



Cracow University of Economics
Faculty of Management

PRICING POLICY IN LOCAL GOVERNMENT UNIT

- Natalia Piątkowska, B.A.
- Aleksandra Mrozicka, B.A.
- Adrianna Gołucka, B.A.
- Jana Podgajewska, B.A.
- Karol Grabowski, B.A.

INTRODUCTION

The aim of this poster is to introduce the topic of pricing policy in local government unit.

The definitions of territorial marketing are generally wide, and they include various dimensions. On the one hand, it is associated with satisfying the needs of the local and regional community, and on the other with the impact of public organizations on those communities, activating them and learning partnership between entities.^[1]

In basic terms, territorial marketing is the entirety of actions taken to attract to the municipality by informing (communicating) first of all internal and external investors. It is also a development program for local enterprises and for promoting a good image of a territorial unit. Undoubtedly, the most important thing is to create the best conditions for investors such as building a proper road infrastructure and providing investment areas.^[2] The advantages of marketing mix are that it actually includes all the benefits that consumers can obtain at the level of market transactions. The second asset is that all of the company's investment in market activities is transferred with four tools.^[3]



Source:

<https://marketingmix.co.uk/content/uploads/marketing-mix-4ps.jpg>



PRICES IN TERRITORIAL UNITS

The prices in a territorial unit perform the following functions:

- **INCOME RELATED** - it is partly related to the commercial activity of the territorial unit, being a source of income for it;
- **STIMULATIVE** - refers to the prices of services provided on a commercial basis, and especially in the case of products guaranteeing prestige, e.g. a fee for the opportunity to use the emblem of a given town to promote a company;
- **INFORMATION** - the price provides information to the buyer about the quality of the product / service and its rarity;
- **ALLOCATION** - the price allows for reimbursement of costs incurred and achieving a financial surplus;
- **INCENTIVE** - the price encourages customers to buy products or use the service;
- **REDISTRIBUTIVE** - in the field of goods and services significant from the point of view of external benefits and preventing waste and rationalizing the use of goods and services public as needed.^[4]

Price is one of the four marketing elements of the revenue-generating mix. In local government, the price of the service does not always depict the price of its production. It can be higher, equal or lower, and some services are provided for free.

Municipalities have quite broad qualifications. They can shape the size of the influences of their own revenue. In determining their level, the only limit is the rate defined by law. Shares in public taxes are an exception from this rule. Territorial authorities have no influence on their size, nor may they reduce or exempt them.^[5]

PRICE FOR INDIVIDUAL SEGMENTS

The price in the structure of the local government unit has a different impact for individual segments. It will vary for the investor, resident or tourist.

- for the **INVESTOR**, an important issue is eg. exemption from fees, taxes and various types of rebates
- for **RESIDENTS** these are discounts or allowances for an apartment, discounts on public transport with a resident card, discounts for large families, discounts on purchasing tickets to municipal cultural institutions
- for **TOURIST** prices are shown in the form of discounts for sightseeing a city, in restaurants or hotels.

RECIPIENTS

The main recipients of local government units are distinguished on the basis of segmentation of buyers of territorial units and are divided to:

1. internal buyers:
 - permanent and occasional residents (students, seasonal workers)
 - members of local authorities
 - employees of enterprises and public utilities
 - local entrepreneurs
 - local organizations and institutions
 - representatives of local lobby
2. external buyers:
 - domestic and foreign tourists
 - visitors
 - potential residents
 - highly qualified workforce
 - domestic and foreign entrepreneurs
 - investors (domestic and foreign)
 - central government
 - governmental organizations and agencies
 - domestic and foreign institutions.^[6]



PRICING POLICY

The price as a marketing term includes fees that are paid to units of the budget sector. Prices vary in the structure of the local government unit. There are two organizational and legal forms in local governments: budgetary units (e.g. municipal police, schools) and local government budgetary establishments (municipal enterprises, sobering centers, sports and recreation centers, local public transport, graveyards). Those forms have different abilities in price formation. There are also situations in which collective public needs that local governments are responsible for are satisfied by other entities, or possibly by establishing commercial companies. An important element of the pricing policy that has its place in local government policy is also the granting of rebates. In the case of territory, they mainly come down to fees and taxes. Mostly, they are in the form of exemptions, reductions, installments. The most common are installments or deferred payments.^[7]

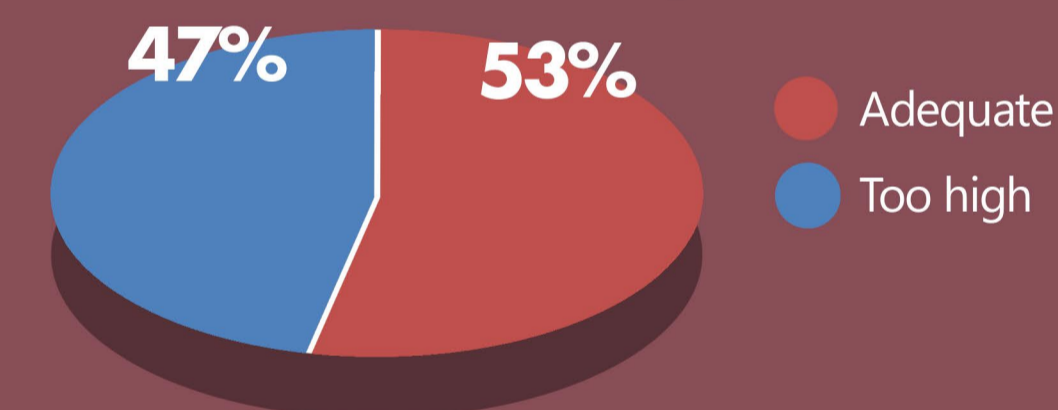
Part of the pricing policy in local governments are rebates granted to specific groups or for specific behavior (e.g. for the use of waste-free technologies).

RESEARCH

From 1st to 10th April an anonymous survey was conducted to determine what residents think about the price levels in the municipality of Cracow. 103 people from the municipality of Cracow took part in the survey. Among respondents there were:

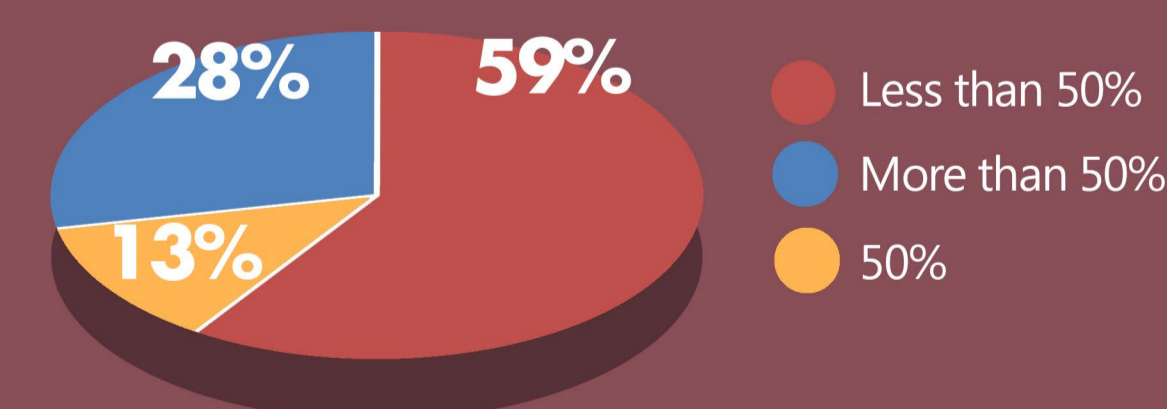
- 57% of women and 43% of men
- 54.4% of people from 18 to 25 years old, 16.5% of people aged 26-36, under 15% aged 37-45, about 8% from 46 to 55 years old and around 6% over 55 years old.
- 62.1% with a university degree, almost 30% with secondary education, 8% vocational education, less than 2% with basic education
- 46% with good financial situation, 38% average, less than 10% with very good and about 6% with bad material situation.

Public Transport Prices



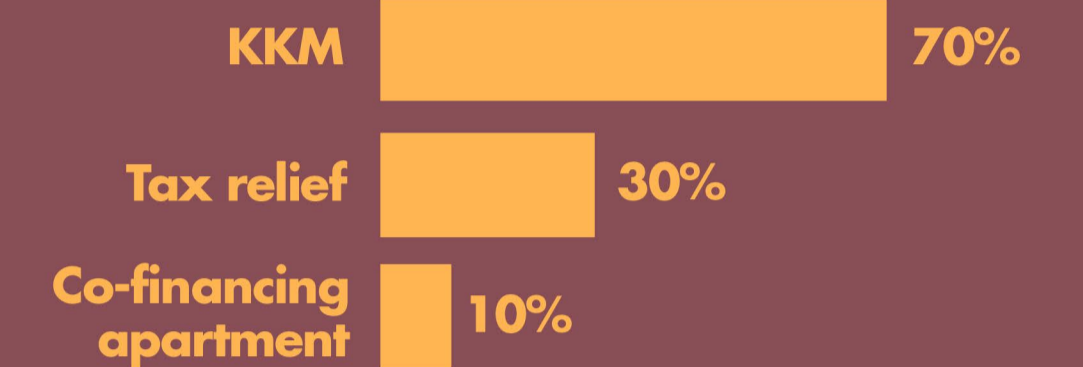
More than half of the respondents (53%) said that the prices of public transport in the municipality of Krakow are right for the quality, while about 47% of people thought it is too high.

Entertainment Budget



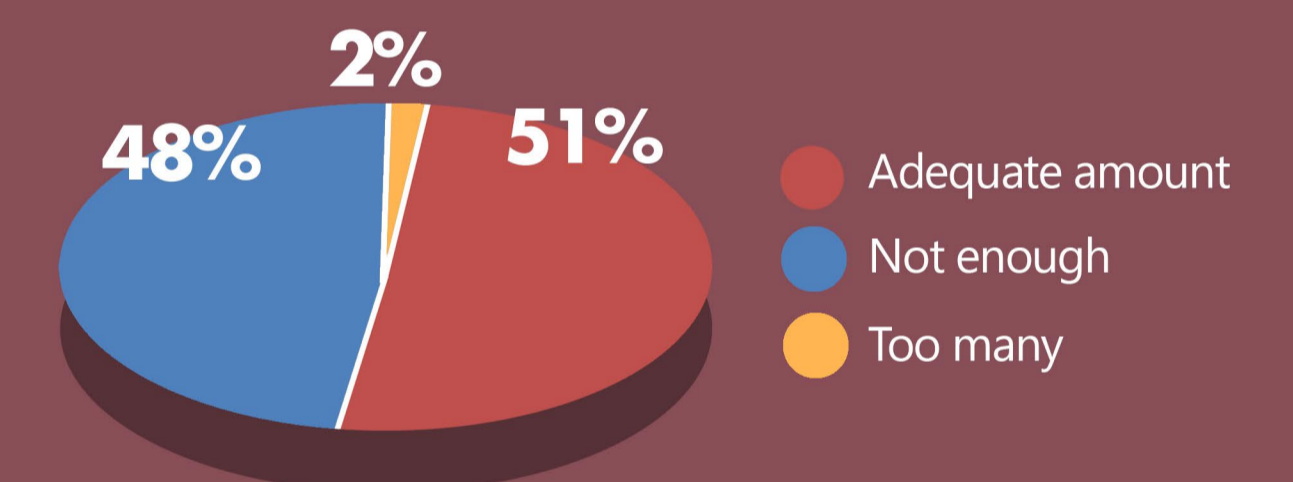
Almost 60% of respondents said that after paying all bills and buying food, they have less than 50% of the budget that they can spend on entertainment. About 30% of respondents claim that they have over 50% of the budget, while the smallest group (about 13%) are those who remain 50%.

Municipal Programs



Municipal programs that locals enjoy the most are: KKM (Cracow City Card), which is used by more than 70% of respondents, then about 30% of respondents take advantage of tax relief offered by the municipality, and less than 10% get benefits of co-financing apartments.

The Amount of Municipal Programs



Over half of the respondents assume that the programs offered by the municipality of Kraków are adequate in relation to the needs of residents. 48% of the respondents thought that there are too few of them, while only 2% think that there are too many of them.

CONCLUSION

Price is one of four elements of the marketing mix in territorial terms.

- It performs the following functions: income, stimulation, information, allocation, stimulus and redistributive.
- The price defines the conditions of using the offer: against payment, partly against payment, fully paid.
- It has a different impact on individual segments, so it will vary for the investor, resident and tourist.

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