

THE INNOVATIVE DEVELOPMENT OF RUSSIAN REGIONS WITH USE OF MARKETING TOOLS

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Abstract

The goal of the paper is to present the use of specific marketing tools in promoting the innovative development of Russian regions in order to make Russia one of the most technologically advanced countries in the world. Achieving the goal of the paper is based on the trend analysis and comparative assessment of marketing tools used in promoting the innovative development of Russian regions. Based on these results the paper discusses marketing evolution of different territories in Russia and in the world, summarizes tendencies of innovative development in Russia and in foreign countries, and presents problems and perspectives of using specific marketing tools in promoting the innovative development of Russian regions. The results support research assumption that using specific marketing tools (particularly tools of brand and sensor marketing) can promote the innovative development of Russian regions. It allows formulating proposals for the development and implementation of regional marketing strategies for promoting the innovative development of specific Russian regions.

Key words: marketing, innovative development, Russian Federation

JEL Code: M31, O18, O33.

Introduction

The paper actuality is stimulated by the necessity of competitiveness increase of regions social economic system aimed at the task decision to include Russia in the five biggest economics of the world. Country's economy quick growth is possible only on the basis of innovative processes increase in the regions of Russia (Spitsin, Mikhachuk, Chistyakova, Spitsyna, & Pavlova, 2018). To solve the given task, it's necessary to reconsider organizational economical mechanisms and innovative processes management tools including active use of regional marketing instruments (Selyukov, Shalygina, Kodenko, Dobrydina, & Mamatova, 2018).

Comprehensive analysis has been done and innovative development tendencies of economically developed countries are revealed in the article. Subsequently innovative processes in Russia were investigated and necessity of economic activity creative varieties development was noted reproducing creative innovations. In according to the implemented analysis, the most effective marketing tools have been revealed, which make it possible to strengthen image of the territory. The indicator "value of the territory" has been investigated which reflects living comfort level and possibilities of population participation in social economic life of the territory. The principles of the innovative theory development and methodology of the territorial marketing were considered taking into consideration the historical tendencies of urban management (Meer, 1992), territories marketing and their consumers (Kotler, 2012), territories development at the expense of the new economic agents (Lavrov & Surnin, 1994). Territories needs in innovations (Sekerin & Gorokhova, 2016) and influence of innovations on the level of life cost on the separate territories (Sun, 2015) were also considered in the work.

Analytical data published in the scientific literature and periodical publication, expert elaborations of the Russian and foreign scientists, Rosstat and authors materials served as empiric basis of the research. During research process implementation we could receive findings associated with insufficient strategic guidelines of regional economic system innovative development. In modern conditions development of marketing tools at the regional level is becoming actual which allows to increase region positions at the national market on the one hand and to increase their commercial, investment and social attractiveness, but on the other hand to increase image of the region and cost of the regional business in the whole.

1 Goal and method

The goal of the paper is to present the use of specific marketing tools in promoting the innovative development of Russian regions in order to make Russia one of the most technologically advanced countries in the world.

Achieving the goal of the paper is based on the trend analysis and comparative assessment of marketing tools used in promoting the innovative development of Russian regions using empirical data on marketing concepts and the development of Russian regions available in the scientific literature and the statistical data provided by the Russian Federal State Statistics Service (Rosstat). To formalize and summarize the results of the analysis, comparative, abstract-logical, inductive-deductive and statistical methods were used. Based

on the results of the analysis, it was possible to assess the impact of specific marketing tools on the innovation potential of Russian regions in terms of political, economic, social, technical, legal and cultural aspects. The current results of the authors' research are summarized in the monograph published in 2019 (Veselovsky & Izmailova, 2019).

2 Results

The authors' research results are presented in three aspects: 1) in substantiation of marketing evolution of territories; 2) in revealing problems of innovative processes in Russia and foreign countries; 3) in substantiation of problems and perspectives of marketing tools use to expand innovative capacity of the region.

2.1 Marketing evolution of territories

A competitive advantage of each region is formed on the basis of absolute and relative advantages, characterized for each specific territory. These advantages are natural for territories and to influence their establishing is rather difficult. At the same time available resources exploitation degree and their involvement in the reproducing cycle allows providing the most profitable conditions of region functioning and social processes of public development.

It's also possible to create additional competitive advantages due to active impact of different public institutions of development, technologies of region positioning and forming regional brands. Forming competitive advantages in most cases can be viewed as a long-term investment project with rather big investment costs which can lead to the positive results only in definite period of time.

Different points of view investigation of "competitiveness of the region" shows that most scientists define it as a result of effective use of competitive advantages. However, such approach doesn't allow to form system-oriented vector of direction of these advantages and consequently, to produce complex of measures providing increase of territory attractiveness as well as to work out an advancement mechanism of regional innovative product to definite interested groups of consumers.

Marketing of territories received development from 1980 and during this period of time it is distributing more and more intensively in the world. The main stages of marketing evolutions of territories are presented in table 1.

Thereby, approaches to essence and content of marketing territories were changed both in foreign proceedings and in the proceedings of domestic economists. Accordingly, toolsets of marketing were also changed with such approaches.

Tab. 1: Marketing theory evolution of territories in the world and Russia

| Name | Year | Authors | Content |
|---------------------|------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Urban marketing | 1980 | Meer, 1992 | Support of balanced urban functions and their demand from population, companies, tourists. |
| Marketing of places | 1990 | Kotler, 2012 | Territories (places) are peculiar products, and people are their consumers. |
| Regional marketing | 2000 | Lavrov & Surnin, 1994 | A new approach in management of a region, system of measures on opinion changes about a region, attraction of new economical agents. |

Source: authors

Taking into consideration modern positions marketing of territories should be based on the conception of creative economy which is characterized by increasing the role of creative activity and different creative related industries – advertisement, architecture, figurative, musical and dramatic art, mode, publishing business, scientific investigative and experimental constructive works, software, etc. Such kinds of creative industry form cultural identity and provide integrity of regional social economic system on the basis of implementation of creative innovations. Creative innovations as a product of region creative economy are a leading factor of innovative activity increase of a region economic system manufacturing sector. Development of creative industry influences positively formation of industrial territory brand. As a result, it leads to the growth of innovative activity of related branches enterprises, inter-branch technological chain.

2.2 Tendencies of innovative processes development in Russia and in foreign countries

Implementation of creative economy conception is interfaced with the necessity of innovative processes activation and essential increase of population level of life. Let us consider the principle tendencies of innovative processes development in Russia comparing with the leading economically developed countries of the world and represent the results in table 2.

In according to the data of 2016, Russia concedes all represented eight countries in the key indices of innovative activity. It means that it's practically impossible in the nearest future to implement task of entering Russia in five biggest countries of the world without

essential correction of country development strategy relatively to development of creative activity. One of the guidelines of creative economy development can be digital technologies introducing through modern software use in manufacture preparing, establishing unified informational area in manufactures and in regions in the whole and implementation of Industry 4.0.

Tab. 2: Comparative indices of innovative activity in Russia and independent foreign countries in 2016

| Country | Issue of invention patents (unit) | Number of publications in journals Web of Science (unit) | Domestic costs on researches and elaborations in GDP (%) |
|-------------------|-----------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| Russia | 33,563 | 320,332 | 1.10 |
| Germany | 67,899 | 1,023,557 | 2.94 |
| Great Britain | 22,059 | 1,158,941 | 1.69 |
| France | 16,218 | 715,026 | 2.25 |
| China | 1,338,503 | 2,206,532 | 2.12 |
| Republic of Korea | 208,830 | 510,932 | 4.24 |
| Japan | 318,381 | 806,857 | 3.14 |
| USA | 605,571 | 3,852,171 | 2.74 |

Source: authors

2.3 Problems and perspectives of marketing tools using in expanding innovative capacity of region

Active use of marketing tools aimed at regional products promotion and stimulation of consumer demand is one of the guidelines of innovative processes stimulation in economy of the region. However, it's necessary to take into account the population quality of life remains insufficient and it's a serious limitation of consumer demand on the market of science-consuming product. Tendencies of social development in Russia are presented in table 3.

Thereby, one can observe the tendency of population life level decrease, including real money income of population, share of population expenditures on goods purchasing and payment of services, share of population with money income lower than minimum of subsistence. Strategic guaranteeing goal of region sustainable innovative development together with increase of population life quality is determined by possibility of knowledge generation which is characterized by digital, high- and biotechnologies (Veselovsky &

Izmailova, 2019). A special role in this process belongs to marketing tools. At the same time share of enterprises in Russia which have used marketing innovations is less than 2% (Rosstat, 2018).

Tab. 3: Comparative indices of innovative ACTIVITY IN Russia and independent foreign countries in 2016

| Indices | unit | 2010 | 2015 | 2017 |
|------------------------------------------------------------------------------|----------------|-------|-------|-------|
| Real money income of population | % | 105.9 | 96.8 | 98.8 |
| Share of population with money income lower than minimum of subsistence | % | 12.5 | 13.3 | 13.2 |
| Index of consumer prices | % | 106.9 | 115.5 | 103.7 |
| Share of population expenditures on goods purchasing and payment of services | % | 69.2 | 71.0 | 75.8 |
| Total area of residential dwelling per 1 person | m ² | 22.6 | 24.4 | 25.2 |

Source: Rosstat (2018)

In the system of marketing activity at the regional level interactive marketing plays an important role. It is in all spheres of public life, at all levels of communications, one can divide interactive marketing into four levels: intergovernmental, governmental, municipal, consumer. To provide effective interaction between the all four levels it's necessary to work out a special marketing strategy of the region.

Marketing strategy is a document which is implemented in according to the Strategy of social economic development of the region, the principle goal of which is to increase population life quality of the territory (Vajsbejn, Sazonov, & Gagoshidze, 2015). Implementation of marketing strategy should be coordinated by the Regional marketing centre which was created specially. It includes key economic subjects of the region (government bodies, enterprises, educational institutions, scientific research institutes, etc.)

It's efficient to consider experience of the city of Volgograd in marketing strategy formation. Marketing strategy elaboration of the city included 3 stages – preparatory, main, and control. The last stage is considered to be the most important as it provided equivalence control of implemented measures to necessity and to goals of territory development. It also should be noted that during elaboration of the city marketing strategy attention was paid to factors influencing the image of the city of Volgograd. The most considerable external factors

are the following: good geographical location, high scientific capacity, a big number of learning youth, low real incomes of population, absence of information about the city in advertisement. The most considerable inner factors are the following: bad urban ecology, low level of social support, readiness to move to another place of most of the population (Vajsbejn, 2016). Thereby, negative inner factors influence the image of the city of Volgograd considerably.

Working out the marketing strategy at the regional level it should be taken into consideration that trademarks and consumer loyalty are more widespread marketing actives than knowledge of market and management of distribution methods. It means that marketing toolset should be directed to increase trademark recognition of the regional companies and loyalty of consumers. In this case there is growth of actives both as in the separate companies and in the region in the whole. This fact is confirmed in the work by Veselovsky & Izmailova (2019). Thereby it's efficient to extend management of interrelations of the marketing strategy to the clients. For example, specialists of company ABM have established that growth rate of satisfaction of their consumers for 1% gives additional receipt \$500 000 from the sale during the next 5 years (Kovalyeva, 2010).

To increase the role of the factors which form favourable image of the territory it's efficient to work out the system of effectiveness estimation indices of the region marketing strategy which could be used in the process of marketing control implementation. Analysis of increase speed of economic value-added cost of the company in the region should play the key role in assessment of marketing strategy implementation effectiveness. Such position is based on the fact that economic value-added cost mostly reflects company attractiveness in the region from the approach of value-oriented point of view and provides quality increase of decision making focused on the achievement of innovative development strategic goals of the region and its separate subjects (Hermann, Pentek, & Otto, 2016). Implementation of this approach is possible within formation of client-oriented model of extended innovative process on the basis of technological chains developing between industrial companies of the region and interregional close cooperation (Alleyne, Lorde, & Weekes, 2017).

Among innovative methods of marketing should also be underlined brand and sensor marketing. The brand of the territory should become a symbol. It must be recognized and attractive for all citizens and economic subjects. Recently more and more attention has been paid to index "value of the territory", which reflects the degree of living comfort and population possibility to participate in social economic life of the territory (Sun, 2015).

Conclusion

Let us summarize research work of the marketing tool role in increasing innovative capacity and sustainable social-economic development guaranteeing of the regions.

To achieve the task of entering Russia the five biggest countries of the world it is efficient to move from current to united strategic vector of economy development for all regions of the country based on the "national" idea, knowledge generation and innovation implementation. The most appropriate in modern conditions is development of activity kinds relative to the creative economy (advertisement, architecture, figurative, musical and dramatic art, mode, publishing business, scientific research and experimental constructive works, software). Creative economy provides reproduction of creative innovations, which are the leading factor of innovative activity of productive sector increase of the economic system in the region (Šikýř & Bušina, 2014).

On the basis of the fact that population level of life in Russia has been decreased recently regional innovative policy should be social oriented. It's efficient to use technologies and marketing toolsets in developing social critical branches of economy providing normal vital activity, conservation of people's life and health (Uskova & Voroshilov, 2015).

To provide synergetic effect it is efficient to form marketing strategies at the regional level implemented in according with the Strategy social economic development of the territory and focused on population life quality increase. Implementation of marketing strategy of interaction management with the clients is substantiated.

It would be more efficient to estimate innovative activity effectiveness at the regional level and use of marketing tools on the basis of extended speed of economic value-added cost of the company and "value" of the territory. Among innovative methods of marketing increasing innovative capacity of the regional economy brand and sensor marketing should be marked out.

Thereby, using marketing tools increases image of the territory combined with the growth of financial economic indices and competitiveness of the regional companies. Combination of innovative and social functions will permit to solve strategic tasks of social economic development of the Russian regions on the innovative basis when implementing marketing strategies.

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