation. Public and private sector leaders endlessly debate dozens of creative options happily developed by advertising agencies at hourly billing rates.

I could point to dozens of gaffes, but I'll limit my comments to two high-profile branding disasters at the state level:

- Launched in 2013, "Florida: The Perfect Climate for Business" logo featured a bright orange tie in place of the "i" in Florida. The logo received an immediate backlash from women inside and outside of the state for its sexist interpretation of the corporate world. The logo was quietly discontinued in mid-2015.



- In March 2016, the Rhode Island Department of Commerce Corporation announced with great fanfare the introduction of a brandmark created by famed "I Love New York" graphic designer Milton Glaser. The "Cooler and Warmer" tagline mark was harshly ridiculed by residents on social media as well as by the local news media. The tagline was abandoned within a week. Rhode Island Governor Gina Raimondo announced "It's clear that people don't want that as our state's tag line, so we're not going to use it."



The two logos came at a cost \$380,000 and \$500,000 respectively.

Beyond the sizeable price tag often associated with branding work is a frequent desire to market a community's economic development and tourism amenities under one common brand (as was the case with the Rhode Island campaign). Public and private sector leaders view the "under one umbrella" approach to branding as more cohesive and efficient.

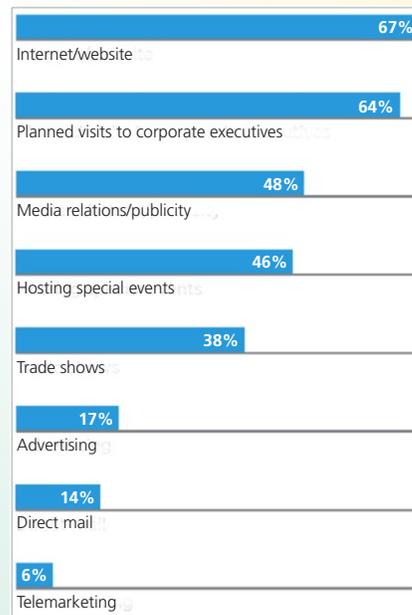
Here's the central challenge. In reality, the needs of the two target audiences – corporate executives with site selection responsibilities and potential leisure or convention visitors to a destination – are so dramatically different, it is next to impossible to develop a single brand that appeals to both. Our guidance to clients has always been to explore harmonious messages and complimentary graphic design rather than market two very different campaigns under one banner.

Don't get me wrong – the development of a powerful brandmark is not insignificant, but it is only one element of a successful campaign. How the brand and its key messages are communicated to the outside world is what really matters.

MISTAKE #4...DESIGNING YOUR WEBSITE AS AN INFORMATION-ONLY RESOURCE

Corporate executives now rate a community's website as the single most powerful marketing vehicle. The conventional wisdom has been to build a website that is a treasure trove of statistical information about your community.

MOST EFFECTIVE MARKETING TECHNIQUES FOR ECONOMIC DEVELOPMENT GROUPS



The "internet/website" is now considered the most effective marketing technique by corporate executives with site selection responsibilities.

(Source: Winning Strategies in Economic Development Marketing report, DCI)

But most economic development websites stop there, failing to recognize a site's value as a lead generation engine. And there are two very different paths to achieve this objective.

"Path A" uses an economic development website to provide an offer of customized content that a business executive can easily request by sharing his or her email address and/or contact information. This might include:

- Sharing a tailored list of comparable companies currently operating in your community;
- Presenting an overview of recent new business and expansion announcements within a prospect's specific sector; and
- Performing a cost comparison contrasting a company's current operating expenses with analogous costs in your community.

Still, a relatively small percentage of website visitors will take the time to request this information. And in many cases, they simply prefer to remain anonymous. Which brings us to "Path B."

Technology advances now allow ED groups to identify corporate visitors that are quietly reviewing information on an economic development website. They can now be recognized via a company's publicly available IP address. You won't know the name or title of the individual visitor. But you'll be able to identify companies that are giving your community a "look." And that's very valuable intelligence. It's the baseball equivalent of a batter knowing when a pitcher is about to throw the fastball.

Website visitors exhibiting "gold behavior," based on specific pages viewed (for example incentive information, detailed labor statistics or a property search section of an economic development website), the source location of their visit and/or overall time spent on your site, can be targeted for personalized email/telephone follow-up via an economic development group's business development team. In recent tests with four different economic development groups, the approach yielded lead conversion rates at three to four times the traditional "cold calling" approach.

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Smart economic development marketers look for every opportunity to connect with large and small corporations within their community via one-on-one meetings, LinkedIn connections and special events. Frankly, it's hard to think of a better use of time than staying close to your existing customers.

Some argue there is a "creepiness" or "stalker" factor to this new approach. Let me share two thoughts as a response to this concern. First, it all depends on how the information is used. Yes, if you were to call a prospective investor and say "At 2:37 pm yesterday someone from your company visited our website and looked at the following pages" that would be "creepy." But it is hard to imagine any business development professional taking such a direct approach. Secondly, it has become such common knowledge that website behavior is tracked (we've all had the experience of visiting a consumer website only to find specific product advertising show up on our Facebook account the next day), there is increasingly less concern about this practice.

MISTAKE #5...FAILURE TO CONNECT WITH EXISTING INVESTORS

There are so many benefits to fostering deep relationships with corporate leaders within your community. At the top of the list are the following:

- Existing investors are the singular source of expansion opportunities, which is the key to job creation in nearly all communities;
- Current companies can provide referrals to their own network of corporate contacts and business suppliers that can fuel new business opportunities;
- Finally, close relationships with a community's companies are the best way for an economic development group to build product knowledge, which is at the heart of all strong marketing programs and plays back to establishing a point of differentiation (see "Mistake #1, Swimming in the Sea of Sameness)."

Smart economic development marketers look for every opportunity to connect with large and small corporations within their community via one-on-one meetings, LinkedIn connections and special events. Frankly, it's hard to think of a better use of time than staying close to your existing customers.

MISTAKE #6: MEASUREMENT MALFUNCTION

In our experience working with literally hundreds of communities, we've seen both sides of the coin in the area of measurement.

On the one hand, some economic developers operate on "gut instinct" and do a terrible job measuring any meaningful aspect of their marketing program. On the

other hand, we've seen a smaller number of communities that create so many different metrics, it's hard for them to sort out what's important and what's unimportant.

My advice to our client communities is to identify the "vital few" – 3 to 5 marketing metrics that are critical to your success. Once adopted, it's important to do everything in your power to accurately measure them. While there is no "one size fits all," here are some of the common measures that we've seen adopted by a diverse set of economic development organizations:

- **Qualified Leads...** Potential investors that have been identified through your marketing activity, properly vetted by the business development team and are now being pursued as active projects.
- **Site Visits...** Companies and consultants that have visited your community on their own dime to explore locating a specific project.
- **Inquiries...** Prospective investors who "raise their hand" and demonstrate interest as a result of marketing activity.
- **Changes in Executive Perceptions...** Based upon perception studies of an economic development group's target audience (usually a mix of corporate executives from your target industries and site selection consultants). Surveys can measure change in perception over a period of time – usually a two or three year period. We frequently ask individuals to "rate their perception of a community's business climate on a scale of 1 to 5," where 1="poor" and 5="excellent."

- **Media Relations Results...** Number of news articles/broadcast results placed along with their audience reach, tone of each article and advertising equivalency.
- **Website Metrics...** Number of unique visitors and average time spent on the site are the most common measures. We strongly recommend measuring "gold behavior," a click path that indicates a genuine project need.

Intentionally excluded from these measures are "project wins," "capital investment" and "number of jobs created." Economic development marketing focuses on the top of the sales funnel – generating project opportunities – rather than securing these wins.

A final word on metrics from management author Robin S. Sharma: "What gets measured gets improved."

CONCLUSION

That's a summary of "worst practices" that I've seen over the years, with hopes that more cities, regions, states and countries will avoid these mistakes and successfully advance the economic well-being of their communities.



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