Downtowns are popular destinations again after decades of losing residents and businesses to suburban areas. Between 2000 and 2010, Census data show that the rate of residential growth in some of the nation’s largest downtowns grew more than twice as fast as the rest of their cities. While some of the most significant gains were reported in Chicago, New York and Washington, this trend isn’t limited to the largest metro areas; it’s touching cities and towns of all sizes.

As leaders refocus their efforts on downtown districts, many recognize that perceptions of vitality along Main Street reflect on the community as a whole. A vibrant downtown is attractive to visitors, potential residents and the businesses that want to serve them. A dilapidated district can have a negative effect. David Diaz, President and CEO of the Downtown Raleigh Alliance and Large Cities Director at the North Carolina Downtown Development Association, recently said, “To the extent that your Main Street is dead, your whole downtown is perceived as dead and sometimes, your whole city is perceived as not as lively if the Main Street is not strong.”

This post describes two promising strategies used by downtowns in North Carolina to position themselves for improved business climates: place branding and determination of a unique value proposition. Used together, these strategies can help improve perception of a downtown district and build goodwill among its stakeholders. Each will be described and accompanied by an example from North Carolina.

**Place Branding**

Place branding is a relatively new term that describes the determination of attributes that distinguish one place from others. It embodies some of the same qualities and practices as retail branding. Successful retail brands are able to differentiate themselves by creating a perception in the consumer’s mind that the product or service is superior in some way. For example, Honda Motor Company portrays its vehicles as reliable while BMW emphasizes the pleasurable experience its vehicles provide. By design, each brand reflects positively on the manufacturer while distinguishing itself from other auto makers.

Retail marketers want consumers to have positive associations with their brands because the likelihood of purchase and loyalty is higher; people feel emotional attachments to brands, which can lead to an emotional response and action; and positive associations strengthen relationships with long-time customers. These principles hold true with places, as well.

Downtown Raleigh is a good example of a place branding success. Through a branding process led by its nonprofit entity, the Downtown Raleigh Alliance, the district has positioned itself as youthful and creative, perhaps best described in its tagline, "The Urban Campus for the Young and Innovative". By uncovering its brand, the district determined which base of residents and businesses it was most likely to attract. In 2014, one in four people living in downtown Raleigh is between the ages of 25 and 34.

It’s tempting to confuse a new logo or tagline with a brand; while important, such elements are only visual *representations* of the brand. Successful brands generally point to differentiation because consumers, bombarded by marketing messages, often see competing brands as essentially the same. In the retail world, they may make their choice based purely on price or packaging. Without differentiation, many drift from brand to brand, looking for the lowest price or the product on the latest coupon.

**The Unique Value Proposition**

Communities that are successful with place branding efforts are likely to have a well-defined unique value proposition: this
term describes how your downtown is uniquely positioned to solve a particular need or problem; it offers one or more benefits that differentiate it from competing cities. The term is common in business publications, but still somewhat new to local government.

Downtown Durham has implemented this approach exceptionally well. The community determined its unique value after stakeholders, led by the Greater Durham Chamber of Commerce, Downtown Durham, Inc. (a nonprofit founded in the 90s to revitalize the district) and others, embraced the city’s entrepreneurial roots. Durham’s history includes more than a century of entrepreneurial influence, such as ties to the American Tobacco Company, founded by the Duke family in the 1890s, and Black Wall Street, an early 20th century downtown financial district owned and operated predominantly by African Americans. Today’s Downtown Durham’s brand is positioned as entrepreneurial, non-corporate and home to a pipeline of creative workers.

“The [entrepreneurship] talent pool was already here,” said Casey Steinbacher, president and CEO of the Greater Durham Chamber of Commerce. “We just happened to be the right place for it to congregate in the beginning. We saw that and figured it out and then got very intentional in figuring out what we needed to do to help make that happen more.”

Since determining what sets it apart, the district has attracted a new crop of start-ups. Young professionals, many of whom are recent graduates from nearby universities, have chosen Durham as a place to start new technology businesses. Investors have transformed many of downtown Durham’s historic buildings into business and residential centers. The American Tobacco Campus (technology companies, restaurants and marketing firms) and the American Underground (a startup hub owned and operated by Capitol Broadcasting Company) are good examples. The unique value proposition helps all stakeholders focus on what downtown Durham does best.

The process for determining a unique value proposition will generally be different for a downtown than it would be for a business. New businesses tend to have a relatively small number of decision makers. Downtown districts operate differently; many stakeholders will expect to be included. Successful downtown districts recognize that the process of determining what makes a community distinct is often as important as the outcome. Stakeholders who feel included are more likely to embrace the results.

Traditionally, local government staff and elected officials were content to provide basic services and infrastructure while leaving competition to the private sector. Today, it is widely recognized that downtown districts are competing with other places, so much so that a growing number of public relations, design and advertising agencies are adding place branding to their list of services.

Whether a community seeks outside help from a vendor or chooses to conduct the research in-house, successful downtown districts will generally focus on determining their unique value proposition. A methodical, honest look at the district’s strengths and challenges, conducted within a spirit of community, has the potential to create great value for the people who call the district home.

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