

# “Prague after 1989: planning and marketing the future”

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## Prague after 1989: planning and marketing the future

### Abstract

The present study focuses on and points out the strategic development process in one of the most representative examples of its successful implementation, which is the city of Prague. Prague, which is only 16 years, after 1989 managed to increase its competitiveness becoming one of the most attractive investment and culture destinations on international level. More specifically, the article presents the course of Prague after 1989, as a case study, awarding the profile of the city as a top competitive investment and cultural destination in the European hierarchical urban system. In addition the study brings out some special dimensions and strategic steps of city's future for the period of 2009-2015.

**Keywords:** strategic planning, place marketing, eastern European cities, culture, business, Prague.

### Introduction

Places (towns, cities, regions) have been characterized by a plurality of efforts to shape or to reconstruct their images, based on the analysis and evaluation of their distinctive characteristics (Johnson, 1995; McCarthy and Pollock, 1997; McCarthy, 1998). New city marketing schemes also orient both to image building and repackaging the "place product" by emphasizing the uniqueness of local identity (i.e., Ashworth and Voogd, 1991; Metaxas, 2010). In this framework, building an attractive investment place image (i.e., Head et al., 1999; Christiaans, 2002; Stubbs et al., 2002), or a cultural and tourism destination image (Dahles, 1998; McCann, 2002; Seo, 2002) constitutes an extremely important part of places' economic regeneration (Hall, 1998, p. 115).

Especially in the case of central and eastern European cities, since the fall of the Berlin Wall in late 1989 great changes have taken place in the former socialist countries of Europe and the Soviet Union, the so-called "*transformation*" (Illner, 1996). In the case of countries and cities in central and eastern Europe, the scenarios for the organization of New Europe, were interpreted as transition and adaptation policies on the part of central and eastern European countries towards the western European development prototypes, as the weakness to maintain the economic and political structures existing before 1989 and the ineffective implementation of policies in the former economies of central planning led to them (Petrakos, 2001; Wallace, 1998). The transition from a centrally-planned industrialized system of mass production to a system of flexible accumulation has been accompanied by restructuring of the welfare state and a transition to pluralist, democratic governance (Tsenkova and Nedovic-Budic, 2006, p. 350). According to Petrovic (2005), post-socialist societies are simultaneously facing at least three types of transformation, causing complex structural changes: (1) from totalitarian to democratic society,

from the planned to market based economy and/or from supply to demand driven economy; (2) developmental: from an industrial to post-industrial (service) economy and society; and (3) transformation from an isolated to an integrated position in the world economy, which is itself transformed from an international to global type.

In this frame, eastern European countries as destinations have positioned themselves as inexpensive, affordable, modern, sunny and welcoming countries. Some slogans have changed throughout the years and become more specific. Croatia has "evolved" from a "Small Country for a Great Vacation" into "The Mediterranean as It Once Was" while Hungary – from the "The Heart of Europe" into "Talent for Entertaining". Latvia's slogan ("The Land that Sings") and Estonia's ("Welcome to Estonia") remained unchanged (Szondi, 2006). However, the implementation of promotion policies on national level, the European experience also brings out policies on cities' level in Eastern Europe, which strengthened their competitive position towards other metropolitan and urban centers of Europe. The aim of the article is to focus on the especially interesting area of central and eastern Europe and more specifically on the case of the city of Prague, which after the fall of the communist regime in 1989, redefined its targets and its development priorities through the implementation of strategic planning. Sixteen years later the result was that the city became one of the most competitive cultural and investment destinations on international level. The present article follows Prague's course after 1989, focusing on the formation of a vision and a new image for the city, through strategic planning and place marketing processes. Finally, the article reaches conclusions concerning Prague's future steps.

### 1. The role of place marketing

Focusing on the role of place marketing we support that constitutes one of the most interesting areas of research the last twenty years, since many places globally and especially in Europe use promotion

policies in order to support their images and become competitive among other places (Ashworth and Voogd, 1990; Ward, 1998). Fretter (1993, p. 165) and Bailey (1989, p. 3) support that place/city marketing is a main planning tool that contributes to cities' development, but it also constitutes a basic principle that supports urban economic development especially in the '80s, but that it also continued in the '90s. The international literature of place marketing and, more recently, place branding is full of image improvements success stories (Schofield, 1996; Melbourne, 2006; Nuttavuthisit, 2007) and examples of well-planned and implemented campaigns worldwide (Capik, 2007; Shir, 2006).

Although place marketing importance is supported by the existence of scores of successful references to cities, it is being questioned as a procedure since it comes short of analyzing the internal and external environment of places, specifically determining the potential target markets, developing concrete strategies aiming at the satisfaction of the potential target markets which they desire to attract and, finally, presenting a specific methodology to measure the effectiveness of promotion policies adopted in place (region/city) competitiveness (Cheshire and Magrini, 1998; Metaxas and Petrakos, 2004; Metaxas, 2006).

Metaxas (2006) proposes a number of criteria in order to make place marketing process effective. These criteria based on the satisfaction of strategic planning goals regarding the internal place environment analysis and methods that the place used in order to support the goals and primary development objectives and finally to promote its image effectively to the potential target markets. The initial hypothesis is that place marketing is not a random procedure. It's a strategic process and its effectiveness based on the active involvement of public and private factors of the place, as with its inhabitants (Metaxas and Petrakos, 2004; Metaxas, 2010). In this paper we will discuss the satisfaction of place marketing effectiveness criteria at the case of Prague.

## 2. The case of Prague

**2.1. The city after 1989.** There is a plenty of scientific studies concerning Prague (Figure 1) and its development course in the last 15 years (i.e., Sykora and Stepanek, 1992; Sykora, 1994; 1996; 1999; Simpson and Chapman, 1999). Within this framework of political, social and economical transformations, the city of Prague, as the capital of Czech Republic, has faced the reality of new political, economical and social transactions according to the western European standards of development (Metaxas, 2006; Hammersley and Westlake, 1996; Sykora and Stepanek, 1992).



Source: Strategic Plan of Prague (2009-2015).

**Fig. 1. The city of Prague**

According to Sykora (1999), the establishments of market principles of resource allocation and growing exposure to the international economy have been the major forces which have shaped the transformation of this former socialist city. The transformation of the centrally planned economy into a market economy and of the authoritarian political system into a pluralistic multiparty system, the opening of borders and other changes especially the globalization processes led to

functional and structural diversification in the economy, urban governance, life style, value orientation, and step by step again to changes of the built environment and of the socio-spatial structure of Prague (Musil, 2006; Sykora, 1999). At the same time, according to Sykora and Stepanek (1992), the large increase in the number of visitors is influencing the development of tourist facilities (new hotels, private accommodation), while the interest of foreign companies

is seen not only by foreign banks' local offices but by concrete investments in building. Prague became a well-known tourist destination, attracting each day 300 000 tourists (Turba, 1996; Cooper and Morpeth, 1998) and observed a renewal of intellectual contacts with universities, research institutes, laboratories in the world (Musil, 2006). The key influences on development pressures in the decade of '90s were translated as a major necessity for Prague to become a capital city and a service center. In addition, the City Council decided to improve the citizens' assets in the city's facilities, to create new jobs and new services sectors.

## 2.2. Economic and demographic profile in brief.

Prague, the capital of today's Czech Republic and the former Czech Crown Land, lies in the Bohemian lowlands. The city is the natural economic, scientific, educational, cultural, and political centre of the Czech Republic and also a municipality, administrative region, and nomenclature of territorial units for statistics (NUTS) 2 cohesion region. Prague has 1.2 million inhabitants, i.e., 12% of the Czech Republic's total population. It generates approximately 25% of the Czech Republic's GDP; the most significant item of the city's economic base is the service sector, which accounts for 80% of GDP and 75% of employment in Prague. The unemployment rate here is roughly half the national average.

From the national point of view Prague is the most prospering region of the whole country with an above-average GDP contribution – more than 20% of the whole GDP is created here. The city records a low unemployment rate and incomes reach the level of 30% above the national average. Prague attracts high interest from entrepreneurs and it concentrates approximately one fifth of foreign investments in the Czech Republic. All central institutions, apart from several judicial bodies, are seated in Prague, as the capital of the Czech Republic (BRIS, 2004).

The region is also highly attractive for foreign investors (Table 1). It is obvious from Table 1 that because of its contiguity with Germany, Prague is an important investment destination for German firms belonging mainly to the sector of services and industry. At the same time, however, there is a sound presence of firms from other European countries (Great Britain, Spain, France, Holland) but also firms from the USA, marking this way the competitive position of Prague as an investment destination on European level.

Table 1. Major foreign investors based in Prague with the help of Czech Invest

Investor	Sector	Type of activity	Country of origin
Accenture	Financial and accounting operations	Business support services	Netherlands
Acesame	Automotive	Manufacturing	France
Computer Associates International	IT	Business support services	USA
DHL	IT	Business support services	GB
ESSA Czech	Automotive	Manufacturing	Spain
Exxon Mobil	Financial and accounting operations	Business support services	USA
FP SEA SA	Call center	Business support services	France
Honeywell	Electronical	Technology center	Germany/USA
Isoflock	Plastic	Manufacturing	Germany
LATECOERE	Aerospace	Technology center	France
Logica	Software	Business support services	Netherlands/GB
Mafra	Printing	Manufacturing	Germany
Ricardo	Automotive	Technology center	GB
Siemens	Financial and accounting operations	Business support services	Germany
Siemens AG	Engineering	Manufacturing	Germany
Valeo	Automotive	Technology center	France

Source: Czech Invest

**2.3. Strategic plan and the vision of the city.** The strategic plan for Prague is a complex program based on negotiation and agreement. It lays out strategic development plans for the whole community, all spheres of its implementation and how far it extends while stressing the importance of the correlation between the proposals, policies and programs. The overall concept for the new strategic plan was discussed by the Prague City Council on July 21, 1998 and approved as the basis for further work concerning city development. In 1999 the Prague strategic plan was completed by a procedural proposal of priorities on how to achieve these aims extending over a period from 1999 to 2006. On June 24, 1999 the Prague Municipal Assembly approved and filed this program and the steps necessary for its completion (Municipal Assembly Resolution No. 09/03). The final version of the strategic plan was approved by the May 25, of 2000 (Figure 2) (strategic plan of Prague, 2000, p. 10).



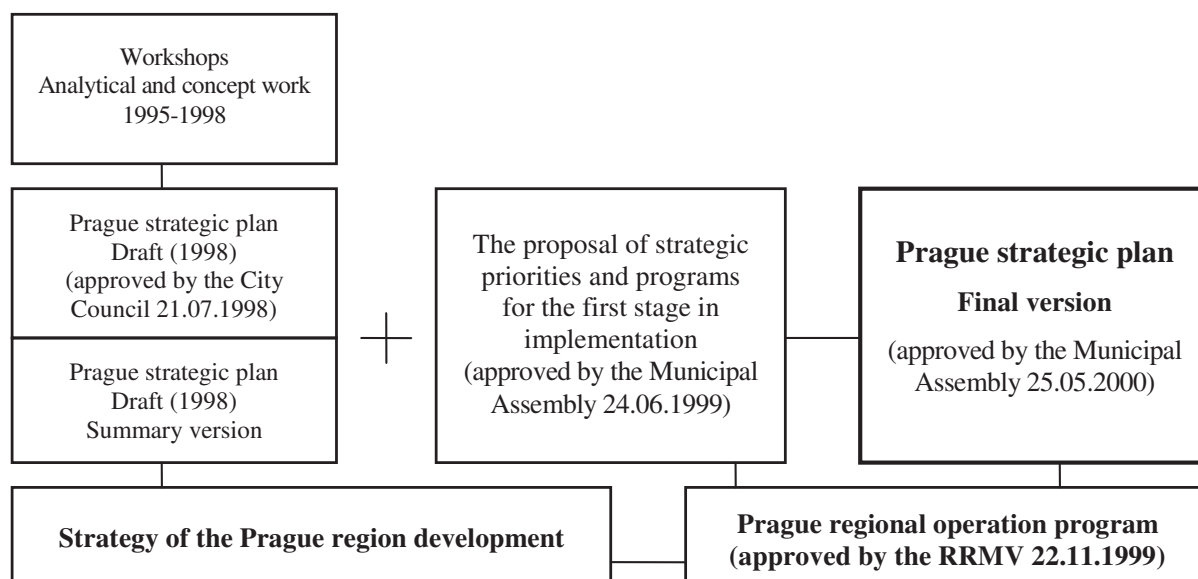


Fig. 2. The process of Prague's strategic plan approval

According to the strategic plan of Prague (2000, p. 21), the creation of a vision was a procedure in which participated both special bodies and decision-makers and the city dwellers and firms. Taking into account the historical past of the city, as well as the analysis of its internal and external environment (Strategic plan of Prague, 2000, pp. 1-5), Prague was evaluated for a number of interest sectors in order to define, according to the estimations of the participants, the city image for the future (Strategic plan of Prague, 2000, pp. 1-5). Sectors, such as international relations, education, culture and research, synthesized the vision for the specialists as they receive high values by them in comparison to the values given by the general public. As a result of the estimations above, Prague can become one of the top and very important culture and tourist European destinations, among cities such as Amsterdam, Vienna, Berlin, Copenhagen, etc. (Czech Tourism Authority: Promotion Strategy, 2004-2010).

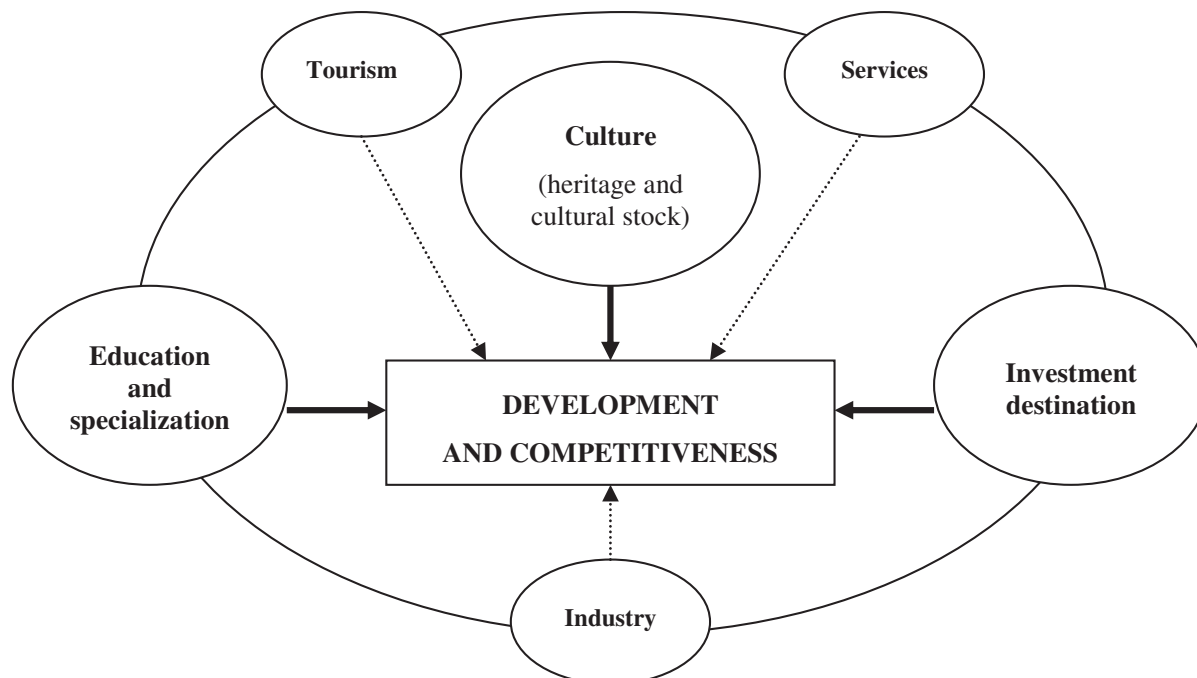
**2.4. The image of Prague: a European cultural metropolis.** Prague (Praha) is the ancient capital of Charles IV's Bohemian Kingdom, and the city has played a pivotal role in the development of Central Europe since the Middle Ages. Its epic history has made Prague one of the most beautiful cities in the world with tourism of vital economic importance. The city's image, based on the vision and the specific cultural goods, receives the dimensions of a European Cultural Metropolis with an international prestige, while it can be a competitive entrepreneurial and investment destination at the same time. This emphasis and orientation towards culture was also supported by Musil (1993), who, referring to the future of post-communist cities in Central Europe supported that the future of Prague is to enhance her role in the wider network of European

cities and to become a "specialized" city in the area of international culture. Prague's historic core was inscribed on UNESCO's official list of monuments at the sixteenth ordinary session of its World Heritage Committee, demonstrating the importance of the city as a historic world site (Cooper and Morpeth, 1998). It is worth mentioning at this point that the emphasis on culture is not placed by Prague alone but by the country as a whole. According to Czech Tourism Authority's data, the main reason people visit the Czech Republic (a percentage of 55%) is culture and architecture with a special reference to Prague as "a cultural good" (Czech Tourism Authority: Promotion Strategy 2004-2010, p. 4).

Since 1989 Prague began a course to bring to light its historical and cultural character, identifying the cultural dimension as one of the most important parameters for local economic development (Strategic plan of Prague, 1998). The main efforts of Prague's government in the '80s and in the '90s concerned the protection and restoration of the most important and visible buildings (the Castle, the Charles Bridge, the National Theatre etc.), which were the major tourist attractions by recognizing the value of the historical buildings and sites. A turning point for the emergence of the cultural wealth and stock of Prague was its appointment to Cultural Capital of Europe along with 7 other European cities in 2000. According to the European Commission (2001, pp. 45-46), the cultural year started in Prague on December 14, 1999 and finished on February 2, 2001. The overall design of the Prague 2000 project was based on a triad of major themes: *The Story of the City*, *City of Open 46 Gates* and *City to Live In*. In statements made by the Czech Government, the city's authorities and tourist companies, it is proudly

praised as “a jewel at the heart of Europe” (Bartetzky, 2006). Furthermore, environmental improvement along the axis of the Vltava River has been encouraged through the creation of an area of tourism and leisure with an increase in hospitality facilities and services (Sykora, 1995).

Prague’s image is depicted in Figure 3. In Figure 3, culture is the core of the city’s image as a “produced good”, while emphasis on education and specialization along with attraction of investments, constitute the main ingredients of Prague’s image. The rest of the factors fill in the image acting as important satellites.



Source: Author.

Fig. 3. The image of Prague as a European cultural metropolis

**2.5. A competitive and attractive investment destination and business environment.** There has been a substantial volume of foreign direct investment (FDI) in central and eastern Europe (CEE) since the commencement of the wide scale transition to a free market economy, especially after 1994 when the European Union (EU) committed itself to enlarging (Fahy et al., 1998; Bandeji, 2000; Bevan et al., 2001; Bevan and Estrin, 2000). Foreign investors valued political stability, general economic development and some other specific conditions (such as the size of the internal market, solvent demand of the population and geographical location) when deciding where to put their investments (Tosics, 2004). It has provided a major boost to the reform, especially in Czech Republic, Estonia and Hungary, where a more liberal and stable environment has attracted strategic investors to enterprise restructuring and technology transfer (Tsenkova, 2004). Young’s (2005) study is one of the few ones, which overviews the role and nature of place marketing in attracting FDI into CEE. He concludes that simple promotional campaigns that aim at raising investor awareness of localities in the region have quite limited impact and in order to be successful place marketing must become a sophisticated and complex set

of strategies and address investor specific needs. He provides a case study about Czech Invest, which has been one of the most successful investment promotion organizations in the region. In the first half of 2006 alone, 84 foreign and Czech investors from the fields of manufacturing, business support services and R&D decided for the Czech Republic. These firms plan to invest over three billion dollars here in coming years and to employ nearly 18 000 people (City Invest Czech, 2006-2007, p. 4).

More particularly in the case of Prague, a strong orientation to become the city a competitive and attractive business destination has already set up over the last ten years (Strategic plan of Prague, 2002). Internationalization and globalization of Prague’s economy and life styles changed radically the city. According to recent studies (Young, 2005; Spilkova, 2007), the most important was internationalization through capital investments by foreign companies, which expanded their operations into Prague and its wider surroundings. They were particularly demanded office, retail and warehousing premises for their operation and became very influential actors in the commercial property development processes (Sykora, 1999; 2007; Musil, 2006).

Table 2. The best 20 cities to locate a business

Cities	1990*	2001	2002	2003	2004	2005	2006	2009	2010	Change 1990-2010
London	1	1	1	1	1	1	1	1	1	-
Paris	2	2	2	2	2	2	2	2	2	-
Frankfurt	3	3	3	3	3	3	3	3	3	-
Brussels	4	4	4	4	4	4	5	5	5	-1
Barcelona	11	6	6	6	6	5	4	4	4	+7
Amsterdam	5	5	5	5	5	6	6	8	6	-1
Madrid	17	8	7	7	7	7	7	6	8	+9
Berlin	15	9	8	9	9	8	8	9	7	+8
Munich	12	10	11	10	8	9	9	7	9	+3
Zurich	7	7	10	11	10	10	10	13	13	-6
Milan	9	11	8	9	11	11	12	10	11	-2
Dublin	-	13	12	12	12	12	11	18	18	-5 (2001-10)
<b>Prague</b>	<b>23</b>	<b>21</b>	<b>16</b>	<b>17</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>OUT</b>	<b>OUT</b>	<b>+2 (21 in 2010)</b>
Lisbon	16	16	17	15	16	14	15	17	17	-1
Manchester	13	14	19	13	14	15	21	16	12	+1
Düsseldorf	6	17	13	16	18	16	14	15	10	-4
Stockholm	19	15	14	18	15	17	17	20	16	+3
Geneva	8	12	15	14	17	18	20	11	14	-6
Hamburg	14	18	18	20	19	19	16	12	15	-1
Warsaw	25	27	26	22	20	20	18	OUT	OUT	-
Birmingham								14	18	-

Source: European Cities Monitor (2000, 2001, 2002, 2003, 2004, 2005, 2006, 2009, 2010) – author elaboration.

Note: \*In 1990, only 25 cities were included in the study.

Table 3. Existing representation of businesses in European cities

Cities	2002 (%)	2003 (%)	2004 (%)	2005 (%)	2006 (%)
Paris	45	45	40	40	40
London	42	42	34	34	36
Barcelona	31	31	30	30	30
Madrid	34	34	29	29	29
Milan	31	31	25	25	28
Brussels	27	27	23	23	19
Frankfurt	21	21	18	18	19
<b>Prague</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>18</b>
Moscow	17	17	17	17	18
Amsterdam	21	21	20	20	16
Rome	18	18	15	15	16
Lisbon	19	19	18	18	16
Warsaw	22	22	20	20	16
Berlin	19	19	19	19	15
Zurich	10	10	13	13	15
Budapest	15	15	14	14	15
Munich	19	19	19	19	14
Vienna	15	15	16	16	13
Hamburg	14	14	13	13	12
Lyon	12	12	14	14	11

Source: European Cities Monitor (2001, 2002, 2003, 2004, 2005, 2007) – author elaboration.

Table 4. The best 20 European cities in terms of government climate of business creation

Cities	2002	2003	2004	2005	2006	2009	2010
Dublin	1	1	1	1	1	1	1
Budapest	4	6	4	3	2	10	8

<b>Prague</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>12</b>	<b>12</b>
Warsaw	9	5	3	4	4	3	3
London	2	3	6	6	5	4	2
Madrid	4	6	5	5	6	16	20
Bucharest	-	-	-	-	7	5	19
Barcelona	6	8	8	8	8	9	10
Zurich	7	10	7	6	9	10	4
Brussels	8	12	10	9	10	7	11
Amsterdam	3	4	8	10	11	7	6
Glasgow	14	9	11	13	12	6	14
Leeds	-	-	-	-	13	15	OUT
Berlin	12	14	17	14	14	13	6
Lisbon	9	13	12	10	14	OUT	OUT
Geneva	13	10	13	12	16	2	9
Paris	14	15	14	17	17	17	14
Moscow	19	15	19	18	18	OUT	OUT
Birmingham	-	-	-	-	19	18	16
Munich	20	24	24	26	20	16	OUT

Source: European Cities Monitor (2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2009, 2010) – author elaboration.

Tables 2, 3 and 4 present some very important rankings about Prague as an attractive and competitive investment destination (European Cities Monitor, 2000-2010). This research concerns the evaluation of the top 30 European cities by senior executives from 506 research companies. The senior executives evaluate cities with a number of criteria (i.e., qualified staff, easy access to markets, external transport links, promotion and improvement of cities, etc.) that companies take into consideration in their decision to locate new business. The scores shown for

each city are based on the responses and weighted according to nominations for the “best”, “second best” and “third best”. Each score provides a comparison with the scores of other cities and, over time, for the same city.

More specifically Table 2 presents the best 20 cities to locate a business over the last ten years (2001-2010) related with the period of 1990. During this period Prague presents two different investment phases. Since 2006 has increased its position 10 places over the last sixteen years, among other traditional destinations such as Düsseldorf, Manchester and Geneva which they faced a rapid decrease in the same period. Prague with Berlin and the two Spanish metropolises, Madrid and Barcelona are the most rapidly developed cities in terms of business expansion the last two decades. Of course, this view is changed at the period of 2007-2010 where Prague loses 8 ranking positions as an investment destination.

Relevant to this view is the picture of Table 3 that provides the existing representation of businesses in European cities but only for the period of 2002-2006 (after 2006 no data available). Prague holds the 7<sup>th</sup> position during this period, competed all the traditional metropolises of “Blue Banana” corridor and also the new dynamic destinations of Spain. For this period Prague holds a stable percentage in 18-19% of foreign businesses representation in its area, being very close to Frankfurt, Lisbon, Warsaw and Berlin. The quite high percentage of enterprises is also closed by related with the existence of a good government climate of businesses creation as it's been presented in Table 4. As we mentioned before, the existence of a favorable business environment plays a significant role on local firms' development but also on attracting new one. *Improving Prague's profile as a good business partner, and securing a favourable business environment*, there is one of the main development axes of the city that based on: (1) engage in business openly and professionally with all potential investors and businessmen (Prague Development Agency, “Single Door” project); (2) maintaining or improving Prague's rating, strengthen Prague's pulling power to businesses, make use of this rating in ensuring the quality of city marketing and advertising (e.g., “Prague – An Attractive Address for Business” program); (3) aid the creation of suitable conditions for the development of small and medium-sized business operations (business incubators, advice and consultancy centres, etc.); (4) formulate a reliable and comprehensive city-wide integrated trade fair and exhibition policy, e.g., “Prague – Congress City” and “Prague Trade Fair” programs (Strategic plan of Prague, 2000).

As we can see from Table 4, Prague is one of the leading cities in terms of government business cli-

mate together with Budapest and Warsaw but also Bucharest and Barcelona with best city Dublin. Of course, the best ranking is presented up to 2006, while in 2009-2010 this situation is changed to worse positions but we can support that is familiar also to other cities, such as Madrid and Budapest. The whole view of the first 10-12 cities represents a general option of the awareness of some particular cities that belong to the “Red Octopus” area, as it had already been mentioned by Van den Meer (1998). These cities, which belong to the less developed regions of Target 1 of the EU but also to countries of the former Eastern Europe, have brought out a new order on economic level mainly in the last 15 years.

### 3. Place marketing effectiveness criteria and marketing strategy

We could support by taking into consideration the analysis above, that Prague could be characterized such as competitive destination on FDI attractiveness and tourism. The whole view shows that Prague invested on distinctiveness and its internal forces in order to implement successfully strategic planning and marketing procedures. Going back on place marketing effectiveness criteria that presented in Table 5, we can say that the successful course of Prague after 1989 was not something random but a well-done strategic planning oriented process. According to Table 5, Prague satisfies the most prerequisites of place marketing effectiveness. The most important is the fact that the city has already clarified its vision and its development objectives and focuses on its particularities. Of course we can not claim that these particularities have set up some competitive advantages for the city. Therefore, the city used several methods in order to promote its image to the potential target markets. The development of partnerships among cities actors is the base for particular actions, such as market research and target market segmentation.

Furthermore, Prague's marketing strategy is analyzed also to the new strategic plan (2009-2015), where the city's marketing policy on the basis of a *foreign marketing strategy*, will involve the Prague brand and effective marketing tools with the aim of supporting its image, such as “World Heritage Prague” (UNESCO), “Cultural Prague”, “Prague – Tourist Destination”, “Innovative and Creative Prague.” According to Table 5 and the strategic plan (2009-2015, p. 12), the final implementation of the strategy must be based on the permanent co-operation of all the participants, i.e., the city administration and city districts, professional associations and other interested parties. Table 6 includes the elements and the parties of this new marketing strategy.



Table 5. Prague satisfies place marketing effectiveness criteria

Prerequisites/criteria		Yes/No
Goals		
1	Adoption of place/city marketing by a city's community (internal forces)	√
2	Identification of a city's vision	√
3	Setting up primary goals	√
4	Identification of the distinctive characteristics of a city	√
5	Creating and managing a city's image (based on the city's vision and distinctive characteristics)	√
6	The creation of a competitive advantage	
7	The creation of a brand name	
Methods		
8	Partnerships between public local authorities, enterprises and residents (representation of common interests) – cooperative marketing	√
9	SWOT analysis	√
10	The existence of a particular public promotion office of a city manned with specialized staff	
11	Ranking primary actions (per development sector) based on the degree of their importance	√
12	Market research (a city's internal and external environment)	√
13	Segmentation of the potential target markets	√
14	Creation of a city's promotional package, main strategies, selection of promotional techniques (media, public relations, prospectuses, internet, fairs, exhibitions, etc.), budgeting, and time horizon per action, based on the city's distinctive characteristics	√
15	Strategic planning per action (promotional strategies, tactics, alternative scenarios, controlling, feedback), flexible action plans	√
16	Feedback procedure, measurement and evaluation of place/city's marketing policies and their impacts on the city's development	

Source: Metaxas (2006).

Table 6. Elements and parties of Prague's marketing strategy (2009-2015)

Guarantor on behalf of the city administration	Key participants	Rough estimate of financial costs	Anticipated sources of financing	Stages of implementation	Other necessary pre-requisites for implementation
Foreign Relations Department at Prague City Hall	Culture, Monument Care and Tourism Department at Prague City Hall, Prague Information Service; Prague Convention Bureau (Prague Association of Congress Tourism), City Development Authority; Prague, city districts, Prague Chamber of Commerce, Czech Tourism	0.4 billion CZK	City of Prague (100%), or co-financing by key participants	By 2012, preparation and approval of the foreign marketing strategy; after 2012, implementation of recommended marketing tools	Organizational securing of marketing activities (e.g., setting up a special workplace at Prague City Hall)

Source: Strategic plan of Prague (2009-2015, pp. 12-13).

#### 4. Planning for the future (the 2009-2015 period)

Generally speaking, the role of Prague as the nation's capital and the centre of the surrounding regions have not been sufficiently appreciated to date. That is why one of the fundamental aims of the city administration is to base its relations with the other regions on trust and equality so as to renew the pride that all Czech citizens have in their capital city. On the other hand, if Prague really wishes to become an innovative and dynamic center which pushes ahead the economic, social and spiritual development of the whole nation, then it must utilize all its existing resources to their full extent.

The new strategic plan for Prague (2009-2015) brings out some very important topics of Prague's future development concerning several dimensions. Three of them are listed below.

**4.1. Competitiveness.** This strategic goal is based on the completion of the restructuring process as the main factor in increasing the city's economic effi-

ciency and performance. Prague's extensive research, development and educational base must be the engine for the development of a knowledge-based economy and services, and must play a vital role in promoting new trends that have been adopted within the European Union for the 2007-2013 period. Prague should gradually complete its task to become an innovative and enterprising center for the whole country and in doing so make use of the above-average qualifications of its residents and of information technology. It is also important to further improve Prague's reputation as a good economic partner and to secure a favourable business environment that motivates established entrepreneurs and creates conditions that attract new investors and business interests. To be able to carry out such development programmes, it is also necessary to set up the appropriate institutional structures (i.e., a regional development agency). The forging of new quality partnerships with the public and private sectors is considered to be an essential condition for increasing the city's competitiveness.

**4.2. City's business support program.** In cooperation with the Prague Chamber of Commerce and business representatives, put together comprehensive material assessing the relations between the city administration and the business sector, determine the most effective means of cooperation, including the possibility of assistance and forms of support from the city's resources on the basis of the principle of reciprocity. Pay special attention to small and medium-sized businesses and activities whose innovative qual-

ity can be demonstrated. Assess the options for the organizational securing of cooperation between the city administration and the business sector, including the creation of a workplace within the framework of Prague City Hall. Incorporate into the program possibilities of making use other available EU financial resources in the current and subsequent (post 2013) EU programming period for the purpose of supporting businesses (Strategic plan of Prague (2009-2015, pp. 17-18).



Source: Strategic plan of Prague (2009-2015, p. 25).

**Fig. 4. Prague's commercial center**

**4.3. Strengthen Prague's traditional standing as a center of education and humanities.** The high level of educated and qualified people in Prague is one of the city's strongest advantages. The concentration of science institutes, top health facilities and higher education institutions provides an environment that enables the development and transfer of the latest findings within the medical sciences. Certain health facilities provide specialist care not only to Prague residents and visitors but also to the Central Bohemia Region and the rest of the country. General health care standards are secured by a network of non-government owned health facilities for which health insurance companies are responsible. The ageing population of Prague and the higher rates of illness with increasing age are making greater demands on medical care and treatment. Furthermore, there is a concentration of high-risk groups in the city who are not covered by basic health insurance. When outlining and implementing city development measures it is necessary to provide help and assistance to those members of society who find themselves in difficulties. The role of the state in the social services area is gradually being taken on by the city (under the Social Services Act), as well as by its city districts and by non-governmental organizations (NGOs). Social services in Prague are being devised by the community planning method and carried out by the mid-term social services development plan. Within the Prague area there are a large amount of organizations that offer social assistance (under the Social Services Act), as well as additional

social services. The city authorities support these social service providers with annual grants.

## Conclusion

The aim of the article is to promote the importance of the procedure of strategic planning aiming at the development and the competitiveness of European cities with special reference to the city of Prague. The article concludes that Prague sets one of the most characteristics examples of cities which improved and reinforced their development profile after 1989, by using strategic planning process as the base for the economic development of the city. The development process of the city is explained as part of a total effort that Prague, and almost all the cities of central and eastern Europe, has made in the last decade in the frame of a transformation period towards a new economic and social reality. So, these cities have to adapt to the new parameters, policies and mechanisms in order to develop financially, to create their images and to become competitive.

The article supports that Prague's future actions should be oriented towards retaining of this attractive climate both on cultural and investing level as competition in the European urban system of hierarchy is intense and continuous. However, since the successful development course of the city is related with the existence of multiple social problems, the elimination and containment of these problems is the major priority of the total development planning of the city, so that economic development can be related with social development and cohesion. It is true that this is not easy since in the

cities' environment there are various groups (public authorities, firms, investments, residents, development organizations) which act and make decisions and which represent and support different interests. The

accomplishment of the vision and the objectives of a city, and in this case Prague's, is based on the active participation and effective cooperation of all these groups.

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