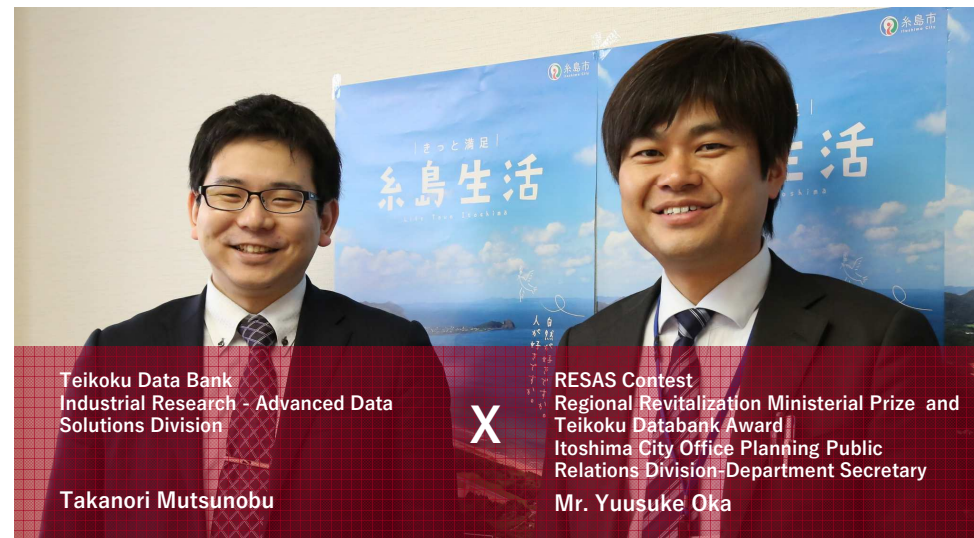


# Regional Revitalization – local perspectives

Mr. Oka Yuusuke of Itoshima City Office in Fukuoka was awarded the ‘Minister for Regional Innovation Prize’ and ‘Teikoku Databank Award’ in the policy idea contest held in 2016. Mr. Oka’s winning idea was on the application of corporate management techniques to local government policy.

Mr. Oka’s thought process in policy planning and analysis will be introduced in this section.



## Regional Revitalization☆Policy Idea Contest - Winners views on what evidence-based policy making is

It is desirable for policy making to be based on data analysis and factual evidence, instead of obscure reasons like ‘living in the region for a long time, so he/she should know’; or ‘he/she is usually right’.

### Contest Winner

## “The Itoshima Marketing Model Inspires Regional Enterprises”

~Creates a new brand for Itoshima City, Fukuoka, and enriches the regional economy

Regional Revitalization  
Ministerial Prize &  
Teikoku Databank Award



### 【Thoughts on Local Government Management】

#### ■ Background on policy planning

(Oka) **Create a brand based on the land, its culture and history and use it to tell a story.**

(Oka) Itoshima is historically known for its treasure trove of ingredients. By promoting Itoshima’s produce, not just as food ingredients but also as stories related to its land, culture and history, Itoshima’s image of an abundant and delicious food producer is likely to deepen.

(Oka) For example, the successful sales of the regional delicacy “Futomozuku” was achieved under the regional revitalization program to promote Itoshima City.

(Oka) The reason for entering regional revitalization from the branding angle is because the Mayor felt it was important for the people to feel the regions richness.

#### ■ Results from branding Itoshima

(Mutsunobu) Do you think the strongly favorable response to “like Itoshima” in the Citizens’ Satisfaction Survey, is in response to PR and branding activity?

(Oka) **I do feel the PR and branding activity has made the local citizens proud to be associated with Itoshima.** I also feel the events and other local activity has increased since the PR activity.

(Oka) Itoshima’s goal is to be an affluent society. Although we are yet to achieve economic affluence, I think it is important for people to feel a sense of pride and richness in their hearts, for future prosperity.

### 【Officials' Admiration for the Region will Promote Local Government Management】

#### ■ Necessary qualities in local government officials

(Oka) Policy planning based on business management is not yet common in local governments. **It is important for local government officials to have a business perspective and data analysis perspective.**

(Oka) Local governments will have to actively engage in the promotion of local produce together with private sector businesses to create markets for local goods. In due time, I feel it will not be just one local government but a collection of local governments working together in the promotion of goods and the creation of new market opportunities for businesses.

# 1 Understanding the current situation

In addition to RESAS, analysis of administrative data provides valuable insights on the overall picture i.e. strong industries; weak industries; and areas of growth. The analysis was carried out using methods such as decomposition and comparison.



## 【From Macro to Micro】

### ■ Using RESAS and other data

(Mutsunobu) RESAS emphasizes the flow from ‘macro’ to ‘micro’. However, **local governments tend to think about their area by looking at its micro components since it can be easily seen and within hands reach.**

(Oka) Although local autonomy strategies are commonly discussed, the ideas proposed in the RESAS competition were very unique.

(Oka) One of the reasons why RESAS has not spread widely among local government offices is because I feel it is hard to understand how it relates to ones work. If the user runs into some problem while using it, I think they will decide not to use it.

(Mutsunobu) What RESAS informs us about is the results of corporate activity. The underpinning factors that gave rise to a particular result cannot be understood with RESAS data alone. Instead, it is important that RESAS data is supplemented with other data sets. Additionally, **it is important that local government officials develop the necessary skills in hypothesis formulation and testing** (※1).

※1 Hypothesis formulation and testing : hypothesis formulation and testing is an important activity of evidence-based research as it provides the framework for drawing conclusions of a research endeavor.

## What We Know from Data Analysis

### The state of tourism in Itoshima

Importance of the tourism industry.

### The state of agriculture in Itoshima

Decline of small scale farming units.  
Importance of support programs aimed at these small scale units.

### The state of fisheries in Itoshima

Family fishing units are mainly engaged in oyster farming. Successful branding campaigns have help increase the sales in these small scale units.

### The state of commercial activity in Itoshima

Small businesses have helped drive Itoshima’s economic revitalization and contributed to regional job creation.

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## What we know from Interviews

- Many issues related to marketing
- Qualitative analysis has resulted in many opinions on marketing support

## 2 Identifying the Issues

SWOT analysis was used to get a better understanding of the business environment. The importance of the marketing business was brought to the fore in the analysis.

### Business Environment of Itoshima



	+	-
Internal	<b>【Strength】</b> <ul style="list-style-type: none"> <li>• Growth in the food industry</li> <li>• Success stories such as the oyster brand</li> <li>• Proximity to Fukuoka</li> <li>• Establishment of the Food Industry Cluster Association</li> </ul>	<b>【Weakness】</b> <ul style="list-style-type: none"> <li>• Large number of very small business</li> <li>• Little diversity in industry beyond food and other supporting industries</li> <li>• Limited marketing strategy</li> </ul>
External	<b>【Opportunities】</b> <ul style="list-style-type: none"> <li>• Mass media exposure</li> <li>• Increase in tourism</li> <li>• Improvement in marketing skills</li> </ul>	<b>【Threats】</b> <ul style="list-style-type: none"> <li>• Brand damage due to accidents etc</li> <li>• Rise of competing municipalities</li> <li>• Economic stagnation</li> </ul>

Utilize strength

Eliminate weakness

### Identifying Solutions

Focus on growing the 'food industry', by targeting the neighboring Fukuoka metropolitan area and increasing the marketing of this industry

### 【Identifying the Issues】

#### ■ Management perspective

(Oka) Even now, in local governments it is common to just look at the tax revenue and the number of large enterprises in the region to describe the wealth in the area. However, in order to accurately understand the financial situation of the local government I feel it is important to look at the financial statements.

(Mutsunobu) Even with knowledge of business management, **if one is not sure how far to think ahead from a practical perspective, workshops are an effective way of using and applying the knowledge.**

#### ■ Lessons from other regions

(Oka) One of the special feature of RESAS is the ability to compare with other local governments. For example, although Itoshima's specialization coefficient for the production of food and beverage is twice that of the national average, it still lags behind other food and beverages producing regions. If the specialization coefficient is increased to the level of other predominantly food producing regions, Itoshima's products are more likely to become well known nationally. ※2)。

(Oka) Although many local governments are using RESAS to compare their regions with other nearby regions, often the investigation does not advance from there.

(Mutsunobu) **TDB's corporate data has a number of different indicators that enable comparisons to be made. For example, using TDBs data it is possible to compare two or more local governments with similar industrial structure and similar features across other indicators.** Identifying appropriate points of comparisons is an important skill for strategy planning in local governments.

(Oka) I strongly believe it is important not to simply imitate other studies, instead, **it is important to use and analyze data based on what the local government is trying to do.** Although other studies may serve as a motivation, local government case studies should be planned and executed independently.

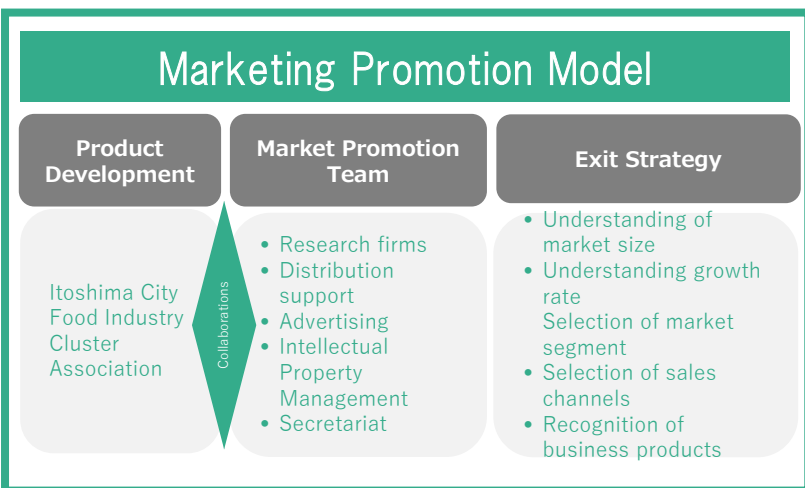
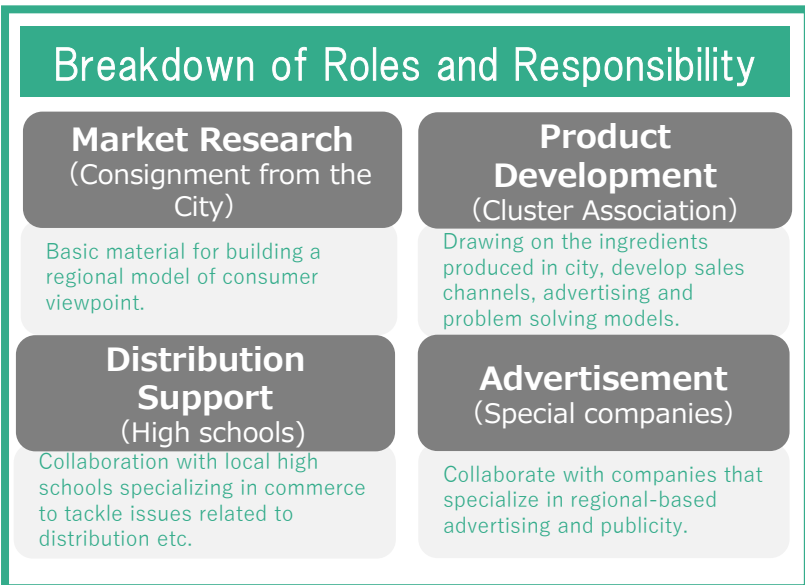
(Mutsunobu) When analyzing the current situation or planning an effective strategy, it is important to consider the feasibility first. By first identifying the feasibility and then appropriately setting the strategy the likelihood of success will increase.

※2 Principle of comparative advantage: Advocated by economist David Ricardo, the theory suggests that domestic and foreign trading partners can consume even more goods if they engage in free trade and specialize in the production of goods that have a relative advantage in producing.

### 3 Proposal of Solutions



We are breaking down the elements of marketing and thinking about the role of problem solving. The plan can be realized with a low budget and labor savings with appropriate organization and engagement.



**【Increasing the Feasibility by Clearly Defining the Issue and Identifying Appropriate Action(s)】**

- Identifying appropriate actions
- (Oka) **As you clearly define the issue, the necessary action will flow naturally from the analysis.** If the issue is not properly defined one will be left with 3-4 possible options making the execution difficult.
- (Mutsunobu) In terms of action and execution, it is important to draw on the specialist skills of various partners. This will ensure effective execution of market research, product development, distribution support and marketing and promotion.
- (Oka) When local skill are insufficient, it is important to partner with individuals/businesses outside the region for effective execution.

**【Using Data Analysis to Identify Problem and Creating Effective Policies】**

- Effective policy making
- (Oka) The policies proposed in the contest were adopted by the city with the help of a budget sourced from the grants from the regional revitalization policy. Sharing of roles helped keep the costs to a minimum and the cost of product development was undertaken by Itoshima City Food Industry Cluster Association.
- (Oka) The amount initially requested to execute the idea and the amount invoiced by the professional advertising agency were important information for the budget request.
- (Oka) The extensive focus on 'food industry', did give rise to discussions on the unfairness on other industries in the region. **However, analysis of the data, showed, it was the food industry that would benefit the most from the additional support.**
- Effectiveness of incentives to attract businesses
- (Oka) Attracting companies to the region is important. Even if there are no core companies, there should be policies targeted at the smaller enterprises so we can utilize the strength arising from large numbers.
- (Mutsunobu) Using subsidies as an incentive for companies to relocate their headquarters, will not eliminate regional issues. Instead it is more effective to focus on services that are missing in the region and supporting regional entrepreneurs. **If the region has a company that works across a number of different industries, any support programs that are targeted at the company will have also have positive implications for the region. Furthermore, any money earned from outside the region will be circulated within the region.**(※3)

※3) The theory advocated by Michael E. Porter. Describes corporate activity as a chain of processes from the procurement of raw materials to the sale of products to customers, with value added at each stage. .