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**RESOURCE-BASED CITY STRATEGY OF BUDAPEST, WITH A SPECIAL REGARD TO
EUROPEAN UNION FINANCING**

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1. INTRODUCTION

1.1. Topicality of the issue

Hungary joined the European Union in 2004, which opened the opportunity of developments both at national and regional level. Widespread improvement of key funding areas became possible through directed external capital transfer, whereas effectiveness and efficiency of utilization of funds still raises debates.

Considering statistics, it can be stated, that more than 70 percent of the European inhabitants live in urban areas. This number does not contrast strikingly in Hungary, either (with 69,4 percent according to the data of the Hungarian Central Statistical Office). The population of the city of Budapest is about 1.7 million, together with its agglomeration this number is 2.5 million, and the so-called Budapest city region is 3 million. Living conditions of citizens, liveability and sustainability of the city are basically affected by the development areas defined by the city and its position in international environment with a special regard to the environment of the European Union.

Lots of target areas are supported by the European Union with the tools of regional development policy to treat the regional inequalities and to reduce them. In parallel with it, a new line of development policy appears, which says that the basis of regional catching up is not the outstanding support of highly underdeveloped regions, but, on the contrary, to support developed city regions and economic centres, to obtain the required effect via their expansion and external effects on their agglomeration. (ENYEDI, 2010a, 401, 404.p.). Staying at the field of merely economic rationality, even in case of regional development, a profit-oriented approach seems obvious, and based on that, those regions should be supported that have already proved success, where the time of return is visible, and the profit, including social profit, - e.g. because of big number of inhabitants concerned – is outstandingly high. Agreeing with Enyedi, the evergreen dilemma of effectiveness and/or social solidarity seems unsolvable. (ENYEDI, 2010b, 399.p). By evaluation of the period between 2004 and 2013, after Hungary's accession to the European Union, it was also clear, that absorption of funds was difficult and bureaucratic, especially till 2010, (CONSTANTINOVITS, 2011; 2013), and this way the extent of development was not necessarily fulfilled the accession expectations. The Central-Hungarian Region gained increasing advantage over other regions in the county. (UGRÓSDY, 2015).

The developed regions in the European Union, so does the Central-Hungarian region in Hungary, and Budapest within that, faces the above-mentioned dilemma, which take significant effect on the position of our capital not only in the region and in the country but also at international level, too. "...our developed regions – Budapest and the surrounding areas or West-Hungary – are in hard international competition. Willing or not, strengthening of Budapest is a national

interest, because it competes with international metropolises. It is a big loss if it loses, but, if we support it in its competition with the West, we will again have no opportunity for equalization within the country.” (UZZOLI - ENYEDI, 2011, 154.).

Beside this, it is also important to highlight, that according to the data of Eurobarometer Flash, published by the European Commission, to regularly measure the quality of life of citizens of the European cities, it can be stated, that perception of satisfaction of the citizens of Budapest in 2010 was far behind the European average in nearly all areas examined.

In my dissertation, I search for the solution of above mentioned dilemma, with introduction of a new strategic management model in which we insure the sustainability and strengthening of national and international role of our capital as an area-shaping force, and its ability in sustaining and improving funding absorption in a way, that the development of the city is not at the expense of the less developed regions. The tool I introduce for it, is a new strategic development model, in which we define the local government of Budapest not alone, but together with its companies in a synergy-system. When working out this system, I examined the scientific literature, the potentially adaptable management models and success strategies in details, both in the field of public-, and private sector, and in parallel, I searched the possibility of further expansion of my model.

Involving of municipal companies into the model I found reasonable because they have significant effect both on economy, and on the quality of life of the citizens via their public utility services. Of course, the activity of the municipality and its companies is more than that if we consider the EU 2020 and 2050 aims, as our capital city can contribute to reach the aims of all the five target areas defined by the EU for the member countries.

1.2. Limitation of topic, research framework

The thematic framework of my researches are funding opportunities, primarily the changing of funding environment and framework of the EU, available for the capital city of Budapest and its public utility companies, institutions, also their adaptation possibilities. During my researches those changes of the financing structure of the European Union is analysed and evaluated that affects the capital city-region. As an answer to them, a new, public- and corporate sector synergy-based SWOT-analysis methodology with 11 fields, and relating to it, a new resource-based EU strategic management model is introduced in my dissertation. The framework of the model is the Municipality of the City of Budapest and its public utility companies, its dual target-system consists of the resources available by them in the field of EU funding absorption and expansion of international relations. In this respect, the model is a synergy-based city strategic model, more specifically, a resource-strategy, which concentrates primarily on absorption of

EU-funds, at the same time, it is also suitable for application of other third-party financing, which is also introduced in the dissertation. I also make a proposal to the expansion of the particularistic model, introduced after 1st research phase, with a hope, that it can also be adopted not only by the capital city, but also by other regional-centres to build operative management structures.

Besides developing the basis of the strategic management model, applying scientific literature and secondary document and data analysis, the planning-process is based on my own, primary researches connected to the model and conducted by active involvement of departments of the Municipality of the City of Budapest, its public utility companies and the Budapest Representation to the EU in Brussels. The researches were started in 2010, while the complete research-and monitoring period accompanies the status, results and expansion possibilities of the model till 2016. In this respect, the consecutive researches can be regarded as parts of a three-phase longitudinal research. Though the model had been applied in practice since 2012, its tentative, conditional status was released by the monitoring research in 2016, where its effectiveness indicators, also its potential expanding opportunities were introduced.

In my opinion, the model built up and introduced in my dissertation is well enough flexible to be adaptable in other regional centres or cities to fulfil the aim not to develop a city or a region to the detriment of others, but as a first step, by using locally available resources more effectively and on a broadest scale.

In opposition to former strategic materials of Budapest, it is a novel approach to involve the municipal companies to the strategic planning, which is duly justified by the experience of previous years, that significant funding opportunities and development purposes are connected to these companies, also their utility service-level highly affect citizens' quality of life. Of course, company-activities are even more important regarding to EU 2020 goals, as the capital can contribute to national undertakings and goals defined towards the EU. It is important to mention, that my researches also contributed to examine and implement municipal policy aims, and were supported by and in harmony and consent with the stakeholders of the city, but the strategical analysis method and the synergy-based resource management model and its monitoring results are introduced overall for the first time in this dissertation.

2. HYPOTHESES, MATERIAL AND METHOD

Regarding the above introduced issue, the following research aims were defined:

Target 1 (C1): to examine whether such model can be built up that can contribute to more effective use of EU funding;

Target 2 (C2): to examine, whether the new model can contribute to increase of absorbing EU resources in a changing funding environment, and whether city relationships can be improved;

Target 3 (C3): to examine the results of the particularistic model, and to examine how it is possible to apply and expand partial policy results at international level and make the model interoperable.

To reach the targets defined and to find answers to the questions above, the following hypotheses were defined and examined during my longitudinal research between 2010-2016:

Hypothesis 1.1: potential synergy-connections may arise by identification of those resources and ability-gaps that affecting EU funding absorption of public entities and corporation – with a special regard to the Municipality of the City of Budapest and the municipally-owned public utility companies.

Hypothesis 1.2: Synergy-connections give opportunity to define new break-out possibilities.

Hypothesis 2.1: funding absorption connected to different public utility services can be increased as result of municipal-corporate synergies.

Hypothesis 2.2: increase of EU funding absorption allows decrease of own capital expenditures on new asset when delivering public utility services.

Hypothesis 2.3: increase of EU funding absorption allows earlier implementation of developments.

Hypothesis 3: international expansion of the particularistic synergy-model becomes possible with involvement of regional representation in Brussels.

I started my researches in harmony with the targets above and in parallel with studying scientific literature. Based on BABBIE (1995, 75. pp.) I summarize the inductive and deductive phases of my research in Figure 1.

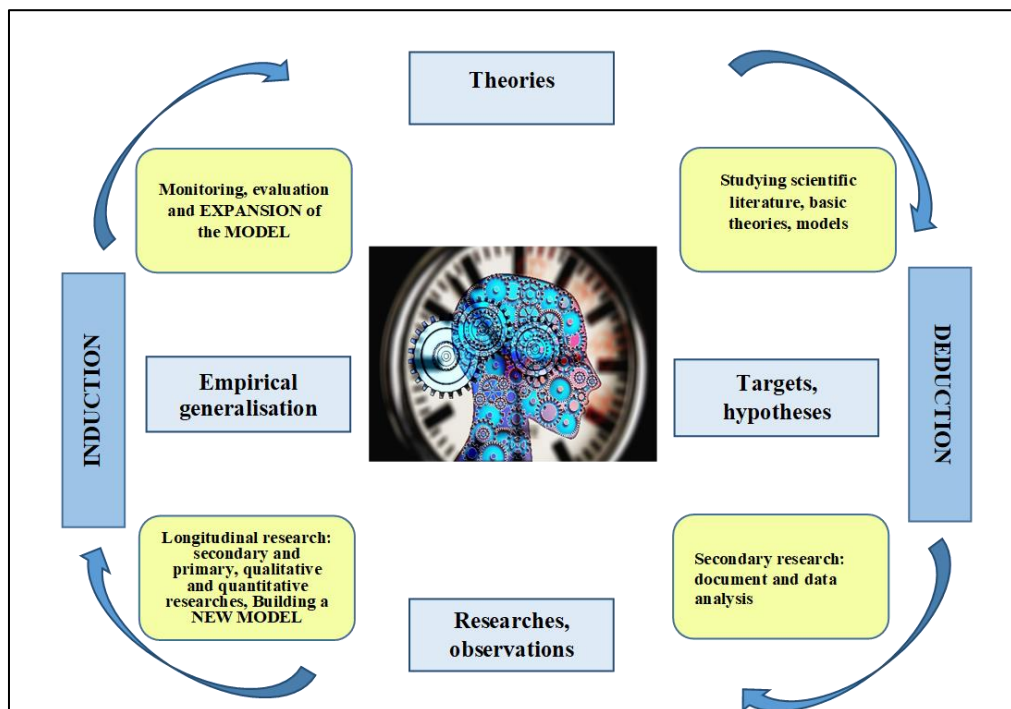


Figure 1: Phases of the researches, based on the “Wheel of science”
Resource: own editing, based on Babbie (1995), 2018

2.1. Scientific literature as basis of research

Scientific background of the dissertation was based firstly on strategic management models both of public and private sector, secondly, on those scientific works and precedents that consider opportunities of synergies within each sector and between sectors, containing partial analogies and integrative methods, connecting to the resource-based model of my dissertation, thirdly legislative and other documents and publications of the EU. Funding environment of both Hungary and the European Union was analysed and evaluated during secondary document and data analysis.

2.2. Structure of the research

My own research process connecting to the model is a complex longitudinal research between 2010 and 2016, which contains three main research phases, and at the same time it also reflects the life-cycle of the EU strategic management model based on synergies between the Municipality of the City of Budapest and the municipally-owned public utility companies. During my research I relied on the views of PORTER (1996), notably that sustainable strategical position is derived from activities strengthening mutually each other, also the Balanced Scorecard approach of KAPLAN and NORTON (2002), which, says, that

“strategic planning is based on interpretation of strategy as a hypothesis” so the strategy is the hypothesis itself. I developed targets and hypotheses of my dissertation by considering this view with a bit of criticism, as my strategy and model development was based both on detailed research of scientific literature and my own researches.

In the structure and the method, I relied on works by BABBIE (1995), MOLNÁR (2015), SZÚCS and (2004) TOMCSÁNYI (2000), while during strategic-, and spatial planning and modelling, besides the works mentioned in the chapter on scientific literature, I used the works of PAPP VÁRY (2008, 2009), PAPP (2011), PISKÓTI (2012, 2014) and SZAKÁLY (2004), as I found these outstandingly important when developing a Hungarian model.

2.2.1. Parameters of the research, secondary and primary data, methodology

I conducted a three-phase longitudinal research between 2010 and 2016 which consisted of three parts as the followings:

K 1. – first research phase

- K 1. 1.: own secondary research on document and data on the main priorities and funding opportunities of the European Union and Hungary; also, analysis of external environment of the resource-based EU strategic model;
- K 1. 2.: own primary qualitative research of internal environment of the resource-based EU strategic model, with two parts:
 - K 1. 2. 1.: own primary qualitative research in writing: analysis of EU-related areas of all departments of the Municipality of the City of Budapest;
 - K 1. 2. 2.: own primary, qualitative research conducting focus group- and individual interviews to collect data on the potential municipal-corporate synergy-system.

K 2. – second research phase

- K 2. 1.: own primary quantitative research using multivariate statistical methods to investigate main resource factors of research-development and innovation as an outstanding priority and funding area of the EU;
- K 2. 2.: own primary qualitative research in writing at the Municipality of the City of Budapest and at the municipally-owned public utility companies in two main areas:
 - K 2. 2. 1.: research on non-human public utility services and development of the enterprise-sector;
 - K 2. 2. 2.: research on human public services.

K 3. – third research phase

- K 3. 1.: own primary quantitative research using online questionnaire among regional and city representations to the EU in Brussels, to analyse

potential international expansion of the resource-based EU strategic model;

- K 3. 2.: own primary quantitative research using online questionnaire at the Municipality of the City of Budapest and at the municipally-owned public utility companies.

2.2.2. Structure and coherency of the research

I summarize parts of main research in the following table 1.

Table 1: Research process of the strategic model

| Targets | | Hypotheses | | RESOURCE PROCESS | | | |
|---|--------------------------------|---|---|---|---|--|--|
| STUDYING OF SCIENTIFIC LITERATURE, BASIC THEORIES, EVALUATION OF MODELS | | | | | | | |
| C1 | H1.1. H1.2. | FIRST RESEARCH PHASE (2010-2011) | | | | | |
| | | <p>K 1. 1.: Own, secondary research: Data: secondary data Method: - Analysis of documents and data (Type: explorative, descriptive research,) o Environment of the EU o Co-financing structure in Hungary Special target of research phase: external analysis of environment of the resource-based European Union strategic model</p> | <p>K1.2.: Own, primary, qualitative research Data: primary data, information Methods: - written interviews - focus group research - individual interviews Special target of research phase: internal analysis of environment of the resource-based European Union strategic model</p> | <p>K1.2.1.: written interviews Sample: Departments of Municipality of the City of Budapest Special target of research phase: analysis of EU activities of the capital city</p> | <p>K1.2.2.: focus groups and individual interviews Sample: Municipality of the City of Budapest and the municipally-owned companies Special target of research phase: analysis of a potential synergy-system</p> | | |
| Result 1: synergy-based SWOT-analysis with 11 fields and a resource-based particularistic strategic management model | | | | | | | |
| C2 | H2.1. | SECOND RESEARCH PHASE (2011-2012) | | | | | |
| | | <p>K2.1.: Own, secondary quantitative research by application of multivariate statistical methods Special target of research phase: identification of the resource-factor of research-development -innovation, as outstanding area of financing Sample: data of R&D Framework programmes of the EU</p> | <p>K2.2.: Own, primary, quantitative research: written interviews Special target of research phase: analysis of policy areas, identification of short-term action plans, areas of actions and projects Sample: municipally-owned companies, Municipality of the City of Budapest</p> | <p>K2.2.1. Non-human public utility services and area of entrepreneurship-development</p> | <p>K2.2.2. Human public services</p> | | |
| Result 2: new, complex resource-based strategic management model with cooperation of municipality and its companies | | | | | | | |
| C2 C3 | H1.1. H2.2. H2.3. H3. | THIRD RESEARCH PHASE (2015-2016) | | | | | |
| | | <p>K3.1.: Own, primary, quantitative research with online questionnaire Special target of research phase: research on further opportunities of external environment, strengthening of the tentative model Sample: regional-, and city representations to the EU in Brussels</p> | <p>K3.2.: Own, primary, quantitative research with online questionnaire Special target of research phase: in situ research of efficiency of the synergy-model Sample: workforce involved in operative implementation of strategic model (both municipal and corporate-sector management)</p> | | | | |
| Result 3: decrease of own capital investment of developments Result 4: decrease of implementation-time of developments Result 5: synergy-based new, flexible strategic management model, also expandable at international level | | | | | | | |

Source: own research and editing, 2018

3. NEW AND NOVEL SCIENTIFIC RESULTS

3.1. Results of the first research phase

Result (R1a): I worked out such 11-field SWOT method for analysis and evaluation of municipal and corporate resources and ability-gaps that gives basis for development of a synergy-system, based on a new, dual organizational structure, which is flexible and capable of maximal adaptation to external environment by synthesis of resources.

During analysis those weaknesses that were identified in the one side are to be eliminated in a way that they could be replaced from the strengths of the other side. Identification of partial ability-gaps, notably lack of resources and definition of strengths of each organizational system are essential parts of analysis, which is shown in Figure 2.

| | | Analysis of internal features | | | |
|-------------------------------|---|---|---|--|--|
| | | | | MUNICIPAL WEAKNESSES | |
| SWOT-analysis | | | | <ul style="list-style-type: none"> - lack of own financial contribution to tenders - lack of specific policy expertise - bureaucratic internal regulations - lack of utility-related directory entitlement | <ul style="list-style-type: none"> - lack of project management expertise - limited opportunities due to enterprise status |
| | | MUNICIPAL STRENGTHS | CORPORATE STRENGTHS | <p style="text-align: center;">S-W strategies</p> <p>By using common resources of the synergy-system, preparation and application for EU calls, implementation and future maintenance and operation of developments can be assured.</p> | |
| | | <ul style="list-style-type: none"> - qualified project management team - diverse professional experience (legal, financial etc.) - eligibility for application for calls | <ul style="list-style-type: none"> - outstanding specific policy expertise - ability of own financial contribution for calls - more flexible internal regulations - eligibility for the supply of public utility services | | |
| | | <p style="text-align: center;">Strengths of the synergy-system expertise + eligibility for application for calls + own financial resources</p> | | Strategic synergy-field | |
| Analysis of internal features | OPPORTUNITIES Financial resources of EU calls | <p style="text-align: center;">S-O strategies</p> <p>Reach of new Hungarian and direct EU calls and third-party financing possibilities</p> | | | <p style="text-align: center;">S-W-O strategies</p> <p>More diverse cooperation implemented in new areas</p> |
| | THREATS Limitations of tendering system Legal framework | <p style="text-align: center;">S-T strategies</p> <p>Eligibility to external, limited opportunities because of common resources.</p> | | | <p style="text-align: center;">S-W-T strategies</p> <p>Threats and weaknesses can be minimized due to flexible and adaptive structure and diverse common resources.</p> |

Figure 2: 11-field SWOT-analysis and strategic synergy-field of the new model
Resource: Own analysis and editing (2018)

Resource (R1b): Based on the 11-field SWOT methodology, I established a synergy-, and resource based particularistic strategic management model, primarily with the municipality and its own companies, secondly with other members of the connection network of the capital.

After the first research phase I consider the model particularistic, because it was worked out in relation to EU-policy, and the partnership relies on the internal resources of the synergy-system. The particularistic status also comes from the nature of my basic model, in which I worked with the synergies between the municipality and its companies, whereas, even in this phase, I considered other connections of the municipality, and in involving financial resources – besides EU co-financing – other alternative opportunities such as **ITI – Integrated Territorial Investment** and **CLLD – Community-led Local Development** was involved in the model. The simplified form of the particularistic model, its connections and alternative financial resources are shown in Figure 3.

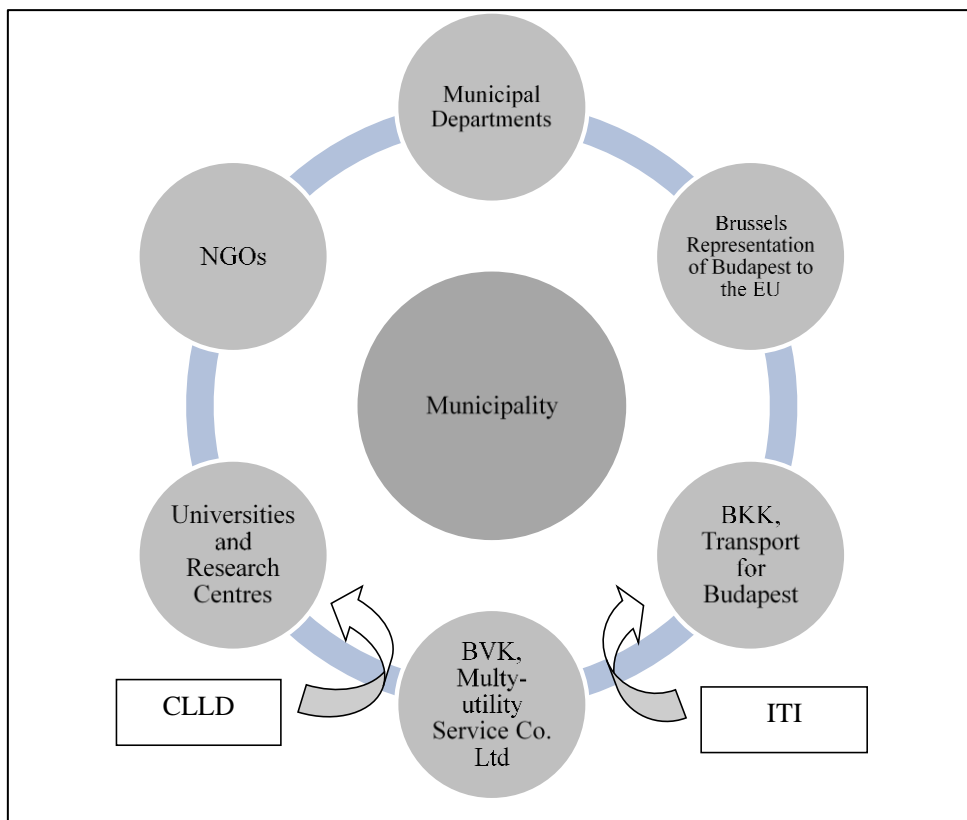


Figure 3: Strategic partnership network of the particularistic strategic management model

Resource: own analysis and editing (2018)

Evaluation of hypotheses: Based on the results of the first research phase: the 11-field SWOT-analysis, and in a close connection with it the particularistic model, the break-out points and the detailed targets and tools of the model, Target

1, notably that such model can be built up that can contribute to more effective use of EU funding, was reached. By introduction of the model in practice, more EU-co financed project were prepared and absorbed financial resources in the field of public utility services in the capital, which could not have been available for the municipal companies as beneficiaries, so **H1.1. and H1.2. hypotheses were confirmed:**

- potential synergy-connections may arise by identification of those resources and ability-gaps that affecting EU funding absorption of public entities and corporation – with a special regard to the Municipality of the City of Budapest and the municipally-owned public utility companies.
- Synergy-connections give opportunity to define new break-out possibilities.

3.2. Results of the second research phase

Result (R2): based on the research on business plans of the municipal companies and policy strategies, I identified short-, medium-, and long-term action plans, main areas of developments and projects; and I established a new, resource-based strategic management model with attention to potential EU-calls and other third-party financing.

My new project management handbook, which can be seen in M4.-9. Annex of my dissertation, was also contributed to operative introduction and use of the model.

The new, complex strategic management model, based on municipal-corporate synergies can be seen in detail in Figure 4. Noting that its structure is in harmony with the submission of the dissertation and the municipal policy-, and ownership structure of the year 2018.

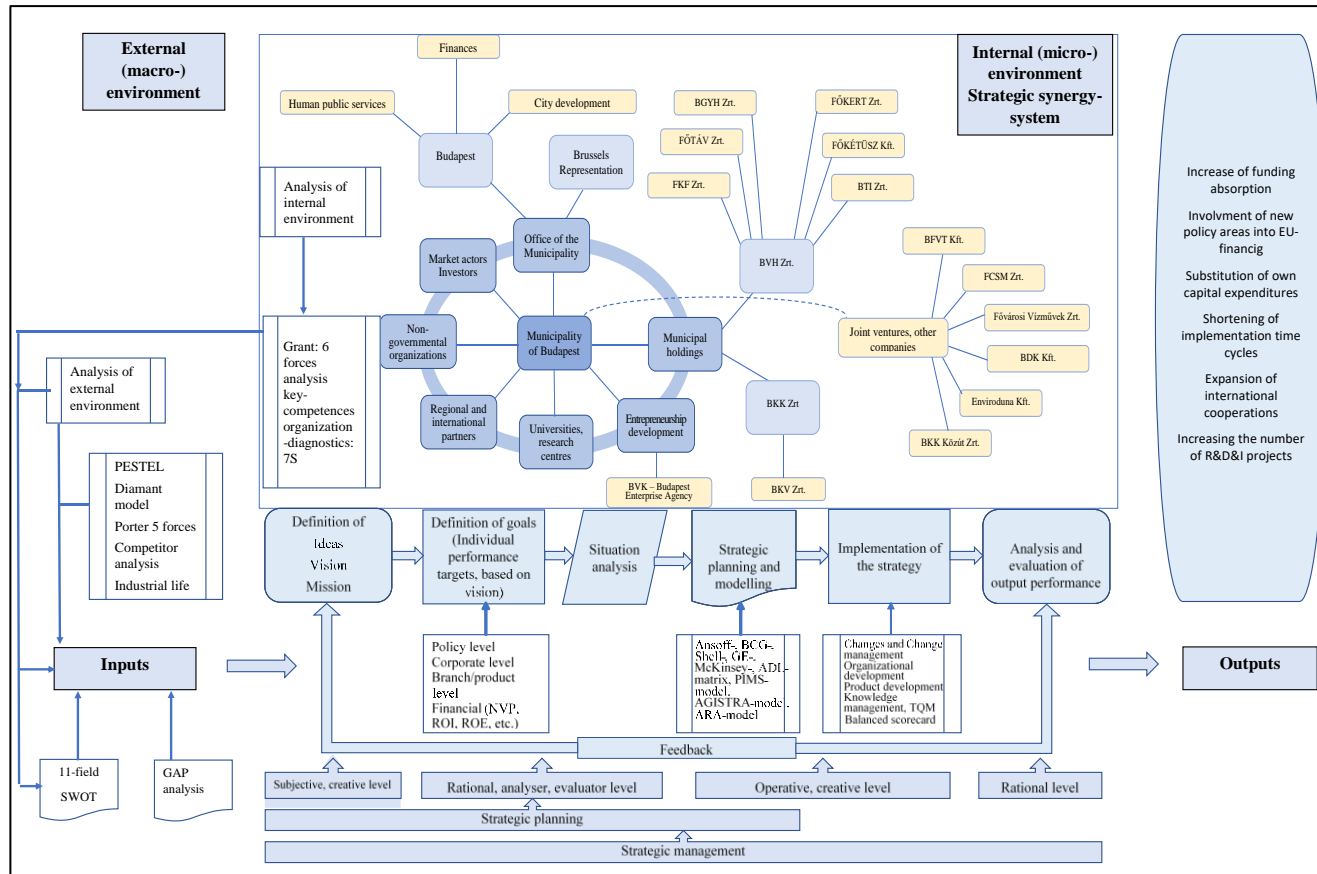


Figure 2: Synergy-based, complex strategic synergy model
 Source: own analysis and editing, 2018

Evaluation of hypotheses: based on the second research phase, notably the secondary qualitative research, evaluation of R&D as outstanding EU priority area, the detailed research on internal environment of the synergy system and according to the 2. table of indicators below, the second research target that it is possible to increase EU resources absorption in a changing funding environment and city relationships can be improved was reached, so **H2.1. hypothesis:** that

- Funding absorption connected to different public utility services can be increased as result of municipal-corporate synergies, **was confirmed.**

Table 2.: Indicators of the strategic model

| General strategic target | Activity | Output: number of projects/ 7-year time cycle | | Result: number of project partners, amount of funding etc. | Effect |
|--|---|---|---------------------------|--|---|
| | | 2003- 2010 | 2011- 2018 | | |
| Increase of international reputation and cooperation | International soft/R&D&I project participation | 3 | 7+2 (under evaluation) | 617 611EUR (191,5 million HUF) | <ul style="list-style-type: none"> - improvement of energy-efficiency - improvement of sustainability - international researches - development of Danube river bank areas |
| | Active cooperation with EU institutions of policies | 3 | 6 | exchange of good practices in different fields | <ul style="list-style-type: none"> - improvement of policy influence - improvement of Danube-region cooperation - emission monitoring and reduction |
| Increase of European Union funding absorption | Participation in Hungarian Operative Programs by municipal companies waste-management | 0 | 4 | 31,43 Billion HUF | <ul style="list-style-type: none"> - selective garbage collection - improvement of air-quality because of eco-friendly purpose-machines - improvement of recycling |
| | Corporate participation on Operative Programs: other, non-transport field | 0 | 3 | 93,25 Billion HUF | <ul style="list-style-type: none"> - improvement of flood-protection - improvement of drinking-water quality - sewage-system development |
| | Participation in Operative Programs, other synergy-based projects | 0 | 11 | 8,39 Billion HUF | Emission reduction due to improvement of cycling infrastructure |

Resource: own analysis and editing, 2018

3.3. Results of the third research phase

Result (R3): due to the synergy-based, complex strategic management model that was established and introduced, own capital expenditures of improvements in fields of compulsory public utility services were decreased both at municipal and corporate sides.

Result (R4): due to the synergy-based, complex strategic management model that was established and introduced, implementation time-cycles – typically connected to asset subsidies and infrastructural developments – were shortened; which contributes to higher supply quality of public utility services.

Result (R5): I performed monitoring researches to measure further expansion possibilities and effectiveness of the new strategic management model and I concluded, that by considering long-term goals, such priority areas can be identified at international field that enable international expansion of the model, and this way both funding absorption and international reputation of the capital can be improved.

Further cooperation opportunities and, besides EU-financial resources, other potential funding possibilities are shown in Figure 5.

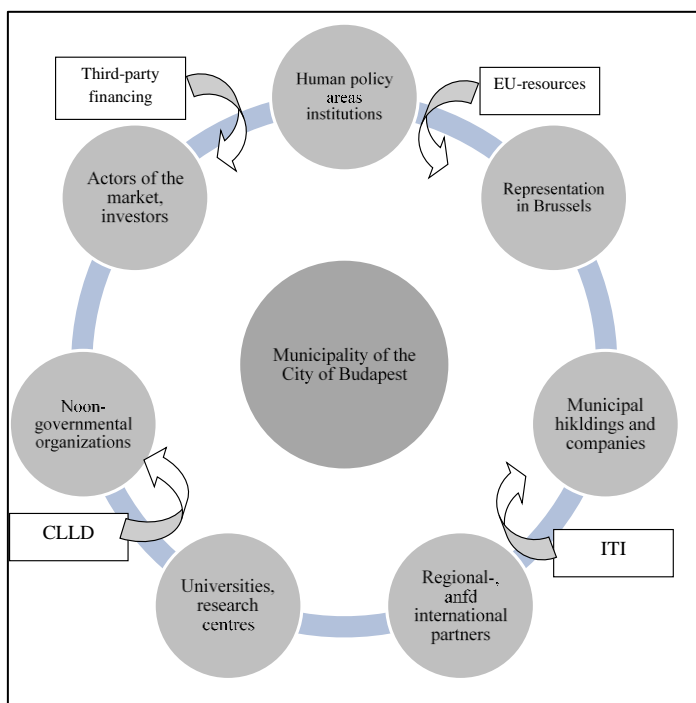


Figure 5: Expanded version of municipal-corporate strategic management model, showing further synergy-, and financial opportunities
Source: own analysis and editing, based on own model published in 2012, 2018

Evaluation of hypotheses: I connected definite indicators to H.2.2. and H2.3. hypotheses as it was introduced in the second research phase, and according to the financial results of 2018 it can be stated that both financial and time savings can be reached at sectors. This way, thanks to EU funding absorption, capital expenditures on asset subsidies can be substituted and developments can be

implemented within shorter time span, so **H2.2.** and **H2.3.** hypotheses **were confirmed.**

According to the research among representations, the **H.3.** hypothesis **was confirmed,** because such activities can be identified at regional representations in Brussels, which enable international expansion of the synergy-model.

4. CONCLUSIONS AND RECOMMENDATIONS

The basic research, introduced in my dissertation and started in 2011, analysis of external and internal environment studying scientific literature, building up and introducing of the new strategic management model, and later evaluation of efficiency of it covers a period of more than 6 years. By studying national and international scientific literature and based on my own researches, I concluded, that strategic management and operative, structural and economical models connecting to it are appearing in parallel with each other in corporate and municipal, or, from another point of view, in for-profit and public-sector. These management systems, in most cases, isolate the two sectors, furthermore, both their scientific literature and strategies offered can also be separated very well.

In my opinion, intense separation of strategic management of private and public sector is not appropriate, moreover, by evaluating the two sectors together, and by using experiences and strengths of each sector, new strategic management structures and models can be built. Dynamic changes of economic and political environment bring such challenges in all sectors, that cannot be treated efficiently with old structures and strategies, instead, new solutions and models are needed which are capable of adaptation to changing environment with adequate dynamism and flexibility. A possible long-term and sustainable solution can be building up multi-actor synergy systems, I introduced in my dissertation, at the same time, need for change and willingness for making changes are essential conditions of success. Definition of future vision, detailed analysis and evaluation of external and internal environment, identification of strategic goals and preparation of models, implementation, monitoring and continuous feedback are still essential parts that cannot be neglected. I think, there are no such universal models or systems where can be applied or adapted every time and everywhere, at the same time, when I was building up the new model, I made efforts to build a model, that is on one hand flexible and expandable, and, on the other hand, adaptable in systems and structures that are different from the ones in my model. In my dissertation I also wanted to present, that it is worth to generate cooperation, and to think of synergy systems between sectors that are very much differ from each other. In

Along with Albert Einstein: „Problems cannot be solved with the same way of thinking that created them.“, so in my opinion, it is worth thinking in new concepts, in the field of strategic management.

During my research and model building, I drew up the following conclusions and recommendations:

1. New analysis-, and planning methods can be established by integrative application of information in sub-fields of strategic management.
2. Such common resources can be identified by partnership-networks and direct organizational connections, that give opportunity for establishing a synergy-based management structure.
3. Due to the internal resources of the synergy-system, weaknesses of each party can more likely be eliminated, at the same time, they gain extra resource-capacity (human, financial, asset).
4. As result of synergy between different organizational structures, such complex system can be established that reacts to turbulent changes of external environment in flexibly and dynamically adaptive way.
5. Successful strategies are not universal, but adapted to a given organization or system, scientifically founded and consciously implemented processes, that are open to new and novel methods and innovation also capable of flexible adaptation.

The model, introduced in my dissertation, is worth to be expanded to other forms of cooperation, so besides widening scientific cooperation with universities and research centres, non-governmental connections, private sector, and wider micro and macroregional expansion would be reasonable. Consideration of application of exponential planning model is a next possible opportunity, where the starting point is planning of goals (SZABÓ, et.al., 2010), values are subordinated and evaluated according to the goals, so does brand architecture, communication and definition of performance. (GARRISON, in SZABÓ-VADA-KONKOLY, 2010). Building up city identity can be a crucial element and aim of planning, which again is a strategic process. One of its substantial element to make the relative competitive advantage clear for target segments, which is exclusive for the given city or area, and which assures that it cannot be confused with others (TÖRÓCSIK, 1995).

My further research aim is to broaden and expand my strategic model, especially to its application in the field of place marketing, where I would apply KURON's (1997) 10K model and AUBERT's (2000) area, and place marketing target group model. Significance of place-, and city marketing and tourism, as potentially independent target areas have numerous examples in Hungarian scientific literature (SZABÓ et.al.,2009; LEHOTA et.al., 2010, SZABÓ – KOMÁROMI-GERGELY, 2011). So, in this field a potential new focus area can be expansion of cooperation with Budapest Spas in the field of health-tourism, where we can recently detect continuous changing of customer values (LEHOTA et.al. 2014, LEHOTA – RÁCZ, 2015).

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