

## SPECIFICS OF TERRITORIAL MARKETING STRATEGY PLANNING

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### Abstract

Presently, all over the world and in Latvia there is to be seen a tendency that the territories are competing among themselves on the subject, which one of them and with what offers they will be able to attract tourists, to attach the inhabitants, and to attract entrepreneurs and investors, etc. To make these measures effective, it is necessary to elaborate an appropriate development plan, to create a strategy related to every territory and oriented to satisfaction of certain needs of society. Such strategy requires to be elaborated separately for every group of society or target market, defining precisely the most appropriate offers and the related to them measures. For better understanding of this strategy it is necessary to study the theoretical considerations on the topic of the locality marketing, of the opportunities of its use, and the planning process of the strategy. The marketing approach requires that the territory have to pay a special attention to development of its product in accordance with the needs of society, making use of all its resources and potentials. To provide a more effective marketing impact certain target market groups become singled out in the framework of territorial marketing, such as tourists/visitors, local population/employed, entrepreneurship/ production, export market. Taking into consideration that nowadays the role of the strategies of marketing complex, being implemented worldwide, is growing, the elaboration of them must be related to the real situation, to financial and other opportunities, foreseeing the possible problems beforehand.

What are the nowadays tasks of territorial marketing in the Europe?

Nowadays, there are vast opportunities to develop further the European single market and turn it into the biggest market of the world. Therefore, it is necessary for the territorial development to define new indicators of competitiveness. Strategic planning of the market is a ceaseless process that is oriented to the growing world market and to the adaptation of its requirements. Such approach may be related also to Latvia's situation. Nowadays in the Europe, the competition is high, and therefore the interest in elaboration of locality marketing strategy increases. The intensifying of localities' competitiveness is stimulated by different factors of development of the global economy. Therefore, the territories have to increase the level in different areas, for example, in education system, export area, and they have to pay attention to other critical factors to come up against the challenges of global market.

**Key words:** territorial marketing, marketing, locality, development, strategy, target market.

### Introduction

Presently, all over the world and in Latvia there is to be seen a tendency that the territories are competing among themselves on the subject, which one of them and with what offers they will be able to attract tourists, to attach the inhabitants, and to attract entrepreneurs and investors, etc. To make these measures effective, it is necessary to elaborate an appropriate development plan, to create a strategy related to every territory and oriented to satisfaction of certain needs of society. Such strategy requires to be elaborated separately for every group of society or target market, defining precisely the most appropriate offers and the related to them measures. For better understanding of this strategy it is necessary to study the theoretical considerations on the topic of the locality marketing, of the opportunities of its use.

**Aim of the paper** – to get acquainted with theoretical findings on the topic of the planning process of territorial marketing strategy and to study on their basis how the territorial marketing strategy might influence the development of the territory.

To achieve the aim the following **tasks** are carried out: to characterise the territorial marketing and the target market categories, to study the modern most urgent territorial marketing tasks in Europe, to analyse territorial marketing advancing methods and applied strategies during the period of transition economy, Formulate the conclusions summarizing the theoretical findings.

The **methodological basis** of the research is formed by foreign scientists' studies, publications in media and author's observations.

## Results and discussion Essence of territory and territorial marketing

What begins the territory with? Usually, with the local residence, lovely recollections, however, the territory is a locality. Independently on its size, the market term – marketing becomes added to it under Nowadays circumstances.

Every locality or territory is possession of its improvement forms, unique and inimitable sites, people and events. This circumstance is the basis of the principal differences in economic, social and political activities areas. Therefore, the main task is to study and to analyse the needs of the society and the ways of their satisfaction to make it possible to develop precisely such territory that may be attractive to a certain group of inhabitants or to a part of society, being interested in. This consideration is closely related to the marketing. **Marketing** is the process of planning and development of the concept of ideas, goods and services, the process of pricing, advertising and distribution, the aim of which is to further the businesses, which satisfy individual and organisational targets (Kotlers 2006).

From the marketing point of view, the use of marketing concepts may help the territory to attract tourists, entrepreneurs and investors, and inhabitants who may find that to live, study and work in this locality might be advantageously and even prestigiously. It may be related to both the big and the small territories.

**Territorial marketing: essence and types.** In the literature, there are many and different definitions of the territorial marketing. Some authors assume that the regional marketing becomes developed on regional level, taking into consideration the specifics of the region. Others, in their turn, pay attention to the image development of the territory, including the cities; they are convinced that it helps to attract entrepreneurs and inhabitants.

However, it would be more correctly to define the **territorial marketing**, formulating that it is a marketing that complies with the interests of inner and outer objects of the territory, in which the respective territory is interested in. In this context, it may be formulated that the objects of territorial consideration are concrete products, being offered in both the inside and the outside of the territory (Траут 2005.). **Region, territory, and locality** – offers the consumer role of its opportunities not only to themselves, but also to others. However, to be able to speak about the marketing approach, the territory should pay a special attention to development of its products in accordance with the needs of inhabitants, using all its resources and potentials, without concentrating the attention of the whole region exclusively on itself.

Best of all, the essence of the territorial marketing is reflected by the society or its part, being interested in the

products of the territory. The outer part of the society is interested in the welfare development of the territory because it desires to bring out a part of gained benefits (resources, knowledge, finished products, and financial resources) to benefit personally or to get benefits for their enterprises. The inner part of society relates its welfare (personal and business) to welfare of the territory. From the territorial point of view, both positions seem to be interesting, however, the approach to these parts of society must be different (Траут 2005.). Consequently, it means that there should be developed a different marketing approach and strategy. **Strategy** – it is all that makes the product different and unique, and this uniqueness is also seen by the clients. And, namely, the marketing forwards the strategy (Панкрухин 2007.).

However, it should be taken into consideration that under certain circumstances both these parts of the society may be interested in development of the territory or, on the contrary, may be not interested in development of the territory. What kind of interests the society may have when speaking about territory? Predominantly, they are related to effective use of advantages provided by competitiveness, i.e. the residency, the entrepreneurship and the non-residency. If analysed more detailed, it may be the size of the market, purchasing power of demand, development of infrastructure, opportunities and level of culture, education and health care, raw materials and labour force (profile, qualification, amount, costs) etc. (Траут 2005.).

For a better understanding of the needs of every part of the society, it must be made a more detailed analysis of the target market categories of the territorial marketing: Tourists/visitors, Local residents/employees, Entrepreneurship/production, Export market.

### Territorial marketing target market groups Tourists and visitors

During the last years, the number of tourists and visitors has increased rapidly. It was facilitated by both the introduction of a single currency and the development of tourism worldwide and in the Europe. Tourism develops in both inside and outside of the country's borders. It is a very significant economic indicator, because it provides considerable income and investments in a certain territory, creates new jobs and develops entrepreneurship. Worldwide and in the Europe, there are territories (cities), engaged basically in tourism only, and the income is provided exclusively by this area. These territories are continuously involved in improvement of their territorial values, to which belong the creation of the image, planning of special arrangements, development of infrastructure etc.

The market of tourists and visitors consists of two different tourist groups: entrepreneurs on business trips and tourists on pleasure trips. Therefore, the territorial

marketing specialists have to develop completely different marketing strategies. The aim of business trips is to participate at conferences and discussions, to get acquainted with the locality, to conclude a deal. The aim of the tourists is to get acquainted with the locality, to pay a visit to relatives, friends.

In accordance with the tourism development concept, the territorial development requires from marketing specialists a systemic and long term marketing strategy oriented to the definition of potentials and differences of local territories. The principal strategic priority must be oriented to definition of precise and specific target market to which the territory plans to move all its resources (Панкрухин 2007.). The territory has continuously to create new values. Therefore, there is necessary a process of development of values, during which an additional difference will be created, with which it might be possible to work on a precisely defined target market. The smaller is the size of a territory, the more important it is to offer to the target market something unique and unrepeatable.

### **Local inhabitants and employed**

For every locality, a very important target market is the local inhabitants and employed. Recently, the “cheap” labour force or the unqualified labour force was the one that was sought most of all, but nowadays a change of priorities has taken place. Therefore, the preference is given to a qualified labour force, to men of substance and to healthy people, being honest tax payers and in capacity to become residents in a certain territory.

An important indicator of every territory is taxes. The inhabitants and the employed are the principal, but in some localities, the only tax payers.

To achieve the set objective, the localities use different strategies and their forms. In the Europe, there are known the cases when the localities use comparatively original measures how to attract inhabitants. For, example, the Switzerland town Okselosunda created the slogan “We are seeking inhabitants”. The principal strategic direction was related to elaboration of an appropriate offer – attractive and convenient houses to live in, high quality of life and a clear development programme of the locality to improve the attractiveness of the locality (Панкрухин 2007.). Analysing this example, one gets a clear image that it may be possible to attract the inhabitants only then if the locality marketing has taken into consideration the requirements of the potential target market, the life style and requirements to environment. Presently, the most important accent in attraction of inhabitants is placed on the quality of residence – fresh air, convenient housing, and advantageous getting to big cities, developed infrastructure and technologies. Looking at the target market from the point of view of segmentation it may be seen that the inhabitants are family people. Therefore,

when elaborating the marketing strategies, the specific family models should be taken into consideration (Котлер 2005., Асплунд 2005., Рейн 2005., Хайдер 2005.).

- New families without children;
- Families with little children (up to 6 years) (full nest)
- Families with school children and teenagers (7-12 un 13-19) (full nest)
- Families with adult children, who are materially independent (full nest)
- Families with the children living separately (empty nest)

Every target market group has it own specific characteristic size and, accordingly, also specific needs. Therefore, some cities build kindergartens and schools, because in this locality there are many families with little children or schoolchildren. Because for the full nest family model it is important that there is education in the locality and that it is of corresponding quality; whereas, for empty nest model there are quite other needs and requirements regarding the location.

### **Entrepreneurship / production**

The third, not less important target market group is the entrepreneurship, production and investment attraction. This is one of the most significant target market groups, because it is important to provide the inhabitants with jobs and working places, obtaining in such way revenues from tax payments and lowering the level of unemployment. At the same time, this purpose market is the most demanding, increasing its requirements continuously to both the locality and the locality marketing strategy. Because the entrepreneurship develops; and it increases the requirements to locality and its future development strategy. Before the choice of the locality, a careful research becomes carried out on the topic of labour force in the planned locality, an analysis of production costs and circumstances is made, the amount of taxes and possible tax reliefs studied, the immovable property evaluated etc. Presently, there are in the Europe prepared territorial ratings with listing of different parameters – geographical, administrative, information accession, labour force qualification, strategic location, development of production and economy, effectiveness of public government, infrastructure etc. (Панкрухин 2007.). In some cases, there may also be of importance personal reasons of entrepreneurs – personal contacts (friends), interests (culture, sports, nature). Taking into consideration the growing requirements of entrepreneurship, the locality marketing uses different methods of attraction and attaching of entrepreneurs. Almost in all countries there are organized investment seminars, meetings and presentations with prior target market groups, created non-commercial organisations, funds of investment attraction – both national and regional (Панкрухин 2007.).

Entrepreneurs regard the locality as a potential “address”, evaluating different factors, determining the locality’s attraction. All indicators of locality’s attraction become divided in two groups: strong factors and weak factors. The strong factors may be measured by objective indicators. The weak factors do not subject to measurements, and they have a more subjective nature (Трпайт 2005.) In elaboration of locality marketing strategy, it should be necessary to use these factors as indicators to develop the attractiveness of the locality from the viewpoint of target market.

Presently, it is important to act and not to wait for help from others. Market economy requires a quick action and finding of ones own style. Only the in-depth locality strategy will provide the expected and planned results.

### **Export market**

The fourth target market is the enlarging of exports – locality’s capability to produce more products, being bought by other territories, people and enterprises. For, example, there is a small town Boskopa in Netherlands, which is one of the biggest exporters of flowers in the whole Europe. The other localities have also developed a strong export image. As one of the examples there is Milan with its worldwide known couture. Such are also Audi and Mercedes in Bavaria and Munich with their qualitative automobile brands and a strong strategy.

On the other hand, it is necessary to avoid the production of non-standard products, because it may not attract the necessary attention or create the opposite effect – anti-advertising. It must be taken into consideration that strong image of locality attract also tourists.

### **What are the nowadays tasks of territorial marketing in the Europe?**

Nowadays, there are vast opportunities to develop further the European single market and turn it into the biggest market of the world. Therefore, it is necessary for the territorial development to define new indicators of competitiveness. Strategic planning of the market is a ceaseless process that is oriented to the growing world market and to the adaptation of its requirements (Котлер 2005., Асплунд 2005., Рейн 2005., Хайдер 2005.).

Such approach may be related also to Latvia’s situation.

Nowadays in the Europe, the competition is high, and therefore the interest in elaboration of locality marketing strategy increases. The intensifying of localities’ competitiveness is stimulated by different factors of development of the global economy. Therefore, the territories have to increase the level in different areas, for example, in education system, export area, and they have to pay attention to other critical factors to come up against the challenges of global market.

### **Territorial marketing strategies**

When territories begin to move towards the market, it is necessary to make some important strategic decisions. There are four important strategies that may be used to attract tourists, inhabitants and employed, entrepreneurs, and to increase exports.

#### **Territorial marketing strategies:**

1. Image marketing
2. Locality’s attraction marketing
3. Infrastructure marketing
4. Human marketing

### **Image marketing**

The principal target of the image marketing is to create, develop and broaden the positive image adopted by the society. This may be the cheapest strategy, although the costs are depending on the image of the locality and on the necessity to change it. It is cheaper because it does not require a radical restructuring of infrastructure and changing of other factors because of a more intensive use of existing resources.

The most important instruments of the image marketing are the communication measures that demonstrate the opening of the territory to new contacts and stimulate them to get better acquainted with the territory.

There are known several kinds of strategies; and different is only the situation of their use and the target that must be achieved: a positive image, a weakly expressed image, too traditional image, a contradictory image, a mixed image, a negative image, too attractive image (Котлер 2005., Асплунд 2005., Рейн 2005., Хайдер 2005.).

### **Locality’s attraction marketing**

Locality’s attraction marketing means elaboration of such measures that make a locality attractive to a certain group of people. It also means the increase of locality’s competitiveness, because the locality’s attractiveness is related closely to development of the tourism. The locality’s attractiveness may be provided by arranging of environmental localities, creating pedestrian footpaths and bikeways, museums, historical and trade zones, architecture, culture and sports developments etc. (Котлер 2005., Асплунд 2005., Рейн 2005., Хайдер 2005.).

### **Infrastructure marketing**

No marketing activity in image development can replace the activities directed to arranging and development of territory. The core of territorial marketing is civilized market relations in the territory. The territory must provide convenient living, working and development conditions; therefore it is necessary to develop the infrastructure of residential areas, production

zones, market infrastructure and recreation zones.

The territories carry out a whole complex of different measures: political, judicial, scientific and other measures oriented to arrangement of business, social-economic and culture life corresponding to infrastructure. To bring into effect the infrastructure marketing the following instruments are used: exhibitions, fairs, thematic parks, culture and art days, hotels' activities and tourism, conferences, transport, bank system, communication, tax policy, educational institutions, culture, health care and sports institutions (Котлер 2005., Асплунд 2005., Рейн 2005., Хайдер 2005.).

### **Human marketing**

Human marketing is related to inhabitants and employed. Dependently on situation, every territory may determine its priority of locality – to offer a high qualified labour force or an economically bargaining cheap labour force. Or, on the contrary, to stimulate the resettling of inhabitants, if the territory is overpopulated or the unemployment level in it is high. To put into effect the human marketing strategy there are used different approaches, for example, famous people, energetic local leaders, qualified specialists, enterprising people, people, having come from other localities (Панкрухин 2007.).

### **Planning of territorial marketing strategy**

Territorial marketing plan has to include the improvements in territorial planning, infrastructure, basic services, for example, in health care, security and education, development of attractiveness and involving of people.

Before preparation of territorial marketing plan, the territories have to achieve the following:

- Understanding of the strong and the weak sides of the inner and the outer environment;
- Understanding of the needs of the target market groups;
- Preparation of a real vision of territory's future and its transformation;
- Elaboration of action plan to bring into effect the vision;
- Attaining of unanimity between different participants of the territory (self-governments, entrepreneurs, inhabitants);
- Evaluation of results in every phase of the plan.

The elaboration of territorial marketing plan (further in the text – plan) includes 5 principal phases:

**Phase 1:** Organisation of elaboration of the plan – this phase includes the decision making on elaboration of marketing strategy, planning of finance for this target, appointment of responsible person/organisation etc.

**Phase 2:** Evaluation/analysis of the territory – before elaboration of the strategy it is necessary to carry out the analysis of the territory. There exist different types

of analysis – aggregation of statistical information, researches, inquires etc. It must be estimated what is to be analysed and how it must be done, as well as to be gathered the accessible information types and the missing information. It is important to evaluate not only the inner territorial indicators, but also their relation to outer environment. One of the most common methods in this context is the SWOT analysis or the analysis of the strong and the weak sides, of opportunities and threats.

SWOT analysis may be carried out regarding the all territory as a whole, as well as regarding every branch, every target group separately. Under present changing circumstances, the inner and outer environment of the territory is to be analysed at least once in 6 months (Kalve 2005.).

In the territorial marketing, a great role is played by the competitiveness of the territory; therefore it is necessary to compare the evaluation of the competitiveness of the territory with other territories. The territorial competitiveness, including the competitiveness of cities, is defined by the Competitiveness Policy Council of the EU as a capacity of production of goods and services satisfying the criteria of international markets, where at the same time the citizens achieve a growing and long-lasting welfare level.

**Phase 3:** Elaboration of the plan – during this phase, the strategy becomes elaborated on the basis of the carried out beforehand studies and analysis, and it includes:

- Vision – defining of territorial vision or future aspect;
- Setting of development targets – especially indicating the desirable development tendency;
- Market research and marketing segmentation to evaluate the potential target markets and the related to them marketing activities;
- Definition of the task – very concrete, defining the due data, amounts and responsibilities;
- Preparation of programmes for accomplishment of the tasks – grouping of projects for accomplishment of similar tasks, planning of possible alternatives;
- Choice of projects – support of self-governments and attraction of funds to the real projects and to the projects to be implemented to achieve the prior targets.

**Phase 4:** Implementation of the plan that includes several activities to achieve concrete targets:

- Formation of groups involved in implementation of the project
- Preparation of action programmes of individual projects
- Detailed elaboration of implementation plan
- Providing of accessibility to appropriate finance resources
- Elaboration of the schedule of report meetings.

**Phase 5:** Evaluation of implementation of the plan – development of the system of surveillance indicators

that may be of help in evaluation of the direct results of the strategy, as well as evaluation of the impact of these indicators in a longer period.

**What strategy should be chosen?** Is it possible to choose a certain strategy and to focus on realisation of it for a longer period, for instance, for 10-15 years? It would be better and more correct to implement strategies of marketing complex, taking into consideration the real situation, the possible problems, the financial and other opportunities during the whole period. There might be of interest and usefulness the recommendations elaborated by A. Pankruhin.

What may be useful for a territory during the transition period? The most simple way might be the elaboration of a complex development programme, the definition of functioning principles, infrastructure development tendencies, advantages of competitiveness, the seeing about friendly relations between the inhabitants and the creation of publicity with the slogan: "we are good, we are nice, come to us!".

If the financial situation is low, then it is better to develop an image that corresponds to the real situation, to find out its advantages and to attract certain people interested in and investors. It is always important to provide, first of all, for the inhabitants and entrepreneurs, and only then to think about tourists. The biggest guarantee for further development is the residents and entrepreneurs.

In the cases, if the territories are not strong enough financially and less developed, then it is possible for them to join together. They may differ dependently on both the development level and the marketing potential (Траут, Дж.2005.)

### Conclusions

Summarizing the study of theoretical findings, it may be concluded:

- presently, there is to be seen a tendency that the territories compete on the subject what offers they have to use to attract the inhabitants, to attract tourists, entrepreneurs and investors etc;
- the marketing approach requires that the territory would pay a special attention to development of its own products that comply with the needs of society, using all its resources and potential;
- the territory has to develop a different marketing approach and strategy for every target market group;
- in the framework of the territorial marketing, special target market groups become singled out: tourists/visitors, local residents/employed, entrepreneurship/ production, export market;
- it is important to determine the indicators of territorial competitiveness for territorial development;

- as territorial advancing methods may be used the image marketing, locality's attraction marketing, infrastructure marketing, human marketing;
- the role of strategies of marketing complex, being presently implemented worldwide, increases, linking them with the real situation, the possible problems, the financial and other opportunities;
- the marketing plan of the cities has to include the improvements in planning of cities, infrastructure, basic services, for example, in health care, security and education, creation of attractiveness and involvement of people.

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