

THE PLACE AS PRODUCT: A MULTIATTRIBUTE ANALYSIS

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Cities have been the object for marketing action for years, typically under the direction of the local Chamber of Commerce (business site marketing/place marketing). The focus is on actions taken to pursue companies and "sell" them on the city as a location for a plant or other business activity. The research reported in this paper concerns a related, but slightly different problem: the possibility that a city and state may be "demarketing" itself. The city is Los Angeles and the state, California. A marketing approach to the problem focuses immediately on the exchange process which exists--in this case, a complex choice on the part of a company (the buyer) to locate in or to remain located in a city and state (the "products"). The existence of an exchange process suggests that attitude formation and product evaluation processes occur and that the multiattribute model may be useful in studying the process. Accordingly, the city is conceived of as a multiattribute object, the evaluation of which can be studied with the following intuitive model: $S = f(B,I)$ where

S consists of one of several summary measures of approach/avoidance tendency toward the Greater Los Angeles area as a location for manufacturing activity;

B is a measure of beliefs regarding the attributes of the area; and,

I is the importance of each of the attributes in a plant location decision.

Six measures of S were developed, covering attitude (e.g., willingness to relocate outside the greater Los Angeles area), behavioral intention (e.g., plans for on-site expansion) and behavior (e.g., actually conduct or subcontract manufacturing or assembly work outside the United States). Measures of B and I were developed for thirteen attributes of the area: environmental regulations, energy costs, availability of personnel, public regulations, employee productivity, cost of housing, governmental assistance, effects of unionization, quality of life, availability of transportation, business taxes, labor costs and land for expansion.

The importance (I) of each attribute in plant location decisions was measured on five-point scales (from extremely important to unimportant). Beliefs (B) were measured by asking respondents to indicate (on seven-point scales) "how attractive or unattractive each factor makes Los Angeles as a location for manufacturing activity when compared with alternatives areas." The final sample for the study consisted of 529 executives who responded to a mail survey.

The problem of determining whether certain factors in the business climate of Greater Los Angeles could lead to exit behavior ("disloyalty") involved testing the explanatory power of the multiattribute model. Primary interest was in whether the predictor sets were capable of explaining variations in attitude, behavior, and behavioral intention toward Greater Los Angeles, as well as the net effect of each predictor (and its statistical significance). Accordingly, simultaneous (non-stepwise) multiple regression and correlation analysis was used. In light of prior research on multiattribute models and the exploratory nature of this study, three basic models were evaluated: (1) $S = f(I)$, (2) $S = f(B)$, and (3) $S = f(I \times B)$. Given that six different measures of S were employed, 18 regression equations were computed.

Overall, the attractiveness predictors (B) worked best when compared with either the importance predictors (I) or the multiplicative predictors ($B \times I$). This seems consistent with the general finding in consumer behavior studies that involve comparisons of the multiplicative model and the "beliefs only" model: dropping the importance weighting seems to have little effect on obtained correlations. Across all eighteen regression equations, however, explained variance was low. The maximum R^2 was .19 for the regression of the attractiveness predictors on the company's current examination of sites outside California. $R^2 = .16$ for the regression of the attractiveness predictors on willingness to relocate outside Los Angeles. In the latter regression equation, beta weights for three predictors were significant: availability of personnel, employee productivity, and quality of life (all in the expected direction).

The efficacy of the multiattribute model as applied here to place marketing can be interpreted in several ways. In some respects the model performed quite well in detecting a "disloyal" orientation on the part of executives as a function of certain attributes of the area. In that sense it fulfilled the practical objectives for which it was employed. As an approach to predicting location behavior, however, the model seems to offer little potential, at least with the set of attributes utilized here. In light of the many additional factors involved in location behavior, tentative blame for the low explanatory power of the model should be assigned to the process through which attributes were selected. That is, attributes were generated from a limited set of problems/benefits of the area. Thus, the model as implemented had only limited explanatory potential.

Regardless of the explanatory power of the multiattribute model, its application in this broadened marketing context has several implications. First, because of the way the model was operationalized and implemented, the specific attitudes of a large number of likely opinion leaders were discovered and should be useful to policy-makers. Second, the study revealed that executives are able and willing to respond to multiattribute measures, just as individual consumers are. Third, the study demonstrated that the concept of a city or other geographic area can be operationalized as a multiattribute object. And, finally, attribute importance can be determined and attribute comparisons made from this direct measurement approach, much as is done with consumer products.