Marketing strategy of territorial branding in the context of sustainable development

Olena Chukurna* A; Dmytro Nikolaiev B

A, B Odessa National Polytechnic University (ONPU), marketing department, Odessa, Ukraine

Received: March 15, 2021 | Revised: March 25, 2021 | Accepted: March 31, 2021

JEL Classification: M31.

DOI: 10.38188/2534-9228.21.6.07

Abstract
The article considers aspects of formation of marketing strategy of territory branding, as the basis of strategic development. Attention is paid to the components of the strategy of sustainable development and its interaction with the elements of the territorial product and its influence on the image of the territory. A strategic analysis of the territory was carried out on the example of Odessa, which made it possible to form priorities for the strategic development of the territory. A marketing study was conducted by residents of Odessa regarding their attitude to the existing image of the city. Two main clusters of city residents were identified, depending on their perception of the image of the territory of residence. Proposals for the development of the territory's brand have been formed. Improved classification of marketing strategies for branding territories is proposed. This approach made it possible to formulate branding strategies for the territory in accordance with the goals of sustainable development. The classification has been expanded through the following positioning strategies: strategy of socio-economic image; strategy of environmental friendliness of the territory; strategy of a unique image of the territory; strategy for the image of a territory with a high level of comfort and safety; strategy of the territory's image as an innovation hub. This allows you to form strategies for branding the territory in accordance with the goals of sustainable development of the territory.

Keywords: marketing territory, strategic brand territory, oral development.

Introduction
In conditions of increased competition, absolute advantages such as natural conditions and favorable geographical situation are not the main factors of attractiveness of the territory.

The influence of globalization and the development of international economic relations forces countries and regions to compete for investments, markets, visitors, that is, to promote territory as a product. Therefore, territory marketing over the past decade has become increasingly popular and is becoming an integral element of state and regional governance. Territory marketing not only expands the tools of public administration, but also changes approaches, setting strategic goals, because the goal of any marketing is to meet the needs of consumers. Marketing of the territory is aimed at residents of the territory, investors, visitors and other economic entities, residents of this territory. The problems of territory marketing are of particular relevance in Ukraine in the context of the reform of decentralization of power and the formation of territorial communities. In this regard, the reform involves such important areas as state and local government, the investment attractiveness of the territory, the possibilities of European integration for the territory’s development.
strategy, its competitiveness and strategic development, the formation of local budgets, and the identification of new opportunities for using the territory's resources.

In Ukraine, there are programs for the development of territories and towns that regulate the development of territories, the use of their resources and competitive advantages. Such programs include the State Strategy for Regional Development for 2021-2027 (State Strategy for Regional Development for 2021-2027, 2021).

In addition, within the framework of European integration, the European Union is financing a number of projects and programs aimed at the development of regions, territories and new EU partner countries. For example, the European Union project “Support for regional development policy in Ukraine”, within the framework of which the possibilities for regional development of territories and the principles of economic cooperation are justified (European Union project “Support for regional development policy in Ukraine”, 2018).

The formation of a marketing strategy of the territories and the development of its brand is a central problem in the context of the reform of decentralization in Ukraine. As the Territory becomes the target of marketing in the context of competition between regions and territories for attracting investment, resources, human, financial and productive capital.

In the context of the implementation of regional reform in Ukraine, the regions receive greater autonomy, the possibility of implementing appropriate socio-economic policies, responsibility for the adoption and implementation of management decisions, the identification of its priority areas, as well as the effective coordination of interests at the macro, meso and micro levels. Under these conditions, the role of public policy is reduced only to a regulatory function, in order to avoid an imbalance in the development of various territorial communities. All these aspects contribute to the mainstreaming of the problem of forming a marketing strategy for branding the territory, since successful branding allows you to increase the competitiveness of the territory and increase its economic and investment attractiveness. This will contribute to the development of the territory and in this role of marketing branding strategy is fundamental.

**Material and methods**

When writing the article, the methods of marketing research in the form of a questionnaire were used; information processing methods – cluster analysis; strategic analysis.

**Results and discussion**

The concept of the development of territory marketing was reflected in national studies of many foreign and domestic researchers. The following Anholt S. (Anholt, 2017; 134), Keller, K.L. (Keller,2017), Roy Langer (Langer, 2018), Seppo K. (Seppo, 2013), Pankrukhin A. P. (Pankrukhin, 2013) are among foreign scientists who have made a significant contribution to the development of the concept of territory marketing.

So, Anholt S. justified the hexagon of the country's brand, which includes the following elements: government, export, tourism, investment and immigration, culture and historical heritage, people and human capital. These brand components shape the strategic success of the Territory's marketing. Thus, Anholt S. believed that the country's brand strategy is one of the key factors of its competitiveness (Anholt, 2017; 134).

Keller, K.L. in his worked justified the brand's strategies and its ability to capitalize. However, the territorial brand was not fully disclosed in his works (Keller,2017).

Roy Langer has also made a significant contribution to the development of principles and approaches for the image strategy of the territory, paying special attention to its
positioning tools (Langer, 2018).

The problem of forming a marketing strategy for the development of regions in conditions of strengthening integration processes has been repeatedly covered in the scientific works of Ukrainian economists, such as: Belovodskaya, O.A. (Belovodskaya, 2012; 359-373), Vakulenko V. M. (Vakulenko, 2016; 92-95), Deineka O. I. (Deineka, 2018; 377-382), Drobyazko I. M. (Drobyazko, 2008; 149-153), Kotova N. O. (Kotova, 2018; 127-131), Romat E. V. (Romat, Gavriilevko, 2018; 288), Soskina O. I., Starostina A.O. (Starostina, Martov, 2004; 55-57), Tregubov O. S. (Tregubov, 2010; 128-131), Cherevko A. I. (Cherevko, 2010) and many others.

The scientific works of most foreign territory marketing researchers focus on the differences in the territorial product, as a marketing object, existing practices in the development of branding strategies and the image of the territories, as well as their impact on the socio-economic development of the territory.

Most English-language works are journalistic in nature and are devoted to summarizing existing practice in this area and are presented in the form of “case-study”. In these developments, theoretical concepts are supported by real examples of successful marketing campaigns of cities, regions, countries, tourist destinations with their analysis and practical recommendations. Almost all cases are considered by the authors in the context of the strategic development of the city or region, and practical recommendations for the planning and implementation of marketing campaigns are associated with an integrated approach to the management of the territory and various aspects of its development.

Digitalization of all spheres of social and economic life also contributed to the emphasis of the subject area of research in the field of territory marketing on the use of Internet marketing tools. In this context, an interesting study was carried out by the Ukrainian resource “placeid.com.ua” Web City of Our Time: Cities of Ukraine Online ”(Web city 2017, 2017). The authors analyzed the efficiency of the municipal websites of the 10 largest regional centers of Ukraine by various parameters, summarized the information received and gave examples of successful Internet tools operating in the world and summarized the positive and negative features of urban web resources as marketing tools. This study made it possible to substantiate the methodological approaches of using tools to promote the image of territories using Internet technologies.

Given the significant contribution of these scientists and the results of their scientific research in the field of territory marketing, it should be noted that the dynamics of modern changes and the emergence of new factors of influence on the development of territories require constant study of this area. In addition, the issues of forming a brand marketing strategy remain insufficiently studied, due to the specific conditions for the development of each territory.

Given that the territory is a key object where the goals of sustainable development are realized, the formation of a marketing strategy for branding the territory becomes a key issue in the concept of the development of the territory. Since it is the three pillars of a sustainable development strategy (social, economic and environmental) that are part of the territorial product.

The purpose of writing this article is to form approaches to the development of a marketing strategy for branding the territory, as a basis for the sustainable development of the territory using the example of the brand of Odessa.

The marketing strategy for branding the territory should be formed considering the results of the strategic analysis of the territory. Existing approaches to the formation of a territory branding strategy are based on the application of image strategies of the territory.

Traditional strategic marketing solutions for the Territory include four groups of important marketing factors:

1. Orientation of basic services and infrastructure to meet the needs of three
important target groups of the Territory’s consumers - residents, businesses and visitors.

2. The creation of new positive features of the Territory regarding the quality of life, the implementation of entrepreneurship with public support to attract new investors, firms and individuals.

3. Communication and promotion of new positive characteristics of the territory and its image in general.

4. Providing support to the population and community leaders by attracting new companies, investments and guest programs.

The main goal of the territory’s marketing is to create new and strengthen its existing advantages to improve the well-being of the residents of the region.

Traditional approaches based on improving the image of the Territory currently do not consider global changes and sustainable development goals. Therefore, this study tested the approach to the formation of a marketing branding strategy based on three main components of sustainable development: social; economic; environmental.

At the first stage the strategic analysis of the territory by means of analysis SWOT-on the example of the Odessa bulk and Odessa was carried out.

When carrying out SWOT analysis of the territory the stratification of territorial space, i.e. distribution of space on separate components (tab. 1) was carried out. At the same time, the technique of carrying out SWOT analysis was based considering sustainable development goals so that as much as possible to capture the factors influencing development of the territory.

### Table 1. – Strengths and weaknesses of Odessa development

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ecology</td>
<td>– high levels of air pollution; – degradation of water (drying of the Hadjibey estuary) and balneological resources (Kuyalnik); – insufficient environmental safety of the environment of the city, Odessa waters, beaches; – lack of green spaces; – the absence of waste processing plants and the presence of landfills that have exhausted resource.</td>
</tr>
<tr>
<td>– the coastal location of the city; – availability of nature reserve facilities; – free budget water supply; – systemic monitoring of atmospheric air; – Active cooperation of public organizations with the city authorities to solve environmental problems and improve the ecological culture of the population.</td>
<td></td>
</tr>
<tr>
<td>2. Social sphere</td>
<td>– low level of competitiveness of resort and tourist services, their non-compliance with international standards; – a poorly developed network of information and service services in the tourism sector; – Lack of preschool facilities; – Most medical facilities are in need of repair, much of the equipment is obsolete; – a significant number of architectural, historical and cultural monuments need restoration.</td>
</tr>
<tr>
<td>– a large number of monuments of architecture, history and culture; – an extensive network of secondary and higher education institutions; – a large number of sanatoriums and holiday homes; – an extensive network of cultural and entertainment institutions.</td>
<td></td>
</tr>
</tbody>
</table>
The results of the analysis of the socio-economic development of the city allow us to group the problems of Odessa into such blocks:

1. Economic, which includes the following main elements: the downward trend in industrial production; low level of innovative, competitive and highly liquid products; underdeveloped innovative infrastructure; significant share of the shadow sector; underdevelopment of tourism; reduced investment; Low levels of foreign investment attracted; uncertainty of areas of specialization of the city, insufficient promotion of the city brand, etc.

2. Transport, which is characterized by the problems of losing the position of the city as a developed maritime transport center of the state, lagging the existing transport infrastructure from world standards.

3. The environmental block includes an adverse environmental situation; high level of air pollution; degradation of balneological resources; reducing green spaces; Discharge of insufficiently treated wastewater into the sea.

4. The social block takes into account the low living standards of the majority of the population; unpopularity of a healthy lifestyle among the city population; Lack of preschool facilities; high wear and tear on utilities and housing; the construction of residential areas is not always accompanied by appropriate social infrastructure, etc.

5. The management unit includes outdated methods of city management; Underutilization of the benefits of public-private partnerships; the lack of a concept of creating city council utilities; lack of calculations of generally accepted human development indices, etc.

The strategic analysis allows you to form a marketing strategy for branding the territory.

In order to develop a marketing strategy for branding the territory, which is a supporting factor for sustainable development, a survey of residents of Odessa was conducted.
The study was conducted using a survey of residents of Odessa based on a questionnaire. As a result, 1346 respondents answered all questions of the questionnaire. The questionnaire will provide an opportunity to find out the main segments of the city residents and their typical characteristics. In addition, the main purpose of the questionnaire is to identify the perception of the existing brand of Odessa by permanent residents of the city.

The first question regarding the attitude to Odessa, as to the place of residence, the answers of the respondents were distributed as follows: 87% of respondents are positive; 10% are neutral, only 3% are forced to live in the city (Figure 1).

![Fig. 1. Attitude towards Odessa as a place of residence, (%)](image)

*Source: own development*

The second question of the questionnaire regarding the assessment of the existing image of the city, the opinions of the respondents were distributed as follows: 35% of respondents are sure that the city has a good image, 47% is an ideal image; 18% – the average image of the city (Fig. 2).

![Fig. 2. The results of assessing the existing image of Odessa on a five-point scale, (%)](image)

*Source: own development*

The third question regarding the difference between Odessa and other large cities of Ukraine revealed that most respondents are convinced that the image of the city is different and only 11% of respondents believe that the image of the city does not differ.
On the fourth question of the questionnaire on the status of Odessa among Ukrainian cities, most respondents believe that Odessa has an average status (60%); 36% think the city has a high status; 4% – are difficult to answer (Fig. 4).

The fifth question regarding the problems and shortcomings that are inherent in the city of Odessa, the opinions of the respondents were distributed as follows:

- more than half of respondents are convinced that the problems of the level of medicine (62%) and ecology (53%) are most inherent in the city;
- 48% of respondents indicate such a problem as bad roads, 30% – low standard of living, safety;
- 27% of respondents consider a significant problem to reduce the level of education, 12% – to problems of leisure;
- also, 29% of respondents believe that Odessa has other problems, shortcomings (Fig. 5).
The results of the survey of respondents regarding question No. 6, on the strengths of the image of Odessa, the opinion of the population was distributed as follows:

- most believe that the strengths of the city are: location and ecology (78%), culture and sports (75%);
- 45% of respondents consider education a strength, 32% - improvement, 27% – safety;
- small shares in medicine (17%), economy and industry (15%), as well as transport and roads (5%) (Fig. 6).

![Fig. 6. Distribution of the results of the survey of respondents regarding the strengths of the existing image of Odessa, (%)](source: own development)

The seventh question concerned the opinions of respondents on the directions of improving the image of Odessa. The results of the survey are as follows: 30% – industry and economic development of Odessa; 27% of respondents believe that the city's security system should be improved; almost equal shares of the cultural component (17%) and the environment (16%); 10% of respondents believe that it is necessary to increase the number of sports grounds, places of leisure and recreation (Figure 7).

![Fig. 7. Results of the survey of respondents regarding the directions of improving the image of the city, (%)](source: own development)

The next question concerned image associations with Odessa among respondents. Of course, most respondents to Odessa associate with the sea and rest (45%), as well as Odessa, 38% of respondents indicated as the capital of humor; 11% – consider Odessa the cultural center of Ukraine; in 4% of respondents, Odessa is associated with South Palmyra; 2% of respondents have the following association “not the city, but the bride” (Fig. 8).
When asked about the level of landscaping in Odessa, the opinions of the respondents were distributed in this way: most of the respondents indicated that the city was landscaped (81%); 4% of the population consider the city unfavorable; 15% of respondents find it difficult to answer (Fig. 9).

The last question concerned the plans of respondents to stay on in Odessa or change their places of residence. It is encouraging to note that all respondents plan to continue to live in Odessa, of which 13% – for some time (Fig. 10).
The final questions in the questionnaire were 2 questions of a classification nature, which include questions regarding the regiment and age. Respondents surveyed were as follows: 55% of respondents were women, 45% were men.

In this survey, respondents from all age categories took part, most of whom, aged 18 to 34 years, that is, the young and able-bodied population.

Most of the respondents are women (55%), whose age limit is diverse, although there is a tendency to dominate the young age from 18 to 34 years. Thus, the analysis, which was carried out by the survey method of the population of Odessa, makes it possible to draw the following conclusions:

− Most of respondents, namely 87% of respondents are positive to Odessa, as to the place of permanent residence;
− nearly a half of the interviewed respondents are sure that the city had an ideal image (47%);
− the most part of respondents is convinced that Odessa differs from other large cities of Ukraine, at the expense of the unique atmosphere (89%);
− 96% of respondents consider that at the city rather high status among other Ukrainian cities;
− more than a half of respondents are convinced that the main problems fencing the low level of medicine (62%) and ecology (53%) is;
− many respondents consider that strengths of the city are: location and ecology (78%), culture and sport (75%);
− in the sphere of image of 30% of respondents consider that it is necessary to improve the industry and economic development of Odessa, and 27% of respondents consider it necessary to strengthen safety level;
− more than a half of respondents indicated that the architectural appearance of the city has the good level (68%), and cultural life of the city – the best (57%);
− the most widespread associations at the population of the city to Odessa are: the sea and rest, Odessa is the capital of humor;
− the most part of respondents specified that the city is well-planned (81%), at the same time, the most part of respondents plan to live in Odessa further.

A survey of the attitude of residents of Odessa to the image of the city allows us to make the final conclusion that most residents have a positive perception of the image of Odessa, despite a number of problems and an objective assessment of factors that reduce the level of comfort of living in the city.

The result of a marketing study regarding the attitude of residents of Odessa to the image of the city, a cluster analysis was carried out. The goal of which is to identify the main groups of consumers characterized by similar behavioral characteristics.

As a result of cluster analysis, specific groups were identified among the respondents.

In the first and second cluster, respondents’ responses are corrective and interdependent. As a result, 2 main clusters can be distinguished:

1 cluster – respondents are sure that the city has an ideal image, the architectural appearance of the city is good, and cultural life is the best;
2 cluster – respondents believe that the city has an average image, an average architectural appearance, a good cultural life.

Concerning the carried-out cluster analysis it is possible to draw the following conclusions:
first, it was succeeded to reveal two almost inverse groups among the interviewed respondents: the first group, in essence, is people fans of Odessa who are sure only in the best the hometown; the second group – respondents who aren’t absolutely loyal to the city, they consider that Odessa has an average image, average architectural appearance and good, but not the best cultural life.
secondly: if to the first group of appropriate approaches it doesn't make sense to look for, then for the second group – it is just necessary! As it is a little respondent of this category, they aren’t absolutely loyal to the city, consider that
Odessa among other cities by these criteria occupies average ranks, it is possible to use different methods of communication with them, stimulation methods that they changed the point of view to the hometown.

Besides, many respondents regard the level of safety and ecology as problem places. However, in answers the respondents associate Odessa as the city having image of the cultural capital. It shows that positioning of image of Odessa happens on the basis of the strategy of creation of the positive image based on a cultural component.

Along with it, the ecology and social and economic safety is of the city, great importance for permanent residents. Therefore, the assumption of need of branding of the territory on the basis of three components of strategy of sustainable development (ecology, economy, the social sphere) is confirmed. In this context of the purpose of strategy of sustainable development coincide with characteristics of a territorial product that dictates need to correlate strategic objectives of development of the territory with sustainable development goals and the strategy of branding of the territory.

Such approach allows to expand classification of marketing strategy of branding and positioning of territories which is presented in fig. 11

**Fig. 11. Improved classification of branding and positioning marketing strategies**

*Source: own development*

A study of the attitude of the inhabitants of the territory to its image made it possible to formulate priority strategic directions for the formation of blocks of a strategy for the sustainable development of the territory.

In order to expand opportunities in the field of foreign economic activity, regions and cities need to have the skills to attract investors, enterprises, the population and tourists. In fact, territories like goods and services require marketing events.
Proposals for improving the marketing of territories may be the following areas:

- improving and maintaining the competitiveness of enterprises in a region;
- improving the identification of citizens with territory of residence;
- attracting new companies and enterprises directly to the region;
- increasing the level of recognition and popularity of the region (territory) outside its borders;
- it is necessary to find a niche for the territory among other powerful territories, territories-brands in the world;
- As the regions were given the opportunity to manage, in fact, on the ground, the Territories should be increasingly responsible for their own marketing;

Conclusions

Territory marketing tools provide an opportunity not only to promote a territorial product, but also to plan, implement and evaluate its strategic development. The introduction of a marketing approach into strategic territorial management at any level requires considerable effort and financial resources. Therefore, it is important to start with the development of marketing events for cities, regions and gradually bring the marketing approach to the macro level.

In addition to developing practical approaches to the introduction of marketing in the management of territories at different levels (state, regional, local), issues of regional branding and re-evaluation of territories as products in the global dimension and the application of the latest information technologies in territory marketing are extremely relevant in this area. Therefore, territory marketing is one of the key concepts of effective sustainable development of the region. The application of the marketing approach allows us to analyze the territory from the point of view of its main stakeholders: business, investors, public and state structures, citizens. This makes it possible to carry out a comprehensive assessment of the Territory of the most important socio-economic and environmental parameters for sustainable development.

The lack of marketing justification for economic strategies that are being developed in Ukraine at this time leads to incomplete consideration of the interests and characteristics of regions and cities. The use of territory marketing concepts in the development of economic strategies will make it possible to more successfully attract investment in the regions, increase attractiveness among foreign countries and generally improve the image of the territories, which will have a positive impact on their socio-economic situation. In the prospects of further research, it is planned to consider in more detail the features of the use of territory marketing in a particular region, region or united territorial community.
References


Didkovska V., FalkoY. (2020) Successful territorial brand formation (on the example of Singapore). VUZF review,5 (4), 3-8


Resolution of the Cabinet of Ministers of August 5, 2020 № 695 "On approval of the State Strategy for Regional Development for 2021-2027"


State Strategy for Regional Development for


