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## Marketing Management of the Territory in the Aspect of the Regional Brand Formation

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**Abstract:**

*The importance of managing branding of territory in terms of satisfying the demands of domestic consumers and attracting external economic agents is mediated by the realities of modern economic development in various regions of the country and the focus on the formation of accelerated development territories.*

*These realities are characterized by unevenness. High competition between the territories in managing branding raises the importance of marketing management in territorial development and brand building.*

*The article contains the statement that the success of the brand of the territory facilitates its sustainable development, attracting new economic agents, increasing the confidence of the population and business partners in regional business, building social and economic potential, and creating territorial advantages.*

**Keywords:** Brand, marketing management, territory, target audiences, internal consumers, external consumers.

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## 1. Introduction

The determinant of the current state of the economy in Russia is the unevenness of territorial development. It predetermines various conditions for conducting economic activities in the regions of the country, as well as the differential attractiveness of territorial units for external investments and potential partners. Regions compete with each other in questions of offering the most attractive product to target audiences, offered to external and internal consumers. The internal target audiences are offered the most adequate conditions for business, comfortable living and various initiatives. External audiences are offered options for profitable investment of funds, obtaining a variety of services, including travel services. Taking into account the needs of diverse target audiences of a certain territory, it is necessary to apply the concept of territory marketing for own successful development.

The current realities evoke a certain interest in theoretical and practical aspects regarding the substance of territorial marketing, the management of the territory and the feasibility of forming a territorial brand.

## 2. Discussion on territory marketing and brand formation

Working on the issue of determining the essence of territorial marketing, it is first necessary to determine what is meant by the territory to which marketing efforts are applied. Traditionally, it is customary to understand the territory of the economy as a historically established geographic place, a locus characterized by individual characteristics and certain resources (available and potential) to meet the needs and demands of internal and external consumers, viewed as partners, with which long-term mutually beneficial relations are built, according to an ideal scenario.

It should be noted that different researchers have different interpretations of marketing of territory. For example, A. Lavrov and V. Surnin define it as “an element of a system of market relations projected not at the micro level, but at the meso level” (Lavrov, 1994).

Golubkov claims that “*it is marketing in the interests of the territory, its internal subjects, as well as external subjects, the territory being interested in their attention*” (Golubkov, 2000). Pankrukhin focuses on the substantive component of the work on developing demand and providing goods, resources and other opportunities of the territory (Pankrukhin, 2009). Florida emphasizes that this is a kind of geomarketing or marketing activity conducted for the purpose of forming and replicating the demand for a spatially distributed object located in a specific place (Florida, 2007). Kotler speaks of marketing places, describing it as “*an activity undertaken to create, maintain or change attitudes and/or behavior relating to specific places*” (Kotler, 2009).

Butov and co-authors explore regional marketing, implying a certain way of thinking and acting at the regional level, a new business philosophy of active entrepreneurship in the region, aimed at meeting the needs of specific client groups, both in this region and outside it (Butov *et al.*, 2001).

The above definitions, on the whole, do not contradict each other. Together they characterize the essential substance of marketing of territories, entailing business philosophy in it, applied tools, and the management system focused on client groups. The role of the brand and its components becomes significant, as noted in various works (Bondarenko, 2015; Kalieva, 2014).

The process of forming an individual image of the region is important in this aspect, which is a complex of properties created by interested subjects with the purpose of constructing a certain necessary concept of the territory (Akhmetzhanova, 2015).

Such a process is aimed at the transmission and dissemination of marketing information through various advertising and information tools to meet the expectations of potential consumers and increase their awareness of the territory. In this regard, marketing of territories can also be considered as a component of territorial economic policy. The issue of brand formation and broadcasting of its values to the target audience is one of the key to creating conditions for successful territorial development in the framework of the marketing concept of the territory.

### **3. Theoretical aspects of marketing management of the territory**

In terms of market economy, it is advisable to define marketing of territories as a combination of ways to develop a strategy for the development of the territory, as well as actions to implement this strategy. With such a view of marketing of territories, it is advisable to define it as a marketing concept aimed at sustainable development of the territory in a competitive environment with the creative activity of human resources by means of the formation of demand and the provision of benefits, resources and other opportunities of the territory. Taking into account the target orientation for the promotion of the territory to external and internal target groups, marketing of territories has a number of principles, such as:

- ✓ the principle of development and growth, consisting in the focus on the effective solution of the economic problems of the territorial unit and the focus on long-term sustainable development;
- ✓ the principle of provision of personnel with the necessary scope of competence, consisting in the development and maintenance of creative and professional activities of the potential of the human resources of the territory;
- ✓ the principle of attractiveness of the territory, based on the formation and maintenance of a long-term sustainable positive image of the territory, the creation of a favorable investment and innovation climate in the region, the

- promotion of the territory as a place for the implementation of various projects;
- ✓ the principle of support and control, consisting in the implementation of control and support of the development of the region at the state level, the constant monitoring of the economic state and growth of the territorial unit.

Thus, the main issue in marketing of territories is the issue of marketing management. The issue of changing the approach to managing territorial development is far from simple in its essence. In this regard, the key task of the subjects of territorial marketing is to increase the attractiveness of their territory – as a complex of resources, conditions, relations, objects, which will allow them to reorient the flow of resources (financial, human, material and others) in market (competitive) conditions and thereby win in competition with other territories (Sachuk, 2006).

In many ways, the difficulty lies precisely in the inadequate orientation of the governing elites of the region (territory) to the marketing view of management of territorial education. Consequently, in today's highly competitive economy, marketing management should be seen as a resource that increases the adaptive capacity of the organization or territory.

In this regard, it is feasible to draw parallels with the management of marketing in the enterprise, where it is perceived as *“an expedient activity aimed at ensuring coordinated and effective work of specialists conducting market analysis and research, as well as marketing and commercial activities”* (Chepureenko, 2012). Regarding the region, the tasks and functions of marketing management are set wider, but the direction of their implementation seems to be similar.

Tretjak (2005) emphasizes the importance of the marketing management concept in the conduct of economic processes: *“Along with other issues marketing as a specific management system must study consumers and appropriately inform other bodies of the organization”*. Kompaniets (2008) exploring the complexity of the transition of companies to marketing-oriented management, suggests that *“the art of management must conform to the notion of “change management”*.

The main task of marketing management incorporates the definition of a sustainable competitive advantage and a comprehensive analysis of the developed market, its segmentation, development and implementation of the product and service offer, bringing information on improving the quality of consumer value to target audiences (Martysenko, 2011).

For example, Grant (2008) examines the success of implementing the strategy of an enterprise in the managerial aspect. The strategy in its turn depends on four common factors: simple and agreed long-term goals, a deep understanding of the competitive

environment, an objective assessment of resources and effective implementation of the strategy.

It can be summarized that such a view on marketing management of an enterprise is justified and can be transferred to marketing management of territorial development. An emphasis should be also given to the fact that marketing management is commonly understood as the use of the integrated marketing management tools applied for the market object.

#### **4. Results**

In our case, taking into account the growing importance of the intangible component in the selection of priorities and determinants of regional development, it concerns the use of marketing management tools in relation to the formation of a region's brand. The analysis of the provisions of the theory of marketing of territories and market reality allowed us to identify trends that determine the prerequisites for forming a positive brand of the territory:

1 Active implementation of branding as a tool for marketing of territory in the formation of fame and a positive image of the territorial unit. In market economy, the presence of the brand and the image of territory and its development strategy becomes an indispensable factor of realizing the territorial potential. Branding is an effective tool for attracting targeted external and internal audiences to the territory.

2 Formation and development of the attractiveness of the territory due to its use as an investment and tourism object, which facilitates the development of the marketing potential of the territorial unit, its recognition by the population and market attractiveness for external consumers.

3 The growing global competition between the territories in the resource and investment market conditions the formation and promotion of the competitive advantages of a particular territory.

4 Virtualization of needs, demand and supply in the environment of the territory caused by the rapid development of information technologies. Informatization of all areas of human activity reflected in the development of territories as a process of information advancement of territories and understanding that the territory (country, district, region, city) can be represented as a trademark, which can be both a hardly known or widely known brand.

A special note should be made regarding the active use of marketing tools for promoting territories and marketing management of the formation of their brand in the context of modern economy, where the telecommunications infrastructure and digital communication facilities are actively developed. When using marketing tools to administer the territory, it is necessary to rely on the theory and methodology of

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marketing territories. The theory of marketing of territories allows applying the necessary principles and tools for marketing territories in practice, developing the most effective strategies for the development of territorial units that ensure the growth of competitiveness of territories and the welfare of the population.

The relevance of the issues of brand formation is growing, as the strong brand of the region contributes to strengthening relations with partners, attracting investors and increasing their trust, attracting business and other tourists, consolidating the competitive positions of the territory, providing it with opportunities for balanced development in perspective. The role of branding as an effective marketing technology is increasing, as it is aimed at increasing the resources of the region and attracting the missing “components” of success. In this connection, it should be noted that it is quite difficult for the territories to shift to a marketing-oriented style of management and to reorient staff, financial, tangible and intangible assets to strengthen competitive positions in comparison with other regions. The intangible component in the issues of regional development makes it possible to use existing material resources more efficiently and to activate innovative and investment processes.

In this aspect, it is important to emphasize that marketing management of branding of territory will facilitate the formation of a common favorable business climate, mediating the growth of the well-being of the territory and its inhabitants. The complexity and dynamism of the economic and social situation in the national economy and the economy of the regions hinders the opportunities for balanced development and this actualizes the development of reasonable and timely management decisions in the framework of the marketing department to strengthen the positive investment dynamics and strengthen partnership relations.

Aiming at satisfying the needs of target audiences in the region can be also seen as one of the most important objectives. Those forming the target audiences are primarily residents of the territory (population), the business community and management structures, as well as domestic investors (Bondarenko, 2017). Further, it is advisable to correctly position the product – the region, form its brand and broadcast information about it to outside consumers, namely business partners, external investors and the population of other regions and, perhaps, countries. The formation of brand of territory is aimed at the process of implementing the strategy of this territory, fulfilling the goals of socio-economic development by means of managing relationships with various target audiences (internal and external) based on the reflection of all elements of the unique identity of the territory. The actualization of the need for the formation and development of brand of territory will contribute to the improvement of competitiveness and, in general, the increase in the well-being of the region’s population. The subjects of the territory face a new challenge, consisting in the formation and development of a positive brand of the territory, which becomes a necessary factor for the effective realization of the territorial potential.

## **5. Conclusion**

The success of the formed brand of territory facilitates its sustainable development, attracting new economic agents and, consequently, foreign investment, accumulating funds of domestic investors, increasing public confidence and business partners in regional business, increasing socio-economic potential, strengthening integration and cooperative ties, forming territorial advantages, achievements and initiatives. It is advisable to understand the core role of marketing management in creating and developing a successful brand of the territory.

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