

Perspectives, trends and opportunities in city management in Italy: What new challenges lie ahead?

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Abstract The purpose of this paper is to illustrate the evolution of the place management concept, approach and implementation in its first ten years of experimentation in Italy and to identify the new challenges that lie ahead. In recent years, the distinctive image which has always characterised Italian town centres has been gradually fading away, distorted by the erratic colonising of new in-town and out-of-town residential and commercial developments. What has happened at a global level — growth of suburban shopping centres, progressive diminution of traditional retail, downtown decline and the subsequent need to reverse it — is happening in Italy at a very fast pace. Since the late 1990s, efforts to manage the process of social and economic revitalisation of Italian town centres and urban business districts have been many and varied, reaching positive outcomes in the short term, but failing to produce lasting effects. Following a brief introduction, this paper explores the weaknesses and strengths of the Italian town centre and place management experiences, and identifies the new challenges to restore their identity and unique character that Italian town centres are now facing.

Keywords: *town centre management, place management, natural shopping centre, experience economy*

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WHERE THE CHALLENGE LIES: ITALY AND ITS CITIES

Always at the core of society and civic

emblems of excellence, town centres have had a huge impact on the evolution of the Italian peninsula ever since Roman times.

Just as today, when so often for the modern tourist travelling to 'Italy' means visiting Venice, Rome or Florence and not seeing anything of their regions (except for Tuscany), so in the past it was cities — Venetia, Roma and Florentia — that were known and noted far more than the territories in which they were located. And it was in their centres, their *fora*, where the main activities were held. People lived downtown, and shopping as it is known today prospered therein. Quite significant was the creation of perhaps the first shopping gallery in history, Trajan's forum, where over 150 stores were housed in the main square's exedrae.

Italian cities maintained their key role in mediaeval times and strengthened their hold on society with the emergence of humanism — which, brought with it the rediscovery of classical Rome — and even more so in late Renaissance years, retaining a key position in society's values until the closing of the industrial era. Today, cities still inevitably shape our collective memory as symbolic landmarks through which people position themselves in time and space, and establish territoriality and identity.¹

It thus seems unnatural to see such centres, especially those of small to medium size, gradually decline and lose ground to new, suburban residential and commercial developments.

Nevertheless, what has happened at a global level — growth of suburban residential and shopping centres, progressive diminution of traditional retail, downtown decline, expansion of 'retailtainment', and the subsequent need to try to counteract out-of-town development by centralised and effective responses which yet leave little room for local identity — has happened in Italy at a very fast pace, causing a progressive loss of local charm from its ancient streets, historic districts within cities, which can be seen and experienced as exceptional and irreplaceable 'open air museums'.

Impressive changes have occurred in ordinary towns and their outskirts, especially in northern Italy. The transition from an industrial economy to a service economy was so rapid as to not allow a timely reflection on the social, cultural and economic impact it would have had on town centres, and often this was the main cause of their decline and loss of attractiveness — economic changes first, followed inevitably by social and cultural change later.

The reason for these changes lies in the fact that urban development depends, among other things, on the location of economic activities. They, in turn, evolve according to techno-economic paradigms — from industrial to service- and knowledge-based and, today, to the experience-based paradigm.²

Hence, in order to avoid decline and to respond to residents' and shoppers' growing demand for standardised services, many town centres welcomed the spread of retail chains and the consequent supplanting of traditional downtown retail stores and the diminishing of quality historic downtown districts which once offered both shopping and living.

Even famous tourist spots now struggle to conserve their typical aura, as they adapt to new economically driven commercial trends, flaunting identical franchising chains. Nowadays, Naples' Sorrento may very well proffer the same stores that can be found in Milan or even in New York City.³

The economic response to revitalisation, when effective, inevitably posed a qualitative threat to Italy's unique scenery as a whole, dramatically dimming the Italian urban landscape, which is now so often indistinguishable and drab.

The challenge which towns and cities faced then, at the end of the 1990s, was how to revitalise their centres economically while preserving their tradition physically, but also socially and culturally.

MANAGING DOWNTOWN REVITALISATION: FAILURES AND SUCCESSES

Efforts to revitalise downtowns in Italy have been many and varied, starting from grand restoration projects inaugurated in the 1970s to retain residents, based on new zoning ordinances and regulations that privileged aesthetic rather than functional aspects — with meagre results — and moving to project financing in the deregulated 1980s to provide services to city-users, which gave way to prevalently private-led initiatives with very little advantage to communities.

In the early 1990s, some innovative approaches were carried out, based on the adoption of strict *ad hoc* regulatory ordinances to favour moderate and carefully thought-out, high-quality real estate development and restoration while preserving traditional businesses downtown.

The urban policies at the time, however, focused on (physical) urban renewal plans, (physical) regeneration plans and integrated programmes (mainly housing and environment) intended to reorganise cities, and seldom considered the social and economic challenges in relation to building and planning.⁴

It was not until the late 1990s, in fact, that innovative programmes were finally put into place to retain residents and shoppers while attracting new ones to ensure that downtowns may again become centres of economic development, as in the past.

In such programmes, though particular attention is still given to the aesthetic and traditional values of town centres, the approach is inclusive of all the different elements that contribute to a more viable, sustainable revitalisation process, such as social and economic issues that equally need to be tackled.

New revitalisation initiatives were particularly stimulated in 1998, when the

national government passed a new law to enable the country to respond properly to the modernising economy by attempting to encourage different types of commercial activities and regulate the growth of suburban commercial development, while supporting traditional independent retail activities in downtowns.

Explicitly designed to increase competition in the Italian retail trade sector, the so-called ‘Bersani Decree’ abolished a set of regulations and the classification of retail outlets which had, until then, restricted the ability of new (and in particular, large) retail outlets to open in downtowns, and in turn aimed at protecting the existing network of smaller neighbourhood stores by cancelling the limit on the number of stores per city district, and liberalising shop opening hours. This ‘free trade’ reform achieved significant growth in Italy in the number of large commercial structures, the development of new types of distributive forms and new models for conglomeration which in many ways provided a counterpoint to the traditional — and for centuries, the only — form of commercial agglomeration represented by the urban centre.⁵

Alongside the development of large-scale distribution, a process started to take place, depending on local conditions and capacity for regeneration: a new impetus for town and city centres, which, by leveraging on their traditional economic assets — craftsmanship and independent retail — were able to set up an innovative bottom-up approach to strategic revitalisation plans, led partly by local administrations, but many set up through public–private partnerships.

New town centre organisations blossomed in most Italian regions, supported by significant regional funding. Commonly called ‘Natural Shopping Centres’ as opposed to ‘artificial shopping centres’, they are defined as ‘formal

partnerships of local independent businesses that work together on co-ordinated proactive initiatives according to a strategic development programme to ensure that town centres are desirable and attractive places'.⁶

Over 700 Natural Shopping Centres have been established, predominantly in the central regions of Italy, as Figure 1 shows

— namely Tuscany and Emilia Romagna — where, alongside local marketing and promotion activities, regional governments co-funded comprehensive revitalisation programmes in order to establish favourable conditions for new inward investment, to ensure improvements in services to the community and the preservation of their cultural and



Figure 1: Natural Shopping Centres' growth in Italy in the past decade (in different regions)

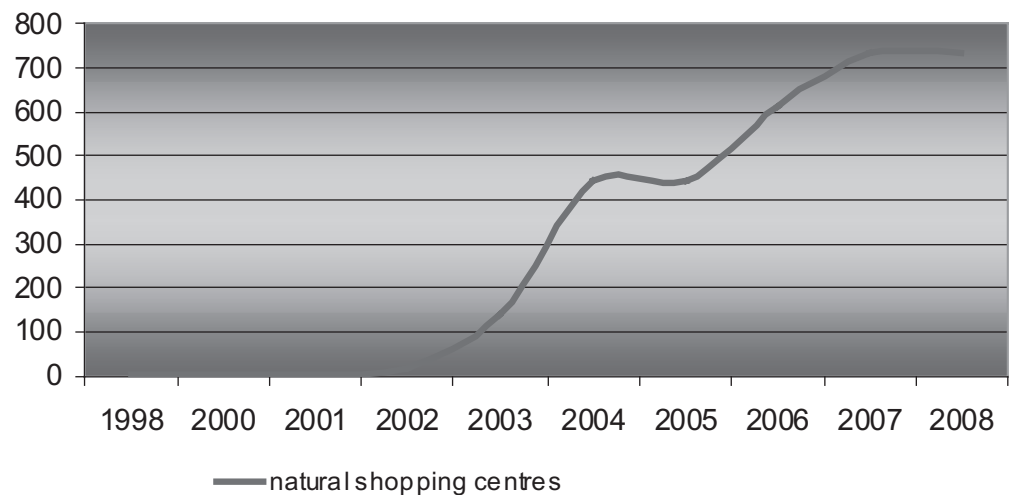


Figure 2: Natural Shopping Centres' growth in Italy in the past decade (number of centres)

environmental heritage, and to promote the cooperative management of historical centres.

Figure 2 shows that, after a slow start, their growth was exponential between 2003 and 2008, a period which coincided with the activation of European Union's European Regional Development Fund (ERDF) for Objective 2 regions, in which most of Italy was identified, whose goals were, among others, to regenerate city centres and revitalise urban areas facing structural difficulties (reconfirming the European Union's 1994–1999 objectives for structural funds, aimed at tackling issues of urban regeneration and cohesion).⁷

The ERDF funding indeed contributed to the success of mutual cooperation in public–private schemes.

European co-funding was conveyed by the national government to regional governments, which in some cases directed it to cities, addressing issues such as urban safety, the management of migration flows, and cultural and social integration as well as infrastructure, but also supporting the creation of public–private partnerships for the management of urban districts and historic centres.

Quite often, while leaving the

implementation of structural interventions to local governments, regional governments delegated the creation of the partnerships to local chapters of national retailers' associations. This particular regional, and nationally widespread, policy was a deterrent to comprehensive revitalisation programmes.

Natural Shopping Centres were set up by consortiums made up mainly of retailers, with little participation by other social and economic stakeholders representative of the community, and with limited active public participation (see Figure 3). Hence, the definition of Natural Shopping Centre essentially became, 'a place where local retailers and actors work in partnership to improve service & quality to customers', *de facto* confining revitalisation to a restricted area centred on business activities. Most initiatives focused, in fact, only on marketing and promotion, entertainment, and customer services and care. They, however, adopted a new series of concepts based on leveraging commerce and tourism by opposing 'natural' experiences to 'artificial' ones offered by modern shopping centres, hence introducing, and experimenting with, 'experience economy' principles.

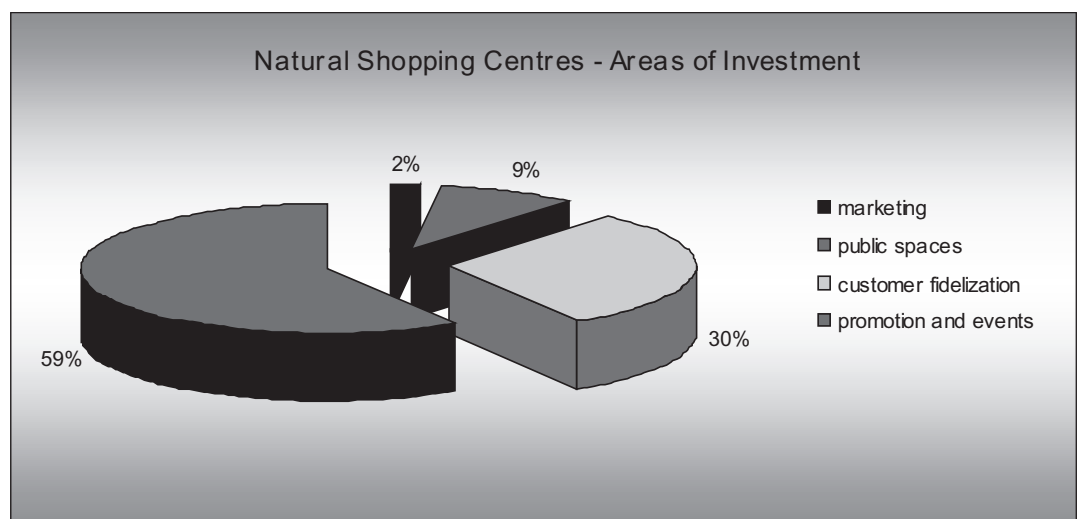


Figure 3: Percentages of types of investments in a typical Natural Shopping Centre

Undoubtedly, their work was notable and produced consistent results. Many towns have been able to renew their attractiveness to customers and residents. And many of the over 700 Natural Shopping Centres set up managed to evolve into proper public-private partnerships and play an active role in downtown revitalisation. They still do, however, maintain a distinctive retail-oriented character, which prevents them from obtaining a more widely regarded role in the more complex, comprehensive and integrated urban revitalisation processes.

There were some exceptions, in which key strategies for success have been mediation between the principles of historic and cultural preservation and economic ones based on free trade and marketing, and a holistic approach to downtown revitalisation, which takes into account other aspects of urban life, such as mobility, socialisation and community involvement.

This seems to be the case in medium-sized towns such as Cuneo. Its local administration envisioned new strategies to allure new and old customers back to its pulsing heart — the downtown — by cooperating with the local retailers' association. In 2001, the local retailers' association created 'il Porticone' (taking the name from the town's long stretch of porticos), an association supported by the Chamber of Commerce and local retailers with the mission to revitalise the business district economically. Mainly led by the local retailers' association itself, it actively participates in the local authority's meetings concerning retail and mobility issues, and cooperates with it to organise and support promotional activities and set up development strategies for the downtown commercial district. At the same time, the local administration has sustained extensive public interventions, which include historical preservation projects and adaptive reuse plans for its buildings and its streets, aimed at restoring its ancient mediaeval charm and attractiveness for new investors

(see Figures 4 and 5). It also welcomed and financially supported the Porticone's ideas, such as the promotion of free downtown



Figure 4: Square restoration

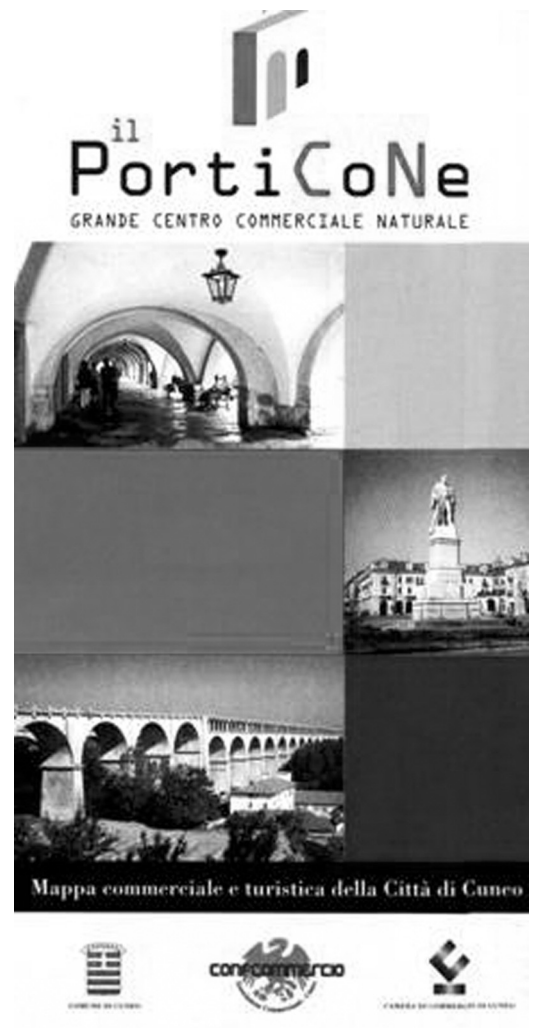


Figure 5: Promotional pamphlet

bike riding (see Figure 6) and shuttle transfer from outer parking into the town centre (see Figure 7).

In other towns, programmes aimed to enhance retail activities, seen as catalysts for downtown revitalisation, and focused on strengthening them through the creation of marketing and networking initiatives. Surely significant, in this sense, is the initiative 'I Luoghi del Commercio' (Places of Trade) set up by the regional government in Tuscany, along with the regional trade unions and the chambers of commerce.

With this programme, the Region of Tuscany set guidelines for integrated projects aimed at active preservation of its city centres' traditional, historic shops and markets, to safeguard their activity in the city centre. The programme also focused on marketing and promotion, through a Web portal which unifies in a dedicated network all the historic centres that promote their traditional retail, whose members' activities can be presented in the annual booklet 'Vetrina Toscana' (Tuscany's shop window), all identified in a single brand (see Figure 8).

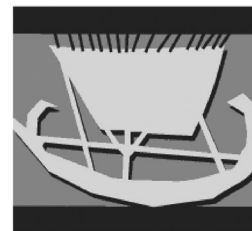
Almost one-hundred town centres adhered to the 'Luoghi del Commercio' programme between 2000 and 2004, presenting downtown renewal projects, and



Figure 6: Downtown bike-riding programme



Figure 7: Shuttle bus



I Luoghi del Commercio

Figure 8: Natural Shopping Centres' logo and brand. The stylised drawing of an Etruscan merchant ship, refashioned on the basis of original iconographic elements from the 7th century BC, is the trademark of Tuscany's trading places. This image recalls the cultural roots of the region along with economic enterprise, an open approach to relations and commercial skill. 'Tuscan shops and markets' is promoted by the Region of Tuscany with the collaboration of its towns, financial associations and institutions concerned

over 1,700 shopkeepers also participated, presenting some 1,800 restoration projects for their shops, while 470 restaurants adhered to the Vetrina Toscana programme.

Many of the town centres that set up revitalisation initiatives were successful, as in Viareggio, Lucca and Pistoia, which promote and encourage those businesses that represent a 'cultural asset' or distinctive element in maintaining the city's identity and image, and the quality of life for residents and tourists.

Even in such cases, however, these organisations were not always able either to counteract the effects of downtown degeneration, or to stop the escape out to the suburbs by residents and the subsequent decrease in businesses.

This is mainly due to the fact that most initiatives have until now been founded on informal partnerships, and thus are bound to cease once the local administration, or the local organisation, decides cooperation is no longer needed. Until recently, most revitalisation programmes were not led by a series of common principles and have thus been unable in most instances to establish unified cultural, planning and management methods.

Mainly retailer led, these organisations often failed to represent the whole of the city-users' 'realm', and hence could not manage to achieve all their aims. Along with the weakness of partnerships, lack of professionalisation was also a negative factor for their growth.

This shortfall was partially addressed in other programmes, such as that introduced by the regional government in Piemonte. Ever since 2000, Regione Piemonte has supported capital improvement projects in its towns to revitalise downtown retail through the Downtown Revitalisation Program (PQU) tool.

With this tool, local administrations and retailers define their own revitalisation strategy in business districts and set out an

integrated process which may include, often with the regional government's financial support: training and information programmes for stakeholders; public capital improvement projects; shop owners' upgrade and restoration projects to enhance the attractiveness of main streets; and the creation and support of local associations in charge of promotion and marketing activities, customer loyalty programmes and improvement of customer services.

A NEW RENAISSANCE IN THE ERA OF EXPERIENCE ECONOMY?

The experience of the last ten years has proved, through its successes and failures, that there are different cultural, economic and social components of a city centre which, together, can change its destiny, even partly, acting as a limited deterrent to the relentless increase in suburban development.

The initiatives set up, though not fully effective, have been helpful in making this clear. The retailers' associations in particular seem to have learned that, though they are the core and first representatives of lively downtowns, they are vital only when they are involved in a wider process, in which local administrations also need to engage, if not lead, to ensure its continuity.

Gradually, retailers' consortiums are opening to other businesses and local stakeholders, building new partnerships with agencies and service firms that operate in town centres. Spontaneous, bottom-led initiatives are also being set up by local interest groups which propose more integrated programmes, in cooperation with the Natural Shopping Centre organisations, so that downtown can be a destination again not only for shopping and recreation, but also as the centre for all sorts of other activities, emerging from the new city-user concepts based on the experience economy.

In the experience economy, it is possible

to capitalise on the resources of small cities and peripheral locations to generate inward investment, and retain or attract users for the production and consumption 'experiences'. The economic advantage of experience activities for local development has been increasing as centres of gravity have become redefined. Moreover, the forces of globalisation seem to support the de-concentration of the experience economy when what were previously peripheral places become increasingly integrated as a result of the global movement of people and information.⁸

Until now, branding and imaging have been pivotal to Italian downtown revitalisation programmes,⁹ a key concept that has underlined the fact that what needs to be enhanced in downtowns — marketed, really — is not a product, but an experience, which is often the only element to have the potential to attract and retain residents, shoppers and users of the town centre, as it is the only unrepeatable, unique product that a town can offer.

In order to offer a distinct experience, a town needs to be considered in all its aspects — whether they be strengths or weaknesses — and requires management that can adapt to them, or leverage them accordingly.

Moving from this principle, the new local tools and regulations that are being set up today seem more flexible and adaptable to the context in which they are used. Most importantly, they are beginning to focus on managing the revitalisation process, rather than administering it.

As mentioned above, these concepts are being gradually assimilated by different levels of government. In fact, in support of such new initiatives, recently, the national government (and the Ministry for Economic Development in particular) announced its intention to invest in downtowns in order to coordinate local development and encourage a high quality of living, through a new set of measures to

help local revitalisation initiatives (now temporarily frozen owing to the current recession).

These, however, are not the only issues to be tackled in order to complete the revision process which town centre management initiatives in Italy are undertaking. There are more challenges ahead.

The Italian experience is still missing, generally, two key elements for success: formal recognition of partnerships; and the manager or management structure that will carry out its strategy. These two elements cannot be considered separately. Formal recognition by local administrations through specific legislation is essential to strengthen the organisations' activities and potential, but its credibility lies in its effectiveness, which is delivered through real, measurable results.

These can only be achieved with an efficient management structure which implements a clear strategy, led by a shared and realistic vision, intended to enhance historic and environmental preservation while activating sound economic revitalisation initiatives that are not only retailer-led, but founded on solid, community-led, public-private partnerships.

The construction of effective public-private partnerships is connected with other factors that have often been responsible for the failure of Italian town centre management initiatives, for instance a lack of community involvement. A stronger, more comprehensive involvement of all potential and essential stakeholders is required for initiatives to be successful. In particular, property owners, now feebly motivated to invest in their properties — partly due to the economic recession, but mostly to the fact the real estate market in urban areas has always been traditionally solid in Italy, rarely witnessing downfalls — need to be included in revitalisation programmes which, in the long term,

generate added value to their properties. Some programmes activated recently have been aimed at involving a number of key property owners as active players in restoration programmes, not without difficulty. But still, the 'consortium' model makes it difficult for local cultural organisations, resident interest groups and others to participate.

A new model has been laid out recently which foresees effectively a two-level approach which is intended to make the current Natural Shopping Centre organisations become a key component of a larger organisation, inclusive of all the other stakeholders, such as service firms and agencies, cultural organisations and institutions.

According to this model, the consortium would have a specific role in uniting all the businesses, which would thus be represented by a single entity. It would work on actions and issues particularly in response to member businesses' needs and would, at the same time, interact with the 'enlarged' organisation. The enlarged organisation would be responsible for defining the strategies, goals and subsequent actions to be taken, embracing more complex revitalisation processes.

Such newly conceived partnerships would then need to rely on a management structure to carry out efficiently the actions set through the strategies. Qualified professionals would be needed to take charge of the implementation processes in a rigorous way, as opposed to the prevalently voluntary-basis organisational schemes operating today.

Social and economic contingencies reveal that the time is right in Italy to set up proper town centre management by strengthening existing partnerships and letting new creative personalities — often already active in the community — step in; once appropriately trained, they may correctly identify the strengths and the weaknesses of their communities, and

reinterpret them effectively for the correct definition and management of traditional retail districts and town centres as a whole (see Figure 9).

Such schemes have been introduced recently in some larger Italian cities, such as Parma, and the first steps are being taken towards the creation of a stable management structure. Other cities, such as Turin, have also adopted similar models for their downtown districts. The Turin municipal administration has devised a scheme by which it is setting up the revitalisation initiative together with the local retailers' consortium by becoming its leading partner and investor, in order to encourage participation by private stakeholders. It will then gradually pull out of the initiative — though still keeping a formal partnership with the organisation — once it has grown in credibility and solidity. This programme has so far initiated two downtown revitalisation initiatives, one in a central, recently restored pedestrian area, the other in a historic borough, home to a cluster of antique stores and craftsmen. So far, this scheme has proved successful in its start-up phases, and is the one most commonly adopted nowadays by local administrations. At least a three-year period, the average lifespan of this type of initiative, is needed, however, for a scheme's performance to be evaluated.

Another obstacle to success to be overcome is the traditionally long time lapse between planning and implementation in Italy, in most cases the greatest negative element to affect a revitalisation initiative's outcome.¹⁰ This, along with a fragmented urban policy framework and a typical top-down approach to spatial and strategic planning, represents a deterrent to the development of town centre management partnerships, and it is the main reason why, until now, the only partnerships to stand the test of time and to be able to develop durable revitalisation programmes have been

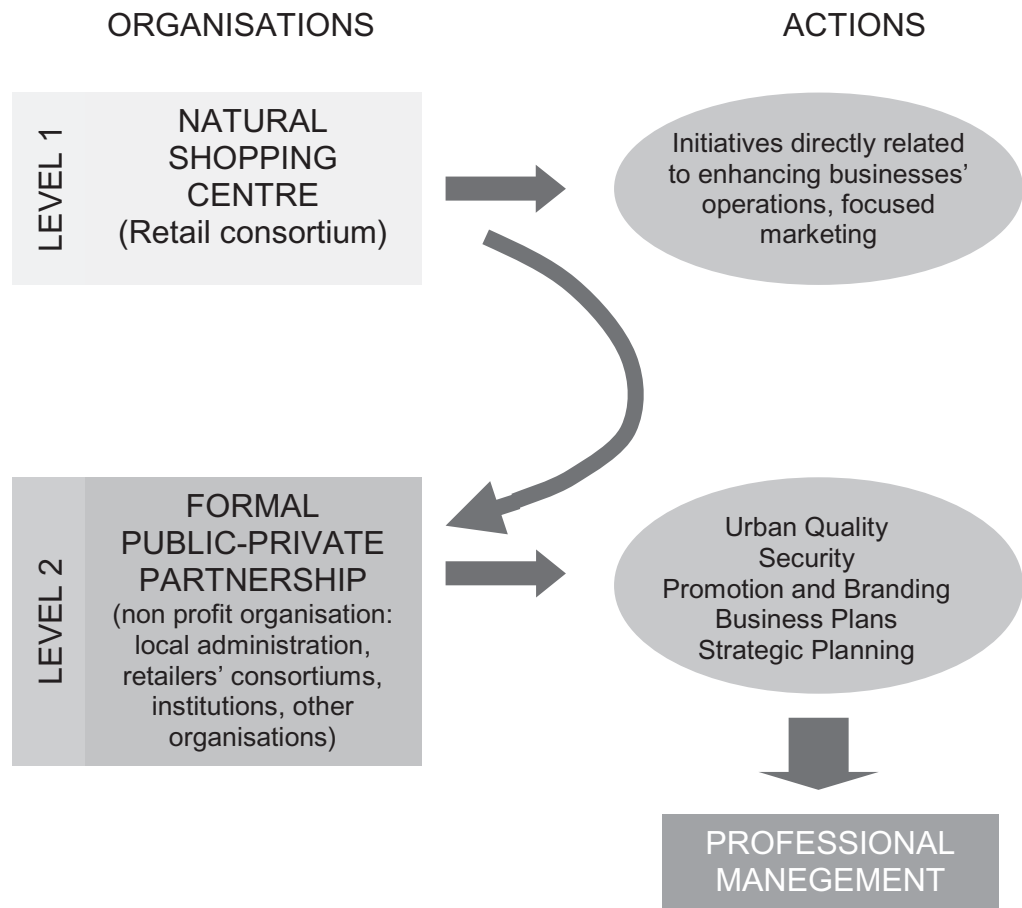


Figure 9: New scheme proposals for town centre management initiatives

focused interest groups, such as retailer-led organisations.

Slowly, local administrations, too, have begun to understand the necessity to administer revitalisation processes embracing the bottom-up approach to defining a new future for their city centres, and not only those in decline. They are growing interested in the process of plan *making* more than plan *drafting*, and accept the necessity to include private stakeholders in urban regeneration and revitalisation plans alike. It is now widely reckoned that the complexity of the town centre has to become — often already is — its potential. It holds incredible resources, from its architectural and historic milestones, to its multifaceted society: resources which must

not be underestimated, and can otherwise be lost.

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