

Tonkova Evgeniya ¹

MARKETING ACTIVITIES FOR DEVELOPING THE LOCAL POTENTIAL OF MUNICIPALITIES

Abstract:

Competitiveness of municipalities is a significant factor for their future development. Financing projects that concern the development of local potential for improving their competitiveness attract experts' attention to effective use of local resources, involvement of population and business, as well as the innovative approaches in managing the municipalities. Highly technological marketing in the public sphere therefore, needs to be viewed as a tool aimed not only at communication and realization of municipal services for population and business, but also as an opportunity for generating ideas, stating consumer interest in coming projects, registering volunteering and implementing donation.

Local potential is a dynamic multi-dimensional category which presupposes disaggregating and further development in various sections. The priorities of municipalities, their comparative advantages, available resources and the support from citizens and businesses are an important landmark in developing local potential. Municipal projects have to be publicly announced in order to receive the support of the population and business. The comparative advantages on the territory of municipalities have to be used actively and developed with the aim at designing a unique identity for better market positioning. Available resources are subject to registering and respective use for achieving favorable direct and transfer socio-economic effect.

Keywords:

regional marketing, local potential maps, local resources, innovative decisions

Author's data:

¹Tonkova Evgeniya, Associate prof., Ph.D., Varna University of Economics, Faculty of Management, Marketing Department, Varna, Bulgaria, evge@mbox.digsys.bg

Introduction

The development of territories nowadays is of crucial importance for the market positioning of regions and countries. The competitiveness of settlements based on strategic and comparative advantages is a key factor for the social and economic development of the regions. The economic, technological and political changes in recent years have provoked the interest of municipalities in developing local potential. The efficient use of the resources on the territory of a country, and, the other hand, the aggressive marketing of locally produced products and services, are a prerequisite for the generation and promotion of the strategic advantages of the territories.

For local development, single marketing at company level does not have the potential of the integrated marketing. Therefore, an important task of municipalities is to develop a concept for integrated marketing at local level and to create conditions for its successful implementation. Authors point at four important aspects of territorial marketing strategies - image marketing, locality's attraction marketing, infrastructure marketing and human marketing [1]. A number of authors [2] have focused on the importance of public marketing over the past decade. The focus on public marketing includes, first of all, marketing of administrative products and services, and second, administration of integrated marketing on the territory of a municipality. Both aspects are of utmost importance for the identification of local potential and its determination and development. Research in EU countries shows that new technology-based companies [3] contribute to the growth potential in the region. The experience of high-tech companies, therefore, should be transferred to the municipalities which administer projects of

exceptional importance to the population, the business, tourists and other key audiences.

Local potential attracts research in different disciplines. The study of the interdisciplinary approach to its definition has the following advantages:

- Outlining of specific spheres of development;
- Identification of various metrics of dimensioning;
- Outlining of connections that are essential to its use;
- Possibility of looking for analogies within the local market and the potential to generate regional growth.

The importance of the issue about the role of marketing for developing the potential of municipalities presupposes more research interest on behalf of marketing specialists for creating innovative approaches and directing them to solving current issues of municipalities and increasing their competitiveness.

The aim of this article is to clarify the role of marketing in managing municipalities and presenting an innovative approach in developing local potential with the opportunity for active involvement of the population.

The role of marketing in the governance of municipalities

The implementation of the marketing approach in municipalities is an important step to achieve a successful regional development. The various aspects of using marketing towards the development of the local potential determine its consideration as a set of components, tools and features designed to improve the conventional indicators for municipal development. Despite the connection that authors make between marketing in the public sphere and political marketing [4] the last decade has seen its development into

specific applications, formulated as public marketing, region marketing [5], city marketing, place marketing [6], territory marketing, social marketing and other specific applications, e.g. territory of origin marketing [7], etc.

The analyses that make part of the municipal development plans should be marketing oriented, and should include components of the macro and micro marketing environment and those of the respective municipality's marketing mix. The municipalities' resources cannot be fully utilized without a clear marketing orientation of their management. It is therefore necessary to highlight in the analytical part of the plans strategic resources subject to marketing development, key problems to be solved and future development opportunities.

The marketing approach should be applied also in the goal-setting of the municipal development plans. The targeted positioning of the municipality on a national or international level could result to a great extent from marketing activities. Setting goals on different component indicators is a prerequisite for their change in a more favourable direction. The development of marketing strategies on the municipal level is an important step in the utilization of the possibility to generate additional revenue on and from the territory and to achieve financial independence. The integrated marketing strategies in partnership with other actors are a prerequisite for increasing the effectiveness of their implementation and the dissemination of good practices of marketing interaction. Integrated area marketing can be used in any municipality that has been active in benefiting from new market opportunities. Using a variety of marketing tools for the development of municipalities is a prerequisite for improving the economic and social status. Particular emphasis should be placed on low-cost marketing, whose active application generates a positive effect on

the attractiveness of the municipality among various target audiences. The marketing inclusion of individuals and business entities on the territory of the municipality contributes to increasing activity, creativity and commitment in the development of local potential. The high-tech marketing, as a set of tools and channels allows for the involvement of a wide range of individuals who can contribute with ideas, support, volunteering, sponsorship, etc., towards the successful development of municipalities. Unconventional marketing means are also of interest in terms of their application in municipalities.

Marketing programs developed at the municipality level could be a significant factor for the successful management of municipalities. For example, the overall marketing program for municipal development will enable the integration of the various activities, their scheduling in time, their co-ordination as well as the monitoring of the direct and transfer impact. Integrated marketing programs [8] such as programs to attract investors in the municipality are a prerequisite for the implementation of municipal plans affecting the social and economic development in the short and long term. Organization of marketing activities in the municipalities is expected to be a priority in modifying their organizational structures over the next 10 years. The establishment of separate marketing departments will greatly contribute to carrying out marketing on a high professional level, in coordination with other activities of the municipalities.

Resources and local potential

Every region has its own resources that are directly related to the local potential. The efficient use of local resources depends on the intensity and balance of their use, the resource policies and the adequate management of capacities.

| Resources | Specifics | Relation to local potential |
|-----------------------------------|---|---|
| Human resources | Population residing in the region. Population originating from the region but currently residing elsewhere. Temporary residents on the territory. | Socio-economic inclusion in various activities and formats. |
| Natural resources | Topography, climate, soils, minerals, water resources, flora and fauna, forests, places of special natural interest, protected sites, etc. | Precondition for development of specific business activities and activities of social importance. |
| Financial resources | Financial resources and tools needed to administer the territory and invest in development. | Factor for development of local potential and the outcome of that development. |
| Material resources | Material resources of the territory subject to registration and efficient use. | Precondition for design and development of local potential. |
| Cultural and historical resources | Resources subject to registration and marketing and efficient management. | Resourcing, shaping the tourist profile and potential of a region. |
| Information resources | The provision of information is an important prerequisite for the socio-economic development of a region. | Factor for design and development of local potential. |
| Infrastructure | Implies balancing with the other resources. | Precondition for development of the region and local potential. |

Table 1.: Local resources and relation to local potential

Maps of local potential

Every region needs clarity for the development of local potential. Step-by-step development (figure 1) is an advantage which predetermines the accuracy, interconnectedness and priority of activities. The economic geographic models [9] used in science should be widely applied to the development of territorial potential.

The first map should contain the comparative advantages of the location outlining the major existing fields of activity. These should include local crafts, local production, natural, educational, cultural and historical resources, etc. Different approaches can be applied for the purpose of identifying the key comparative advantages. The registration of the most important fields of activity can be based on both secondary

data available to municipalities and to conduct market research among residents and visitors of the municipality. Expertise can also be used at this stage, but it should be subjected to further analysis to confirm the arguments in favor of developing a particular activity.

The second map presents the local resources generating potential for the future development of a region. In practice, all resources related to the future development of a territory which are currently underused should be pinpointed. They generate the priorities for development. It is appropriate to apply unconventional approaches to gathering information and generating ideas for the development of the second map of municipal resources, which is especially important for the promotion of local potential. The variety of resources is not treated unambiguously by the

administration, businesses, residents, etc. It is necessary to consider the available resources as an integrated system, whose development will contribute to the sustainable development of the municipalities in the interest of all target audiences. The coordination in the development of local resources will overcome the existing problems of the municipalities, including unemployment, migration, depopulation, poverty and others.

The third map presents new or renewable aspects of business and social activity by strategic priorities. The new areas of business and social activity should correspond to the available resources and their readiness and potential for usage. The development of the third map is directly related to investor interest, entrepreneurship and municipal activity to the benefit of businesses on the territory. Highlighting the renewable business directions is based on a study of strong industries that can be originally agricultural, industrial, handicraft, etc., based on the strategic advantages of the location. Their resumption in the new socio-economic conditions can be useful for the establishment of the identity of the municipality and towns.

The fourth map interlinks the information in the first three maps and presents the balance of current and future activities with the resources available on a territory. The fifth map aims to present the specific transfer effects and an assessment of their impact on the development of local potential. The maps may be developed at different levels - town, municipality, district, region, country, etc. The purpose of the balanced map is to achieve coordination and synchronization of the processes related to the development of the territory, to reduce risks and avoid conflicts related to the upcoming activities. Additionally, the contents of the balanced map can be beneficial for the feasibility study and

justification of major municipal projects. The maps for the development of local potential should not be regarded as static. The information contained therein must be periodically updated to reassess priorities and to constantly monitor the activities on the territory and its results. The experimental introduction of an innovative and balanced marketing approach in developing the potential of a municipality encouraging the involvement of residents and businesses in the territory and registration of success means that the model has to be extended to other municipalities.

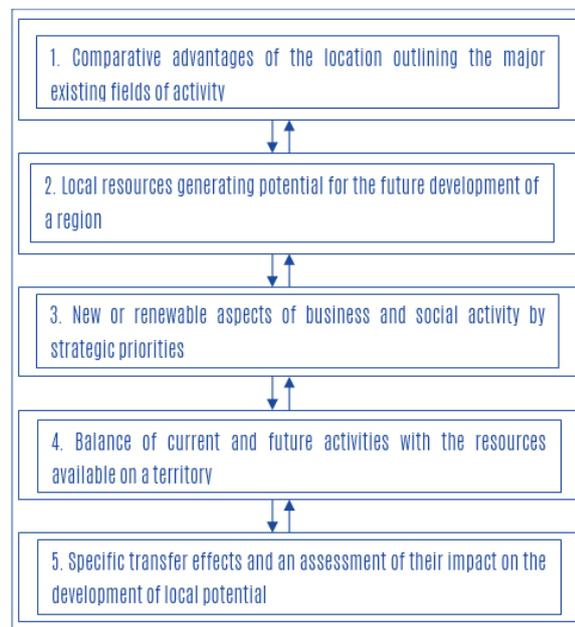


Figure 1. - Five step mapping of local potential

Initiatives for development of local potential

An essential part of the initiatives related to the development of local potential may be suggested by the residents of the territory. Municipalities have experience with participation in different world and European competitions by relying on initiatives suggested by the citizens who follow the competitions' rules (for example the Bloomberg Philanthropies challenge) [10].

The participation of people with initiatives for the development of local potential has the following advantages:

1. The collection of diverse ideas some of which are very original;
2. The low cost of the administration of the process;
3. People pointing at various problems and opportunities;
4. Encouragement of personal commitment and inclusion of residents (contribution by work, finances, etc.);
5. Collection of information which is subject to content analysis and drawing of important conclusions, etc.

To achieve high efficiency, however, one should not rely only on campaigns attracting participation. The municipalities should administer the proactiveness of the citizens by developing special platforms (figure 2) to register the initiatives of the residents on the territory. Thus, a number of the advantages of low cost and self-made marketing in the management of municipalities may be used.

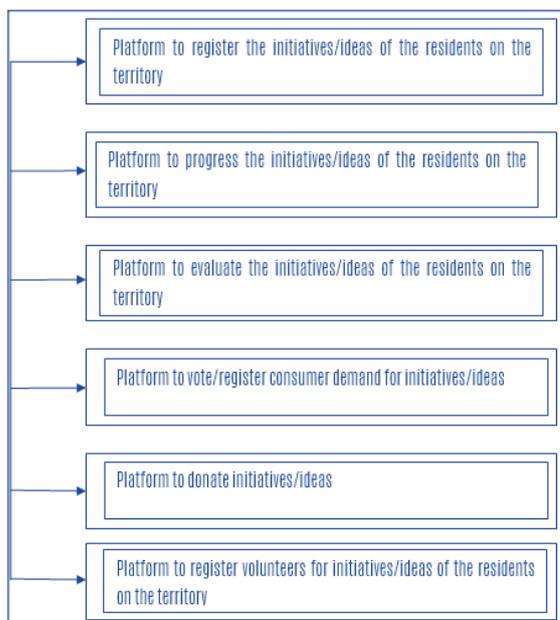


Figure 2.: Six platforms in municipal marketing management

Note: The presented platforms are under author's development within a scientific project. Future tests in focus groups will be provided.

In order to test the readiness to involve citizens of the municipality in developing the local potential, after the project the platforms will be open for discussion in focus groups. The results from these discussions will contribute for improving the platforms and their preparation to be tested in reality.

Innovation in the development of local potential

Giving the population opportunities to participate with ideas and to apply their creativity to the benefit of the EU development [11] is a priority in the sphere of social innovations. The innovation in the attraction of ideas for development of a territory is an essential precondition for the development of local potential. Individual creativity [12] is defined by a number of authors as a factor for regional development. The approaches to the generation of ideas as well as the channels and tools for their encouragement may be diverse. The integrated marketing of territories relies on the active participation of people in the socio-economic life. The platforms for regional development are considered by some authors in conjunction with the innovative regional systems [13].

Putting into practice the innovative approach of communication with the residents requires that a platform is developed within the system of integrated marketing to register, classify and rate the ideas for regional development provided by people who will contribute to the identification of problems and possibilities for future development. The advantages of the introduction of such a platform consist of the following:

- The possibility to demonstrate a proactive civilian opinion;
- Then diversity of ideas which even experts are unable to suggest;
- Some ideas may imply a low cost in terms of implementation;
- Multi aspect view of idea development argumentation;
- The involvement of people with various educational backgrounds;
- Making use of the potential of students and teachers in the region;
- The active involvement of people in the implementation of ideas initiated by themselves;
- Activating snowball communication effect;
- The possibility to archive the information and use it in the management of the region;
- Creating a sphere for discussions between the local authorities and citizens, etc.

Another innovative instrument which can be used for the purposes of design and development of local potential is the platform for expression of consumer interest in forthcoming projects in a specific region. The platform will be used to announce pending projects of municipalities with a detailed description of the activities and the financing while residents in the region will be able to register their consumer interest in projects they have genuine interest in. Some of the advantages of such a platform are:

- The evaluation of the consumer interest in the project;
- The evaluation of the market potential of the project through the registered consumer interest;
- The justification of significant infrastructural projects in the region;
- The precondition for efficient spending of funds on projects financed by local, national or European budgets;

- Registration of future intentions of citizens;
- Balance between interests of target groups;
- Proper planning options.

The experience may be transferred to the communication with companies and potential investors manifesting interest in their own development in the region. Developing such platforms as part of the general platform for integrated marketing is crucial for the balancing of activities in the area, ensuring support from the target audiences and encouraging their creativity in the development of the local potential on the territory. All these advantages contribute to the favourable market positioning of the area and factor into its identity in the search for competitive advantages.

Conclusion

The identification and development of local potential nowadays is of crucial importance for the market positioning of municipalities. The competitiveness of settlements based on strategic and comparative advantages is a key factor for the social and economic development of the regions. The development of local potential is the responsibility of local authorities. The possibilities to apply innovative, flexible and low cost marketing tools have not been sufficiently studied and presented in the sphere of public administration. Applying integrated marketing of the territory in contemporary conditions of competition is an essential prerequisite for the favorable socio-economic development of towns and regions. The marketing and innovation experience of high-tech business companies needs to be transferred to the public sphere in order to provide local activities with resources, ideas and consumer involvement in the interest of the population, the business,

visitors and the other target groups. The possibility to include research laboratories of universities in the region in the identification and development of local potential is also worth considering. Setting up marketing departments in the municipalities is a prerequisite for the elaboration of marketing strategies for the development of regional potential on a professional basis and overcoming the weaknesses of campaign marketing aimed mainly at resolving current issues.

References

- [1] Azena, L. & Keiss S. Specifics of Territorial Marketing Strategy Planning, *European Integration Studies*, No 3, 2009, p.165.
- [2] Kaplan, A. & Haenlein, M. The Increasing Importance of Public Marketing. Explanations, Applications and Limits of marketing within Public Administration. *European Management Journal*, No. 27, 2009, pp. 197-212.
- [3] Donckels, R. & Pierre Segers, J. New Technology Based Firms and the Creation of Regional Growth Potential. Theoretical Considerations and Empirical Evidence for Belgium, *Small Business Economics*, No2, 1990, pp.33-44.
- [4] See in detail: McMahon, L., J. Phillimore. *State and Territory Government Strategic Plans: Exercises in Managing, Monitoring and Marketing*. *Australian Journal of Public Administration*. Vol. 72, No. 4, pp.414–415.
- [5] See the specific focus of the research: Ferencz, A. and M. Notary, *The Connection of the Rural Development and the region Marketing in Hungary*. *Lucrari Stintifice, Seria I, Vol. XII (2)*.
- [6] Different aspects are presented: Voznuka, J., *Place Marketing Strategy of Latgale Region Development*. *Regional Formation and Development Studies*, No 1, pp.171-182.
- [7] See in detail: Mateo, C., G. Seisedos. *Different Branding Strategies from to use of the territory of Origin by Commercial Brands: The Brand Territory Matrix*. *Journal of Town & City management*. Vol.1,2, pp.175-185.
- [8] See a specific model for promoting a region for international investment: Schuster, C. and C. Samli, *Promoting a Region for International Investment: An Integrated Marketing Program*. *JPP&M Vol.8, 1989, pp. 252-264*.
- [9] Pires, A. *Market Potential and Welfare: Evidence from the Iberian Peninsula*, *Port. Econ. J.*, No 4, 2005, pp. 107-127.
- [10] <http://mayorschallenge.bloomberg.org>
- [11] *Empowering people, driving change. Social Innovation in the European Union*, BEPA, 2011
- [12] Drejerska, N. *Looking for Further Determinants of Regional Development*. *ACTA Oeconomica* 11(1), 2012, p.39
- [13] Harmaakorpi, V. *Regional Development Platform Method (RDPM) as a Tool for Regional Innovation Policy*, *European Planning Studies Vol. 14, No 8, 2006, p.1085-1104*.