Regional Branding as Factor of Achievement of Competitiveness of the Territory

E.L. Chizhevskaya, O.B. Fedorova and A.D. Kot

Tyumen State Oil and Gas University, Tyumen, Russia

Abstract: In article the content of cause and effect interrelation between image of the territory and its competitiveness is shined. It is proved that for achievement of the last it is necessary to approach to a question of designing and advance of a regional brand carefully. The branding role as most important competitive advantage of the region in formation of a steady position of the last in the Common Economic Space is designated. In a section of target audiences factors of regional appeal are differentiated, as tools of carrying out complex marketing for conditions of the territory the marketing mix method (model 4P) is adapted. In a section of each element of marketing the range of the decisions allowing most effectively to realize advance of a regional brand and by that to increase competitiveness and appeal of the territory is offered.

Key words: Competitiveness of the territory • Regional brand • Image of the territory • Complex of regional marketing

INTRODUCTION

The World Tourism Organization defines an image of a place as «the sum of all emotional and aesthetic qualities such as experience, beliefs, ideas, recollections and impressions that a person has of a place».

We believe that a complex approach should be used to build and promote a region image in order to increase the region competitive power [1]. Considering a region as a product portfolio would, on the one hand, allow boosting sales of goods and services supplied by this region and, on the other hand, encourage inward investments, tourism and highly skilled labour in order to keep and enhance the regional activity.

The value of a region as a product («a product portfolio») is differently interpreted by different groups of consumers. For the region residents, this value is the cost of living, level of incomes, pensions and other benefits, as well as the cost of specific goods and services. For tourists, the value of a region comprises the package holiday cost and the amount of daily minor expenses. For businessmen, this value is represented by the cost of equipment and building materials, tax incentives, production sharing and profit repatriation rules.

The success of a region image firstly depends on how successfully a region image consciously shaped by an individual, meets both the objective characteristics of this region and the consumers’ needs and expectations. In this case, the consumers are tourists, investors and migrants.

A region competitive capacity is conditioned by the extent to which the region brand is promoted, so the region brand is the most influential category of the market economy as a whole. The target audience of such brand is mainly represented by external individuals. The brand must correspond to the strategic issues of the region development and attract organizations, human and other resources, as well as orders, which could be relevant and necessary for the region and profitable for its development. Along with the brand outward effect, the brand inward effect should also be emphasized. This effect can be used to promote civil social and economic relations among the region residents, as well as to reinforce their feelings, such as unity, responsibility and patriotism towards the home region [2].

The region branding aims at providing an integrated and coordinated communications campaign of the region brand, ensuring the brand awareness, making the region influential, providing inward financial resources and outward translation of the regional initiative decisions.

The region branding is based on the principles of the business branding. This analogy brings us to the conclusion that the essence of the region brand consists in its power to identify a component of the Federation
Fig. 1: Classification of the target groups by their residence

Table 1: Factors of the region value for the target audiences

<table>
<thead>
<tr>
<th>Factors of the region value</th>
<th>Business consumers</th>
<th>Employees</th>
<th>Tourists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic environment</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Investment value</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Political stability</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Quality and standards of life</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
<tr>
<td>Crime rate</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Touristic value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospitality business development</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure development</td>
<td>+</td>
<td></td>
<td>+</td>
</tr>
</tbody>
</table>

Brand construction consists of two main stages [5]:

- Searching for and identifying distinctions. A distinction is a combination of several features, which, if taken separately, can be very individual and usually quite insignificant. Successful branding requires creating a distinct idea, mission and purpose.
- Reinforcing the distinctions identified. This stage consists in accentuation of minor distinctive features until they become important enough to merge in the people’s minds.

The same two stages should be respected in case of the region branding. However, along with the brand construction, promotional tools should also be designed at the initial stage in order to develop and sustain the region brand [6].
The complex regional marketing analysis can be carried out by means of the 4 P’s of marketing or the marketing mix model, which includes the following parameters [7]:

- **Product**: Marketing product decisions identify the line of goods and services to offer to the target group. For the region branding, the following points should be specified:
  - The goods and services supplied by the region, which are considered to be in demand in the external market (“region of origin” effect);
  - The level of the regional complex social and economic development;
  - The level of the regional housing development;
  - The potential and level of development of the regional market infrastructure;
  - The potential and level of the regional investment attractiveness, as well as economic and political stability of the region;
  - The potential of the regional natural resources and processing facilities;
  - Natural and historical sights, cultural objects, climatic and ecological characteristics of the region;
  - The territorial resources and facilities to use them;
  - The potential and level of development of the regional financial and banking systems [8].

- **Price**: Pricing constitutes a basic marketing element. The regional pricing decisions allow forecasting benefits the region will obtain through the regional pricing concerning consumer goods, capital goods, economic rent, etc. In the context of the regional pricing, the following factors should be taken into account:
  - Pricing of the regional resources and goods for sale and rent;
  - Factors of the interregional competition for the regional investments;
  - Factors of the domestic investment supported by the regional enterprises [9].

- **Place (Distribution)**: Distribution channels can be represented by the following:
  - The regional projects;
  - The regional investment programmes designed to attract external investment;
  - Marketing programmes designed to promote and sell the regional goods and services in the external market;
  - Tender programmes;
  - The regional programmes focusing on the strategic directions of the region development.

- **Promotion**: Promoting tools are used to inform the target audience about goods and services available and their advantages over competitors. For the region marketing, promotion objects can be represented by the following:
  - The regional development projects;
  - The regional property;
  - The regional goods and services;
  - The regional investment projects and investment environment;
  - The regional natural resources;
  - The regional industrial potential;
  - The regional territorial resources and their features;
  - Natural and historical sights, cultural objects, climatic and ecological characteristics of the region, etc [10].

When working out the regional marketing strategies, migratory processes, which take place in the Russian Federation, should be taken into account as well. While specialists, who have a sufficient qualification in a field, tend to migrate into more economically developed regions, the capital market tends to less developed ones, due to the overheating of the markets in more developed regions. To attract capital and highly skilled labour, the regional communication tools should be increasingly used [11].

According to the abovementioned characteristics, each region can be positioned in its own way. In the framework of their communication policy, special firms inform potential business consumers about the regional environment and products. For the target market of newly arrived employees and temporary workers, communication tools are advertisements, commercials and word of mouth, which provide information concerning the region welfare, wages, infrastructure development, cost of public utilities, etc. For the target market of tourists, the communication policy-making organizations are travel agencies [12].

As base for creation of a brand of the territory is the created positive image of the region, first of all, it is necessary to direct efforts to its correction. Purposeful work according to the procedures stated above will allow to provide the fullest use of competitive advantages of the territory and to reach it appeal.
REFERENCES