

## LOCAL POTENTIAL DEVELOPMENT: INITIATIVES AND INNOVATIVE DECISIONS

### RAZVOJ LOKALNIH POTENCIJALA: INICIJATIVE I INOVATIVNE ODLUKE

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**Abstract:** *The identification and development of local potential 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. An essential part of the initiatives related to the development of local potential may be suggested by the residents of the territory. The municipalities should stimulate and administer the proactiveness of the citizens by developing special platforms to register the initiatives of the residents on the territory. Developing such platforms as part of the general platform for integrated public marketing is crucial for the balancing of activities in the area, ensuring support from the target audiences and encouragement of their creativity in the development of the local potential on the territory.*

**Key words:** *regional marketing, local potential maps, local resources, innovative decisions*

**Sažetak:** *Identifikacija razvojnih potencijala regija je ključna za marketinško pozicioniranje. Općenito bi trebale stimulirati i biti proaktivne prema građanima u cilju razvoja regija. Kreiranje takvih platformi stvoriti će kreativnost i razviti potencijale teritorija.*

**Ključne riječi:** *marketing regija, karte, resursi, inovativne odluke*



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## **1. 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.

## **2. 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

Resource balancing is crucial for the development of a region. The underdeveloped resource aspects should be identified and strategies should be developed for their recovery, design or compensation.

### 3. 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 [4] 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. 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. The third map presents new or renewable aspects of business and social activity by strategic priorities. 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.

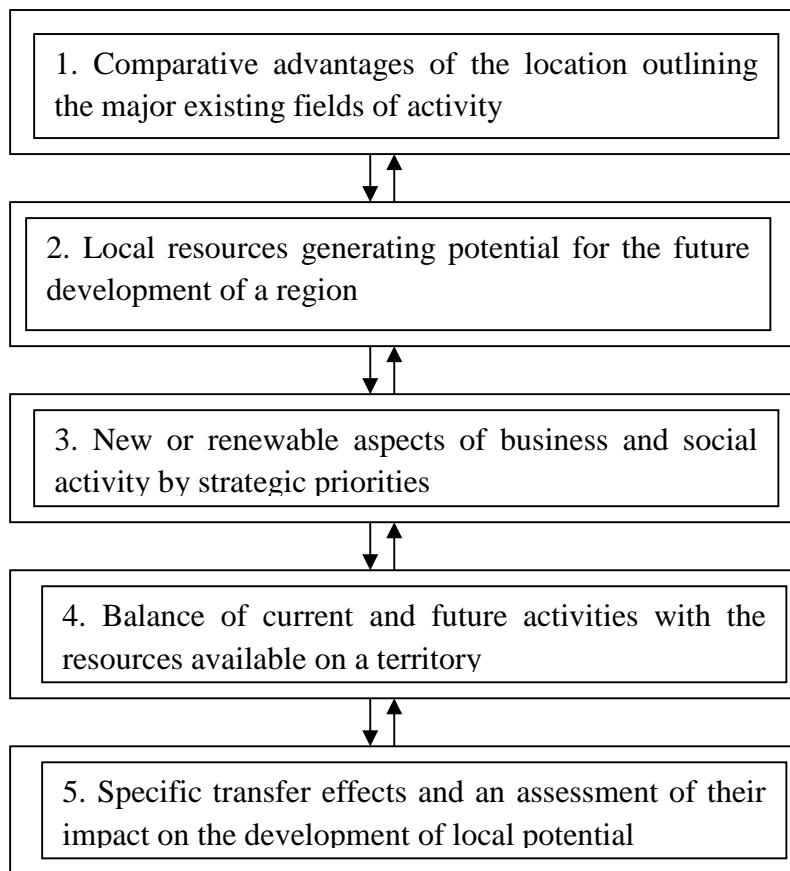


Figure 1. Five step mapping of local potential

#### 4. 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) [5].

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 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.

## **5. 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 [6] 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 [7] 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 [8].

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.

## **6. Conclusion**

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.

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