Revisiting Marketing in the Russian Regions: Theoretical and Practical Aspects

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Abstract — Regional marketing studies today are of great importance for understanding the new opportunities for the development of the Russian regions, attracting investments, promoting regional brands. Modern tools of territorial marketing allow regions to solve their domestic social and economic issues, as well as shape a regional, national and international agenda. The authors examine theoretical domestic and foreign approaches to regional marketing, analyze the practical aspects of the development of regional marketing in modern Russia, as well as the main issues in this area. In conditions of comprehensive competition in the tourism market it becomes more difficult for Russian regions to come up with new strategies for attracting tourists and investors. The current market situation encourages the regional managers to constantly invent new marketing tools, concepts, resources that match the target audience: potential customers of urban goods and services, investors, tourists, and other interested parties. The article also provides the analysis of the most successful Russian practices of territorial marketing in recent years.

Keywords: marketing, regional marketing, territorial marketing, event marketing, regions, Russian regions

I. INTRODUCTION

Today, the Russian economy is developing on all fronts. High ranking officials must face new challenges and solve them in their day-to-day work in regional and municipal entities by using marketing research methods. Within the market conditions, senior government officials use the main marketing instruments in different regions to boost the local economy.

That is why success in solving regional problems and the socio-economic development of Russia depends on the search for the new forms, methods, and means of increasing competitiveness at all levels of the national economy.

The big Russian explanatory dictionary defines the marketing of territories as a specialized marketing activity that is carried out in a certain territory to form the attractiveness and prestige of the territory by the means of business sector, economic, natural, social and cultural resources of the territory [1].

The marketing approach from the territorial governing bodies in relation to territorial resources, products and services is actively interfaced with the marketing of the territory. The growing globalization results in the growth of competition of territories. Territorial marketing is becoming an independent function of regional and municipal administration. Therefore, the assessment of the activities of local government bodies is increasingly determined by the effectiveness of measures to increase the competitiveness of the regional socio-economic system. Promising areas for the development of a marketing approach in regional government are related to the development of marketing of territories with the aim of increasing their competitiveness on an innovative basis.

Territorial marketing includes marketing of various territorial and state entities: country, region, city, local places. This explains the variations of the term – “regional marketing”, “place marketing”, “municipal marketing”, “city marketing”, “territorial marketing”, “marketing of territories”, “marketing on (within) the territory” [20].

The federal form of the Russian state and the regional structure of the economy determine the features of the national model of the economy. Russia by territory is the largest state in the world with a federal form of government. Regions are significantly different from each other in terms of their natural, geographical position, socio-cultural, ethnic, population, and other factors, which is why the economic space of Russia is highly polarized and sometimes there are huge imbalances in their current economic development and conditions. In this regard, it is necessary to conduct a reasonable economic policy within each region that will help to mitigate the current regional imbalances, identify specific investment priorities in the region and mark the points of social and economic growth in the region. M.R. Pfeiffer notes that in the Russian academic environment, the term "regional marketing" has become more widespread. The concept of “territory” is interpreted less broadly, since the region implies not only territorial but also socio-economic, ethnic, historical and cultural community [15]. Russia is a multinational country, in its state structure is a federation built on the national-territorial principle and the region is a part of the territory of the Russian Federation, with a commonality of natural, socio-economic, national, cultural and other conditions. A region may have the same borders of the constituent region of the federation or unite the territories of several entities. We are inclined to use the term “regional marketing since Russia has adopted a regional policy, and the concept of “region” is used more often and is interpreted more widely.
II. RESEARCH RESULTS

The topic of regional (territorial) development using marketing strategies in the last two decades is one of the most relevant in world management. Since the beginning of the 21st century, the variations of the term “regional marketing” mentioned above have become extremely popular in the Russian literature and the vocabulary of not only marketing specialists, but also representatives of state and municipal government bodies. Such an interest in this topic is not accidental. Today, all over the world, the different territories are embroiled in a tense struggle for resources, which can be won by those who have the necessary "... skills to attract investors, enterprises, residents and tourists" [11]. Despite the conventional theoretical and methodological base of territorial marketing and the existing experience of its application in Russia, certain aspects of this economic category require substantial rethinking and redevelopment. The relevance and importance of studying this issue is determined, on the one hand, by the need to ensure the competitiveness of the territory through the implementation of modern marketing tools and modern communications, and on the other hand, by sharply intensified processes of integration and globalization of the economy, when the quality of territorial management becomes one of the criteria for competitive comparison of regions [14].

In the 90s of the XX century, the works on the history of marketing on various territorial entities appeared. In 1990, the book by J. Ashworth and H. Wood - “Selling the City”, and in 1993 “Marketing of Places” by Ph. Kotler and coauthors were published.

F. Kotler noted that: “Place marketing is an activity undertaken to create, maintain or change attitudes and/or behavior regarding specific places. Place marketing will be determined by several components of the territory: housing marketing, marketing of economic development zones, marketing of vacation spots, marketing of investments in land property” [8, p. 647-649]. F. Kotler and his colleagues (D. Hyder, I. Rain, T. Metaxas) started to use the term “territorial marketing”. Along with this, they pointed out the main tasks of the territorial marketing. This entails the assessment of the community status, its significant problems and reasons for their appearance; developing problem-solving strategies based on a real understanding of the community’s capabilities and resources; investment plan and community’s improvements.

If we rely on the concept of “marketing” proposed by F. Kotler, then regional marketing can be defined as a type of human activity aimed at meeting the needs and requirements of residents and enterprises of the region through an exchange. Then, the goods will include all the products and services offered in the region’s territory.

In 1994 the book "Reforming the economy: regional aspects" by A.M. Lavrov and V.S. Surmin appeared. It introduced the concept of “regional marketing”, which was defined as a component of a system of market relations at the level of district, region, republic [10, P.3, 30].

The term "regional marketing" was first used by A.M. Lavrov and V.S. Surmin: "... a system of interrelated economic relations, expressing the interaction between the different actors on the economic management of the region on the basis of continuous monitoring (analysis of assessment and prediction) of the processes occurring in the market, as well as coordination (optimally harmonization) of different levels of economic interests" [10, P.12].

Obviously, the above definition of regional marketing was based on the fact that during the study of the regional economy the research should consistently include the following topics:

1. The administrative establishment of the district, republic.
2. Features of the economic and geographical location.
3. The place of the district, a republic in the national economy.
5. Characteristics of the population and labor resources. Demographic problems.
6. Development and deployment of the main branches of market specialization of the region, republic.
7. Industries complementing the territorial complex and services.
8. Intraregional and interregional economic relations.
9. Industrial centers, nodes, territorial production complexes.
10. The main directions of regional development in conditions of market relations [10].

The second approach in determining the essence of regional management in a market economy is the marketing approach. The representatives of this direction are A.L. Gaponenko, G.V. Gutman, E.P. Golubkov, A.P. Pankrukhin, M.E. Seifullaeva, and several other authors. So A.L. Gaponenko gives examples of regional marketing, which defines a system of measures to attract new investors to the region, contributing to the prosperity of the region as a whole [3, P.184]. M.E. Seifullaeva under the basis of regional marketing refers to a systematic study of the state and development trends of the region with a view to making rational decisions (on market segmentation, choosing a target market, justifying a marketing strategy for entering the market, developing a marketing mix, etc.) [21, P.35].

E.P. Golubkov in his study systematized different points of view on the marketing of territories. In his opinion, “territorial marketing is marketing in the interests of the territory, its internal entities, as well as external entities, in whose attention the territory is interested. It is carried out with the aim of creating, maintaining or changing the opinions, intentions and/or behavior of entities external to this territory” [4].

A complete synthesis of materials on the study of the marketing of territories was carried out by A.P. Pankrukhin. In his monograph, he talks about three categories of territorial marketing:

“Territorial marketing is marketing in the interests of the territory, its internal entities, as well as external entities, in which the territory is interested. It can be considered as marketing of territories or as marketing in the territory”;

“Territorial marketing is marketing, considering the territory as a whole as an object of attention and promotion,
carried out both inside and outside it, and aimed at creating, developing, effectively promoting and using the competitive advantages of this territory in its interests, in the interests of its internal, as well as those external entities in whose cooperation it is interested”;

“Marketing in (within) the territory - an aspect of understanding of the term “territorial marketing”; indicating the level and specific characteristics of the development of marketing relations of entities within the territory regarding specific goods and services” [13, P.42].

Thus, despite the abundance of views, understanding of the essence of marketing of a region (territories), today there is no clear definition of the concept of “regional marketing”. Quite often, the marketing of regions is seen as the use, first of all, of such marketing tools as advertising, means of promotion and attraction of sponsors (investors) in order to increase publicity and improve the image of the territory. It is easier for regional leaders to understand regional marketing as a function, a set of responsibilities for which they appoint a responsible person in the administration or even form a special unit that executes regional marketing using its tools.

Various scientific and practical interests converge in regional marketing, there are attempts to focus on a particular aspect of regional marketing.

Regional marketing is a complex socio-economic phenomenon that causes widespread discussions, revealing the diversity of opinions and positions of different specialists. Recently, regional marketing has become increasingly relevant and popular in the scientific community. The main reason for this phenomenon is associated with the promotion of the image of the region. Indeed, the image of the region is the same “product” that should find its buyer – an investor. Without diminishing the importance of the communication component, attention should be paid to the elements of the classical marketing mix in relation to regional marketing. The concept of regional marketing is not settled either in form or in content. Regional marketing has many features and differences.

So A.V. Shishkin establishes the main difference between regional marketing, which consists of the presence of certain geospace within which marketing functions are realized. Moreover, this geospace is characterized by at least two specific parameters: length and heterogeneity [22, P.45-48].

According to the approach of Ph. Kotler, D. Haider, and I. Rein in the work “Marketing Places”, effective territory marketing should include:

- development and positioning of an attractive image of the territory;
- creating incentives for existing or potential investors and buyers of goods and services;
- informing buyers about all the strong and competitive advantages of the region [9].

The activities of the subjects within the framework of particular geospace form a geomarketing environment for their functioning, for which such features as a territorial community, territorial integrity and specificity are important. These geofactors are very important from the point of view of marketing management of territorial formation. One of the essential and attractive for investors is the concept of the marketing potential of the region. “Marketing potential” is a relatively new concept, poorly studied in terms of composition, structure, and interaction. Actually, most often the marketing potential of an enterprise, a company is described, which is understood as the willingness, ability and opportunity of the subject to timely and efficiently perform marketing functions, solve the planned tasks. Often there are attempts to mathematically describe the marketing potential. Of course, this deserves respect but does not explain the nature of this concept. The objective need for the spread of regional marketing in Russia in the context of the formation of market relations is confirmed by world practice, because the use of marketing approaches is very productive for organizing the production and sale of certain goods or product systems in selected market segments and substantiating the regional market concept.

Thus, analyzing the existing interpretations of the concept of “territorial marketing”, the following most comprehensive definition can be given: territorial marketing is a set of measures and actions that can attract “buyers” by offering them the most attractive features of the territory (favorable location, cultural heritage sites, resources).

At the same time, it must be very clearly understood that the above definition of regional marketing implies that it has three different levels at which it performs its functions. Namely: macro-, meso-, and micro levels.

Macromarketing can be perceived as marketing, implemented at the state level as a whole. It operates with the concepts of aggregate demand and aggregate supply, global competition, image and reputation of a country, its investment, innovation, tourist attractiveness, etc., increasing the level and quality of life of the population, etc. Accordingly, mesomarketing is marketing at the level of regions, districts, cities, etc. Micromarketing is marketing at the level of individual organizations and individuals.

To illustrate, one can briefly touch on the first two levels indicated above for territorial marketing, namely macro-marketing and meso-marketing.

As I.S. Vazhenina points out in her article in her scientific work “Image and Territory Reputation as the Basis of Promotion in a Competitive Environment”: “Territorial (country, regional, etc.) image is currently becoming a real and extremely important resource of the economy. This happens in connection with the growing importance of information to ensure the competitive advantages of business and political entities. The image of the territory, its reputation in domestic and foreign socio-political and business circles are becoming fundamental factors in promoting national and regional foreign economic and political projects, an important competitive resource for building partnership relations. The image is a prerequisite for accelerating the socio-economic development of countries/regions/cities, increasing the level and quality of life of the population, as it helps to resolve a number of fundamental issues that are important for the intensive development of the territory. This is primarily the attraction of investments (including foreign), the expansion of markets for products of national/regional manufacturers, the attraction of labor resources, the development of inbound tourism. The favorable image of one or another territory largely determines the success of solving these problems, and
its reputation is the main factor in making the choice” [2, P. 82-98].

For this reason, it is advisable to consider regional marketing as an integrated system, each element of which serves as a catalyst for the development of other elements and subsystems, due to which its synergetic development is ensured.

Recently, Russia has gained considerable experience in promoting the image of regions both domestically and internationally. And here, first of all, it is necessary to mention the main economic forums in Russia:

1. St. Petersburg International Economic Forum (SPIEF). The forum has been held in St. Petersburg since 1997. More than 19 thousand people from 145 countries took part in SPIEF 2019, with 1300 guests being heads of companies. The Forum’s plenary meeting was attended by Russian President Vladimir V. Putin, Chinese President Xi Jinping, Bulgarian President Rumen Radev, Armenian Prime Minister Nikol Pashinyan, Slovak Prime Minister Peter Pellegrini and UN Secretary-General Antonio Guterres. At SPIEF 2019, 745 agreements were signed for a total amount of 3 trillion 271 billion rubles (agreements are taken into account, the amount of which is not a commercial secret). It is noted that over the past 4 years the number of Forum participants has grown by 60% [6].

2. Eastern Economic Forum (EEF). The forum has been held in Vladivostok since 2015. The EEF 2019 was attended by over 8.500 delegates, media representatives and participants from Russia and 65 countries, 270 agreements were signed for the amount of 3.4 trillion rubles (excluding agreements, the amount of which is a commercial secret) [5].

3. Yalta International Economic Forum (YIEF). The forum has been held since 2015 in Yalta. According to the results of the 2019 Forum, 102 agreements totaling 215 billion rubles were signed [7].

The most important business forums include the Gaidar Forum, Russian Business Week (RBW), the Russian Investment Forum (until 2016, the Sochi International Investment Forum), the Krasnoyarsk Economic Forum (KEF). The Valdai Club and the “Primakov Readings” forum, which are international discussion platforms for public discussion of the most pressing problems of the world economy, politics and international security with the participation of leading representatives of Russian and foreign research and expert analytical centers, International Aviation and Space Salon (MAKS), the international military-technical forum and exhibition "Army" in Kubynka. All these events generate not only significant amounts of investments for the country but also contribute to the growth of tourist flow, increase the recognition of regional brands, increase the authority and role of the Russian Federation at the international level.

Speaking about the features of marketing of the Russian regions, attention should be paid to such a component of it as event marketing of territories. Today, in conditions of comprehensive competition in the market of tourism and event services, it is becoming increasingly difficult for Russian regions to come up with new strategies for attracting tourists and investors to their territory. Realities of the time dictate the constant need to invent new marketing tools, concepts, resources that match the target audience: potential buyers of urban goods and services, investors, tourists, and other interested parties.

Today, the sport of high achievements has become not only the most important phenomenon in the sphere of the entertainment and culture industry but also acts as a serious incentive to attract investments to the regions. Event marketing of territories appears in this context as one of the tools for promoting venues for the most important sporting events: Olympic Games, world championships, universiades, stages of world cups in various sports, etc.

The matches of the 2018 World Cup were held in 11 cities of Russia and attracted attention not only directly to the cities in which the stadiums were located but also to entire clusters: Central Cluster - Moscow; Northwest cluster - St. Petersburg, Kaliningrad; Volga cluster - Volgograd, Kazan, Nizhny Novgorod, Samara, Saransk; Urals cluster - Yekaterinburg; Southern cluster - Sochi and Rostov-on-Don. According to estimates by the Association of Tour Operators of Russia (ATOR), holding the World Cup in Russia brought 850 billion rubles to the budget of the Russian Federation, which amounted to about 1% of GDP. The country was visited by 750 thousand foreign fans [19].

Federal and regional authorities include event marketing as part of strategies for the socio-economic development of regions, infrastructure development, marketing and branding of territories. One recent example is Yekaterinburg’s application for hosting the World Expo 2025 (World Expo 2025), in which the Russian city ceded the right to host the exhibition to Japanese Osaka. The slogan of the application of Yekaterinburg was “Transforming the world: Innovation and a better life - for the future generations”. Indeed, the right to host the World Exhibition was positioned by the organizing committee as an opportunity to attract serious investments in the Urals city, develop infrastructure, improve the lives of citizens in the long term, introduce smart technologies in city management, and unleash the innovative potential of the Sverdlovsk region.

Russian cities today face not only problems of budget fullness and attracting tourists, but also with the outflow of youth and the working population. In addition, there are difficulties in creating new jobs, attracting highly qualified personnel, raising the level of living of citizens. Of course, this is not about the largest megacities such as Moscow, St. Petersburg, Kazan, which are always in the spotlight of both the regional and federal agendas and do not need additional marketing tools to promote their own territorial brand. The majority of other Russian cities today has to seriously review strategies for territorial development and promotion, in order to attract investment, labor, tourists, and the development of the urban environment. It is for solving these problems that various marketing tools are involved. It is necessary not only to create a specific material, technical and infrastructural base in the regions but also to be able to properly sell it to potential partners through appropriate marketing. City authorities should take into account the value of not only traditional tangible assets (houses, roads, logistics, production, etc.) but also intangible assets (cultural potential, social and human capital, social climate, urban image, traditions, etc.).
Competent marketing technologies are aimed specifically at selling an attractive lifestyle in the city, an attractive urban atmosphere, citizens, cultural and traditional heritage.

A successful example of territorial marketing of the city of Krasnodar should be highlighted. Due to increased business activity in the region, development of infrastructure, creation of new centers of attraction, natural internal migration of the population, the total population of the city has grown by almost 30% over the past 10 years and as of January 1, 2019, exceeded 1 million people [12]. According to one of the marketing strategies and branding of the city of Krasnodar, prepared by the team of A. Purtov, it is planned to create "Russian California" in the region. Marketing in the region should be based on the following strengths of the Krasnodar territory: active business environment; 3200 scientists - an intellectual resource for the agricultural industry; scientific patents in the field of agricultural technologies; the city is adjacent to large regions with agricultural specialization; favorable and sunny climate; proximity to resort areas; good environmental conditions [18]. Krasnodar territory is constantly improving its position in the ratings of investment attractiveness, which confirms the correctness of the management course of the region’s leadership. So, Krasnodar territory ranked the 6th [11] in the National rating of the state of the investment climate in the constituent entities of the Russian Federation according to the results of 2018.

The development strategy of the Tula region is also of interest in terms of the analysis of marketing tools. The Program of socio-economic development of the Tula region until 2021 [17] contains the development of an information system of marketing support to small and medium-sized businesses, development and implementation of a marketing strategy aimed at creating a tourist image and promoting the region in tourist markets at the federal and international level [16]. Branding of places and products manufactured in the Tula region is actively developing. Such Tula brands as gingerbread, samovar, Belevskaya pastille, museum complexes Yasnaya Polyana and Kulikovo Field are widely known not only in Russia but also far beyond its borders. Tula region ranked the 5th [10] in the National rating of the state of the investment climate in the constituent entities of the Russian Federation following the results of 2018.

Currently, theoretical coverage of territory marketing, regional marketing, city marketing, event and other types of marketing has reached significant development in domestic scientific literature. Particular attention in the scientific community should be given to a critical understanding of foreign experience and approaches to describing the key concepts of the indicated types of marketing, as well as the formation of a theoretical and empirical base for the Russian school of regional marketing. The current market competition encourages the regional administration to constantly invent new marketing tools, concepts, resources that match the target audience: potential customers of urban goods and services, investors, tourists, and other interested parties. The analysis of the most successful Russian practices of territorial marketing in recent years shows us the positive trends in development of the Russian regional marketing. The regional marketing today becomes one of the most important tools for the socio-economic development of Russian regions.

III. CONCLUSION

Currently, theoretical coverage of territory marketing, regional marketing, city marketing, event and other types of marketing has reached significant development in domestic scientific literature. Particular attention in the scientific community should be given to a critical understanding of foreign experience and approaches to describing the key concepts of the indicated types of marketing, as well as the formation of a theoretical and empirical base for the Russian school of regional marketing. The current market competition encourages the regional administration to constantly invent new marketing tools, concepts, resources that match the target audience: potential customers of urban goods and services, investors, tourists, and other interested parties. The analysis of the most successful Russian practices of territorial marketing in recent years shows us the positive trends in development of the Russian regional marketing. The regional marketing today becomes one of the most important tools for the socio-economic development of Russian regions.

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