

## TRENDS OF TAKING INTO ACCOUNT OF INTERNATIONAL FACTORS IN MARKETING ADAPTATIONAL STRATEGIES OF REGIONAL CENTRES

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### **Abstract**

*The article investigates the impact of international factors to formation of marketing adaptation strategies of regional centres development; regards influence of “regional revolution” to strategic trends of cities of Chernivtsi and Suceava; forms a list of factors that can either open additional opportunities for a city or, on the contrary, become potential bearers of threats for implementation of sustainable development strategy; attention is paid to threats and advantages for regional economy of activation processes of activity of global trade networks; examples of cooperation in geo-space direction are given; the role of regional marketing technologies is determined in provision of complex long-term cross-border effect of cooperation of Chernivtsi and Suceava as regional centres of Bukovyna.*

**Key words:** *territorial marketing, marketing adaptation development strategies, international factors, regional revolution, territorial marketing technologies.*

**JEL Classification:** *G<sub>14</sub>, M<sub>31</sub>.*

### **I. CONTENT**

From the point of view of territorial marketing the main problem is to elaborate, accept and implement the strategy in such a way that it could respond the priorities and interests of certain lobby groups, objectively orient itself to demands of target groups, include perspective goals of territorial development, accentuate attention on endogenous development and foster regional cooperation, base upon financial support from the state with active participation and interaction of state and private structures. Such strategy must be based on flexible technologies of territorial marketing that give the opportunity to countries, regions and cities to adapt to changes of dynamic external environment.

The algorithm of formation of adaptation marketing strategies in the system of territorial marketing reflects their essence and includes a number of important components: research and taking into account of changes of factors of territory marketing environment (country, region, city); selection of current and alternative development strategies (according to demands of target groups), as a means of territory development strategy implementation, elaboration of municipal marketing complex as a unity of practical instruments of territory adaptation to market situation and measures of market impact; testing, control and performing correction influence for administrative decision making concerning relevance of territorial programs adoption; implementation of marketing activities and achievements management.

Nowadays international factors have one of the biggest influences to formation of territorial development strategies. They can either open additional opportunities for a city, region, or, on the contrary, become a potential bearer of threats. International factors starting the list have activated their role in the mid-90-ies due to re-orientation of course by the majority of economically developed countries towards development globalization. Changes in the world community concern practically all economic subjects, including regions and their administrative centres – oblast centres in Ukraine and county centres in Romania. Open economy of territorial units ruins the borders among participants of economic, political, social, cultural, innovational, investment processes. Important influence to development of regional centres is performed by globalization tendencies, transnational corporations, international economic and political organizations.

In the globalization conditions of world economy and strengthening of competitiveness among cities at the international level the international factor of city development strengthens their positions. Global market

becomes the spot for implementation of city development plans and programs, changes its status concerning the regions, countries and the world in general. The essence of modern globalization processes and new global “game rules” form new requirements to content filling of regional administration functions in economics on the basis of implementation of market-oriented economic instruments into local authorities activity: municipal marketing, municipal financial management, project management, municipal logistics, personnel management, anti-crisis management etc.

Alongside with “globalization” processes municipal development according to documents of international specialized establishments is determined by interrelated and interdependent processes of “urbanization”, “localization”, “regionalization”. Urbanization processes form new tendencies of city life characteristic of the given historic moment (Blair, 2009): 1) the majority of the Earth population lives in cities and predominantly consists of poor people; 2) bigger and bigger percentage of world wealth is produced in cities; 3) cities extend in length, absorbing bigger land plots, while density of construction is decreased; 4) one can observe the most intensive migration period in the history of the humanity; 5) changes and dynamics of modern world inevitably mean that municipal management must take care of improvement of society giving it the opportunities of constant raising of knowledge, and not giving the citizens ready-made solutions. In other words, cities and their communities must show flexibility, try to find the solutions to challenges of modern life, and not to cycle themselves on ready-made solutions and satisfy themselves by quick “stitching” of the problems.

In 2011 McKinsey Global Institute (MGI) presented the investigation “Urban World: Mapping the Economic Power City” where perspectives of economic, social and demographic development of leading cities of the world were described till 2025. The authors of the investigation state that modern global economy is the city economy: now half of the planet population resides in cities, also over 80% of the world GDP is attributed to them (McKinsey, 2011). According to specified data of the UNO Secretariat the number of city population in Ukraine constitutes 31,252 million people (68,8%), in Romania 11, 617 million people (52%) data of 2005 can be compared with 2003 when respective figures for Romania were 57% and 15, 420 million people correspondingly). However the economic impact of cities is more concentrated than it was presupposed before. As the researchers state, the idea about mega-polices as a driving force of global development within the last decades is quite a mistake. In reality economic growth in the majority of the biggest cities did not overlap the economic growth in a country where they were located. Most evident the medium size cities of the world will develop - these are 577 city centres with population from 150 thousand to 1 million people, their part in the world economics will grow from the present-date figure of 11% to almost 40%. This very factor, in our opinion, opens up new opportunities for Chernivtsi and Suceava, increases their “investment value”, can become an emphasis in city branding.

Blair Rouble pays attention to a number of threats conditioned by excessive urbanization (Blair Rouble, 2009). When cities grow they become more “mani-facet” in their content, more mobile and less manageable. Chaotic growth of cities testifies to the fact that there is no more notion of a “city” in its past understanding. Traditional city, as if after taking some steroids, turns into a chaotic urbanized region. Those who are responsible for the cities future, apart from regular problems, like control over infrastructure, transport, telecommunications, level of poverty, healthcare and education, face the problems created due to unprecedented growth of population number in urbanized regions and diversity of inhabitants. Moreover, this new reality is formed on the background of international terrorism that grows fast; on unanimous agreement of neo-liberals concerning the fact that government should not take the responsibility for softening of social problems; on explosive technological changes that influence everyday life. In urbanized systems that overcome isolation and economic autarchy opening of markets and lessening of state control leads to disappearing of the city middle class.

Another global tendency forming the opportunities for Chernivtsi and Suceava is the lessening of industrial factors role in provision of territory leadership and access to financial, intellectual, technological and creative resources. «Standard» development indicators (production volume, monetary size of GDP, capital investment volumes etc.) change the indicators of innovational, intellectual, creative economics; volume of consuming and structure of city product, availability of highly qualified and creative personnel in a city, development of innovational technologies, access to information sources, indicators connected with cultural “brands”, inclusion into global exchanges at various levels, distribution of cultural values, level of implementation of strategic planning and forecasting etc. Interrelation of local and global dimension in economic, cultural and political processes have caused the use of the term “glocalization” in documents of UNO General Assembly. According to the statement of Sykora, “glocalization is characterized, from one hand, by devolution of practice of regulation in the direction of local management at local and regional levels, and on the other hand, by transition of certain authorities to supranational institutions, such as EU, NAFTA etc.” (L. Sýkora, 1990). Due to this elaborators of development strategies of cities and regions (*Perm project*) indicate another fundamental slide, the so- called “regional revolution”, which apart from technological, corporative and trade change of economics has conditioned a new territorial concentration of economic activity, washing out of cities,

regions, countries boundaries by boundaries of global markets.

Regarding the territorial projection of industrial policy of Russia V.Kniaginina and P.Schedrovitskiy draw attention to a few provisions of “regional revolution” acting in global world, bring about formation of new regional hierarchy and influence the formation of development strategies of territories. (V.Kniaginina and P.Schedrovitskiy, 2005). On the basis of specific provisions of the work of the above-mentioned authors we generalized the possible impact of “regional revolution” to adaptation strategies of regional centres (table 1):

**Table 1. Impact of “regional revolution” to formation of trends of adaptation strategies of development of regional centres of Chernivtsi region and Suceava county**

Statement	Impact on Chernivtsi and Suceava
1. Local closed markets cannot be included into new space organization of globalized world i.e. they do not exist for the world of “geoeconomics”.	Main tasks for Chernivtsi and Suceava are the openness of cities, of Chernivtsi region and Suceava county for the world, readiness of territorial communities to integration into the global market, territory promotion into the global economic, social and cultural space.
2. Approaches to territorial development change – in competitive struggle the winners are not those who create products, but those who administers their flows, involve money and qualified personnel, create and distribute technologies, form informational – communication infrastructure etc.	Chernivtsi and Suceava as regional centres represent secondary sector of economy and therefore have real possibilities to implement alternative scenarios of development which are connected with increase of capitalization of territory due to creative and highly qualified specialists, accumulation of cultural values and assets, formation of comfortable and ecological city environment, “building-in” into big international exchange flows of goods, services, technologies and information, developed logistics networks, implementation of projects connected with city infrastructure development, access to information, formation of “green” economy, optimization of transport flows etc.
3. State of balance and nomenclature of exchanged values characterizes the city status – its market positions	The Ukrainian cities and regions that could not integrate into the system of global exchanges due to a number of reasons quickly lose their main asset – people who wash away by migration processes into the countries of Western and Eastern Europe. This threat is real for Bukovyna as well as for Ukraine and Romania in general.
4. Impact of business agents of global market - of network operators, big developers, transnational and global corporations etc. on city development is activated.	One has to be ready for “payment” of external investments – to accept conditions that determine corporative and technological strategies of investors (change of bureaucratic technologies of management to client-oriented ones, responsibility of municipality, adaptation of trends and level of training of municipal personnel, allocation of land plots, preparation of city infrastructure, amendments to municipal norms etc.).

Tendencies of international character formed at the micro-level to a large extent determine conceptual trends of cooperation in geo-space direction as well as in the direction of cooperation in certain types of economic activity. For instance, declaration of Ukraine’s intentions to become a full member of the EU stimulates cooperation of Ukrainian cities with European cities which can be supported from the central budget. For Chernivtsi due to its geo-space position the cooperation with cities of Romania and the Republic of Moldova is evident and logical. This cooperation has been reflected in a number of joint projects: Joint Operational Programme Romania – Ukraine - Republic of Moldova; Carpathian Euroregion, Euroregion “Upper Prut” etc.

(1) Twinning and partnership relations between cities of different countries give the opportunity to exchange best practices in the sphere of municipal management, jointly react the challenges of modern life. In Chernivtsi due to twinning and partnership relations it became possible to implement a number of international projects: “Citizens Appeal Office” (Wolfsberg, Austria), “Joint Cultural Heritage” (with the city of Suceava, Romania), “Festive Tourism in Bukovyna” (with the city of Suceava, Romania). In the framework of economic cooperation the city has implemented a number of projects and programmes together with the USAID, now the project “Water Supply Improvement in Chernivtsi City” is being implemented together with the German bank KfW.

(2) In spite of all the positive phenomena the international factors form a number of threats to any city:

(3) 1. One can observe the tendency to competitiveness between municipal and regional authorities in the sphere of international economic and investment activity. Now the international activity on the level of cities and regions, cross-border territories is more directed towards occasional search of resources and investments than is a systematic complex activity directed to unification of resources and receiving of synergetic result.

2. Activation of activity of global trade networks working in retail (METRO Group, Auchan, BILLA and others), as well as at the «B2B» market. Distributional factor, forming global proposal at the market, limits the access of small producers to retail segment of the market. Opportunities and threats for Chernivtsi, in our opinion, have to be regarded concerning practice of European retailers who come to a new level of development of commercial real estate and create commercial parks. Synergic effect of such organization of retail is reflected in formation of multifunctional, constant, long-term flow of customers irrespective of the park placement. In commercial parks existing in Europe and located on the areas of 50-150 hectares various goods are presented – starting from food products to electronics. One can unite production with storage and retail sale, with

entertainment and family leisure in a retail park. On one hand readiness of Chernivtsi city together with units of Chernivtsi region to create a commercial and logistics park will give the opportunity to economize on rent payment, logistics, will strengthen the city status as a trade centre. But such enlargement can call for the protest of entrepreneurs working at Kalynivskiy market, representatives of medium formats of trade, will transmit the activity beyond the city boundaries. But there is no hesitation about necessity of regarding of such variant, getting ready to it, elaborating variants of introduction of perspective plots into the city boundaries. The experience of the Romanian neighbor of Chernivtsi – the city of Suceava testifies to it. The city is the object of investment of almost all European networks and at the same time preserves a broad network of retail enterprises of small formats.

Table 2 generalizes opportunities and threats of international environment and threats that have to be taken into account in elaboration of strategies of social and economic development at macro-, mezo-, and micro-level.

**Table 2. Opportunities and threats for a city formed by international factors of external environment**

Opportunities	Threats
<ul style="list-style-type: none"> <li>- Provision of city leadership due to resources of innovational, intellectual, creative economy.</li> <li>- Implementation of strategic planning and forecasting processes of future city development.</li> <li>- Integration into global market, territory promotion into global economic, social and cultural space.</li> <li>- Use of medium parameters of city size as a factor of fast development, growth of “investment value”, change of branding strategy.</li> <li>- Change of bureaucratic management technologies to client-oriented ones, development of modern European mechanisms of local government on the principles of de-monopolization of economy and competitiveness.</li> <li>- Formation of principles of city development on the basis of modern logistic approaches to city planning.</li> <li>- Development of logistic infrastructure: “anchor” trade centres, logistic centres, retail-parks.</li> <li>- Territory promotion to partner markets, strengthening of city and region positions in international scale.</li> <li>- Elaboration of own projects based upon international experience and fostering integration of a city into international processes.</li> <li>- Extension of participation in international organizations, activation of participation in inter-state projects and partnership programmes.</li> <li>- “Open door” policy concerning operators of big international networks, of quaternary sector companies.</li> </ul>	<ul style="list-style-type: none"> <li>- Direction of international activity at the level of cities to search of resources and investors, not to partnership for development.</li> <li>- Low level of interaction of units of international territorial cooperation.</li> <li>- Washing out of human potential of cities connected with activation of international migration processes.</li> <li>- Imperfect state migration policy and ineffective system of state regulation system of migration processes.</li> <li>- Availability of international limitations, bans, quotas.</li> <li>- Aggressive implementation of European traditions of local government.</li> <li>- Transition of decision making centres to external investors who implement “flagman” projects.</li> <li>- Decrease of national self-identification and copying of foreign experience without elaboration of adaptation mechanisms.</li> <li>- Growth of market openness and expansion of foreign goods.</li> <li>- Negative impact of global network formats: bank, service, trade, communication, construction, transportation etc.</li> <li>- Lack of relevant resource provision of interregional and cross-border cooperation.</li> <li>- Tendencies towards revision of national borders beyond international law norms.</li> <li>- Asymmetry and non-proportionate parameters of external trade between regions of Ukraine and neighbouring states – EU members and CIS members.</li> <li>- Lack of science intensive character of interregional programs and projects.</li> <li>- Activation of low education services providers at city educational market.</li> <li>- Opportunity of development of shadow, parasite, asocial, criminal structures at cross-border territories.</li> </ul>

(4) For transition of interregional and cross-border cooperation of Ukraine and the EU into the factor of strengthening of competitiveness of western region of Ukraine it is necessary: to determine priority trends of cooperation activation; to improve institutional provision and infrastructure of cooperation; to change organizational authorities of local government bodies in the spheres of interregional and cross-border cooperation (Mechanisms and instruments, 2011).

(5) In their turn, technologies of regional marketing give the opportunity to provide complex long-term cross-border effect: to form unique product (special economic and investment zones, joint projects, complex event network, territorial brand, tourist routes etc.); to organize promotion of cross-border territories to partner markets (promotion campaigns, holding and participation in international contests, grants, exhibitions, fairs, festivals, presentations; holding of international scientific and practical conferences, symposia, congresses); to strengthen the positions of city and region in international scale (opening of territory representative offices in cities of partner regions; direct contacts of first persons of cross-border territories; lobby of opening of trade representative offices and consular divisions; multilateral meetings of territory leaders with representatives of commercial structures and NGOs etc.). These activities will give the opportunity to local authorities to follow the European traditions of government, best experience of partners in various spheres, present own traditions and technologies of municipal management.

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