Aiming for Clear Horizons-

City Positioning in the Global Economic Environments

What do you do if you have to create a lucrative position in the global network of cities, and you are a small town located on a remote island, far up in the middle of the North Atlantic? With no significant architecture or history, but plenty of freezing wind, heaps of black lava and very, very high prices? No worries, with the current trend of offering the un-wanted, you'll have a great chance to fly up the ladder.

In the new economic climate the competition between cities is getting harder and the fight for their place in the global networks is getting tighter. Cities have to create new strategies to keep their inner vitality and position themselves in the global competition. The hierarchy of the world's cities is a dynamic and flexible flow of networks, not a stable structure. Finding a strategy which puts emphasis on the right strengths and potentials of the city can result in a new position in the global urban hierarchy.

Branding and marketing tools have been used to boost the image of the cities, but the competition has become so hard that the traditional tools mostly result in very similar city images. They also tend to research the existing markets and fail to create anything truly new.

Using new strategic tools, instead of the traditional ways, can result in a new kind of positioning, which can help the city stand out from the competition. In this article I will study the current trends of city positioning, and explore how new analytic tools and frameworks can be used for positioning process in modern economic environments. For this I use as an example Reykjavik, the worlds most northern capital.

Blue Ocean Strategy

According to Blue Ocean Strategy, developed by Harvard based professors W. Chan Kim and Renée Maubourgne, competing in today's overcrowded markets leads to a bloody "red ocean" of rivals fighting for a shrinking profit pool. Challenging the traditional business strategies, they claim that by joining the competition within such red oceans it is increasingly unlikely to create profitable growth in the future. Success does not follow from battling competitors, but from creating "blue oceans" of uncontested market space. Strategic moves create powerful leaps in value, revealing new demand and leaving the competitors behind. In the inter-city competition this means stepping out of the competition by creating advance based on the special character and the existing strengths of the city.

It is not a simple task to apply business management strategies to a city. However, with its goal of differentiating from the competition, the Blue Ocean Strategy follows the development needs of a city. Traditionally the competing parties try to win by getting a bigger share of the existing demand. As the competition becomes tighter and the markets get overcrowded, the shares and profits are reduced. Aiming for the clear skies means looking beyond competition, finding new market space, and creating new demands for the consumers.

There are analytical tools to help create a blue ocean. The most important is an action framework called the strategy canvas, which studies the current situation in the competition and helps to find the strategic moves to step outside the competition. The competition factors of, for example the tourist industry include price, weather, high culture, street life and alternative culture, history, night life, architecture and possibilities for sports and activities. These are situated on the horizontal axis of the canvas. The cities are then positioned high or low in relation to each competitive factor.
To break the traditional strategic logic of the industry, four actions are taken: deciding which factors could be eliminated, reduced or raised, and which new factors should be created. This leads to drastically rethinking the city positioning and opens up new horizons.

As an example take Reykjavik, the capital of Iceland. Since it cannot compete with the weather or prices of similar cities in its category, these factors should be eliminated from the canvas. Architecture and history are also not the strengths of Reykjavik, and the focus on these factors can be reduced. In certain areas of cultural life, especially in music and design, as well as nightlife, Reykjavik has gained a good reputation, and these factors can be raised. But the most important action required is to create new factors, which help to differentiate from the other cities. In Reykjavik's case this could be done by putting emphasis on the health factor – to the benefits of geothermal energy, public outdoor pools and luxury spas. By focusing on health, creativity and fun Reykjavik can appeal to new groups and improve its position in the global networks. Instead of trying to compete in the traditional factors the city can create a new one, tailored to its strengths, and as a result offer unique experiences.

In the inter-city competition the management of symbols is as important as management of the built urban environment. The changing economic environment offers possibilities for new ways of city positioning, and the crucial question is how to offer what is required and beyond. Cities need to find new ways to offer entertaining and spectacular experiences to satisfy the demanding urban audience.

As the western cities are fighting hard to attract production, media, design, financing, arts and other specialized professionals, being able to fulfill their current and future needs might be just the way to leap to a new position. As new experiences are becoming more and more desired, a city can gain a good positioning in surprising ways.

In Reykjavik's case the importance of management of symbols can be highlighted. The city has currently various big-scale building projects, including a new concert hall, conference center and a luxury spa. The mere design of these development projects is not enough to gain a new positioning, but with the help of a carefully designed strategic positioning plan and international promotion campaign the city might acquire a new and attractive appearance.

Therefore, constructing a landmark building or staging big events does not have the same weight as before. They still attract people, but at the same time guidebooks for Unpopular Places are selling out and significantly un-designed urban places attract

young professionals. Adjusting the positioning of the city to the needs of the trend-setting groups and at the same time keeping in mind the principles of sustainable development can lead to surprising results in the changing networks of cities.

It's a difficult and risky task to figure out the right strategic moves. With the help of local professionals, outside consultants and strategic analytical tools, a city might be able to find a new way to offer something unique - at least until the next wave of competition trends takes over.

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