

THE ROLE OF MARKETING IN SOCIO-ECONOMIC DEVELOPMENT OF THE TERRITORY

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Abstract: The paper focuses on the importance of marketing in the socio-economic development of the territory. The problem of regional marketing, the role of commercial marketing and the basic strategy for marketing of the territory have been explored.

Generally, marketing as an essential category of market specifies the activities of a manufacturer to manage the demand for the products. The concept of marketing is based on a simple original idea: to produce what customers want (or require), be able to meet their needs and requests for the price that they are ready to pay.

Marketing is a pure market concept. Its function is the development of cooperation between manufacturers, retailers, consumers in certain market conditions, aiming to make profit. Regional marketing is marketing in the interest of the territory and its internal and external stakeholders that are important for the region [1].

In this connection we can identify two types of regional marketing strategy:

- marketing strategy aimed at providing marketing activities inside and outside the territories of the region;
- marketing strategy focused on the territory itself with its specific products, services, etc.

The region, municipality and the territory as a whole are considered as an entity that provides goods and services to different types of consumers both external and internal to the territory. Their consumption of territorial resources, products and services enables the territory, in the long run, to construct and improve its own welfare.

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In general, there are four major target markets of customers:

- visitors;
- residents and employees;
- sectors (industry, commerce, etc.) and investors;
- foreign markets.

The market of *Visitors* consists of business visitors (businessmen, business travelers, salespeople) and private visitors (tourists, travelers, friends or relatives). Each visitor spends money on food, accommodation, purchase of other goods and services. These costs affect household income, employment and tax revenue.

Residents and employees comprise the second important target market. Territories seek to attract unskilled labor, stimulate the birthrate, or attract certain categories of highly paid workers and professionals.

Sectors of the economy and investors are the third category of target markets. As a rule, all residential areas take efforts to strengthen their economic base to create jobs for their residents and obtain additional budget revenues.

The prerequisites of the territory compliance with the criteria of the distribution of productive forces include:

- the investment climate;
- the quality of life and availability;
- the quality of human resources, etc.

Domestic, regional and international markets are the fourth group of target markets. The activity in these markets in the region demonstrates the ability of a city or region to produce goods and services required outside its borders to other areas, individuals and legal entities.

Regional marketing strategy should be aimed at creating favorable conditions for improving the quality of the product in the region, searching for its potential customers and putting the territory at the leading position in the interregional division of labor in order to improve the quality of life. Regional Marketing refers to the non-profit marketing.

This is an activity undertaken in order to create, maintain or change attitudes and / or behavior of market agents, social communities to the specific territory where natural, material, technical, financial, labor and social resources, as well as the possibility of their realization and reproduction are concentrated.

Marketing of the region includes the development and implementation of a comprehensive long-term vision of economic and social sphere of the territory, gradual elimination of negative phenomena and solution to complex social and economic problems. The basis of the regional marketing is a planned and systematic study of the status and trends of the region in order to make right decisions. They are:

- maintaining or improving the competitiveness of the export enterprises located in the region;
- establishing enterprises of the new type in the region (in particular, with the participation of foreign capital), creating a favorable image of the region.

Measures of regional and local marketing include the publication and distribution of printed materials about the region or city, planned visits by heads of administration, meetings with heads of organizations who are ready to open a

new kind of business in the region, or start a campaign in collaboration with the Chamber of Commerce [2].

Regional and municipal marketing is a powerful tool of socio-economic development of the region and the city. Each territory is unique in its social, economic, natural and resource properties. Each project requires a competent management team, project manager and well-considered management decisions.

Regional marketing is the progressive idea, philosophy, design and implementation of a comprehensive long-term vision of economic and social development of the territory through the orientation to customer needs and target groups of consumers, through better use of existing competitive advantages. Marketing strategy is based on a comprehensive long-term vision of economic and social development.

Regional marketing is a science that combines regional economy and marketing.

The main objectives of regional marketing include:

- effective policies to attract foreign and domestic investment;
- preservation and development of intellectual capacity through the development of science and education;
- creating favorable conditions for the development of small and medium-sized businesses;
- development of financial institutions;
- expansion of institutions of social protection.

At the core of regional marketing is a systematic approach to the study of the status and trends of the development of territories with a view to optimal control actions to ensure the economic prosperity of the region.

The main principle in the development of marketing concepts in a globalizing world economy should be orientation to deep integration of the region in foreign trade.

Overseas experience in planning regional marketing demonstrates the possibilities and the need to participate in the process of marketing planning of all interested organizations and groups [3]. Foreign practice of regional marketing suggests that involvement of a wide range of organizations and individuals in the management of the territory contributes to the development of territorial communities of the population, business and government on the principles of social partnership.

In the process of the concept development and planning of the regional marketing strategy it is necessary to provide: broad involvement of target groups, coordination and management of the groups' activities throughout the development of regional projects, the implementation of control functions in the development of projects. In order to solve specific problems work groups following the general concept of regional marketing are created. Experts who are able to assess the solutions proposed by work groups are involved.

The main areas of marketing strategy in the region are:

- marketing of the image;
- marketing of attractiveness for visitors;
- marketing of business attractiveness;
- marketing of attractiveness for qualified personnel, professionals, outstanding men of science and culture.

Specific tools for implementing the concepts of marketing in the region include communication between the administration, business and citizens. Its mission is to create, distribute and maintain the image of selected representatives of target groups to turn them into potential and later into real customers.

The leading criterion for the effectiveness of communication activities is the ratio between “the effect and costs”. The decision on the choice of means of communication of the focus groups, their content and frequency is made by advertising specialists. For regions the transition to independent search for ways of its development and competitiveness is not only a cherished goal, but a big challenge. In recent years the increasing competition between regions has requires new approaches in the adoption and implementation of management decisions [2].

In conditions of market relations it is becoming increasingly clear that cities, districts and regions in the process of integration into the global economy are forced to compete with each other more actively:

- for the federal budget to take large federal infrastructure facilities, industrial projects, industrial parks, special economic zones;
- for investors (domestic and foreign companies), small businesses (individuals and legal entities);
- for tourists, arrangement of various events, potential residents, skilled labor force;
- for covering the growing needs of the population to improve standards of living and the quality of public utilities.

Regional competition is manifested in the struggle for the target groups, i.e., potential customers of the territory. It is a mistake to think that long-term and sustained success in the territorial development will be achieved only by the governor or the mayor's ability to seek federal grants or cooperate with potential investors.

In order to enhance the development of marketing opportunities in the regions, cities and districts it is vital to master specific skills, new tools and technologies.

Today it has become a usual business practice to treat the territory as a business structure; in other words, it is similar to production of goods and services, and requires a strategic marketing plan [3].

Strategic market planning should acquire the character of the functional activity, which requires the establishment of a special organizational system based on the specialized units of territorial administration, private and public corporations, public organizations and other structures.

In the region the success can be measured by, for example:

- the expansion of the tax base;
- the emergence of new types of business;
- the inflow of residents;
- the improvement of environmental parameters, etc. [1].

These measurement techniques already exist, and the problem is in the correct introduction of the strategic planning process.

The aim of the diagnostics is not only to identify the problems negatively affecting the development of the territory, but also to find out its competitive

advantages and prerequisites for further development. In the course of the diagnostics each territory should assess its competitiveness, and resource capabilities of competing territories to take advantage over the other regions.

The use of marketing approach in the management of business structures becomes relevant in the field of territorial administration. Well-known experts, that have been engaged in research problems in marketing, production of goods and services for many years, are actively switching to the issues of marketing territories.

The success in the market promotion can be achieved only by the territories in which elected leaders are trusted; there are institutions and procedures that enable the public and private institutions, informal groups and individuals to reach a consensus.

As a rule, the territories, where such prerequisites are not available, are in decline or the state of stagnation. In this situation, the awareness of the need for territorial marketing in regional management comes in different ways and for different reasons – when confronted with the fact of reducing the region's attractiveness to tourists, investors and other persons who can give the region new powers, great fame, recognition, or if there is a concern about the outflow of financial, labor and other resources of the region.

Across the region there is a recognized need for authorities, small businesses and academic institutions to work together to improve the competitiveness of the economy.

Transformational management system involves the creation of new management structures that are relevant to changing economic conditions, flexible, aimed at the achievement of the qualitatively new socio-economic effect [2]. This approach is relevant both to the state and regional management. In modern conditions of socio-economic development of Russia, the region needs developing innovative approaches, and putting into effect the updated regional policies. All parts of the government should be focused on new challenges and the improvement of regional regulation efficiency. Regional authorities must be an active organizer and guarantor of regional economic order.

The role of state regulation in the initial stage of the market economy must remain paramount. It is impossible to build up an effective economy at the expense of market forces only.

Achieving social cohesion is an essential prerequisite for building a democratic society. Productive dialogue between government, business and society as a whole helps to create favorable conditions for socio-economic progress in the region.

Thus, the marketing approach enables to introduce the uniqueness of the regional policy, act as a way of competition policy implementation in the region.

Regional marketing can:

- radically change the image the region;
- improve the forms and methods of management of all parts of the economy.

Restructuring of the economy, in particular, financial improvement and adaptation of individual enterprises to market conditions, the formation of modern market infrastructure, all this creates an incentive mechanism for investment and technical upgrading of regional policy at the present stage of development of the region.

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Роль маркетинга в социально-экономическом развитии территории

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Ключевые слова и фразы: маркетинг региона; маркетинг территорий; целевые рынки.

Аннотация: Показана значимость маркетинга в социально-экономическом развитии территории. Прописаны задачи регионального маркетинга, роль коммерческого маркетинга; определены основные стратегии развития маркетинга территории.

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