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THE MARKETING OF RURAL TERRITORIES IN THE BORDER AREAS OF UKRAINE: NATURE, PECULIARITIES AND PRACTICAL RECOMMENDATIONS

ABSTRACT

The nature of rural territories marketing, its objectives and major tasks are outlined in the present article. The peculiarities of rural territories marketing and major reasons limiting its development in the border areas of Ukraine are examined. The author suggests the classification of rural territories marketing instruments by strategic directions. The image of Ukrainian rural territories and its types are explained. The range of practical recommendations on perspective capacities of border rural territories development in terms of marketing is suggested. Special attention is paid to the possibilities of crowdsourcing and crowdfunding as perspective instruments that allow residents to take active participation in the rural territories' development. The experience of the "Rally Saint Louis" project is described as one of the successful crowdsourcing and crowdfunding platforms, which implements the residents' ideas and organizes their funding in order to promote the territory.

Key words: marketing of rural territories, strategic directions of territory marketing, border territories, crowdsourcing, crowdfunding.

JEL Classification: M31, O18, R22.

1. INTRODUCTION

The problems of territory marketing (regions, cities, rural territories) are of utmost urgency in the world. Modern economy and policy are developing at significantly fast rates and require fast reaction to changes. Territories compete for investments, qualified staff, tourists, multinational corporations' subdivisions and sales markets for their goods and services. It is hard to win competition in the absence of an efficient marketing policy. The marketing of Ukraine's rural territories that have a huge capacity but are mostly in the situation of collapse is especially important.

Agricultural Economics and Rural Development, New Series, Year XIV, no. 2, p. 185–193, 2017

2. MATERIAL AND METHODS

Our research aims to examine the nature, peculiarities and capacity of rural territories marketing in border areas of Ukraine. Various methods were used for this purpose, in particular analysis, synthesis, comparison, systematization, generalization, observation and system approach. Specialized scientific and periodical editions on marketing, territorial development and cross-border cooperation as well as Internet sources, conference and seminar proceedings and the results of own research and observations represent the information basis for this research.

3. RESULTS AND DISCUSSIONS

Primarily, it is important to specify how exactly we understand the notion “rural territories marketing”. We deem it to be the activity conducted by certain entities on behalf of the rural territory in order to define the needs of target markets both inside and outside the village and its market capacities and competitive advantages as well as providing this information to consumers in order to meet their needs. The availability of the border with other state and the cross-border cooperation possibilities are the peculiarities of rural territories marketing.

The recipients of marketing actions of territorial units, or in simple words – perspective consumers of goods and services of the territory on both sides of the border – are the target markets of border rural territories.

The notable researcher of territory marketing, Kotler suggests the following classification of target markets: territory visitors (tourists, guests, businessmen); local population and staff; business, industry and investors; export markets (Kotler *et al.*, 2005).

Therefore, we can confirm that the following are important for the target markets of border rural territories:

- territory as job, resort and living activity place;
- territory as harmonious environment, which combines infrastructure and natural environment;
- territory as provider of goods and services of a quality corresponding to the society and business needs.

The border rural territories marketing aims at their well-balanced economic development.

Border rural territories marketing allows solving the following tasks:

- creating of a new positive image of the village or its improvement or support (branding or rebranding of a territory);
- strengthening the territory’s competitive ability;
- attraction of new investments;

- attraction of visitors to the village: businessmen, tourists, guests;
- maintenance of small business development;
- development of national crafts in the territory;
- creation of new enterprises and promotion of already existing ones;
- attraction of new residents or highly qualified labour force to the village;
- promotion of goods and services produced by rural the territory within or outside its limits (including support and promotion of local brands), etc.

Border rural territories marketing has its certain peculiarities unlike the large administrative and territorial units, such as city or region. These peculiarities define the way and the rules of territory marketing activity implementation, in particular the following:

- limited amount of perspective marketing entities;
- availability of the border with another state, opening both new possibilities and threats;
- small territory;
- underdeveloped infrastructure compared to cities, or the absence of infrastructure;
- prevailing uniformity of neighboring rural territories and absence of visible competitive advantages;
- sometimes greater needs than in the large territorial units with large budgets;
- lower activity of residents compared to the large settlements;
- lower amount or absence of attractions or natural sites to attract visitors;
- limited budget of rural territory;
- predominant lack of enterprises or availability of one large enterprise, which maintains the existence of a village;
- less possibilities for industry and business development.

The above-mentioned peculiarities show that it is much more difficult to conduct the marketing of rural territories. Large administrative and territorial units form special divisions (with corresponding staff) under local authorities, which take care of such issues. However, it may be only one person (specialist) involved for the rural territories. Cities or regions have more funding and more perspective capacities and competitive advantages as well as higher living standards. Moreover, cities have a large number of other perspective territory marketing entities in addition to authorities, in particular NGOs, local development agencies, Chambers of Commerce, Euroregions, etc.

There is also an additional range of problems that limit the development of border rural territories marketing. The following are among them:

- misunderstanding of nature and necessity of rural territory marketing by authorities;
- lack of professional skills in territory marketing;
- limited financial resources for marketing;

- prevalence of other priorities to invest budget funds that are deemed to be more important by the authorities;
- misunderstanding by local residents of their involvement in territorial development;
- large time lag of marketing expenses returns;
- lack of qualified specialists – managers, in the sphere of territorial marketing included.

There are four strategic directions of rural territories marketing, which define the assignment of marketing instruments, in particular the following:

1. Image marketing – directed at the improvement of rural territory image.
2. Attraction marketing – improvement of rural territory attraction depending on basic emphasis (natural sites, architecture, historical and religious places, tourism, economy and living conditions, etc.).
3. Infrastructure marketing – improvement of rural territory's attraction through well-established infrastructure (technological, resort, services) and identity and design of a territory.
4. Population, staff marketing – improvement of rural territory's attraction for living and for staff of certain qualification (Kotler *et al.*, 2005).

There is a huge number of marketing instruments and each of them is characterized by its value, certain expected effects and assignment for the defined objectives. Therefore, it is worth systematizing them. The instruments that enable conducting the rural territory marketing, organized by the strategic direction feature, are presented below (Table1).

Table 1

Classification of rural territory marketing instruments by strategic directions

Feature	Example of instruments
Image marketing	slogans themes image-based localization visual symbols events (exhibitions, festivals) direct marketing actions (publications, brochures, videos) souvenirs with the symbols of a territory public relations brands of a territory notable special features of a territory marketing research (in order to define current image and need to correct it)
Attraction marketing	advertising direct marketing (direct mail, phone calls, holiday cards) public relations (cooperation with mass media, lobbying of certain group interests) events (sports, cultural, scientific) marketing research (in order to define the problems and perspective attractions)

Population, staff marketing	advertising sales promotion (social, tax, housing benefits) marketing research (in order to define the territory's needs for specialists of certain qualifications and problems related to the maintenance of comfortable living conditions)
Infrastructure marketing	advertising hidden advertising (making of movies and programs in a certain territory or about a territory) personal sale (visits of territory representatives to other countries, territories) marketing research (in order to define infrastructural problems)

The conducted research shows that marketing at the level of border rural territories of Ukraine is in an early stage. It is too early to speak about the development of certain marketing strategy of a village, much less to define strategic directions. If certain marketing steps are taken, they are still irregular marketing actions of image or nature presentation.

The images of rural territories of Ukraine are different and often negative. Most villages exist mainly due to personal farms management by local residents or on money earned from irregular jobs in neighboring countries. The young people raised in villages often try to leave for a permanent place of residence in the cities or abroad, where there are more possibilities to find promising work and to implement their talents and abilities. There is a considerably low share of young people who come back to their villages to develop them after graduating higher education. That is a serious problem of rural territories as far as some villages are dying in fact, and retaining youth in the locality is the primary task of population marketing. This problem should be solved not only at the level of a certain administrative and territorial unit, but it should also become the vector of Ukraine's state policy.

On the other hand, some villages have emerged around the large cities and it is prestigious to live there. Their population consists of people with above average incomes. Such rural territories have a drastically opposite image to that of villages of agrarian type. The living standard in such territories is much higher than in the majority of villages. Therefore, they have the well-developed infrastructure, often at the expense of residents. The value of housing and living in such settlements is higher.

There are also villages with certain natural or tourism attractions (resorts, leisure centers, ski slopes) and authentic rural territories, characterized by rich historical heritage and architectural structures or certain traditional crafts (like willow weaving). They are mainly specialized in tourism. These territories have an already formed positive image, which must be only maintained and strengthened.

We should also mention the territories that have formed their image due to certain events, for example festivals (cheese, wine, medieval culture festivals, music events). These events attract lots of tourists, including foreigners, and they are to a greater or lesser extent notable in Ukraine.

Unlike the rural territories that possess a well-established positive image, most border villages in Ukraine are identical and do not have obvious competitive advantages that could contribute to conducting the marketing activity.

The prosperity of shadow economy specialized in illegal import and export of goods (tobacco, alcoholic beverages, etc.) is the negative aspect of border rural territories development. This creates a negative image and additional obstacles to the development of official business and investment attraction.

In the course of the research of border rural territory marketing perspectives, it is worth paying attention to the following:

- residents' attraction for the development of rural territory marketing through crowdfunding and crowdsourcing;
- creating common brands of a few similar neighboring territories, including the cross-border ones;
- creating clusters of different nature on the basis of traditional crafts and specialization of rural territory.

We should examine in details the nature and possibilities of crowdfunding and crowdsourcing. Crowdsourcing stipulates the transfer of certain production functions to the unlimited circle of volunteers in order to solve socially important tasks, predominantly due to modern informational technologies (Brabham, 2013). This direction is created with a view to predict the consumers' desires to share their ideas for free or for small payment and only due to the desire to see these ideas implemented.

Crowdfunding is the collective cooperation of individuals-donors, who voluntarily combine their financial or other resources usually through Internet in order to support endeavors of other individuals or organizations (recipients) (Hall, 2014).

The "Rally Saint Louis" project is an efficient and successful example – it is the first of this kind, a crowdsourcing and crowdfunding platform that generates the use of the ideas of the region's residents and their funding, and then using the ideas for promoting the Saint Louis region, USA (Rally Saint Louis <http://www.rallystl.org/About>).

The major idea of Rally Saint Louis is to develop the platform that allows residents to create future image for their territory by generating ideas and their funding. This project was created as a spontaneous movement brought into action by its most precious asset – people. The number of project participants constantly rises and includes representatives of authorities, business and ordinary residents. The Rally Saint Louis campaign led by operating board and community leaders takes direct control over daily operations. At the same time, the Rally Saint Louis marketing team is responsible for the supervision and implementation of suggested concepts.

Rally Saint Louis is the first of this type of approach that combines social media and marketing. The project allows detecting grand ideas of each resident in

Saint Louis in order to improve the region's situation and then to pay for the ideas. All this is done by voting. The principle of project functioning is the following: for example, a resident has an idea to create a public garden in the forest-park or a new place in the center, where local artists can show their works. Creative people visit the Website, register and present their ideas. The best five ideas according to voting each month obtains budget and resources to move forward. Ideas are presented again at the Website for users to donate money for projects funding. Rally Saint Louis is supported by the Convention and Visitors Commission, the Regional Chamber and Growth Association and Saint Louis Mayor. But this does not mean that funds come only from them. A considerable amount of funds also comes from private donations.

The results of conducted research on existing crowdsourcing and crowdfunding projects in Ukraine show that these instruments are mostly used for social and charity projects, creation of various printed and interactive maps and solution to ecological problems. However, they do not serve for the development of rural territories. Crowdsourcing and crowdfunding are instruments that do not require a significant amount of financial resources or complicated licensing procedures. Therefore, they can be easily used for border rural territories marketing.

The creation of common brands for a few similar neighboring rural territories, including cross-border ones, is another perspective development direction based on the synergetic effect of cooperation. This allows combining human and financial resources in order to secure advantageous competitive positions. Joint promotion of rural territories on both sides of the border (i.e. cross-border ones) will make it possible to attract financial resources from international donor organizations and to receive various grants for the development of the territory (Pasternak, 2009). Each cross-border territory has its interesting and successful examples of joint marketing strategies implementation and their experience can be efficiently used for cross-border projects with Ukraine's participation.

Ukraine should use foreign experience of territorial marketing and its proximity to the European Union to participate in international cross-border cooperation programs. Joint promotion of cross-border rural territories will contribute to our country's entry on the world markets and improving its image as reliable and perspective partner. Taking into account the fact that many rural territories have certain historically formed specialization (green or rural tourism) or traditional crafts (e.g., weaving, willow weaving and embroidery), it is worth suggesting the creation of clusters.

Clusters are concentrations by geographic feature groups of interrelated companies, specialized providers, service providers, firms in related branches and organizations related to their activity (universities, standardization agencies, trade associations) in certain branches, which compete against each other, but simultaneously cooperate with each other (Porter, 2005).

Clusters accumulate knowledge, innovations, management methods, leading practices, technologies, skills, creative human potential and contribute to their fast spreading. Therefore, clusters receive development advantages and stimuli.

It is profitable for residents, e.g. who are engaged in traditional crafts, to get combined with their competitors under clusters, because it allows promoting their mutual interests together (in particular production sale in this case) and cutting down the transaction expenses. Cluster being a powerful grouping gives more possibilities to find sales market, jointly organize production process, attract innovations and to enter foreign markets rather than individual small entrepreneurs-producers. This is especially urgent in terms of signing the EU-Ukraine Association Agreement. In addition to the above-mentioned advantages, the participants which are economically related to a certain production process can obtain aggregate synergetic commercial results.

It is important to take into account the range of factors while developing clusters in border rural territories, including the following: proximity to the European sales markets, possibility of cross-border clusters establishment, proximity to the European financial markets, foreign investment opportunities and technologies inflow.

4. CONCLUSION

Rural territory marketing is a perspective instrument of economic development promotion in border territories. The use of marketing mechanisms contributes to strengthening the rural territory's competitive ability and its economic development level, improving its image and finding solutions to common problems due to cross-border cooperation. Marketing offers a broad arsenal of instruments to promote cross-border convergence of border territories and to improve the living standard of residents.

Creation of crowdfunding and crowdsourcing platforms, with active residents' attraction to the development of their territories, is the perspective mechanism of border rural territories' marketing development.

It is also worth using the possibility of common brands creation for a few similar neighbouring rural territories, including the cross-border ones, in order to obtain a synergetic cooperation effect. The rural territories can also achieve synergy through the creation of clusters on the basis of traditional activities and specialization of their territories.

In terms of signing the EU-Ukraine association agreement, Ukraine's rural territories have a huge capacity of cooperation with their neighbours, contributing to the active adoption of foreign experience and introduction of new management technologies and mechanisms.

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