

THE ROLE OF VALUE CO-CREATION IN THE BRANDING OF FUNCTIONAL URBAN AREAS: A DELPHI ANALYSIS

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Abstract

This paper investigates the role of value co-creation in the branding of Functional Urban Areas (FUAs), emphasizing stakeholder participation in the branding process. FUAs are composed of smaller territorial units, necessitating collaboration and value co-creation to effectively manage and promote these regions. Using the Delphi method, international experts from academia, business, NGOs, and research institutes evaluated the thesis that value co-creation will be a defining characteristic of FUAs' branding. The research assessed the significance and desirability of this approach for developing a branding model for FUAs, examining potential barriers, supporting factors, and the impact on identified key stakeholder groups. Findings suggest that experts view value co-creation as one of the most essential elements for successful FUAs' branding, highlighting its potential to enhance stakeholder commitment and strengthen brand identity. This study provides valuable insights for both theorists and practitioners, emphasizing the need to incorporate value co-creation in FUAs' branding strategies and offering a foundation for future research and practical applications in urban and regional brand management.

Key words: branding, value co-creation, Functional Urban Areas, FUA, Delphi method.

1. Introduction

Functional Urban Areas (FUAs) have emerged as a strategic response to the issue of "urban sprawl," a phenomenon first identified in the 1930s in the United States. Urban sprawl was initially characterized by the spread of residential areas, low population density, and increasing commuting patterns (Squires, 2002). In contemporary urban development, FUAs reflect the decentralization of both residential and employment zones, often beyond the reach of traditional urban core

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spatial planning (Węgrzynowicz, 2022). In this context, the role of regional managers becomes crucial, as their actions significantly shape local policies and foster cooperation between local governments. Such voluntary, grassroots collaboration within FUAs enhances stakeholder engagement and facilitates the more effective implementation of urban policies (Michalcewicz-Kaniowska & Zajdel, 2023). Place branding has emerged as a critical strategy for promoting regional identity and competitiveness, aiming to enhance the participation of such key stakeholders, particularly tourists, investors, and skilled residents (Wäckerlin et al., 2020; Hanna et al., 2021).

2. Theoretical background

2.1. Functional Urban Areas (FUAs) as a Tool in Urban Development

The increasing demand for a higher quality of life has directly impacted urban space management. Agglomerations, comprising cities and their surrounding areas, offer well-developed infrastructure for access to city centres, such as fast rail systems (Gruszka, 2024). More people now prefer suburban or neighbouring municipalities for their quieter environments, away from noise and pollution (Wu & Phelps, 2011). However, this shift has led to increased commuting as smaller cities often lack sufficient employment opportunities, prompting the rise of FUAs to enhance living standards (Lityński & Hołuj, 2020).

FUAs are continuous spatial units comprising administratively distinct entities. They encompass both densely populated urban areas and their functionally connected suburban zones. These areas can include urban, rural, and mixed urban-rural municipalities (KPZK 2030). As a result, they are often characterized by spatial phenomena or conflicts, uniting regions with shared development goals and conditions. Effective collaboration between municipalities can complement or even substitute territorial-administrative reforms and governmental regulations (Kaczmarek, 2015). Integrating smaller administrative units into functionally connected zones allows for more effective strategic planning and management (Kurek et al., 2020). While local governments tend to prioritize issues like public safety or education over place promotion, the latter's long-term impact on residents' quality of life is significant (Płaszowska, 2017).

Despite the potential for conflicts, social consensus and flexible decision-making processes enable the involvement of key stakeholders—residents, tourists, investors, and local authorities within the FUA—leading to better social and economic outcomes (Andersen & Damurski, 2022).

2.2. Co-Creation in Place Branding

Place brands, especially in the context of FUAs, are developed through collaboration among multiple organizations, often aiming to create a unified marketing strategy based on shared values while sharing the costs and benefits of brand building. When such a brand is tied to a specific territory, it becomes known

as a "territorial brand" or "place brand," terms often used interchangeably (Rovira et al., 2022).

Place branding process is inherently more complex than corporate branding due to the involvement of multiple stakeholders, such as residents, tourists, and investors (Oleksy-Gębczyk & Niemczyk, 2020). Residents, often seen as the most crucial stakeholders, serve as intermediaries between other groups and are frequently referred to as "brand advocates" or "brand ambassadors," leveraging their close ties to the place to promote its image (Lever et al., 2023; Feng et al., 2023).

Co-creation, particularly value co-creation, is increasingly recognized as a vital component of place branding, involving various stakeholders, especially residents, in shaping the brand to ensure it resonates with the community (Hongsuchon et al., 2023). A key challenge in implementing the co-creation concept in branding is that it involves both influencing (branding) and being influenced (brand image) (Sarasvuo et al., 2022). Co-creation models often emphasize the selection of techniques that consider situational factors and agreements between stakeholders, while highlighting the importance of knowledge from both sides in shaping engagement strategies and decision-making processes (Durugbo & Pawar, 2014). The customer brand co-creation model expands on co-creation theory by identifying three key antecedents for customer brand co-creation behaviours, demonstrating that successful co-creation requires sufficient brand engagement, brand self-congruity, and category involvement (France et al., 2015). The organic view of the brand (OVB) model extends this further, advocating for a flexible brand proposition that offers direction while being continuously negotiated with stakeholders, allowing for ongoing reinterpretation of meaning and experience. As consumer involvement increases, traditional control-based branding approaches become less effective (Iglesias et al., 2017).

The concepts of co-creation, flexibility, and stakeholder collaboration are increasingly recognised as essential for developing resilient brands capable of adapting to evolving consumer expectations and dynamic market conditions. The strength of the emotional connection between the brand and its stakeholders directly influences the brand's success (Angelina & Nurlinda, 2023). Thus, understanding what motivates residents to actively advocate for their city or region becomes key in building a successful place brand (Lever et al., 2023).

3. Research methods

The Delphi method is a structured approach designed to facilitate communication among a group of experts, aiming to improve collective decision-making on complex issues. This method relies on iterative rounds of indirect communication, allowing participants to refine and converge their opinions without direct interaction (Matejun, 2023). This approach was chosen to assess the phenomenon identified by practitioners in a previously conducted study. In that study, individual in-depth interviews (IDIs) were carried out between April and June 2021 with representatives of 15 of the 17 Polish Integrated Territorial Investment

(ITI) offices that were operating at the time. It should be noted that these ITI offices were located within the FUAs, the core of which are the voivodeship cities, which are required to develop an ITI strategy. ITIs are a tool of the EU cohesion policy aimed at developing urban cores and FUAs through cross-sectorial projects that address the needs of both cities and surrounding areas (Szafranek, 2015), including branding and marketing initiatives of FUAs.

The conducted interviews provided key insights, including:

- Gorzów Wielkopolski FUA: "We want to involve residents even more than before. (...) We intend to further multiply these efforts."
- Katowice FUA: "Regarding territorial branding, we emphasize joint actions and management of issues that were collectively identified."
- Kraków FUA: "We strive to continuously gather and evaluate feedback in our actions. (...) Let's consciously build everything, focusing on the needs of the stakeholders."
- Lublin FUA: "I support continuous development through public consultations, involving a certain level of social participation."

Both the IDIs and the literature review in Chapter 2 highlighted the significance of value co-creation. This served as the foundation for the creation of one of the theses evaluated by experts in the Delphi study: "value co-creation (participative branding engaging stakeholders) will be the characteristic feature of the created FUA brand."

Given FUAs' complexity, successful branding requires collaboration. While stakeholder engagement in urban branding is well-researched, value co-creation in FUAs has received limited attention, warranting further study. This paper addresses this research gap by employing the Delphi method to gather insights from international experts on the role of value co-creation in the branding of FUAs, with a particular focus on stakeholder involvement in the branding process.

The study examines five key issues related to the created thesis: (1) the significance of stakeholder engagement; (2) the desirability of this approach; (3) potential barriers; (4) contributing factors; and (5) the impact on stakeholder groups. Expert selection followed established Delphi method criteria: experts needed to be directly connected to the study's focus, nationally or internationally distinguished, and from diverse fields to ensure enriched discourse (de San Eugenio Vela et al., 2013). These criteria have been adapted in this study, inviting international experts from fields such as: marketing and branding, place branding, management, urban studies, and geography. International experts were identified via Scopus and Web of Science, covering academia, business, NGOs, and research institutes. The Delphi method was employed in this study across two rounds. In both of them experts evaluated various aspects related to value co-creation and FUA branding using a five-point Likert scale, ranging from **"very high"** to **"very low"**. In the second round, in line with the method's principles, respondents were provided with the summarized results from the first round, allowing them to reconsider their responses in light of the averaged expert opinions. The first round included 81

experts, and the second round included 58 experts, representing a total of 36 different countries. According to multi-stakeholder Delphi guidelines, a sample size of 60 to 80 participants is considered sufficient, with smaller samples (20–30) suitable for single stakeholder groups (Manyara et al., 2024). Given these numbers, the sample size for this study was deemed reliable. Data was collected from July to September 2023, with participants invited via email survey links.

In employing the Delphi method, it is essential to acknowledge certain limitations associated with expert-based research. The author is aware of the fact that experts may possess biases that influence their opinions, and the consensus achieved through this method may reflect groupthink or over-conformity rather than a comprehensive understanding of the issues at hand (Lilja et al., 2011). In order to mitigate the potential for bias, efforts were made to engage experts from a range of countries and diverse professional backgrounds.

4. Results

The results indicate that experts recognise value co-creation as a key element of successful FUA's branding, highlighting its ability to increase stakeholder engagement and strengthen brand identity. Experts concurred in the second round of the study that participative branding, which involves stakeholder engagement, is crucial for the FUAs' brand management model, with nearly 38% of responses indicating a high level of significance. Additionally, it is considered highly desirable, as evidenced by 43% of responses rating it as very desirable.

The examined issues are expressed through indicators, which were calculated using a formula outlined in the literature (Kononiuk et al., 2021), as detailed below:

$$I = \frac{100 * n_{VH} + 75 * n_H + 50 * n_A + 25 * n_L + 0 * n_{VL}}{n}$$

where:

n_{VH} – the number of responses “very high”,

n_H – the number of responses “high”,

n_A – the number of responses “average”,

n_L – the number of responses “low”,

n_{VL} – the number of responses “very low”,

n – the number of responses.

The study concluded after the second round, as expert consensus was high and the changes introduced were minimal. Table 1 presents the key findings on value co-creation in the context of FUA's branding according to experts.

Table 1: Key findings – second round

Value co-creation (participative branding engaging stakeholders) will be the characteristic feature of the created FUA brand	Indicator level	
	Round 1	Round 2
Significance	70.7	72.4
Desirability	73.8	78.0
Barriers		
Limited funding	55.2	54.7
Task-based nature of FUAs and their ITI offices	56.2	54.3
Insufficient digital competences	54.6	54.3
Lack of supportive legal regulations	50.6	52.2
Distinct conflicts and differences between the aspirations and views of individual FUA's stakeholders regarding the direction of FUA's development	66.0	63.4
Low involvement of stakeholders in the process of building a joint brand	67.3	69.0
Contributing Factors		
Additional financial support	59.3	59.9
Rapid development of technologies related to remote communication	61.1	60.3
High level of brand management competences among FUA's managers	66.7	67.7
High citizen awareness of belonging to a FUA	67.0	67.2
High interest of residents in areas distanced from city centers	66.4	63.4
High involvement of internal stakeholders in a jointly built brand	76.2	77.2
Key Stakeholders		
Citizens	74.4	73.7
Tourists	62.3	63.4
Investors	71.9	74.1

Based on the collected data, experts confirmed the significance and desirability of stakeholder participation in FUA's branding. Both metrics increased between Round 1 and Round 2, with desirability rising notably from 73.8 to 78.0. This indicates that experts increasingly recognized value co-creation as a desirable feature for building a successful FUA brand.

Among the barriers, low involvement of stakeholders in the process of building a joint brand was consistently highlighted as a significant issue, increasing slightly from 67.3 in Round 1 to 69.0 in Round 2. Analogously, **high involvement of internal stakeholders** was consistently highlighted as the most critical contributing factor, scoring 76.2 in Round 1 and rising to 77.2 in Round 2. Other barriers and contributing factors, though recognized, were considered less influential in hindering the application of value co-creation in FUA's branding. In both rounds, the lowest barrier scores were assigned to the lack of supportive legal regulations, which primarily referred to EU directives and ministerial regulations

governing the operations of ITI offices in Poland, while additional financial support was rated as the least important contributing factor.

It is important to note that the barriers and supporting factors discussed in this paper pertain specifically to the value co-creation process, rather than to the broader context of FUAs' branding. Therefore, the lack of commitment to the brand being developed is a fundamental aspect of the value co-creation, which experts identified as a significant barrier, along with a contributing factor emphasizing the crucial role of engagement in the co-creation process. The topic of barriers to place branding in FUAs is addressed in a separate article by the author (Matwiejczyk, 2024).

The role of citizens was initially rated highest in Round 1 (74.4) among key stakeholders. However, in Round 2, experts shifted their focus, recognizing investors as slightly more critical, with an indicator of 74.1 compared to 73.7 for citizens. This subtle change may reflect a broader understanding that while citizens remain essential to the branding process, the involvement of investors is also crucial for ensuring long-term sustainability and resources. Interestingly, this shift contrasts with findings from the IDIs and literature, which predominantly highlighted the role of citizens in shaping a place brand's identity, suggesting that stakeholder priorities may evolve depending on context and specific branding goals.

Notably, none of the examined factors received an indicator score below 50.0, underlining the overall feasibility of implementing value co-creation in FUA branding, despite the identified challenges.

5. Conclusions

The experts' consensus generally aligns with the perspectives of practitioners, particularly those from ITI offices, who emphasize the critical role of value co-creation in the branding process of complex areas like FUAs. Co-creation in branding not only enhances the brand's authenticity but also fosters emotional bonds between stakeholders and the place. These bonds are vital for building long-term loyalty and generating positive brand associations, which, in turn, strengthen the place brand's presence in the minds of residents, tourists, and investors (Jovičić Vuković, 2018). It is essential to engage these groups in the branding process, promoting a shared brand with which they can identify, ensuring that the brand is not rejected, and preventing a lack of commitment to acting as its ambassadors.

Moreover, there appears to be a slight shift in stakeholder priorities, with investors emerging as more critical in co-creating complex place brands. While the theoretical background and IDI results suggested that residents would play a dominant role as brand advocates, experts have increasingly emphasized the importance of investors, introducing a new layer of complexity to the stakeholder engagement model. It is important to acknowledge the complexity of stakeholder dynamics within FUAs, where investors often play a dual role, as many are also residents. In the case of complex entities such as FUAs, stakeholder groups are not entirely distinct. Ultimately investments are typically viewed by FUAs' managers as

a means to enhance the quality of life for residents by fostering employment opportunities. This suggests that the interests of residents and investors may align more closely than initially anticipated, rather than being in opposition.

To effectively implement co-creation in FUA's branding, the perspective must shift from viewing them merely as funding mechanisms or a collection of smaller municipalities. Instead, FUAs should be conceptualised as cohesive territorial units that form the foundation for future initiatives, particularly in branding efforts. This approach aligns with the increasing mobility of residents, requiring authorities to prioritise integration over fragmentation. Managers must be willing to relinquish some control and embrace collaboration if they aim to build a relevant brand image (Iglesias et al., 2017). Insights from ITI office staff and the Delphi study suggest that the co-creation process should begin with an objective assessment of the FUA's potential and the identification of key stakeholder groups. It is important to note that not every instance of value co-creation will be mutually beneficial, as it may lead to heterogeneous and negative brand interpretations, potentially resulting in a loss of brand equity (Sarasvuo et al., 2022).

To prevent such outcomes, regularly scheduled questionnaires—whether remote or in-person, depending on technological capabilities—can enhance stakeholder engagement by evaluating past efforts while encouraging constructive criticism and idea sharing. Additionally, activities such as exploratory walks can help align questionnaire responses with actual conditions, and regular consultations or meetings would enable stakeholders to collaboratively define shared goals. These efforts foster a sense of inclusion and ownership, making stakeholders more likely to act as ambassadors of the FUA's brand (Iglesias et al., 2017; Lever et al., 2023). The coordination of these processes should be centrally managed by the FUA's core city, with extensive collaboration from other municipalities, as highlighted by the study participants.

Finally, this research reaffirms the significance of stakeholder-driven branding strategies aimed at co-creating the brand identity. Future studies should further explore how these dynamics can be leveraged to build more resilient and competitive urban regions, with a focus on understanding the factors that drive residents to actively promote and support their place. Comparative analyses could be incorporated to assess the alignment between expert insights and practical outcomes. Additionally, further research could investigate how FUAs balance these potentially overlapping priorities—quality of life and economic returns—by investigating the nuanced dynamics between citizens and investors and their roles in long-term place branding and value co-creation strategies.

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