

**CIEDR 2018**  
**The International Scientific and Practical Conference**  
**"Contemporary Issues of Economic Development of Russia:**  
**Challenges and Opportunities"**

**TERRITORY MARKETING AS TOOL OF ENHANCING  
COMPETITIVE ADVANTAGES OF THE REGION**

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***Abstract***

At present, the reality is so that global competition affects not only individual enterprises and industries, it has acquired territorial manifestation involving communities (cities, regions, countries). The article dwells upon the issues of territorial marketing as the most important tool of boosting the attractiveness of the region and enhancing its competitive advantages. The study substantiates the need to promote and position the region so that to attract investment and funding through government programs. Creating a positive image of the entrusted territory becomes the primary task of managers at various levels. For the effective promotion of the territory, it is necessary to have tangible and intangible resources. Despite the lack of resources, both government and business are already clearly aware of the need for territory marketing. In the modern conditions of digitalization of economy, it is necessary to make full use of its potential. Working out of marketing strategy for the region development will enable to increase the effectiveness of marketing activities. Marketing strategy should form the basis of the development strategy of the region. Marketing and branding of the territory, of course, requires a large amount of resources. However, at the initial stage it is possible to get by with available or low-budget resources, such as: funds, grants, business, investors, budget. However, practice shows that the effect of developing and implementing a competent marketing strategy exceeds investment. This effect manifests itself through increasing business activity and the inflow of investments.

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**Keywords:** Competitiveness, digital space, efficiency, marketing, territory, territorial brand.



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## 1. Introduction

In recent years, the issue of using marketing in territorial development strategies is being raised with increasing frequency. The turn of the 21st century was marked by the appearance of such concepts as "territorial marketing" and "marketing of the territory" (place marketing), "territory brand" (place brand), "territory branding" (place branding), and "image of territories" (place image). These concepts have become extremely popular in the national literature and vocabulary of not only marketers, but also representatives of state and municipal authorities (Kotler, Asplund, Rein, & Heider, 2005; Kotler, Jatusripitak, & Maescincee, 1997). In Novgorod region, the use of marketing strategies in promoting the region manifested itself more clearly with the coming to power of a new, young and initiative team of the current governor. The heightened interest of the authorities in this issue is quite understandable. In the current historical and modern circumstances, the region is forced to fight for resources and investors. The unique position of the region between the "two capitals" gives it advantages and poses certain challenges and threats. For the development of the territory it is necessary to take a fresh look at it in order to find new opportunities and points of growth. Territory management based on the use of marketing strategies will make it possible to look at the region not only as a certain spatial or geographical object, but also as a product, of course, a specific product with consumer value. Today it has become obvious that marketing and branding of the territory helps to improve the quality and efficiency of management of this very territory. The practical need for marketing territories that has arisen over recent years also determines the need for a deeper theoretical study of the issue (Jonasson, 2013; Ashworth & Kavaratzis, 2010).

## 2. Problem Statement

Success of research is largely determined by the clarity of the problem statement and the correct use of the conceptual apparatus. Basic concepts that underlie the study are:

- **Territory marketing** is an instrument of a market economy aimed at satisfying consumers of a territory in a competitive environment in the interests of internal and external audience. Territory marketing includes such concepts as research and analysis of the territory and competitive environment; creating products and services of the territory; building a system for its presentation; establishing its value; setting up a communication policy of its promotion; developing a strategy
- **Territory branding** is an element of territory marketing that is involved in a communication policy based on creation of emotional and psychological uniqueness of a territory through recognition, association, and benefits of a territory. Not all territories need branding, but they all need marketing.
- **Territory image** is emotional and rational ideas about a territory and its objects formed in the public or individual consciousness by means of spontaneous or controlled by the mass communication, personal experience, rumors and psychological influence. The image can combine both real properties of a territory and non-existent credited ones (Lyulko, 2011).

These concepts underlie the research. The task is to correctly apply these key concepts and to study the accumulated experience in the field of marketing and branding of territories.

### **3. Research Questions**

In modern circumstances, creation and maintenance of a positive image of a territory is a priority for regional and municipal authorities in many Russian regions. There is no doubt that a significant amount of resources is necessary for the effective promotion of the territory. Among such resources are natural resources, means of production, industrial and recreational zones, technological resources, reputation, trademarks, etc. To raise the investment attractiveness of specific area, it is necessary to undertake a lot of effort to carry out analytical work. First of all, it is necessary to constantly monitor the socio-economic situation, analyze investment activity in the competing territories (Bodrova & Loginov, 2015; Berezka, 2016).

Promotion of a territory is based on working out of plans and strategies. They must be formed in such a way as to ensure sustainable development of the territory and enhancing its competitiveness. According to management theory, it is necessary to use mechanisms that provide an integrated approach to the analysis of the territory. Strategies implemented must also take into account specific features of the territory, its strengths and weaknesses, and its potential. Basic strategic guidelines and “points of growth” should be highlighted. Implementation of such an integrated approach is possible through the development of the concept of territorial marketing. This concept allows to carry out deep analysis of the region, and to create a unique and effective program for its development on its basis (Zherdeva, 2016).

Focusing on an integrated approach stimulates the increase of business activity of the region's business. Which, in turn, contributes to the improvement of the investment climate in the region? Improvement of socio-economic conditions of the territory can result from the investment climate boosting. Marketing of territories in conditions of digital economy acquires new possibilities. At the present stage of development, one can't but take into account the digitization of both society as a whole and management processes. In order to achieve competitive advantage in the digital environment, territory marketing should serve as the basis for sustainable socio-economic growth of the region and the attractiveness of the territory for the image improvement. Moreover, its main business lines should be implemented in the information space. The main research problems are as follows:

#### **3.1. What does marketing territory give?**

What is marketing and branding of a particular territory necessary for?

What additional opportunities are opened up before the territory?

#### **3.2. What are the reserves of territory marketing in the Novgorod region?**

What has been done?

What are the further possibilities?

#### **4. Purpose of the Study**

The vector of development of the territory under consideration is defined in the "Strategy of the socio-economic development of Novgorod region until 2030". This strategy involves working out of scenarios and the identification of priority areas of socio-economic development of the region. Marketing of the territory should form the basis for the development of such scenarios. Among its key tasks in the conditions of digitalization should be the following ones: raising the level of entrepreneurial culture based on interconnections in the digital space; creation of local identity in the perception of potential investors, consumers and the public through the use of digital marketing tools; formation of an innovative and creative environment, favorable for both regional and external partners; attracting investors and businesses to the region through communication in the digital space; building of a positive impression from products manufactured in the region, as well as stimulating the sale of products.

The purpose of the study is to identify the key areas for the improvement of the marketing of a territory using Novgorod region as an example. The research is based on the study of theoretical data and practical experience of other regions.

#### **5. Research Methods**

The study is based on both sociological and economic research methods.

##### **5.1. Sociological:**

- Document analysis
- poll

##### **5.2. Sociological:**

- observation
- analysis and synthesis
- logical

#### **6. Findings**

Both the government and business are now fully aware of the need for territory marketing. It was comprehended as an effective tool for territorial development by the authorities and business and its importance was recognized by the general public. Analyzing the history of territory marketing, we can state with certainty the primacy of Siberian regions in this process. The Kemerovo Region literally made a breakthrough in this respect, which was marked by the release of the first Russian treatise by Professor A.M. Lavrova called "Regional Marketing" on the subject under consideration in 1994. Then the initiative was taken up by the city of Novosibirsk, which, starting in 2009, began to organize the International Youth Innovation Forum "Interra" annually, one of the pivotal topics of which was the marketing of territories. In 2010 and 2011, two economic forums were held in the Omsk Region, the key topic of which was the marketing of the region. The regional ministry of economy signed a memorandum of cooperation

with the Marketing Guild, which was embodied in the creation of the Russian Territorial Marketing Association (RTMA). Almost immediately, an open competition for the development of a branding program for the Omsk Region was announced. At present, many regions have contributed to the development of Russian territorial marketing. Among them are such cities as Perm and Yekaterinburg, Kazan and Ulyanovsk, Sochi and the Vologda region. What about the Novgorod region? Activity in the field of territory marketing has significantly intensified with the election of A.S. Nikitin to the post of the governor of the Novgorod region in 2017. This is due to the fact that before joining the Novgorod region, A.S. Nikitin held office as the Director General of ASI, and it was this Agency that participated in the development and implementation of many projects in this field.

The Agency for Development of the Novgorod Region (ADNR) was created. The Government has tasked the agency with marketing of the territory and implementing investment projects and attracting investments. This means that top management directly associates territory marketing with an increase in its investment attractiveness. This view is commendable, because marketing of the territory is most often used to develop tourism.

The key tasks of the investment policy of the Novgorod region are creation of conditions for increasing investment activity, aggregation of existing ones and attracting new additional investment resources to the real sector of regional economy.

Due to peculiarities of geographical position, it is fairly difficult for the Novgorod region to compete with neighbouring regions in the sphere of attracting investments. It is explained by the fact that competing regions either possess more significant resources or are located along a border or have a coastal economic and geographical position. The solution to this problem is possible only if the investment climate is more attractive than that of the “neighbours” and its further continuous improvement, combined with the promotion of the region’s positive image, will ensure sustainable development of the economy and the resolution of vexed social problems. In turn, maintaining a positive image can be actualized by marketing and branding the territory (Sheresheva, Oborin, & Berezka, 2018). Analysis of the current situation shows that development strategy has been worked out in the region, but there is no marketing strategy for the territory. Implementation of territorial marketing and branding should be subject to strict adherence to the established algorithm of actions. For the effective realization of marketing and branding of the territory, it is recommended to entrust the solution of this task to a permanently operating organization. In the Novgorod region it can be ADNR. The basis for the development of a marketing strategy for a territory should be auditing and marketing research. The central idea of territorial marketing is promotion of a specific region which comes as a commodity in this situation. As part of marketing activities, target audiences are informed about the advantages of the region and the projects implemented. The aim is to attract people interested as investors, partners or just tourists. The main tools of information disseminating are modern means of communication. Each territory needs to find the most effective means of promotion that will allow it to come into the spotlight. In the conditions of digitalization of the economy, it is necessary to use its opportunities to the full.

The marketing strategy of the territory in digital space should be focused on active use of information tools and shaping of individual elements of the strategy in the following areas: attracting traffic to the Internet resources of the territory (region); content marketing development; data generation

in digital space and analytics. The Starorussky district of the Novgorod region has reached significant success in branding of the territory.

In 2016, the Administration of the Starorussky district, together with the professionals of the hospitality industry, decided to work out a marketing strategy for the old Russian tourist destination. The need for such a document was long overdue, since the marketing of places and territorial branding for the district are not just fancy terms. They are tools for the survival of Staraya Russa in the competition in the tourist (and not only) market. As the practice of district participation in various federal programs has shown, it is necessary to compete not only for the attention of tourists, but also for financial resources for infrastructure when they are distributed among other municipalities.

To win the competition, it is necessary to have a strong positioning. When developing the marketing strategy of Staraya Russa, local authorities were able to find such a positioning. Its strength is in the adjective Starorussky which means “Old Russian”.

Previously, they did not notice this word, did not appreciate it, treated it as the name of an administrative unit. But if you carefully analyze the attributes of such positioning, it becomes obvious that “Old Russian” is not only a specific place, but also a fairly clear positioning of the authenticity of the territory where Russian identity was formed, the foundations of national traditions ranging from cultural to gastronomic were laid. Such an understanding of Starorussky brand positioning greatly expands the possibilities for promoting the city in target markets.

However, the name is not enough for successful entry to the market. It is very important to be able to protect your brand within the framework of existing legislation. For these purposes, in 2017, the district administration submitted an application to the Federal Service for Intellectual Property for registration of the Starorussky word mark in 13 classes of International Classification of Goods and Services. Eventually, the trademark was registered in eight classes.

Now the most important task is a transition to the stage of managing the Starorussky brand. For that to happen, a model of public franchising can be proposed, under which the municipality could, under certain conditions, delegate the right to use the “Starorussky” word mark through sublicensing to local entrepreneurs and investors. This model was supported by the Federal Service for Intellectual Property, as the most optimal one for the municipality.

If we talk about the strategy of legal protection of the “Starorussky” brand in general, it is aimed at solving the following tasks.

Firstly, since the “Starorussky” word mark was registered only in eight classes, then in the near future it is necessary to settle the issue of its use with the rest of the right holders of the same name brand. As it is known, such products as, for example, “Starorussky bread” or “Starorusskaya sausage” have long been on the market. The Federal Service for Intellectual Property recommended starting negotiations with the owners of similar trademarks, so that under certain conditions they would cede right to use them to the Starorussky municipality, or would have a sublicense to use the word mark. In cases when the legal right holder does not use the Starorussky brand for a long time, Rospatent is ready to provide support in excluding it from the list of registered trademarks with its subsequent legal assignment to the Starorussky district. This will expand the list of product groups that the municipality will be able to manage under the Starorussky brand.

Secondly, it is necessary to reserve for the municipality geographical identification of goods and services produced in the Starorussky district by way of registration of appellations of origin. To solve this problem, a pool of well-known products historically associated with Staraya Russa is currently being formed, such as, for example, Starorussky Sudak (pike perch), Starorusskaya Sol'(salt), Starorusskaya Gryaz' (mud), and others. Registering the Starorussky brand as an appellation of origin will not only protect authentic goods, but also provide an opportunity for local companies to produce products with significant added value.

Thirdly, in the near future it is necessary to choose an appropriate marketing management model for the Starorussky brand. Obviously, there are no experts in marketing or branding in the municipality. But there are such specialists in industries interested in promoting their products under a territorial brand. Therefore, it is assumed that the municipality delegates management of the Starorussky brand to the intersectoral association of commodity producers, the Agency for the Development of Staraya Russa. This organization is currently being established. It is the Agency that will, on behalf of the municipality, provide sublicenses, collect donations and royalties from companies using the Starorussky brand. Part of the funds received will be directed to the local budget, the other part - to the promotion of the territory and legal protection of the Starorussky brand.

The Starorussky district is just one example, but far from being the only one. It clearly demonstrates the positive effects of marketing and branding of a specific territory, makes a shift from theory to practice.

## 7. Conclusion

Novgorod region has made significant progress in marketing, branding and creating the image of the territory. To a greater extent it concerns tourism industry, which reflects the all-Russian trend. Creating a marketing strategy of the development of the region will enable to increase the efficiency of marketing activities. Marketing strategy should make the basis of the development strategy of the region. Marketing (branding) of a territory requires large resources, but at the initial stage it is possible to do with the existing or low-budget ones, such as: funds, grants, business, investors, and budget. However, practice shows that the effect of developing and implementing a clever marketing strategy exceeds investment. This effect manifests itself through the increase in business activity and the inflow of investments.

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