

# Financial problems of territorial marketing as an instrument of strategic spatial development

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**Abstract.** This article analyzes the aspects of territorial marketing and their influence on the spatial development of the territory, as well as the financial components of this problem. Having applied economic-mathematical and statistical methods, the authors have analyzed the socio-economic indicators and investment potential of Kirov region. They have come to the conclusion that the financing of spatial development of the territory's investment potential is performed mainly using the federal and regional budget funds within the framework of the approved Development Strategy of Territories, considering the available resources and the degree of customer satisfaction by the territorial product. Using the methods of abstractly logical judgments and expert assessments, a step-by-step process of strategic positioning of the territory was developed with the indication of specific methods for each stage, based on the existing resource basis and prospects of its development by attracting additional funds. Attraction of additional investments in spatial territorial development by means of tools of territorial marketing is possible due to the improvement of social and economic potential of the Kirov region, increase of satisfaction of target groups by territorial product, and also the development and implementation the strategy of territorial positioning, taking into account its strengths and weaknesses.

## 1 Introduction

Relations between subjects-territories in the conditions of market relations are based on the relationship of supply and demand. Each territory in the conditions of active marketing is working on the formation of demand as a place where entrepreneurs are profitable and convenient to do business, residents are satisfied with the living and working conditions. The formation of a full-fledged demand for the territorial product and the developing the territory itself requires financial resources, of course.

As a result, the territory should create a regional product (demand) and attract economic agents and free financial resources largely due to the marketing positioning of the territory.

Territorial marketing is the satisfaction of a «collective» interest, it always actually entails infringement to the rights of a particular consumer segment or an individual. In this

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regard, one of the objectives of territorial marketing is to identify different interests of the territorial customers and determine the degree of their satisfaction.

The aim of the research is the analysis of socio-economic indicators of developing the Kirov region, identifying the degree of different consumer groups satisfaction by the territorial product, identifying the strengths and weaknesses of the territory, and formulating basic phases of the process of developing and positioning strategy areas.

The theoretical and methodological foundations and approaches to studying the process of functioning and developing socio-economic systems, analyze the trends in forming effective reproductive relationships within a regional socio-economic system are considered in the works of Russian scientists in the field of regional economy: N.V. Zubarevich, A.A. Djarimov, G. G. Fetisov [1]. Features of sustainable socio-economic development of regions, as well as the problems of identifying its reserves, have been investigated in the works of domestic and foreign scientists: A.G. Granberg, V.N. Leksin, A.Ya. Livshits, T. Peters, R. Waterman [1].

The problems of managing the regional economy, the evaluation and use of regional resources are considered in the works of such scientists as V.N. Afanasyev, I. A. Boyko, A. L. Gaponenko, S. Yu. Glazyev, Yu. S. Dulshikov, I. P. Ivanitskaya [1].

For our research, it was also of high importance to study the works devoted to the problems of developing the regional economy. One of them is the work of A. S. Novoselov, who paid special attention to the financial system role in this process [1].

At the same time, the problems connected with the very process of forming the financial support for developing the regional economy and the peculiarities of individual constituent elements functioning of this system haven't been sufficiently studied. The directions of improving the use of such financial support mechanisms for developing the regional economy as different types of attracting investments in spatial development and positioning of the territory with the help of marketing tools are insufficiently investigated.

## 2 Materials and methods

Kirov region is positioned as an agricultural region with a large area of woodland. The leading industry in agricultural production is the livestock dairy and meat direction on the region territories. In addition, the region has developed engineering, food, chemical industry. A special place is given to the forest and wood processing industry, because a coniferous forest is the basis of natural resource potential of the region [2].

**Table 1.** Social and economic indicators of Kirov region [3-4].

<b>Indicators</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Territory, thousand km <sup>2</sup>	120.8	120.,8	120.8
Population, thousand people	1297.47	1291.68	1283.24
Total regional product, billion rubles	291.,0	297.8	314.8
Industrial production index	102.9	100.3	105.1
Average monthly nominal accrued salary of employees, rubles.	23625	24417	27102
Receipt of taxes, fees and other obligatory payments to the consolidated budget of Russian Federation (according to Federal tax service), million rubles.	43657.3	40430.,3	40130.6 <sup>1)</sup>
including:			
- to Federal budget	13669.1	11761.0	11742.8
- in the consolidated budgets of the constituent	29988.3	28669.2	28387.7

entities			
Financial performance of organizations:			
Profit and loss balance (profit a minus the loss), million rubles	13759	11749.0	12217.2
Accounts payable of organizations at the end of October 2018	60019	66220	71515.1
Accounts receivable of organizations at the end of October 2018	45548	47928	54525.1
Commissioning of residential houses at the expense of all sources of financing, thousand m <sup>2</sup>	662.1	543.1	551.3
Retail trade turnover, million rubles	177188.8	184096,9	195499.7
Volume of paid services to the population, million rubles	50670.0	53237.1	56590
External trade, million dollars USA:			
export	710.2	809.0	852.8
import	190.9	357.7	303.3

<sup>1)</sup>January-October 2018

The theoretical and methodological base was the conceptual research of main provisions of micro and macroeconomics, the relationship between its elements is based on the use of the innovative approach in order to create a regional competitive and socially responsible economy, and also research of financial problems of social and economic development of the region on the basis of analytical and expert methods, which are presented in the domestic and foreign scientific literature.

To assess the degree of satisfaction with the territorial product weighted estimation method have selected from all possible methods [5-7]:

- method of simple satisfaction assessment, involving the assessment of consumer parameters on a point scale;
- nonconformity analysis method based on determining the discrepancy between the average customer satisfaction score and the average significance score;
- «significance-satisfaction» model, which is a graphical representation estimates the importance of parameters and customer satisfaction;
- weighted estimation method that takes into account the difference between highest possible satisfaction score and average consumer satisfaction score obtained in the survey.

The degree of customer satisfaction with the territorial product is established by the formula [8]:

$$Q = 10 - \sum W_i [I_i - B_i], \quad (1)$$

Where  $Q$  – customer satisfaction with the territory;

$W_i$  – importance of the characteristic  $i$ ;

$B_i$  – assessment of the territorial characteristic  $i$  of from a consumer perspective;

$I_i$  – ideal value of the territorial characteristic  $i$  from a consumer perspective.

Justification and explication of the work key takeaways connected with the proposed recommendations was performed with the use of traditional methods of deduction and induction, structural and functional analysis, qualitative judgment and estimates, system and complex approaches and the subsequent prognostic synthesis of the obtained data. The empirical part of the work is based on applying mathematical and statistical methods of data analysis and extrapolation projection [1].

### 3 Results

The main purpose of the territorial marketing is the search and developing the existing (geographical location, mineral resources) and created advantages in the region.

The objectives of the territorial marketing include:

- improving the competitiveness of regional enterprises;
- a clear understanding the accommodation by the citizens of the region
- attracting investors and new resources to the region;
- improving the quality of the territorial administrative component;
- improving the infrastructure of the territory;
- increasing the level of popularity and attractiveness of the territory;
- achieving a balance between the key functions of the territory: place of accommodation, place of rest and place of managing [2].

As objects of regional marketing, the following are considered [9]:

- the territory itself,
- Federal and Municipal governments,
- investors,
- residents and business community of the region,
- goods and services produced on its territory,
- intellectual property.

The subjects of territorial marketing are [9]:

- territorial authorities and administrations;
- non-profit organizations (sport societies and federations, national associations and trade unions, etc.);
- commercial organizations (travel companies, airlines, hotels, leisure facilities, commercial and industrial enterprises, etc.);
- individuals-residents of the territory, natives of this territory, including well-known personalities of the territory (athletes, artists, statesmen, etc.).

The potential of the Kirov region as an object of regional marketing is clearly underused today (table 1). It is necessary to create and develop new points of growth along with the rich historical and cultural heritage, natural resources and unique crafts, convenient geographical location.

Certain steps have been taken in this direction already. In particular, the club of marketing specialists of the Kirov region, which has established itself with own initiatives in terms of promotions and projects «Buy the VYATKA» «Paint the city in Dymka», has been created and gives certain results [11].

«Corporation of developing Kirov region», established in 2012, promotes the region's investment attractiveness through the development of industrial and technical parks in region.

**Table 2.** Industrial and technical parks of Kirov region [12].

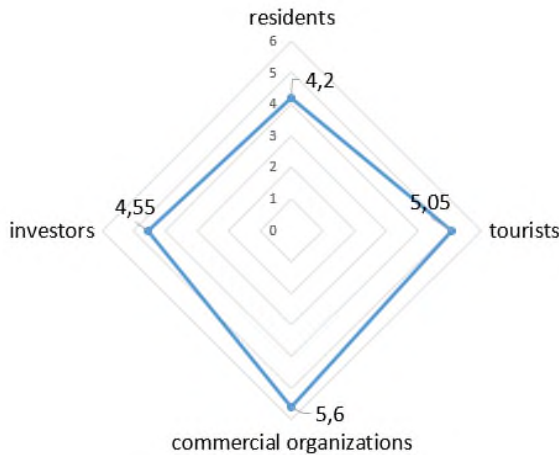
<b>Name</b>	<b>Profile of activity</b>
Industrial Park «Igrograd»	introduction of scientific research and development and the results of scientific and pedagogical project of educational games into production, the establishment of new industries intended at import substitution in the industry.
Industrial Park «Vyatskiye Polyany», Vyatskie Polyany	it has a multifunctional character, gives advantages in terms of logistics for producers due to the neighborhood of Tatarstan, Mari El, Udmurtia.
Industrial Park «Slobodino»	multifunctional industrial Park for small and medium-

	sized businesses
Industrial Park "Conveyor" Belaya Kholunitsa	development of modern small and medium-sized enterprises on the territory of Belokholunitsky district through the creation of affordable and quality conditions for their effective activity.
Industrial Park, Luza	deep processing of wood

The degree of satisfaction with the territorial product of different consumer groups is determined in addition to assessing the potential of Kirov region. Among the main groups of consumers (users) of the territory, there were identified: population, tourists, commercial organizations, investors. Method of weighted evaluation (formula 1) was used to measure the degree of satisfaction of these customer groups with living conditions, temporary stay, business conditions and investment conditions in the Kirov region, where the maximum possible score for each group was 10 points.

The degree of people satisfaction with living conditions in the territory is influenced by the following parameters: climatic conditions, wage levels, price levels, infrastructure development, job security, level of safety. The importance of each parameter in assessing the degree of satisfaction by distributing units between the proposed parameters is determined by the method of expert survey.

The respondents were residents of the Kirov region, they expressed their degree of satisfaction with living conditions in the region on a 10-point scale for each parameter. The average assessment of resident satisfaction with living conditions in Kirov region was calculated on the results obtained [13].



**Fig. 1.** Profile of Kirov region on the degree of customer satisfaction with the territorial product.

The study revealed that investors and tourists are more satisfied with the territorial product. The degree of investor satisfaction was significantly influenced by the following factors: the availability of investment sites, ease of entry into the territory, the investment climate. High scores in identifying the satisfaction level of tourists get the factors: safety, the mentality of the population and the standard of living in the region. Low assessment of such factors as the level of wages, prices and poor infrastructure affected the overall assessment of resident satisfaction. Commercial organizations are not satisfied with the cost of rent, tax burden and standard of living in the region [13].

Analysis of socio-economic development indicators of the Kirov region was carried out (table 1), strong and weak characteristics of the region were identified (tables 3, 4) to

identify opportunities to use the existing potential and identify growth vectors that require support based on the development of marketing competencies.

**Table 3.** Possibilities of spatial developing the Kirov region [9].

<b>Strengths</b>	<b>Opportunities</b>
Favorable geographical location of the region	The region has the largest number of neighboring regions that can be used for the development of interregional cooperation relations
Availability in the area of railway junction	Through the city passes the TRANS-Siberian railway, there are two major transport hubs (Kirov and Kotelnich), which in the future can become logistics centers
Low levels of crime and social infrastructure development	Attracts residents to the region
Comparatively rich resource base	Development of deposits and deeper processing of forest reserves, phosphorites, limestone, peat, building stone, resort development of therapeutic mud and mineral water, development of construction and chemical-biotechnological clusters
Developed scientific and educational potential	A large number of Universities and Industry research Institutes, coupled with professional staff, affordable price and application of distance learning allows to attract flows of students from other regions.
High level of development of scientific and production base of livestock breeding and plant breeding	Further development of the base, formation of agro-industrial holdings in the agricultural sector, formation and promotion of regional food brands, modernization of processing facilities.
Advanced network of health resorts	Development of tourist and recreational potential, rural tourism, medical tourism.
High competitiveness and uniqueness of a number of industries	Further development and improvement of competitiveness of the chemical industry, production of blood products, furniture production, forest processing.

According to the results of the analysis, the next step of regional marketing should be the formation of the concept and strategy of positioning and promotion of the territory. In our view, a special emphasis should be placed on the development of intellectual and educational potential, as well as the use of tourism potential.

The development of regional human capital should become the engine that will allow implementing the strategy of modernization of Kirov region [14].

Kirov region can become a scientific and educational center in various fields of education, but this requires intensive using of resources, including financial, and the implementation of innovative projects.

The strategic problem is the outflow of school graduates to other regions, in this regard, it is necessary to develop and implement programs to consolidate young promising personnel in the region. An important role should be played by the regional supporting University.

**Table 4.** Threats of spatial developing the Kirov region [9].

<b>Weaknesses</b>	<b>Threats</b>
Low level of road infrastructure	The low quality of roads does not allow creating transport and logistics centers, mainly transit flows, half of the roads are not paved, «Pobedilovo» airport does not allow to take modern aircraft
absence of strategic oil and gas reserves	Decrease the possibility of budget replenishment and employment
Low level of development	Causes outflow of population to other regions, restrains aggregate demand and investments in the territory
High unemployment	The growth of social stress, the deterioration of the criminal situation, the decline for revenues
Low technological level of manufacturing, high degree of equipment deterioration, especially mechanical engineering	Does not allow producing products in accordance with international standards
Narrow specialization in the defense industry and dependence on the state defense order	It constrains the socio - economic development of the region, leads to seasonal income and forces to increase the share of civilian products
Low utilization of mineral resources	Development of projects for evaluation and exploration of oil fields, use of peat reserves, glass sands
The low volume of investments and their effectiveness	It does not allow carrying out structural changes in the economy of the region, does not stimulate investors, aggravates the image of the «recipient region»

A cluster of tourist and recreational services based on sanatorium and resort institutions will be formed in the Kirov region in the long term. In addition, it is necessary to form regional tourist brands and their promotion at the national and international levels (Velikoretsky religious procession, the world fairytale games on Vyatka, the holiday "Istobensky cucumber", Vasnetsovsky plein air, the festival of author's songs of Greenland, etc.).

The results of the research are the methodological basis for the developing the territory positioning strategy in order to attract investments and find financial resources for the full-scale spatial developing the region.

The analysis of the works devoted to the territorial positioning [15, 16, 17] allowed us to conclude: there is no single approach to the development of an effective positioning strategy and all concepts are only Advisory in nature and determine the important points of this process.

Within the framework of regional marketing, the following stages of the positioning strategy development process are proposed, as well as specific methods used at each stage (table 5).

**Table 5.** The process of developing a positioning strategy areas [18].

Main stages	Possible means
1. Determine the current position of the territory	
1.1. Analysis of territorial potential	- analysis of statistical map of the territory (indexes, ratings); - analysis of socio-economic strategy and development plans of certain areas; - SWOT-analysis.
1.2 Analysis of competitor territories	- diagnostics of competitive environment of territories; - construction of a competitive card; - mapping the perception.
1.3 Customer analysis and segmentation	- conjugate analysis of consumer preferences; - experimental methods; - survey and observation methods; - cluster and discriminant analysis; - optimization model of choice of market segment,
1.4 Macro environment analysis	- aggregate of methods of macro-environment analysis; - ordering research from specialized companies; - PEST- analysis.
2. Compilation of alternative positions and selection of the desired position	- analysis of secondary information; - expert polls.
3. Development of positioning strategy	- factorial analysis; - expert evaluation; - intuitive method; - the techniques of PR, advertising.

Any territorial entity needs to develop a clear positioning strategy directed at creating the necessary image of the territory in the minds of a wide range of consumers of the regional product in a highly competitive environment. It is necessary to coordinate all marketing attributes to maintain the selected position to successfully implement the strategy.

Usually consumers choose the goods and services that best meet their needs. Thus, the main competitive advantages of the possible offer, market and surrounding macro environment are carefully analyzed before choosing a positioning strategy.

Full positioning of a particular territory is expressed in the offer of value, it is a number of regional advantages as a place of business and accommodation for residents, on the basis of which the positioning strategy is based [18].

## 4 Discussion

Cooperation and mutual interest of government, business and science are important for the development of territorial marketing. Synergy is possible only in joint initiative activity, which allows starting and bringing projects to the final stage. For example, the only one in the world Museum of hats in Vyatka Polyany was created on the basis of public-private



partnership on the initiative of entrepreneurs. Thus, there was another tourist attraction. In addition, it is necessary to find sources of funding to solve the following problems: underdevelopment of infrastructure: solving the problem of air transportation, construction of modern bus stations in Kirov and settlements of the proposed zone; construction of new buildings of high level of comfort for accommodation of foreign and Russian citizens; improvement of water bodies and territory, ensuring their constant sanitary control, equipment of beaches in accordance with modern requirements; construction of comfortable mini-hotels and recreation centers of tourist class year-round [19].

As a result of determining the current position of the territory, assessing socio-economic development, evaluating the satisfaction of the main target groups with the territorial product, as well as identifying strengths and weaknesses, it is possible to use three options for positioning strategies of the territory [19]:

1. Preservation and consolidation of existing positions – used in the case of the smallest discrepancy between the desires of target segments and a high level of differentiation (correction) from competitors; based on the preservation of the current uniqueness and promotion program.
2. Gradual repositioning is applicable when there are obvious desires of target groups to increase the level of satisfaction of needs and the territorial characteristics are sufficiently close to the desires of consumers, but there is a need for further improvement of the image and following promising trends.
3. Radical repositioning is common with an unfavorable reputation and perception; requires the development of a comprehensive program. This is may to mean the definition of completely new characteristics of the territorial attractiveness, adaptation to the desires of the target group of consumers. Also, this strategy may consist in the development and coverage of new target segments, the development of new social values [20].

The process of selecting and developing an effective positioning strategy in territorial marketing is long and specific for each individual subject. The stages of development of the positioning strategy are generalized, and each territory is unique and adapts the positioning strategy considering its features. Equally important is the implementation of the chosen positioning strategy through the development of a communicative plan that includes the main tools for promoting the territory and its unique properties [20].

## **5 Conclusions**

Kirov region is a «typical» average region of Russia by socio-economic indicators, but at the same time, it has an undoubted personality. The Kirov region is traditionally a subsidized region on financial terms, which leads to financing problems when developing and implementing spatial development programs for the territory.

The regional population and territorial commercial organizations have a low degree of satisfaction with the territorial product. In this regard, representatives of territorial authorities of Kirov region should pay attention to the living conditions and commercial activities in Kirov region. Territorial authorities need to conduct research in the field of satisfaction of different groups of consumers of territorial product systematically in order to develop measures to improve the competitiveness of Kirov region and to find funding for projects of development and positioning of the territory [13].

A well-implemented strategy for positioning the territory can help to stand out from other regions, to favorably present attractions, specifics of territorial entity or subject of Federation, the results of authorities, to attract attention, additional investment, to obtain a higher status.

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