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**Zaporozhets H. V.***Ph.D. in Economics, Associate Professor**Department of Management and Administration**O.M. Beketov National University of Urban Economy in Kharkiv*

E-mail: hanna.zaporozhets@mail.ru

**FORMATION OF PLACE MARKETING CONCEPT IN THE CONTEXT OF  
THE STRATEGY FOR AREAS SUSTAINABLE DEVELOPMENT**

*In the article analyzes the theoretical aspects of the concept of territorial marketing in the context of strategic development areas. It is proved that for the formation of long-term competitiveness and sustainable territories need to develop strategies for its development, providing a comprehensive approach to the analysis of the territory, taking into account its specifics, advantages and disadvantages, opportunities that provides basic strategic goals. A definition of "territorial marketing" - as evidence-based and practically oriented mechanism to create and promote the territory as an integrated marketing product that has to meet the needs of specific customers to ensure sustainable development of the territory. The article presents complex "12P" after named the twelve most important components of territorial development, and defines the relationship of these components. Analyzes the strategic directions proposed marketing areas and their classification. To take account of the possible impact and sustainable development results in the area proposed structural model of territory investigated and external environment. This formed the spatial level and direction of interference.*

*Keywords: territorial marketing, sustainable development strategy, marketing- mix, the development of the area.*

**Formulation of the problem.** Ensuring the competitiveness of the areas is becoming a priority at the present stage of the country's development. Urbanization processes occurring today in Ukraine have caused competition among cities, regions and other settlements, having turned them from places of residence and implementation of various types of activities into separate entities able to conduct activities to improve their own competitiveness, attractiveness for investors, tourists, new people, etc.

In order to generate long-term sustainable competitiveness the areas need to develop the strategy for their development providing a comprehensive approach to the analysis of the area, taking into account its specifics, advantages, disadvantages, and opportunities and also providing basic strategic guidance and ‘growth points’.

An integrated approach to the formation of areas development strategy is possible within the concept of place marketing, allowing a detailed analysis of the region and creation of an effective program for its further sustainable development.

This concept focuses on the basic consumers of the area products, namely the people, business and government, and aims to fully meet their needs and improve quality of life.

This issue is particularly relevant for the areas with the limited range of industries and resource potential, and also with significant demographic and social problems.

**Analysis of recent research and publications.** A significant contribution to the theoretical foundations of place marketing and recommendations for the formation of a regional marketing strategy was made by the following researchers: L.V. Balabanova, A. M. Verhun, I. A. Tarasenko, F. Kotler, M.B. Kyslyuk, V.S. Surnin, A.Z. Pankruhin, T.V. Polyakova, O. Berdanova, V. Vakulenko [1-7].

**Formulation of article aims.** Nevertheless, the problem of place marketing concept as part of the strategy for areas sustainable development remains unsolved. Considering this, the aim of the paper is to improve the concept of place marketing as part of the mechanism of formation of the strategy for areas sustainable development.

**Results.** Place marketing is a relatively new area of research for domestic Economics. The growth of interest in this type of marketing is largely due to socio-economic development in most regions in 2001-2012.

Determining the nature and type of place marketing it should be noted that some authors believe that regional marketing is a ‘marketing carried out at the regional level that reflects and absorbs the specifics and peculiarities of a region’ [4]. Others believe that marketing refers to activities associated with the development of measures to improve the image and competitiveness of the area by the main marketing tools and techniques. [6]. A. Pankruhin suggests defining place marketing as the marketing for the benefit of the area, its internal and external subjects, which attention the area is interested in. [5].

Having analyzed the different approaches by domestic and foreign authors it can be concluded that most of the early definitions consider place marketing as adaptation of integrated firm marketing theory to the object, which is an area itself, operating with concepts such as demand and prices for the area products. [3].

Some interpretations of place marketing are quite similar in content to the economic and geographic problem of productive forces distribution meaning that they are more similar to economic and geographic approach.

Now place marketing is regarded as a management function.

However, the definition of place marketing requires an integrated approach. Summing up the above approaches to the interpretation of place marketing, the following definition has been suggested: place marketing is a scientifically proven and practice-oriented mechanism to create and promote the area as an integrated marketing product that has to meet the needs of specific customers to ensure sustainable development of the area.

The next stage of the research gives definitions of some basic concepts.

The area in the context of the place marketing concept is a region, city or other locality as the subject of market relations, which serves as a consumer of its own goods, and enables external subjects to act as consumers as well.

It should be noted that the term 'area' in this context is a generalizing one and cannot be confined to the administrative division.

The area may coincide with administrative units, but it can also mean the space separated by other criteria, such as tourist destinations, socio-economic status, ethnic composition, historical and cultural heritage, etc. (e.g. Slobozhanshchyna, Donbas, Huzulschyna, etc.).

Goods in marketing are physical objects, services, people, places, organizations, ideas, manpower, or anything that is intended for exchange. However, before the goods are engaged in the exchange, they should be of interest to potential buyers, that is have the ability to meet specific needs [1]. In the context of place marketing goods are considered as the resources of the area: its geographic location, population, quality of life, infrastructure, ability to work with high technology, raw materials, the level of business activity, and access to 'cheap' money, the level of business support development, including consulting and information services, advertising market, accounting, public relations, etc.

The range and quality of the product, specifically a set of products are dictated by requests of both internal and external (including potential) consumers of resources, benefits of the area.

As mentioned above, consumers of the area can be both domestic (residents) and external subjects (non-residents).

Consumers of the area can also be divided into individuals and legal entities.

Residents-individuals are primarily human resources of the area. Legal entities include enterprises, institutions and organizations, central offices and offices of corporations, holding companies, associations, etc.

The main groups of industries are mining industry, processing industry, telecommunications companies, financial institutions, hotel chains and other industries representing business and market infrastructures.

Non-residents-individuals are tourists, students employed in seasonal work, investors, people on a business trip, visitors of different events, etc. The interest of real and potential area consumers can be collectively expressed by the effective use of the competitive advantages of the area, namely, for a living, business, and a short stay.

This can be expressed in market volume and effective demand value, level of infrastructure, cultural and recreational potential of the area, comfort level, minerals and labor characteristics (e.g. particular profile specialists, skill level, low-price labor), etc.

Characterizing the basic concepts of place marketing it is plausible to single out marketing entities engaged in the promotion of the area as an integrated marketing product, the primary purpose of which is the creation, maintenance or modification of thoughts, intentions and (or) the behavior of the consumers.

These entities include local government authorities, local economic development agencies, tourist agencies and operators, trading houses, sports committees and federations, and any other structures located in the area and functioning in order to attract attention to its potential consumers and keep the returning ones.

Studies of the approaches to the definition of ‘sustainable development’ have shown that despite the large number of interpretations of this category none of them have been accepted. The term ‘sustainable development’ is understood by most scientists as the process characterized by regularity and continuity of changes.

At the same time, the word ‘sustainable’, which consists of two parts – ‘sustain’ (support, not to give opportunities to go out, pause) and ‘able’ (the one that has the ability) combined with the word ‘development’, which means evolution, expansion, growth, and improvement, forms a phrase which is interpreted differently by the scientific community.

Besides, the phrase ‘sustainable development’ has certain contradictions, since the development is the process of movement, which is not inherent in the concept of sustainability that this phrase implies in the concept of sustainable development [2].

In this work sustainable development is considered as the overall concept of the need to establish a balance between the satisfaction of the modern needs of humanity and the

protection of the interests of future generations, including their need for a safe and healthy environment.

Marketing mix '4Ps' which consists of four components plays an important role in the concept of place marketing [8]. The modern model of place marketing includes some new components, creating the possibility of more detailed analysis of the regional development based on the marketing concept.

The paper suggests a set of '12Ps', namely twelve most important components of the regional development: Product – basic products manufactured in the region; Place – geographic location of the region, Price – prices formed in the region; Production – specific features of the development of basic industries; Promotion – a set of actions aimed at promoting positive information about the region, creating a positive image of the region and a favorable attitude, which is an important part of its investment attractiveness; People – human development of the region, analysis of human development and quality of life, and implementation of the social marketing concept; Personnel – regional workforce marketing; Patterns – norms and patterns of behavior adopted by the region, and the impact of basic institutions (business, government); Placement of Funds – regional investment component; Pollution – level of environmental safety; Policy – legislation, priority programs and projects; Progress (innovations, scientific and technical progress) – share of innovative products in the region, the number of staff employed in research and development.

Interconnection of the elements of place marketing – '12Ps' is presented in fig. 1.

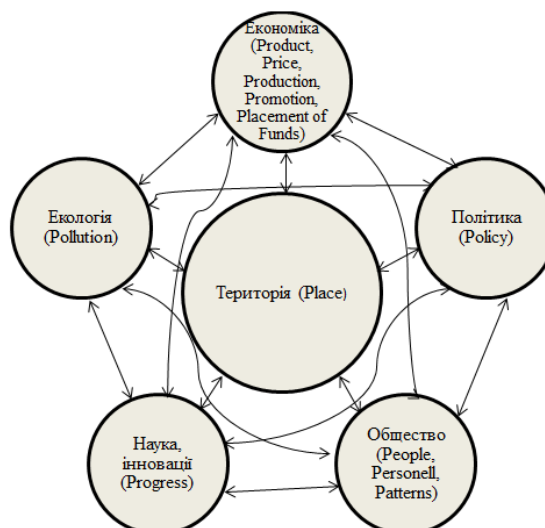


Fig.1. Interconnection of the elements of place marketing – '12Ps'

To reach its goal orientation, place marketing develops a set of measures that ensure:

- formation and improvement of the image of the area, its prestige, business and social competitiveness;
- increase in the participation of the area and its entities in the implementation of international and regional programs;
- involvement of the state and other external orders into the area;
- increase in the attractiveness of investments and implementation of the resources external to the area;
- promotion of the purchase and use of the area's own resources beyond its borders for the benefits of the area.

Today strategic approach to planning of sustainable territorial development in Ukraine is actively introduced. Strategic planning is a tool for improving the competitiveness of territories and regions, a means of uniting various entities of territorial development with new values and long-term priorities [10].

Such revitalization of planning activities is, on the one hand, a logical step in the development of regions and separate territories, on the other hand, it is an attempt of the regions to find adequate tools that help meet the challenges of the modern globalized world where a lot of changes are significantly accelerated, including political, economic, social, technological, environmental ones, etc.

Thus, strategic planning of territorial development is a system-based technology of validation and adoption of important decisions on local development, determination of the desired future state of the area and the way to achieve it, based on the analysis of the external environment of the area and its internal capacity and is to form actions coordinated with local community, the implementation of which is the target for the efforts and resources of major local development entities [7].

Traditionally there are four major groups of strategies aimed at attracting visitors and residents, and promoting industrial development or exports of regional products [9]. These strategies can be conditionally named: image marketing, attractiveness marketing, infrastructure marketing, population marketing and personnel marketing. Classification of strategic areas of place marketing and their tools is shown in Fig. 2.

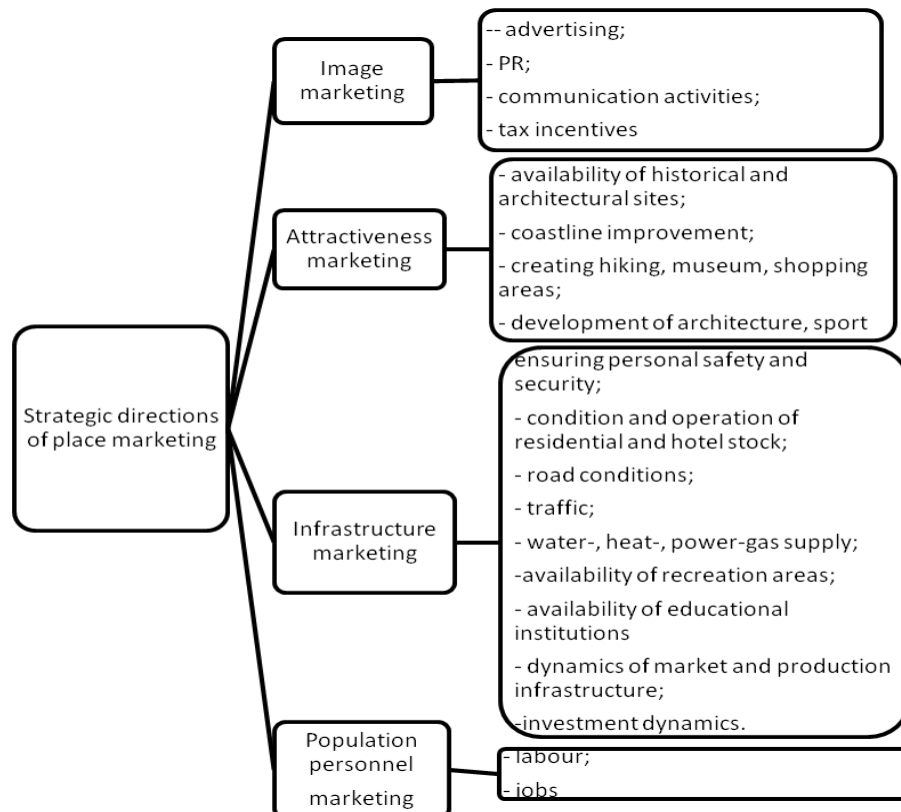


Fig. 2. Strategic areas and tools of place marketing

To achieve a synergistic effect it is not convenient to use the same strategy. It is advisable to use a complex of marketing strategies, taking into account not only the real potential and attractiveness of existing problems, but also financial and other opportunities to implement the strategy.

To take account of the possible impact and sustainable development results in the area it has been suggested to use the structural model of mutual influence of the investigated area and environment external to it. In addition, the spatial levels and directions of mutual influence have been formed.

The most significant components have been found in each of these directions (fig. 3)

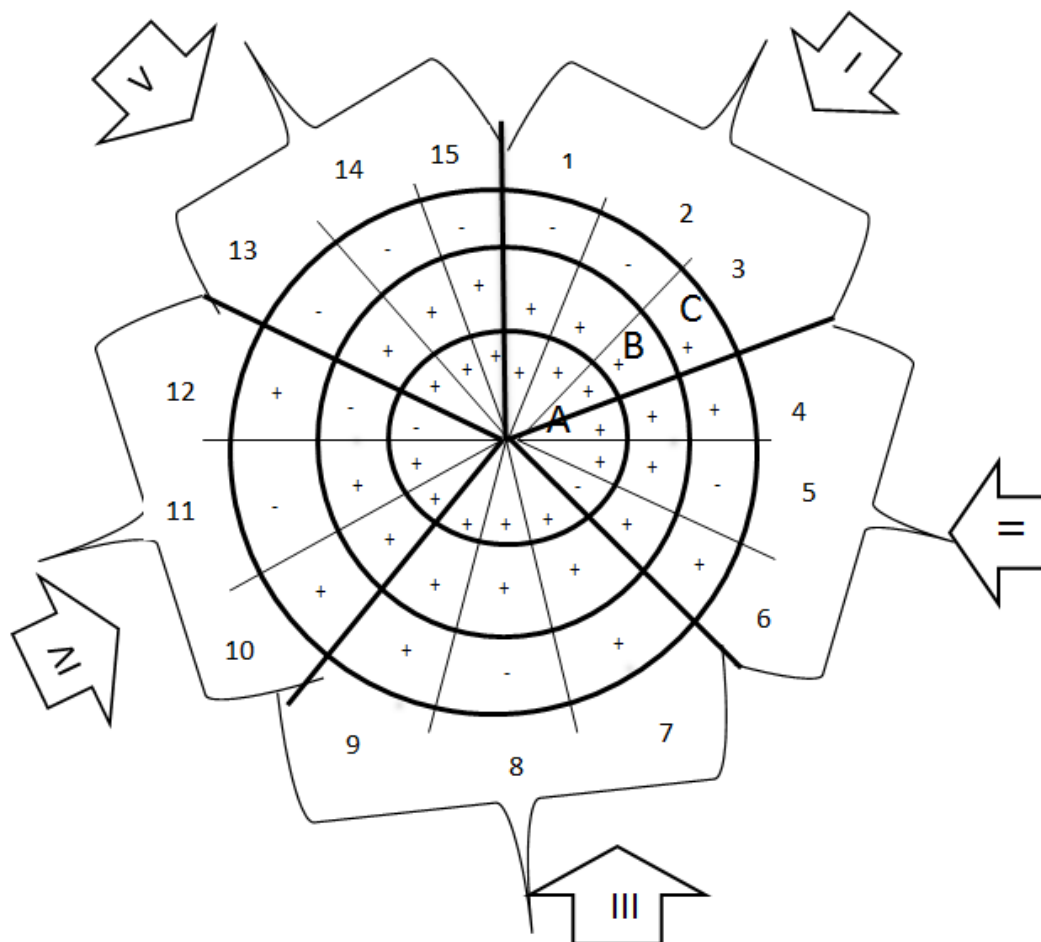


Fig. 3. Structural model of mutual influence of characteristics of the area and environmental factors

In the structural model the levels of mutual influence marked with appropriate symbols include: A – the developing area (micro-level); B – spatial systems of higher level – city, region (meso-level); C – nation (macro-level). The most important areas of mutual influence are marked with Roman numerals: I - economic; II - political; III social; IV – research and innovation; V – environmental.

Economic direction (I) includes: 1 - investments; 2 – income levels; 3 – production and market infrastructure.

Political direction (II) includes: 4 - legislation; 5 – tax incentives; 6 – political stability.

Social direction of mutual influence (III) includes: 7 – social features; 8 – demographic features; 9 – cultural and historical characteristics.

Research and innovation direction (IV) includes: 10 - education; 11 – innovative production; 12 – scientific-and-technological advance.



Environmental direction of mutual influence (V) in some cases plays a prominent role. It includes: 13 – environmental pollution; 14 – unhealthy work; 15 – availability of environmentally friendly technologies.

The above areas of mutual influence have various significance at different levels of structural hierarchy. Factor analysis has revealed the most ("+") and the least ("-") significant ones.

**Conclusions.** Mutual influence is mostly expressed at the level of the investigated area, but the processes at other levels also need to be considered.

Having analyzed the strategic directions as well as external and internal factors influencing sustainable development of areas, it can be concluded that the area development strategy should be based on a comprehensive, long-term programmatic approach combining the efforts of different regions, including different levels of development and different marketing potential aimed at ensuring the inclusive development of the area.

For this purpose, on initial stage it is recommended to design a comprehensive development program to establish the principles of operation, create infrastructure and demonstrate competitive qualities.

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## **ЗАПОРОЖЕЦЬ Г. В. ФОРМУВАННЯ КОНЦЕПЦІЇ ТЕРИТОРІАЛЬНОГО МАРКЕТИНГУ В КОНТЕКСТІ СТРАТЕГІЇ СТАЛОГО РОЗВИТКУ ТЕРИТОРІЙ**

*В роботі проаналізовано теоретичні аспекти концепції територіального маркетингу у контексті стратегічного розвитку територій. Доведено, що для формування довгострокової та стійкої конкурентоспроможності території необхідна розробка стратегії її розвитку, що забезпечує комплексний підхід до аналізу території, яка враховує її специфіку, переваги та недоліки, можливості, що виділяє базові стратегічні орієнтири. Запропоновано визначення поняття «територіальний маркетинг» - як науково-обґрунтований та практично-орієнтований механізм створення та просування території як комплексного маркетингового товару який має задовольнити потреби конкретних споживачів з метою забезпечення сталого розвитку території. В роботі запропоновано комплекс «12Р», а саме дванадцять*

найважливіших складових територіального розвитку, та визначено взаємозв'язок цих складових. Проаналізовано стратегічні напрями маркетингу територій та запропоновано їх класифікацію. З метою урахування можливих наслідків і результатів сталого розвитку територій в роботі запропонована структурна модель взаємовпливів територій, що досліджується, і зовнішнього до неї середовища. При цьому сформовані просторові рівні і напрями взаємовпливу.

**Ключові слова:** територіальний маркетинг, стратегія сталого розвитку, комплекс маркетингу, розвиток територій.

### **ЗАПОРОЖЕЦ А. В. ФОРМИРОВАНИЕ КОНЦЕПЦИИ ТЕРРИТОРИАЛЬНОГО МАРКЕТИНГА В КОНТЕКСТЕ СТРАТЕГИИ УСТОЙЧИВОГО РАЗВИТИЯ ТЕРРИТОРИЙ**

*В работе проанализированы теоретические аспекты концепции территориального маркетинга в контексте стратегического развития территорий. Доказано, что для формирования долгосрочной и устойчивой конкурентоспособности территории необходима разработка стратегии ее развития, обеспечивающая комплексный подход к анализу территории, которая учитывает ее специфику, преимущества и недостатки, возможности, выделяет базовые стратегические ориентиры. Предложено определение понятия «территориальный маркетинг» - как научно обоснованный и практически-ориентированный механизм создания и продвижения территории как комплексного маркетингового товара, который должен удовлетворить потребности конкретных потребителей в целях обеспечения устойчивого развития территории. В работе предложен комплекс «12Р», а именно двенадцать важнейших составляющих территориального развития, и определена взаимосвязь этих составляющих. Проанализированы стратегические направления маркетинга территорий и предложена их классификация. С целью учета возможных последствий и результатов устойчивого развития территории в работе предложена структурная модель взаимовлияния исследуемой территории и внешней к ней среды. При этом сформированы пространственные уровни и направления взаимовлияния.*

**Ключевые слова:** территориальный маркетинг, стратегия устойчивого развития, комплекс маркетинга, развитие территории.

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## Авторська довідка

	Українською мовою	Англійською мовою
ПІБ/ Last name, first name	Запорожець Ганна Володимирівна	Zaporozhets Hanna
Науковий ступінь/ Scientific degree	к.е.н.	Ph.D. in Economics
Вчене звання/ Scientific rank	доцент	Associate Professor
Посада/ Position	Доцент кафедри менеджменту і адміністрування	Department of Management and Administration,
Установа/ Establishment	Харківський національний університет міського господарства імені О.М. Бекетова	O.M. Beketov National University of Urban Economy in Kharkiv