

Formation of regional marketing system in the current context

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ABSTRACT

The article deals with the regional marketing system formation in the current context. It is revealed that the use of regional marketing tools will allow local governments to take into account changes and trends in the development of the region in the external environment, coordinate the decision-making process taking into account the needs of various target groups, ensure the coordination of the range of services offered with consumers' wishes, and effectively use the existing socio-economic and innovative potential of the region to improve the image of the territory. It is proved that the application of the principles of marketing as one of the innovative tools of regional management will allow increasing the effectiveness of regional management bodies, ensuring the effectiveness of the implementation of state regional policy, and contributing to the balanced sustainable development of the regions. It is determined that marketing activities will ensure the effective development of production activities in the regions in the context of fierce competition and unfavorable market conditions.

Keywords: Development, Economy, Innovation, Management, Regional marketing

Introduction

In the context of growing globalization and geo-economic competition, the problem of creating an adequate mechanism for planning the development of regions as administrative-territorial units of the state is becoming increasingly urgent. Accordingly, the priority areas of reform in the field of regional development concern the implementation of an integrated approach to solving issues aimed at achieving sustainable development and improving the competitiveness of the regional economy, the transition to a system of strategic planning for regional development, and borrowing the best tools to

strengthen regional development, to which marketing can be attributed [1, 2].

The problem of changing the methods and tools of development management is particularly acute for the key production centers of the Russian Federation, which are distinguished by the complexity and susceptibility to crises of a whole complex of interrelated socio-economic and technogenic-ecological problems. In this case, the high dependence on external investment and the need for large-scale innovative projects require the application of effective approaches that would contribute to the formation of a new paradigm of regional management using marketing tools.

The study of regional development issues is reflected in the works of I.A. Artashina [3], I. V. Baranova [4], A.T. Gubzhokov [5], A.V. Maslennikova [6], I.G. Rzun [7], B.E. Evieva [8] and others. However, the level of theoretical development of this problem does not fully take into account the priorities of the new regional policy. The practical aspects of implementing marketing approaches in regional development require further research.

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Materials and Methods

The theoretical and methodological basis of the research included an abstract-logical method, methods of induction, deduction, analysis, synthesis, and systematization, used to justify the approach to the study of the regional marketing system in the current context, as well as graphical method, employed to study the level and trends in the marketing development parameters of the regions.

The information base of the article included statistical data of state bodies, legislative and regulatory documents governing marketing activities at the regional level, approaches to regulating the implementation of marketing tools at the regional level, mechanisms of interaction among the main participants in marketing activities, as well as the results of scientific research [9-11].

In the course of the research, it was planned to consider options for implementing marketing tools at the regional level, to justify the development areas of the regional marketing system towards confirming its development parameters in the current context, as well as to systematize the functions of the marketing system amid an economic crisis.

Results and Discussion

Practice proves the effectiveness of marketing in solving the problems of territories based on market principles, as well as bringing them out of depression, and acquiring new economic characteristics. However, in the Russian Federation, the use of a marketing approach in the management of regions, especially when planning the development of their economic activities, is a recent phenomenon that has not yet received a significant distribution.

It is clear that all levels of territorial marketing are interconnected, while regional marketing is a broader concept than municipal marketing, which is an integral part of it. It is already a traditional view that regional marketing is considered as one of the tools for promoting regional economic development.

In this case, the region, as a relatively social-economic entity, is integrated into the national and global market economy, competes with various market actors in attracting long-term investments and large innovative projects, distributing grants-in-aid, subsidies, and subventions from the state budget. Therefore, the region with the most favorable conditions allowing organizing profitable production and commercial activities have an advantage in the market space.

In this context, the authors define regional marketing as the system of economic relations that aligns the economic interests and goals of the meso level with the goals of the macro-and microlevels, adapts the regional reproduction structure to the external and internal markets, as well as the theory and practice of making managerial decisions on the formation of a market-product strategy of the region based on the study of the

marketing environment factors to implement the economic interests of the territory and its consumers.

As a rule, regional marketing is aimed at meeting the needs and interests at two levels: at the level of consumers, i.e., individuals and legal entities who are interested in the resources of the region for living and doing business in its territory, as well as at the level of the region in general, which seeks to strengthen its position in the market economic space of the country. In this case, the main task of regional marketing is to create conditions for enhancing entrepreneurial activity in the region and attracting investors, forming a positive image of the region as the basis for its economic growth.

Regional marketing can be used to attract business entities to the region that can increase the potential and viability of the region, as well as to improve the image of the region, attract new investors and improve the business environment. At that, it should be emphasized that any region can be characterized by dual nature, since it is not the only economic agent in the market but, at the same time, a supermarket system. Besides, the formation of regional marketing strategies has recently been influenced by the theory of sustainable development (**Figure 1**).

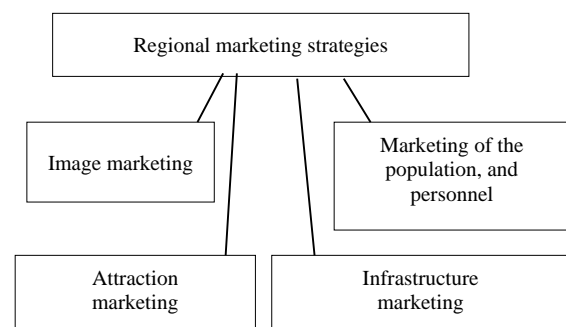


Figure 1. Regional marketing strategies

In today's understanding, the general basis needed for the development of the region is the harmony (balance) of all its socio-ecological and economic components; and the population's quality of life, taking into account the interests of future generations, is today the main priority.

Therefore, the simple transfer of microlevel marketing technologies into the practice of planning the region's development, and identifying regional marketing with the totality of marketing impacts on the individual production enterprises and other business entities' activities in the region cannot be considered as a rational approach.

Concerning the particular region, marketing can be considered as an integral tool for taking into account the triune interests: the interests of consumers, namely, improving business conditions and the population's quality of life; the interests of the region, that is, improving its competitiveness and economic stability; and the interests of society, rather, neutralizing the negative consequences of economic activity, protecting natural resources, and improving the environment.

Such vision of the purpose of regional marketing is very important for formulating a hierarchy of goals and objectives in the course of planning socio-economic development of the

Russian Federation regions. This can help, on the one hand, to identify major directions and ways of adapting to market requirements of the regional economy, and on the other hand, to prevent imbalance and problems in the management effects on the social and environmental aspects of life in territorial communities, which in the future will turn into significant problems of society. Besides, regional marketing is designed to solve specific problems of regional development, which must fulfill the mission of ensuring the growth of the country's production based on a combination of industry and territorial management principles.

At the same time, the obsolescence of regional development methods has led to the following specific problems.

- 1) The dominance of excessive specialization when planning the development of regions.
- 2) Regional socio-economic development programs are not supported by measures for improving the efficiency and competitiveness of production, transferring the production sector to innovative technologies, and creating the foundations for systematic innovative development of the region.
- 3) Regional development programs do not raise issues concerning ways to prevent negative changes in the demographic situation, the development of the labor market for different levels of vocational training.
- 4) Regional economic and social programs are strongly dominated by objectives of industry development over environmental needs of the local community, which leads to congestion of the region's infrastructure, depletion of natural resources, and strengthening of all forms of environmental degradation.

In this area, the spatial development scheme, which is based on the principles of strengthening the market potential of regional agglomerations, provided that the social and environmental interests of the territorial community are taken into account, should be recognized as a significant achievement.

Thus, at present, regional marketing is an objective necessity, dictated by a new phase in the development of public relations. Regional marketing should be considered as a market-oriented tool of public administration to ensure the competitiveness of the production sector of the region based on the principles of integrated management, rational use of the potential of the territory, achieving a balanced structure of the economy with the priority of market-oriented industries.

Regional marketing, which encompasses a system of methods aimed at making the region the most attractive for life and production, is an effective method of supporting regional development, attracting investment, and promoting innovations, whose application will make it possible to transform the region into a growth pole and ensure its sustainable development in the current context.

Today's challenges of a systemic, institutional, and functional nature, which determine the transformation of state regional policy, make it necessary to search for new approaches to marketing management of regional development, aimed at

overcoming territorial disparities and imbalances, improving the competitiveness of territories, strengthening their competitive advantages, and their socio-economic potential.

The practice has shown that the use of marketing principles in the activities of local state executive authorities is most justified since at this level they are implemented most fully, given that local executive authorities have direct contact with citizens, business entities, public organizations, and business structures operating in the region.

Studies show that the current conditions of social development are accompanied by improvement of competition for resources, consumers, sales markets, and cause the need to form new marketing strategies for the progression of regions, as well as the development and implementation of their special spatial policy. It is the territory, its natural resource provision, socio-economic and infrastructure potential that determine the competitive position of a particular region in its struggle for investment, for attracting resources that can be used to solve the problems of the population.

Regional marketing occupies a special place in the local policy of the territory formation and is aimed at achieving the goals of sustainable development of the region. Accordingly, the system of special mechanisms of regional management includes the following areas of regional marketing:

- Selecting priorities for the economic and social development of the territory
- Identifying target market segments for the development of the regional economy
- Creating a mechanism of economic interest in the development of the industries, most attractive and promising for the territory, through the implementation of special financial and budgetary, monetary, and price regulation regimes
- Entering into agreements with other territories
- Disseminating information about the competitive advantages of the region
- Attracting new investments and businesses into the region
- Improving the competitiveness of the institutional units of the territorial significance
- Harmonizing interests of all market entities.

These areas should be implemented through the use of an integrated set of tools and marketing means based on the technologies of selling places, and focused on those territories that have certain advantages, and are of particular interest to potential users of the territory. The practice has shown that the regional marketing product can be material or nonmaterial element of the spatial structure, which becomes the object of market exchange.

Therefore, in present-day conditions, regional government bodies use special marketing research technologies to analyze the marketing mix, i.e., product, price, location, and promotion (marketing communications). Accordingly, the regional marketing product can be a specific territory, a service, a product, or their combination, a certain idea, a strategy aimed

at developing the regional space, changing the structure of the economic system of the region, solving social problems of the population, creating a comfortable living environment, achieving environmental safety, as well as ensuring the balanced development of administrative-territorial education.

This is the territory, offered by the region to potential consumers (investors, business structures, production entities, territorial community members), which is characterized by a certain cost and consumer value. In particular, the value proposition of the territory is different for different categories

of investors (buyers of a regional product). The higher is the value proposition of a certain territory for each particular investor, the more its characteristics meet the requirements of a particular investment project.

Therefore, the regional authorities can offer territories that are attractive either for a particular type of business or can be considered universal for various investment projects. Accordingly, the marketing approach to territory management is determined by the level of the object and its orientation (**Figure 2**).

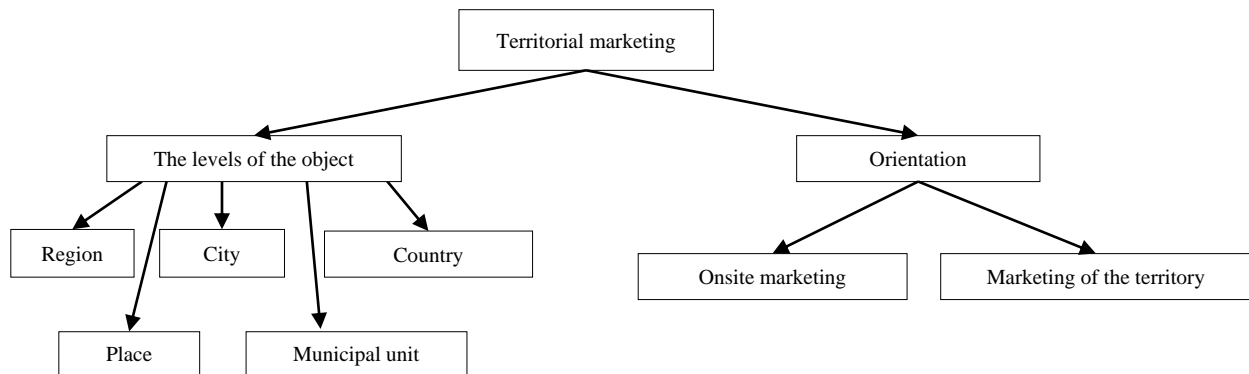


Figure 2. Marketing approach to the territory management

At the same time, evaluation of a particular territory is based on a comparison of external advantages and disadvantages, because in certain periods attractive territories may lose their advantages due to the impact of objective internal and external factors. In this case, forming and implementing the spatial marketing policy of the region should be based on the offer of territories that are considered to be investment-attractive, suitable for conducting a particular type of business or certain activity.

The offer of these territories must correspond to the urban planning and architectural permits. This is a limiting factor in terms of supplying investment-attractive territories on the market. The supply price of territories is also influenced by market economic factors, in particular, the presence or absence of free land plots necessary to expand the production, to conduct new construction; consumer values of the land plot (its remoteness, infrastructure development, the availability of infrastructure facilities); the strategic attractiveness of the territory, i.e. the possibility of its involvement in the implementation of investment projects in the long term according to the development strategies and programs of regions and individual populated areas.

Accordingly, the regional government bodies should develop different marketing strategies to promote the territory to the market to meet the demand of the investor or the needs of the regional product consumers. These territories should have either strategic value and benefits or operational capacity to be used.

Against this background, a need arises to analyze the investment attractiveness of the territory, its ability to meet the needs of potential investors, as well as to create conditions for ensuring the economic and social development of the administrative-territorial entity. In the course of the search, withdrawal, and

management of investment projects, regional management bodies, using the information and analytical base obtained from the results of special marketing research, should solve the problem of interaction between government and business, their competition for investment resources attracted to the region.

The reliability of the presented approaches is confirmed by the fact that the struggle of administrative-territorial entities for investment capital leads to a certain dilemma. Investment capital is mobile since it expects the greatest opportunities to ensure its long-term development and, accordingly, the largest territorial localization [12-14]. At the same time, administrative-territorial units that own territory of a corresponding economic and geographical location and socio-economic potential are static.

Therefore, in the course of implementing investment projects in administrative-territorial entities, competition may also arise between investors and local authorities, since the former compete with each other for the maximum economic advantages of territorial localization of business, while the latter – for the most possible capital inflow, and attracting investors to their territory.

Besides, the use of regional marketing allows evaluating and maintaining the competitive advantages of the region, determining the level of its attractiveness for investment in comparison with other competing regions, as well as analyzing the parameters of the competitiveness of an administrative-territorial entity in terms of its ability to develop sustainably based on adaptation to market changes and market processes.

All this actualizes the areas of regional marketing aimed at studying and promoting competitiveness factors of administrative-territorial entities, including objective factors, such as the optimal structure of the economy, rational planning

of the territory, development of social and production infrastructure, the level and quality of life of the population, its purchasing power, the scientific and technical potential, and innovation environment, business environment, business climate, the economic situation, and the geographical location of the territory.

Besides, the systematic consideration of these factors affects the activation of marketing efforts of regional government bodies, the achievement of consensus between the government and business in the course of managing projects implemented in administrative-territorial entities through the use of innovative marketing communications, investment risk management, the implementation of both internal marketing to meet the needs of residents of the territory, and external marketing – to attract external consumers.

It is important that marketing and investment projects implemented in the region, could form a single system depending on their impact on the development of the territory, be consistent with the strategic development goals of the administrative-territorial formation, and serve as a tool for marketing management of the territory.

The practice has shown that regional management bodies that implement regional marketing technologies should use special methods of marketing research, which involve conducting resource analysis, monitoring the socio-economic status, competitive advantages of the administrative-territorial entity, consumer market research, and comprehensive marketing analysis of regional and municipal projects and programs, as well as conducting a survey of various target groups regarding the prospects for the territory development and elaborating on this basis an ideal vision for the development of the region.

Conclusion

It can be noted that the use of regional marketing means will allow the regional authorities to consider the changes and trends in the external environment, coordinate the decision-making process tailored to the needs of various target groups, ensure coordination of the range of provided services with their consumers' needs, use efficiently the available socio-economic and innovative potential of the region to improve the image of the territory, strengthen the region's position in the markets, promote the involvement of the local community in making important decisions on regional development. Besides, the application of the principles of marketing as one of the innovative tools of regional management will increase the effectiveness of regional management bodies, ensure the effectiveness of the implementation of state regional policy, and contribute to the balanced development of the regions.

Besides, marketing activities will ensure the effective development of production activities in the face of fierce competition and unfavorable market conditions. In this case, the role of regional marketing is that its means are the main factors influencing consumer behavior. Provided that specific features are taken into account, it is the regional marketing that

increases the attractiveness of the region, forms a positive image, and enhances the competitiveness of the region.

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