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## **TERRITORIAL MARKETING STRATEGY – WAY AHEAD FOR ECONOMIC DEVELOPMENT<sup>1</sup>**

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### **ABSTRACT**

The territorial cohesion becomes topic of great importance to national authorities nowadays. This importance has its roots in the unexpected growth of spatial imbalance of economic development. Thus, urban and more developed are as successfully attract people and economic activities, while much of rural and peripheral are as appeared to sink into oblivion.

Such an image requires a need for application of usual business marketing techniques, tools, and methodologies on the territory whose main goal is the development and highlighting the specifics it owns and their promotion on the national and international markets.

This paper analyzes the territorial marketing, viewed through the prism of a model of territorial planning, where the core entity that is strategically promoted is exactly the territory, thereby identifying appropriate territorial marketing strategy as an element for economic development.

**KEYWORDS:** territorial marketing, promotion, local governance, strategic development, product.

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<sup>1</sup>Professional article

## TERRITORIAL MARKETING STRATEGY - NEED OR NECESSITY

Territorial cohesion becomes topic of great importance. Such importance is rooted in the unexpected growth of the spatial imbalance of economic development. Urban and more developed spaces are increasingly attracting people and economic activities, while much of the rural and peripheral territories seem to be cursed to turn into a desert and completely forgotten. Therefore, the application of the marketing tools in coordination with the territorial development strategies is a basic postulate in order to improve the process of development of the territories and their promotion.

The application of common business techniques and methodologies to a territory and its manifestation is increasingly becoming an ongoing topic within cultural and academic debates (Bencardino&Napoletano, 2003), but also within government activities on the territory given the increasing importance of the policies for territorial development in relation to the processes of social and economic growth at all administrative levels: from municipal, regional to national level.

This application is aims to identify tools that are considered useful, as well as applying those tools that have always been considered for strictly business methodologies on the territory (i.e.expressed in marketing terms the "product"). This image is built primarily due to the increased competition and partially raised awareness of the importance of the opinion of the various subjects for a certain territory. The competition between the territories and the geographical areas in which the territories are divided is the main reason for application of such tools, which, in dialogue and multidisciplinary approach, sees the essential need for definition of new models of local territorial systems and models of territorial planning, through giving different values on the geographical areas.

Therefore, the focus is placed on the applicability and usefulness of the marketing concept on formulation and implementation of the strategies for local and regional development and in the direction of building a bottom up approach that will enable the implementation of the newly created needs of the territories and actors on the territories. Such an image will be complete if each territory, viewed through the prism of a region within a state, has established its own system of territorial marketing strategy as an element of economic development.

### Strategic planning of the territorial image

The growing process of digitization and virtualization, which at this moment characterizes the world economy, creates a wide range of economic activities in a real and virtual dimension. This fact reduces the impact of territoriality on economic relations and the development and dissemination of virtual territories that tend to question the epicenter of economic relations and decisions at different territorial levels.

Globalization leads to processes that involve a change in the perception of distance (the range of all kinds of social, cultural, political and economic relations across space and time), and time-space compression (the apparent destruction of space by time as a result of a wide spectrum of media and communication technologies), because speed reconfigures many of the presumed correspondences between social space and physical distraction. The global economy is increasingly becoming symbolic spatial-economy, in whose epicenter are the territories that are aggressively competing through different channels across space and time.

The increasing competition within the borders of the European Union, between cities and regions, creates a struggle for visibility and recognition of the quality, differentiation and competitiveness of their territorial economic specialization and institutional density (the number and nature of public and private institutions that are present at territory). Such a flow appears to be increasingly reflected within the Western Balkan countries as well, where aggressive competition between local and regional territories at different territorial levels is trying to compete in attracting investors, conferences, entrepreneurs, companies, tourists etc. (Kotler, Haider, & Rein, 1993).

At a time of strong inter-territorial competition, the success in territorial strategic planning depends largely on their capacity to formulate and renew their competitive advantages in a shorter period of time. The economic growth and failure of certain regions appears to be the result of their ability to develop and rebuild their portfolios of internal and external relations. The portfolio of relations of local and regional territories is the sum of their internal and external

relations - the richness of the internal and external relations of the territories and their economic and institutional entities.

The strategic management of the portfolio of territorial relations is a very important tool within this complex system organized in a hierarchy of networks of specialization, innovation, cooperation, as well as the interlaced and informational organization of the markets, sectors and economic entities on different territorial levels (Neto& Silva, 1999).

Characteristics of the strategic planning of the territorial image in the direction of economic development

One of the biggest challenges for territorial affirmation, in terms of the ability of the territory to provide competitive strategies and to implement effective public policies for territorial planning, management and promotion, should be based on the following characteristics:

- **Flexibility and time dependence** of the territory - the ability to self-shape, change, adapt to new internal and external challenges, finding solutions to survive the imposed circumstances or long-term shocks. This characteristic is primarily an "entrance exam" for the Western Balkan countries. Depending on their flexible action, their affirmation on the European ground will depend;
- **The character** of the territory - the way of functioning i.e. how the economic and institutional entities on the territory act together. The character of the territory at the same time represents the ability to find new forms of combining resources and factors, and to adapt and respond to the decisions of companies leaving the territory, as well as to the loss of competitiveness of the dominant economic sectors;
- **The identity** of the territory and the perception process - the sense of belonging and identification;
- **The memories** of the territory - the possibility to establish relations between dispersed information (whether it is in a sectoral sense or in the sense of places for storing information) in order to extract some profit or benefit from these memories, or to build systems for information territorial decisions and to be introduced into the process of planning and managing the territory;
- **The dimension of the relations** of the territory - The relational dimension of each local and regional territory consists of the merging of economic and

institutional relations that are built intra and inter-territorially by firms and institutions in the domain of carrying out their specific activities and/or in the course of their own strategic intention to increase their competitiveness and to add value to their relative positioning. The degree of sophistication, diversification and effectiveness of the intra portfolio and inter-territorial relations in each territory is a crucial factor in terms of the capacity of the territory to formulate and update the competitive advantages;

- **Managing the time dependence and the flexibility** of the territory - long-term management of the attractiveness of the territory and strategic management of the portfolio of territorial relations. The positioning of the territory on the international market and the establishment and maintenance of economic prosperity, affirmation, recognition is a reflection of the successful management of time dependence and flexibility of the territory;
- **Public policies, territorial governance and the process of creating a territorial image** - Public policies determined toward local and regional territories must contribute to the strengthening and development of flexibility, time dependence and dimension of relations, as well as to the construction of differentiated territorial identities and secure the attractiveness of the territory. The quality and process of implementation of public policies largely depend on the characteristics and the level of sophistication of the territorial governance systems. Territorial governance is an integral system of relations between institutions, organizations and individuals, both national and supra-national;
- **Strategic management of the territorial image** (Kotler et al., 1993) - how the territory looks like and how it wants to be or can be perceived and therefore the initiatives to influence on the perceptions and expectations that both sides have, i.e. decision-makers and organizations in relation to each of them, the perception of their potential, their capabilities and their inventory of tangible and intangible resources which is considered as a condition for survival and factor of competitiveness; and
- **Territorial marketing strategies and management with the attractiveness of the territory** - Marketing in this case includes the re-evaluation of the territories in order to create and promote a new image of local specifics that would improve their competitive position in attracting or retaining resources. Territorial marketing analysed as a process and as an additional decision-making tool, is an exceptional tool for managing the flexibility, time dependence and perceptions of territories, image of the territory, identity

building, and increased visibility/attractiveness. Territorial marketing can be considered as a stimulator of the identity or as creator of new forms of identity (Dunn, Mcquirk, & Winchester, 1995). Marketing viewed through a prism of a territory /region limits itself to glorifying the existing positive characteristics of a certain space, but also attempts to rediscover the space or to create a new image for it. The creation of territorial marketing strategies is a continuous process of promotion and communication, which is largely different from occasional promotional and communication practices. The process of promoting the attractiveness of a territory is, above all, a process of managing the internal and external territorial expectations and perceptions. The design and development of territorial marketing strategies and their ability to create an image for a single territory consists of defining planning strategies that incorporate tools for affirmation and promotion of territorial advantages. Thus, today's regions, in order to adapt to emerging world trends, should focus on building their own virtual dimension, which results in the use of information and communication technology and their applications on the territory.

These characteristics should be undertaken in all conceptual processes of territorial marketing strategies and promotional and communication initiatives. Taking into account the process of consolidating the identity of the territory, and its operationalization in the direction of greater competitiveness and visibility of the territory, and consequently, attractiveness, among other aspects, includes a very complex and sophisticated process of building a territorial marketing strategy and management of the attractiveness. Digitalization and virtualization allows the territory, as well as the entities that are located there, to be projected and positioned at other territorial levels and offers sophistication of the process of promoting attractiveness through an interactive, efficient approach. Such characteristics form a specific territorial image that emphasize its competitive advantages and impact on the positioning of the territories at the market and on its economic development.

#### Conclusion

The current economic and social reality in any local or regional territory is the result of a historical process of sedimentation of public policies, as well as private decisions and strategies. Today, what arises from that sedimentation process is a set of economic and social characteristics, with greater or lesser

potential for development, as well greater or lesser flexibility of territorial resources and the agility of its actors. The way in which this sedimentation process occurred, as well as the results achieved, allowed the territory a greater or lesser flexibility in terms of changes, greater or lesser capacity to manage and to guide the life cycle of the territory and its time dependence, as well as lesser or greater ability to develop and sophisticate the dimension of relations of the territory.

Public policies targeting local and regional territories must contribute to the strengthening and development of this dimension of flexibility, time dependence and relations, as well as to the creation of differentiated territorial identities and ensuring its attractiveness.

We live in a period of growing awareness of territorial marketing strategies not only to promote the territory as a tourist destination, but also to attract investments, promotion of companies located in the territory and their products. Today, when cities and regions are trying to create a favourable image among investors, the decision-makers in many local territories believe that unfavourable or negative images for their territories are obstacles that make it impossible to brighter future.

Therefore, the capacity of the territory to manage and sophisticate its territorial image and attractiveness it is not only a budgetary problem, but above all depends largely on the ability of local and regional territories to: 1) implement territorial policies that can provide a significant level of flexibility of their economic and social characteristics; 2) create a pro-active approach on public policies that can provide an opportunity for strategic prospect, prevention and anticipation of the future of the territory and a better management capacity in order to tackle structural and conjunctural changes; 3) create a strategic management of the relational dimension of the territory that enables its connection of relations to different territorial levels and its visibility. From the aspect of the territorial competitive advantage, the local authorities, in cooperation with the private sector and other actors in the territory, are obliged to emphasize the specifics of the region through the affirmation of the cultural wealth and the rural regions leading to economic stability and development of the territories and their successful "surfing on the surface " and achieving a effective and unique example of a territorial marketing strategy. Otherwise, any

kind of failure will weaken the capacity of public policies to respond to the specific characteristics that lead to "exit and forgetfulness" of the territory from global movements.

Therefore, implementation of the territorial marketing strategies and management with the attractiveness of the territorial image is a way ahead for development of "synergies between central and local governments and between global and local businesses with the purpose of redirecting the economic systems towards state of self-sustainability." (Jovanova, 2017 p. 187)

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