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## **Marketing in Regional Development**

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### **Abstract**

Regional development and regional policy are not only economic categories discussed by politician, European Union but also by individual territories, regions and counties. Marketing places, as a specific form of marketing, is one of instruments (in hand of regions), that could be used in advantage for regional development, as well as in advance for decreasing of regional disparities, which are significant, long-lasting and within several indicators deepening in the Slovak republic. Processed topic theoretically defines basic terms - region and regional development, marketing places and implements marketing and its instruments into regional policy with the aim to support regional development and rising of living standard in regions.

### **Key words**

Region, regional policy, regional development, marketing, marketing as a part of regional development and regional policy.

### **Introduction**

Growing interest about regional development in conditions of Slovak economy is stimulated not only by membership of the Slovak republic in the European union but also due to the fact that transformation of Slovak economy had widened social-economic disparities both among regions and within regions. These disparities tend to deepen in case of absence of systematic approach to regional development and can slow down the development of the whole state. Therefore we decided to implement marketing methods and processes in regional policy and to make use of its positive impacts on regional development in order to lower disparities within the whole country.

## **Goal**

The goal of this paper is to theoretically define basic terminology such as region, regional development, territorial marketing and to implement methods and processes of marketing to regional development and to regional policy in order to identify possibilities to improve development in certain territory (region) using marketing tools.

## **Material and methods**

We used available domestic and foreign literature, papers in magazines, internet sources and relevant legislative acts to define theoretical terms. Later, we used methods of analysis and synthesis, scientific abstraction, deduction, induction and comparison.

## **Results and discussion**

Region which is the crucial term of this paper is a very wide term and it is very difficult to precisely define it. Therefore there is no consensus among authors about its definition. Due to the fact that region in the widest meaning is not only economic but also geographic, urbanistic and technical category, its definitions are various. Word region comes from latin word "regio" which means border, radius or limitation. It can also mean certain bond but also (by translating the term regio-regere) management, regulation or administration. Hamalova, Tvrdon and Zarska (1997, p. 12-13) think that region "does have its conceptual definition in many fields of science such as in history, economics, statistics, sociology, geography, ethnography, urbanistics etc. Bucek (1992) defines region as "a geographically limited area which possesses a set of qualitative and quantitative conditions to form diversified territorial-economic and social system in which there is a high intensity of economic and social internal links, develops optimal links with other territories and is able to reproduce needs of growth mainly from own resources". "From regional economy point of view", say Belajova and Fazikova (2005, p. 66), "region is a territorial subsystem of a country which is characterised by a certain territorial structure and level of economic and social development. Therefore it is not only territorial but also economic and social unit".

There are no doubts that region as a more or less defined territory is based on operation and structure of certain mutual activities and bonds which were created between them. These activities can for example include companies, households, state and its representatives in a certain territory but also human capital in general, natural resources and conditions, infrastructure of local and regional importance etc.

Region can be defined as a formal or informal entity. Formal regions are usually established by administrative decision and they can or can not have certain historical, natural, human or any other traditions, habits, characteristics etc. Informal regions are defined strictly on these characteristics and traditions and habits have dominant importance and their territory is not administratively defined.

### **Region - object and subject of regional policy**

We fully agree with Skokan (2004, p.143) that "regions in global economy are more and more becoming driving forces of economy. In Europe, regions are often considered locomotives of development because concentration and specialization of economic activities (forming of clusters) is taking place in a global scale". It needs to be added that besides of regions that are true poles of development and move economy of the country there are less developed regions with lack of impulses to development and lack of resources needed to start multiplicative effect and dynamic processes in regional economy.

Region as a bearer of regional policy has basically double function. First, region is an object of regional policy. It means that certain area is object of realization - implementation of regional policy in practice. In this case region does not have many (if any) possibilities to be involved in planning and realization of policy or to directly influence these processes. Regional policy is carried out by state, multinational institution or by other subjects and region's chances to modify, intervene or to determine implementation of regional policy in any way are very limited. In this case it is desirable that region is involved in preparation and processing of crucial conceptual documents that will determine realization of regional policy. Otherwise if particularities, requirements and local conditions of a region were not considered it would have an adverse effect on success of realization of regional policy and also achieving of set up goals would be threatened.

On the other hand, region playing a role of a subject of regional policy is in completely different situation. In this case, it is a region that initiates preparation and realization of regional policy, uses its own tools for its implementation, prepares and approves (if it is in his competence) conceptual and operational documents, goals, economic and non-economic tools of realization of regional policy and evaluates its success or modifies and changes use of tools and conditions in which policy is being realized in order to achieve set up goals. However, even if a region is subject of regional policy, the whole process should not be realized separately and without mutual connection to state and supranational (European) policies. There are various reasons. First of all, it is use of some tools, support, financial funds

etc. from state or supranational level, compatibility and connection of regional policy from region and from the centre creates synergic effect that intensifies efficiency in achieving goals of regional policy, it contributes to more dynamic local and national development, living standards of citizens are growing faster etc. These facts clearly prove the need to mutually connect and coordinate preparation and implementation of regional policy on local, state and supranational level. Otherwise realization of regional policy could have completely opposite effect as expected by subjects of regional development and goals that were set up will not be achieved.

### **Regional growth and regional development**

Skokan (2004, p.12) defines economic growth as "increase in total product of country for certain period. It is usually evaluated as annual growth rate of real GNP (GDP) of certain country. Growth of GDP can be achieved even if the unemployment rate is high". There are no doubts that to consider quantity only and to dismiss other non-economic factors and influences would be a big mistake. Therefore the term "regional development" is very frequently used these days. It is very difficult to clearly define development (regional, state, supranational etc.). It is without any doubts wider term than growth and includes also non-economic dimensions. Its disadvantage is that these dimensions are often very difficult to quantify and can be evaluated mathematically and statistically only partly or only on certain level of abstraction. Recently sustainable development has been gaining ground under the influence of certain experience, tendencies of development and suggestions of changes (for example climate changes). Sustainable development is based on principles that secure at least current level of consumption, quality of life etc. for other generations. Sustainability will be in the future reflected in all strategic documents and human activities in both public and private sector no matter if a person is more or less environmentally oriented. There is a certain tendency to be seen even today for example in a private sector to produce products and services with respect to environmental principles and rules and use it as a competitive advantage comparing with other, traditionally oriented subjects. Sustainability is exceptionally defined in following statement:

**"Sustainability does not mean that we have inherited Earth from our parents, it means that we have borrowed it from our children."**

Rajcakova (2005, p.14) thinks that "in general regional development includes economic and social processes that are happening in natural-societal environment of a region which should utilise but also respect capacities, possibilities and particularities of a region".

She later adds that regional development represents assurance of economic growth and growth of social potential of a region when utilising of this potential should contribute to growth of living standards of citizens and to social and economic development of a country with respect to principle of sustainability. "Economic development means long-term increase in economic wealth of a country. It is determined by creation of new production economic activities that create new wealth, employment and also demand for products and services. Although economic growth is not the same as economic development, it is very hard to imagine development without economic growth", says Skokan (2004, p.12). As he continues later, both economic and social development are local phenomenon which are developed in certain regional environment. National economy can then be considered to be some kind of aggregate of local and regional economies.

### **Marketing, its definition and possibilities of implementation in regional development**

Marketing has become an essential part of successful business of every subject in the market. From the widest meaning of a word, marketing can be defined as an investigation of a market, its segmentation, customizing of product to consumer's demand as well as forming of market itself and its preferences. Bernatova and Vanova (2000, p.16) state that "pillars of marketing are predominantly versatile focus on customer and implementation and support of ethical and moral requirements of society in effort to gain an advantage over a competition by such a behaviour". There are many fields in which marketing can be used. "Territorial marketing includes activities that are focused on creation, maintaining or change in attitudes or behaviour of target groups towards certain territories" (Kotler, Armstrong, 1992, p. 364). It offers methods and tools for achieving development and prosperity of a particular territory. It defines product and perspectives of development of territory and harmonizes supply with market needs. It contributes to optimal utilisation of resources and total potential of territory. Therefore it aims to satisfaction of needs of territory with respect to public interest (Hanulakova, 2004, p.10). Market approach to product territory enables to react to needs and problems of customers in significant way. Vanova (2006, p.53-54) defined the term "territorial marketing" as a "continuous societal management process which provides opportunity to influence sustainable development more efficiently by building sustainable competitive advantage, harmonising market demand with an offer of particular territory based on utilisation of specific marketing methods and tools. Its goal is to minimize risks related to entry to a market and to maximize its societal benefit while accepting its role in society. Use

of territorial potential is efficient if it is in accordance with needs of target segments and which assures sustainable, continuous development and prosperity of territory".

"Territorial marketing offers more than just a territory. It can also offer investment opportunities, business, visit or other forms of offers such as persons (in elections), ideas (development programme), institutions (museum, spa), place (national park, tourist attraction), services (parts of infrastructure - accommodation, culture, health care), events (exhibition, fest, annual celebration) etc." (Dado, 2002, p. 6). From the points listed above, heterogeneity of products - of what territory offers (administration of territory, citizens and organizations operating in territory) is clear.

Bearers of territorial marketing are institutions of local and state administration which administer particular territory in order to maximize efficiency of coordination of activities in territory and utilization of its resources. Bernatova and Vanova (2000, p. 17) as well as Hanulakova (2004, p. 10) reckon that "besides of institutions responsible for development of administered territory, its development is also influenced by various groups focusing on their own goals - individuals, NGOs, private, public or public-private companies". Dado (2002, p.7) believes that "in territorial marketing, marketing activities should be predominantly focused on exploration of current needs and wishes of local citizens, forecasting changes in needs, preferences and expectations of subjects located in territory related to consumption of products offered by territory, increasing the benefit from offer realized by administration of territory and by territory, creating and strengthening of positive image of territory and its parts and on increasing the attraction and competitiveness of municipalities, towns and the whole region".

### **Programme, plan and strategy**

Programme of regional development presents middle-term programme document which is a part of framework of strategic and programme documents for realization of regional policy and it consists of aimed measures and interventions focused on stimulation of regional development. It has a role of the basic document of self-governing regional bodies in the process of making decisions about ways of stimulating economic, social and cultural development of region. It plays a crucial role in supporting of regional development, it helps to increase knowledge about the most important needs of region, it helps to mobilize own capacities and sources of region, it makes use of knowledge of local agents and experts and it enables to determine and to control direction of next development of region. Realization of regional development in the Slovak republic is based on valid legislative, predominantly on

the Act No. 503/2001 about support of regional development. This act in detail defines fields which should be in primary focus of support of regional development and arrangements of financial support. According §9 of this act, programme of regional development includes mainly:

- analysis of economic and social development of region, main directions of its progress and determination of its goals and primary needs,
- determination of regions whose development needs to be supported with regard to equalized development of region including fields which should be supported with proposed measures of support,
- tasks and priorities in allocating and development of civic equipment, infrastructure, environment, social policy, education etc.,
- proposal of financial and administrative realization.

Regional development programme includes process of planning, organization, decision-making and financial realization of support of regional development on regional level in order to achieve economic and social development in determined time period. The goal of the programme of regional development is to propose a set of measures that can be used considering available financial funds and which use enables achieving equalized economic and social development. Current system of management of regional development insists on efficiency of performance of both state administration and territorial self-governments. A lot of new approaches to management are copied in public sector from the private sector.

Due to the fact that the terms plan, programme and strategy are often used as synonyms we will define them in this chapter. According the Dictionary of the Slovak language, plan is "an idea about future, intention or schedule of activities pre-determined in order to reach a goal (economic, working, monthly)" (Group of authors, 2003, p. 480-481); programme is "an action prepared in advance, sequence, timetable of activities and goals (production programme, Kosice governmental programme)" (Group of authors, 2003, p. 595); and strategy is "a way of planning and management of activities designed to reach certain goal (economic, commercial)" (Group of authors, 2003, p.480-481).

According dictionary of adopted foreign words, plan is "a pre-determined timetable of activities with consideration of the goal and methods of its achievement" (Group of authors, 1979, p. 682); programme is "a pre-determined plan of activities" (Group of authors, 1979, p. 713); and strategy is a "set of intentions and human activities which are used to achieve certain goal" (Group of authors, 1979, p. 824).



Economic dictionary defines plan as "a one of basic tools of management" (Sibl et al, 2002, p. 631). However, it does not consider programme to be economic but mathematical expression, "a set of instructions for computer that works as a basis for operations" (Sibl, 2002, p. 691). Strategy is not defined in this publication.

Small dictionary of synonyms explains plan as "intention, idea, aim, thought, resolution, project, outline and schedule" (Pisarcikova, Michalus, 1988, p. 111); programme as a synonym of a plan (Pisarcikova, Michalus, 1988, p. 139); and strategy as "flexibility, skill, consideration" (Pisarcikova, Michalus, 1988, p. 174).

Based on listed definition we assume that programme and strategy are both parts of plan and therefore plan is a wider term than programme and strategy.

### **Regional marketing**

"Marketing approaches to realization of regional development require strong orientation to customers, to their needs and quality satisfaction. Customers of regions are citizens, businessmen, investors and other subjects within and outside of territory" (Dado, 2002, p. 4). However, customers in territorial marketing are not the same as in commercial marketing. Dado (2002, p.7) states that "target group is more suitable expression instead of customer".

Marketing plan of a territory is one of the new tools used in management process of regional development. Marketing plan is a middle-term document describing opportunities for designers of the plan. It determines target groups, it defines extent and quality of provided services, their availability and price. It also determines forms of communication with target groups and steps realized in marketing, time schedule and funds for their realization.

### **Conclusion**

Marketing activities of regions, efficient utilization of tools of marketing mix and their implementation to regional policy on central, regional and local level can be suitable and efficient tools to achieve increase in socio-economic development and life standards of citizens and equalization of interregional disparities. In this paper, we theoretically defined basic terms. The problem is that there is not a single, complex and fully inclusive definition of the term "region". Authors usually determine this category only partially, from the point of view of one scientific field.

We implemented territorial marketing as a specific form of marketing to regional policy and regional development and we revealed some possibilities possessed by regions

(regional self-governments) and subjects on a local level (municipalities, town's authorities). Nowadays, option of efficient implementation of marketing in regional development is also available besides of classic and standard tools of economic, environmental or administrative nature.

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