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WHY DO THE UNIVERSITY GRADUATES SETTLE DOWN IN THE UNIVERSITY TOWN? POTENTIAL IMPLICATIONS FOR CITY MARKETING -THE CASE OF CRACOW

Podstawą niniejszej pracy jest marketing terytorialny, będący koncepcją zarządzania jednostką samorządowo-terytorialną ukierunkowaną na zaspokojenie potrzeb klienta. W artykule podkreślono równocześnie, że jednym z kluczowych czynników rozwoju współczesnych miast jest kapitał ludzki. Ponadto autor pracy odwołuje się do publikacji naukowych z zakresu marketingu terytorialnego przedstawiając koncepcję rynków miasta, w ramach których miasta rywalizują między sobą o dostęp do niezbędnych czynników rozwojowych. Należy wspomnieć, że konkurencja ta ma obecnie wymiar globalny. Tym samym inwestorzy, nowi mieszkańcy oraz turyści (uznawani za główne rynki konkurowania miast) wybierają spośród miast położonych na całym świecie celem zaspokojenia własnych potrzeb. W niniejszej pracy szczególnie podkreślona została rola studentów jako potencjalnego źródła nowych mieszkańców dla miasta. W kolejnych częściach artykułu przedstawione zostały wnioski z badań przeprowadzonych pod nadzorem autora w roku 2011 na licznej próbie studentów Uniwersytetu Ekonomicznego w Krakowie. Celem wskazanego projektu badawczego była identyfikacja czynników zwiększających atrakcyjność miasta dla osiedlania się w nim absolwentów lokalnych uczelni wyższych. W ramach projektu studenci odpowiadali na pytania dotyczące m.in. osobistych planów związanych z przyszłym miejscem zamieszkania po zakończeniu studiów oraz czynników skłaniających do pozostania w mieście po ukończeniu studiów.

słowa kluczowe: marketing miasta, studenci jako grupa docelowa w marketingu miasta, pozyskiwanie absolwentów jako nowych mieszkańców miast akademickich

Introduction

Since their introduction the universities have drawn attention of societies as places of outstanding significance for science and education. For hundreds of years universities have been source of pride for rulers and whole countries. Since the medieval times, the number of universities has risen tremendously, however the most significant change regarding the universities has been a sky-rocketing rise in the number of students. Nowadays studying is not as exclusive as it used to be even one hundred years ago. Therefore the majority of big cities in Europe host at least one university level education entity. In Poland for example one may study in every of the 39 cities with population of at least 100 000¹. The intention of this paper is to reflect the importance of students as one of the key clients of a modern day big city. Therefore the author adapts a marketing point of view to underline that university graduates, as potential source of new

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¹ In Poland there have been 39 cities inhabited by at least 100 000 people on 31st December 2010.

inhabitants, play a vital role in the city development. This situation results from the significance of human capital in the modern day market economy and from the importance of employed inhabitants for the level of consumption in the city and tax revenues of the city. Nevertheless, the cities are forced to compete for resources necessary for their development. This competition has reached a global range at the end of the 20th century, forcing city authorities to compete for new investors and tourists. The author of this paper points out that students must also be considered as key source of new inhabitants and satisfying the needs of graduates may lead to a rise in the human capital level of a city.

Place marketing as implication of growing intercity competition

Marketing has long been regarded as a concept and / or a set of tools reflecting mainly if not only the needs of business organizations. Nowadays the notion of marketing is defined in a broader way. American Marketing Association defines marketing as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large"². One of the breakthrough theoretical publications suggesting implementation of the marketing point of view and tools in nonbusiness organizations was a 1969 paper by Ph.Kotler and S.J.Levy³, where the authors concluded that "all organizations must develop appropriate products to serve their sundry consuming groups and must use modern tools of communication to reach their consuming publics" and that "the choice facing those who manage nonbusiness organizations is not whether to market or not to market, for no organization can avoid marketing". Today it is widely accepted in the scientific literature that cities, regions or generally places are specific entities that meet rising competition for the necessary development resources. The development of place marketing in the recent two decades seems to result from the growing competition between places. S. V. Ward points out a political source of this fact, underlining that "the collapse of Communism (...) has signalled the comprehensive entry of the cities and nations of eastern Europe into the place marketing 'game' "5. The second crucial source of the growing competition is globalization, allowing stakeholders such as e.g. investors and tourists to choose from locations (for new plants or leisure) all over the world⁶.

² The definition approved by the American Marketing Association Board of Directors in October 2007. downloaded on 17th March 2013 from: http://www.marketingpower.com/AboutAMA/Pages/DefinitionofMarketing.aspx

³ Ph. Kotler, S.J. Levy, Broadening the Concept of Marketing, "Journal of Marketing", vol. 38, January 1969, p. 15. The point of view underlining the significance of this article for the theory of place marketing is shared e.g. by: A. Szromnik, Marketing komunalny – rynkowa koncepcja zarządzania gminą, "Samorząd Terytorialny", 1996, nr 3, p. 6.

⁴ As one may find numerous examples of books on the subject, only the selected ones from USA, Spain and Poland have been listed in the cited literature of this paper.

⁵ S. V. Ward, Selling places. The marketing and promotion of towns and cities 1850-2000, Spon Press, London and New York 1998, p. 1.

⁶ Ph. Kotler, Places need place marketing!, [in:] Marketing and globalization, ed. by J.Ďad'o, J.W.Wiktor, Cracow University of Economics & Matej Bel University, Cracow – Banská Bystrica 2000, p. 13.

According to Ph. Kotler, D. H. Haider and I. Rein⁷ "the challenge of place marketing is to strengthen the capacity of communities and regions to adapt to the changing marketplace, seize opportunities, and sustain their vitality". A definition of place marketing emphasizing more the significance of meeting the stakeholders' needs was presented by A. Szromnik who suggested that: "place marketing is a philosophy of achieving the desired goals by territorial units while competing for scarce resources. based on the assumption that the appropriate client-partner orientation has a decisive influence on the results achieved⁸.

Students as a city's target market

Taking the above mentioned into account, it is very important to highlight the main "consuming groups" or "clients" of the city. Undoubtedly inhabitants are the most important of the groups and meeting their needs allows meeting the needs of other stakeholders. It is so, as the people who live in the city are potential workers in start-ups and existing business, are employed in the hospitality industry, pay city taxes, consume and therefore significantly affect the city's economy. Satisfying the needs of citizens is directly related with city development, defined as socio-economic development and thus not limited to GDP growth. As the city development is the major goal for every community, therefore it is crucial for the city authorities to define other groups of clients forming the city's target markets.

The city's target markets depend on its size, characteristics and role the city plays in the economy, at local, regional, national and international levels. Certain cities draw attention of tourists, while others concentrate on hosting fairs, business outsourcing or attract industry start-ups. Ph. Kotler, D. H. Haider and I. Rein⁹ grouped all the potential target markets into five groups, namely:

- goods and service producers,
- corporate headquarters and regional offices,
- outside investment and export markets,
- tourism and hospitality business,
- new residents.

A Spanish language author V. de Elizagarate¹⁰ lists six segments of clients for the differentiation marketing strategy of a city, including:

- residing citizens,
- potential residents,
- tourists and visitors,
- business tourists (within MICE sector),
- companies,
- public and private investors.

⁷ Ph. Kotler, D. H. Haider, I. Rein, Marketing places: Attracting Investment, Industry, and Tourism to Cities, States, and Nations, The Free Press, New York 1993, p. 18.

8 A. Szromnik, Marketing terytorialny – Miasto i region na rynku – wydanie IV poszerzone, Wolters Kluwer

business, Warszawa 2012, p. 28. (Polish-English translation for this paper by S. Brańka)

Ph. Kotler, D. H. Haider, I. Rein, op. cit., p. 20.

¹⁰ V. de Elizagarate, Marketing de Ciudades, 2a edición, Ediciones Pirámide, Madrid 2008, p. 95. (Spanish-English translation for this paper by S. Brańka)

One may also find more complex perspectives listing even eleven potential consumer groups of the city's product¹¹, where among eleven potential markets of a city (region): potential market of highly skilled workers, market of residents and market of migrants have been included.

All of the above mentioned perspectives of city markets differ in number of marketing target groups. They all, however, reflect the two vital factors of the city development: human capital and financial capital (of enterprises and households). The major interrelations in a city, including the role of residents and financial flows have been introduced in figure 1 below. The educated, highly skilled residents play a pivotal role for the city development as employees of local enterprises and employees of city hall and its agendas. At the same time they are a factor attracting outside investors as their future employees. From the financial perspective the residents create the demand for goods and services offered by the authorities and local enterprises, and thus secure employment in theses entities. Furthermore the residents secure the city authorities' revenues by paying taxes and consuming the products offered.

The concept of target markets is directly linked with the concept of city development and the resources enabling the community's satisfaction and the city's growth. A modern concept on the city economic growth that deserves mentioning in this context is R. Florida's Creative Capital theory, stating that "regional growth comes from the 3 T's of economic development, and to spur innovation and economic growth a region must emphasize all three". The three mentioned factors are:

- Technology;
- Talent:
- Tolerance.

The cited author defines Talent as "those with a bachelor's degree and above" and states that "today, it is the ability to attract human capital or talent that creates regional advantage: Those that have the talent win, those that do not lose" 14.

Recapitulating the above mentioned concepts of city's target markets, all of them list current residents, future residents or both as a city development resource. Neither of them however highlights separately the role of students as potential residents of the city. The role of students, and especially full-time students¹⁵, for the city's economy is similar to the role of other residents. The difference is that they are usually dedicated to studying and do not work full time during the studies. They are however regarded by investors as a potential source of future employees. Therefore for the cities that are important points on the academic map of a certain region, or country, their students are a remarkably important source of human capital and city authorities should be dedicated to retain the students by satisfying their needs. Adoption of R. Florida's perspective on "Talent" as one of the key development factors implies the identification of the key factors influencing a graduate's decision on settling down in the city. As the

¹⁴ R. Florida, op. cit., p. 50.

¹¹ A. Szromnik, Marketing terytorialny – Miasto i region na rynku – wydanie IV poszerzone, op. cit., pp. 312-313.

¹² R. Florida, Cities and the Creative Class, Routledge, New York – London 2005, s. 39.

¹³ R. Florida, op. cit., p. 37.

¹⁵ i.e. those who live in the city of studies or in its proximity and are not full-time employed at the same time.

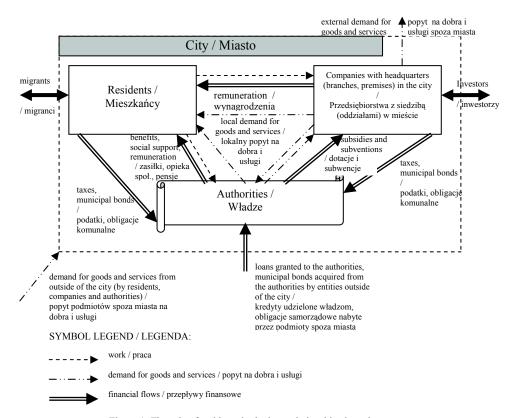


Figure 1. The role of residents in the interrelationships in a city Rys. 1. Rola mieszkańców we wzajemnych powiązaniach

Source: own elaboration, first published in Polish language in: S. Brańka, Mieszkańcy jako adresat działań marketingowych władz samorządowych, [in:] "Studia Ekonomiczne i Regionalne": Numer 1, Tom IV, Rok 2011, Wydawnictwo Państwowej Szkoły Wyższej w Białej Podlaskiej, Biała Podlaska 2011, pp. 55-62. Źródło: opracowanie własne, opublikowane pierwotnie w: S. Brańka, Mieszkańcy jako adresat działań marketingowych władz samorządowych, [in:] "Studia Ekonomiczne i Regionalne": Numer 1, Tom IV, Rok 2011, Wydawnictwo Państwowej Szkoły Wyższej w Białej Podlaskiej, Biała Podlaska 2011, ss. 55-62.

cited author points it: "What are the primary factors that shape the location decisions of creative workers or talent? Traditionally, market factors such as the availability of jobs or careers have been thought to dominate these decisions. They obviously remain important, but what role do place-based factors such as lifestyle, environmental quality, and amenities now play in these choices?¹⁶",

¹⁶ R. Florida, op. cit., p. 50.

Students of Cracow University of Economics on the place of their residence after the graduation - conclusions from a survey

In order to identify the factors influencing a graduate's decision on the place of residence a survey has been made under supervision of the author of this article. The surveyed has been conducted among 633 full-time students of Cracow University of Economics. The Cracow University of Economics is the third largest university in Cracow with more than 20 000 students (both full and part-time). The survey was conducted in June 2011. The sample selection was: simple systematic random selection. In the year 2011 there have been 11 120 full-time students studying at the Cracow University of Economics¹⁷. The survey covered only those students, who did not live in the city before enrolling for the studies in Cracow.

In order to identify the factors, the surveyed students have been asked to point five vital factors influencing the student's decision on choosing the city to settle down. The question was of a close-ended format and the student has had eleven options to choose from (they have been presented in table 1). In case, the listed answers were not exhaustive enough, the students could have chosen an option "other" and formulate an answer different from the eleven suggested ones. Table 1 presents the total number of surveyed students, who picked particular option (factor). It is worth underlining that only 28 people (i.e. 4,4 % of the surveyed) suggested their own answer, thus the selected eleven options may be considered exhaustive.

Table. 1 Vital factors influencing the student's decision on choosing the city to settle down after university graduation – number and percentage of total indications

Tabela 1. Kluczowe czynniki wpływające na decyzję studenta o wyborze miejsca osiedlenia się po zakończeniu studiów – liczba i odsetek wszystkich wskazań

Factor's name [and factor's code]/	Number of surveyed students that indicated	As % of all surveyed		
1 actor 3 name [and factor 3 code]/	the factor	students		
/Nazwa czynnika [oraz kod czynnika]	Liczba ankietowanych	Jako odsetek		
	studentów, którzy	wszystkich		
	wskazali czynnik	ankietowanych		
Possibility of easily finding a satisfactory job in the city [C] /				
Możliwość łatwego zdobycia satysfakcjonującej pracy w danym				
mieście [C]	557	88,0%		
Higher level of salaries comparing to other cities [D] / Wyższy niż				
w innych miastach poziom płac [D]	429	67,8%		
City's atmosphere [F] / Atmosfera miasta [F]	411	64,9%		
Family members as inhabitants of the city[A] / Posiadanie rodziny				
w danym mieście [A]	352	55,6%		
Possibility of buying / renting an apartment at a decent price [E] /				
Możliwość zakupu / wynajmu mieszkania w korzystnej cenie [E]	344	54,3%		
Graduation from university in the city [B] / Ukończenie studiów				
w danym mieście [B]	220	34,8%		
Access to developed entertainment infrastructure in the city [K] /				
Dostęp do rozwiniętej infrastruktury rozrywkowej w danym				
mieście [K]	164	25,9%		

¹⁷ Raport o stanie miasta 2011, Urząd Miasta Krakowa – Wydział Strategii i Rozwoju Miasta, Kraków 2012, p. 106. za: http://www.bip.krakow.pl/zalaczniki/dokumenty/n/97139/karta

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Good public transportation in the city [H] / Dobre funkcjonowanie		
komunikacji miejskiej w danym mieście [H]	159	25,1%
Access to developed cultural infrastructure in the city [J] / Dostęp		
do rozwiniętej infrastruktury kulturalnej w danym mieście [J]	140	22,1%
Access to significant number of green areas and parks in the city		
[G] / Dostęp do licznych terenów zielonych w danym mieście [G]	111	17,5%
Access to developed shopping infrastructure in the city [I] /		
Dostęp do rozwiniętej infrastruktury handlowej w danym mieście		
	92	14,5%
Other [L] / Inne [L]	28	4,4%

Source: Own elaboration based on own research survey, N=633, the percentages do not sum to 100, as the surveyed students could have indicated up to 5 answers.

Źródło: Opracowanie własne na podstawie własnych badań, N=633, odsetki nie sumują się do 100 gdyż ankietowani studenci mogli wskazać do 5 odpowiedzi.

As one may see in table 1 the two most important factors for students were related to their future workplace. Nearly 9 in 10 surveyed students (88%) indicated "Possibility of easily finding a satisfactory job in the city" as a factor influencing the choice between cities. Second most popular factor was "Higher level of salaries comparing to other cities" (67,8%). It is worth underlining that the third most popular factor was "city's atmosphere", a notion that unlike the previously mentioned factors does not have any financial associations. Neither does it directly reflect the standard of living. It is a broader notion related to the city image, but assuming a positive personal perception of the city.

Recapitulating the above mentioned, the surveyed students indicated 5 major factors:

- 1. Number of attractive jobs / employers
- 2. High salaries relatively to other cities
- 3. City's atmosphere
- 4. Family members living in the city
- 5. Affordable real estate

The surveyed students were asked not only to list maximum five vital factors, but were also asked to rank them form 1 – most important to 5 least important. Not all the students however pointed all 5 factors. This perspective has been introduced in table 2.

Referring to table 2, among the factors ranked as 1, the most popular was C with 46% indications. Among the factors ranked as 2, the most popular ones were: D (28%) and C (27%). The main differences between perspectives used in tables 1 and 2 are:

- The role of factor A (family) indicated by more than half of the population (see table 1), but never being the most popular in any rank (see table 2);
- The role of Factor B, that was the sixth in terms of total indications (by 220 people), but never was it the most popular in any of the ranks.

Table 2. Vital factors influencing the student's decision on choosing the city to settle down after university graduation - percentage distribution of factors in each of the 5 ranks indicated by the surveyed students Tabela 2. Kluczowe czynniki wpływające na decyzję studenta o wyborze miejsca osiedlenia się po zakończeniu studiów – procentowy rozkład wskazanych czynników w obrębie każdej z 5 rang wskazanych przez respondentów

Pried respondente.												
Summary number of all		Code of the factor / Kod czynnika										
answers within the given rank / Łączna liczba wszystkich odpowiedzi w obrębie każdej z rang	A	В	C	D	E	Ā	Ð	Н	I	J	K	Т
Rank 1 / Ranga 1: 631	21%	%8	46%	12%	2%	%9	%0	%0	%0	%0	%0	%1
Rank 2 / Ranga 2: 627	%8	%8	27%	28%	12%	10%	1%	2%	1%	1%	2%	%0
Rank 3 / Ranga 3: 630	11%	%9	10%	15%	21%	17%	4%	%\$	3%	4%	4%	%0
Rank 4 / Ranga 4: 585	%8	%6	4%	10%	11%	19%	%L	%6	%9	%6	%L	%1
Rank 5 / Ranga 5: 534	10%	2%	2%	4%	7%	16%	7%	11%	7%	10%	16%	2%

N=633 (surveyed students / wszyscy responenci), N-631 (Factors ranked as 1 / czynniki oznaczone ranga 1), N=627 (factors ranked as 2 / czynniki oznaczone rangą 2), N=630 (factors ranked as 3 / czynniki oznaczone ranga 3), N=585 (Factors ranked as 4 / czynniki oznaczone ranga 4), N= 534 (factors ranked as 5 / czynniki oznaczone rangą 5). The percentages sum to 100 within each rank / Odsetki sumują się do 100 w obrębie każdej z rang. The legend for the codes (A to L) has been included in table 1 in the brackets / Legenda do kodów (od A do L) znajduje się w tabeli 1 w nawiasach.

Summarizing the presented data, despite the used perspective i.e. number of total indications of a given factor and number of ranks attached to a given factor, the two most important factors influencing the future place of residence after graduation were work / finance related factors i.e.

- Factor C Possibility of easily finding a satisfactory job in the city;
- Factor D Higher level of salaries comparing to other cities.

Thus, the availability of work and high salaries seem to be the most important factors defining the attractiveness of a city as place to settle down after graduation for the surveyed students. Just the opposite conclusion may be found in R. Florida's "Cities and the Creative Class", where the author refers to an American survey¹⁸ stating that: "a 2002 survey of four thousand recent college graduates reported in the Wall Street Journal found that three-quarters of them identified location as more important than the availability of a job when selecting a place to live". An explanation of this contradiction

¹⁸ R. Florida, op. cit., p. 25.

may lay in the differences between the economies of United States and Poland. Although Poland is a member state of the European Union and regarded as a developed country, still the GDP per capita level and salary level are much lower in Poland than in USA. Therefore the inhabitants of Poland tend to work more and pay much more attention to work than the inhabitants of USA, or western member states of EU.

A factor that seems closest to the attractive "location" mentioned in the cited 2002 survey or "lifestyle" mentioned before by R. Florida (see footnote no 16) is the "city atmosphere" (used as factor F in the reported survey of 2011). This factor was the third most popular in terms of total indications (64,9% of all surveyed) and was the second most popular among rank 3 factors (17% of all answers indicating any rank 3 factor) and the most popular one in ranks 4 (19% of all answers indicating any rank 4 factor) and rank 5 (16% of all answers indicating any rank 5 factor, ex aequo with factor K – entertainment amenities).

The conclusion is that the job / salary – related factors are the most important ones for the surveyed students. Although the city atmosphere, lifestyle or city amenities are not considered the most important ones, these factors may have a decisive influence in case the competing cities offer similar work offers / salary levels.

Cracow is one of the major university cities, hosting many of the country's best universities with as much as 208 171 students¹⁹ (i.e. 10,6 % of all students in Poland in 2011). Furthermore the city is regarded as a cultural capital and praised for its attractiveness, atmosphere and amenities. Therefore the surveyed students have also been asked whether they would like to settle down in Cracow (see figure 2). Figure 2 shows that more than half of the surveyed students would like to live in Cracow after graduation. Almost one third of the surveyed would prefer moving to another place, including almost 13% who definitely do not want to create their future in Cracow.

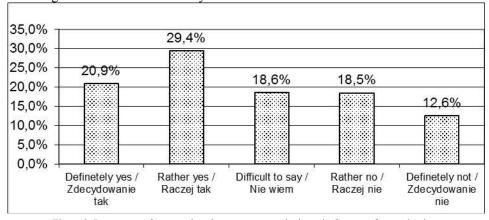


Figure 2. Percentage of surveyed students eager to settle down in Cracow after graduation.

Source: own elaboration, N=633.

Rysunek 2. Odsetek respondentów (studentów) skłonnych do osiedlenia się w Krakowie po zakończeniu studiów

Źródło: opracowanie własne, N=633

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¹⁹ Raport o stanie miasta 2011, op. cit..

Potential implication for city marketing – final remarks

The presented analyses show that authorities of the major university cities should consider students as the future human capital of the city. University graduates, who have spent years of their education in the particular city are aware of the city's pros and cons and the expense of retaining a graduate seems much lower than attracting a person who has not yet had personal experiences related to the city. City's marketing activity should therefore be focused not only on attracting new students but also on retaining them after graduation as future residents. As the needs of a modern day graduate include both career opportunities (in the first place) and city atmosphere, lifestyle and amenities (in the second place) the city must be able to attract outside investors and stimulate the local enterprises in offering interesting and relatively well paid job opportunities. As R. Florida points "companies cluster in order to draw from concentrations of talented people, who power innovation and economic growth"²⁰. Therefore there is a certain interrelation, a feedback between human capital and investments. Investors prefer places offering many potential skilled workers, while the skilled workers prefer to settle down in places with good job opportunities. It is of fundamental meaning to the city marketing, that the role of the city is not only promotion and image creation of the city, but in the first place creation of an appropriate product – a city offering good development conditions for companies with access to universities, knowledge, and highly skilled employees - and at the same time a city being a good place to live, filling the cultural and entertainment needs, tolerant and offering a good standard of living. Students should be perceived as one of the major development resources of the city and researching their needs as the future residents should be the first step in the city's strategy to retain its students after graduation and thus raise the city's level of human capital.

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²⁰ R. Florida, op. cit., p. 29.

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Summary

The background of the paper is place marketing, as a concept of territorial unit management aimed at customer satisfaction. In the paper it was underlined that one of the key factors that contemporary cities need for their development is human capital. Furthermore the author of the paper refers to place marketing publications to present the idea of city markets, where cities compete for gaining necessary resources. It is worth mentioning that the current competition between the cities is of global range. Therefore investors, new residents and tourists (being major markets for the cities to compete) choose cities from all over the world to meet their expectations. In the article special stress is made on students as a potential source of city's new inhabitants. In the consecutive parts of the paper the author introduces the conclusions from a 2011 research supervised by the author and conducted on a significant group of students of Cracow University of Economics. The purpose of the research project was to identify the factors increasing attractiveness of the city for settling down after university graduation. The students were asked on their plans regarding their permanent residence after graduation and factors stimulating the decision to stay in the same city.

Key words: city marketing, students as a target market in city marketing, retaining graduates as new resident of university cities

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