

## THE MAIN DIRECTIONS OF REGIONAL MARKETING IN A CONTEXT OF TOURISM DEVELOPMENT

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### **Abstract**

*In this article it is advanced the necessity for regional marketing as tool of strengthening the competitiveness of tourist services' sphere. It is also investigated its essence and specificity in modern conditions. On the basis of certain tendencies and the carried out marketing researches recommendations about formation of effective strategy for regional marketing in a context of necessity for tourism development are offered.*

**Key words:** *regional marketing, tourism, region, competitiveness, recreational services, strategy, regional tourist product*

**JEL classification:** *D21, L11, L83*

### **1. INTRODUCTION**

Tourism has been defined by the World Tourism Organization as “the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business or other purposes.” Travel and tourism is one of the world’s largest industries. With improved marketing, most tourism businesses can claim a bigger share of this lucrative but fragmented industry.

Tourism is expected to make a significant contribution to global economic growth over the next few decades. As a result the tourism sector is becoming an increasingly competitive environment.

A key factor determining the international competitiveness of tourism destinations is their ability to develop appropriate marketing strategies. On a global scale, competition between regions has captured a significant amount of kinds of business. However, the brightest in our opinion, it is appreciable in sphere of recreational services and tourism. Already today, as a result of crisis, it is possible to expect reduction in demand for tourist services, reduction of quantity of business travel, increase of cost of permits, changes in consumer requirements, reduction of volumes of crediting, bankruptcy of the tourist organisations – all it compels attractive regions to struggle in the tourist relation for each visitor.

The survival and development in the rigid competitive environment actually became impossible without realisation of professional marketing activity. Thus, the requirement for regional marketing and its role as component of economic toolkit of formation of effective competitive sphere of recreational services has essentially grown. Important and actual also there is a problem of formation of effective strategy of regional development which would have the accurate concept and complex character, has been integrated into nation-wide strategy and would answer world tendencies in sphere of recreational services.

Complexity of the economic nature and structure of sphere of recreational services, development dynamics of its objects and requirement for marketing researches draw growing attention of science officers and experts, transforming research of this phenomenon into a serious and actual economic problem. Theoretical and practical aspects of marketing in regions, in particular, in a context of development of sphere of recreational services are shown in works of such scientists, as Philip Kotler, Durovich A., Garkavenko S., Kwartalnov V., Mandjuk N., Oklander G., Poltorak V., Starostin O., Cherchik L., Shkanova O. and others. In particular, in L. Cherchik's researches marketing of recreational territories which can be recognised as an element of regional marketing, is defined as the kind of activity directed on formation of demand and satisfaction of requirements for natural recreational resources and territories by research of available is natural-resource potential taking into account necessity of its preservation and a reconstruction, a non-admission of degradation and deterioration of recreational properties (Cherchik, 2006).

### **2. REGIONAL MARKETING OF TOURISM DEVELOPMENT**

Regional marketing of tourism development provides studying of the regional tourist market which should be carried out in certain sequence. Shkanova O. defines this sequence as follows:

1. At a preparatory stage define object of studying, the basic indicators, a circle of sources of the information.
2. Current supervision over market development provides gathering, storage, check, updating, ordering and a pre-processing of the data about a market condition.
3. The purpose of the analysis of the market information is a revealing of laws and tendencies of development of the market which is investigated.
4. Forecast working out gives the chance to have an estimation of prospects of development of the market

and is a basis for working out of strategy and activity tactics (Shkanova, 2003).

The purpose of the given work is research of essence and specificity of regional marketing in sphere of recreational services, and on this basis of illumination of its role and value in formation of effective economic system of region, and also working out of recommendations concerning creation of effective strategy of its development.

It is known that functioning of recreational services' sphere is favourable to regions which take part in this process. The recreation and tourism as its active form influence strengthening of all regional economic complex and revival of business activity in its many branches. The local authorities, as a rule, are interested in efficiency of a tourist complex, in particular, in incomes reception of results for its activity, and on the basis of own interests define priority directions of regulation and co-ordination of recreational activity.

Research by domestic scientists of development problems for hotel-restaurant business in Ukraine, testify that there are three variants of the approach to regulation of sphere of recreational services:

1. Authoritative management of all spheres in the country;
2. Moderate intervention with regulation and coordination of activity of the enterprises of branch by administration bodies;
3. Indifference to the tourism and recreation industry, as to social and to economic event (Timoshenko, 2007).

Agreeing with such theses, we will notice that world experience is confirmed for today by practice which proves – development of recreational services sphere can be excellent be regulated independently actually by business, and its blossoming is possible without any support from outside the states. But it does not mean that the recreation should be only a milk cow for the budget and checking bodies, without receiving neither the concrete help of the power, or legislative innovations which would stimulate its subsequent development, powerful scientific researches and workings out.

To begin with we suggest defining some basic tendencies which are characteristic for the regional recreation and tourist markets. In our opinion, these are:

1. Transformation of a regional tourist product on the important factor of increase of competitiveness of territories as a whole and the enterprises of recreational sphere in particular;
2. Intensive development of the regional markets of recreational services that confidently enough gets global character;
3. Transformation of system of an effective utilisation of a regional tourist product into one of elements of the state economic strategy, the factor of macroeconomic stability and national competitiveness.

Regional marketing is one of management tools for economic results which follow from these tendencies. She is focused on increase and support of image of region, its appeal to other regions, their managing subjects, other social institutes and the population,

prestige in the international organisations, and, thus, is directed on perfection of competitiveness of concrete territory. Key aspect of activity of regional marketing is purposeful formation, positive development and advancement of image of region on the basis of the developed and planned strategy.

Thus, management of regional marketing in sphere of recreational services is directed on achievement of following marketing purposes:

- Definition of possibilities of the market and region resources;
- Planning of marketing activity;
- The decision-making, the purposes necessary for achievement in branch of a recreation which put local governments.

This process is realised by means of the analysis of the marketing environment which has received the PEST - analysis name, that is research political, economic, social and technology factors which can affect sphere of recreational services in region.

Strategy of regional marketing allows attractive regions to resist in the tourist relation to various influences from outside an environment in the long-term period. It is possible to consider as the main moment of formation for strategy product positioning (Papiryan, 2000). Definition for a place of a product of regional sphere of recreational services depends on requirements and wishes of consumers, image of the region, the promised benefits, branch of its properties from competitors. Successful positioning of a regional recreational product can be carried out by means of skilfully organised communication policy with use of such means, as advertising, public relations, propagation, etc. As an example it is possible to result the governor of the State of California (USA) and known actor Arnold Schwarzenegger who together with the wife has acted in film which advertises rest in California, in particular, its cookery and wines. It is not the first case of participation of the actor and the politician in advertising of the region. Recently, the former prime minister of Great Britain Tony Blair openly lived in one of hotels of Bethlehem to show that the sacred place is safe for travelling. And the prime minister of Japan has played a leading role in advertising of tourist resources of the country.

We will notice that the regional recreational product has some components:

- Geographical (actually a route and its program);
- Service (a food, residing, entertainments and other service);
- Economic (calculation of the cost price and the price of an offered product);
- Advertising (product advancement on the market).

Thus, marketing strategy of region should be developed on the basis of a recognition of necessity of improvement of quality of each of noted components and expansion of their structural elements by creation of the new offer.

Marketing strategy of region in a context of development of sphere of recreational services should

consider features of the state and local policy, including already existing plans of economic development of the given district. At the same time, strategy should be guided by the market and answer a question concerning the one who is consumers of a regional recreational product, whence they arrive, what tendencies prevail for the given period of time, whence there is a competition in what the backlog demand consists. By strategy working out the product, availability, an infrastructure, possibility of reception of the information and so forth is analyzed. And, of course, strategy should provide means for achievement of objects in view – them priority, financing, personnel resources, monitoring, an estimation of risks, partnership and another.

An important point is formation of the accurate concept of strategy plan. In our opinion, for Chernivtsi area the idea of the concept can be displayed so: “Creation and fastening of the status of Bukovina as high-quality ecological recreational region with considerable natural potential and a historical and cultural heritage”.

According to results of the marketing researches, in general image of Bukovina is positive from the point of view of visitors. Tourists are happiest with that this region gives for rest rather favourable environmental conditions, a complete and picturesque natural landscape, medical recreational resources, original flora and fauna. The hospitable population, unique both picturesque local traditions and customs, dishes of regional kitchen, man-made tourist objects also in certain degree provide substantial carrying out of leisure.

The discontent of consumers concerns, first of all, a degree of service, width of assortment of offered services, a condition of infrastructural maintenance, environmental contamination, absence of qualitative entertaining objects. Visitors from abroad complain of formalities at entrance and departure from the country. Set of all these factors specifies in those spheres in which it is necessary to carry out urgent changes to the best during the nearest period of time.

Thus, on the basis of considered above, it is possible to offer such stages of drawing up of marketing strategy of region in a context of development of a recreation and tourism:

1. To formulate, decide and confirm at level of a management of region the accurate purposes of marketing strategy (creation or image improvement, relation updating, preservation or reputation strengthening);

2. To coordinate the concrete long-term and short-term tasks which decision is necessary for achievement of the purposes of region;

3. To develop at level of a management the plan of strategy of achievement of the purposes of region and to spend its collective professional discussions;

4. To define concrete terms of representation of reports concerning strategy performance;

5. To define channels of distribution of the information on marketing strategy, representation of statistical reports and their estimation;

6. To coordinate an order of informing of directing people of region about a course of performance of strategy.

7. To organize PR-actions, to provide understanding of problems, approaches and strategy support from outside interested groups and especially a wide circle;

8. To make the schedule of communication efforts of participants of the strategy directly responsible for performance of the program, inclusive with informing of extraneous interested persons;

9. To appoint the persons responsible for performance of separate tasks, to provide with their necessary material and information resources;

10. To formulate for each strategic task the concrete and measuring purpose;

11. During carrying out of each action to adjust a feedback or to find other ways of check of its efficiency;

12. To coordinate associations of all actions and actions in a single whole that will provide positive cumulative effect;

13. To appoint responsible persons for monitoring of performance of strategy and achievement of the concrete planned results;

14. To fix all deviations from the plan and the schedule of performance of marketing strategy, to introduce corresponding corrective amendments before the public will notice these deviations and will start to perceive image of region negatively.

The important problem by working out of strategy of regional marketing standardization of services in region is. Qualitative application of this tool and the control over it is one of the important missions of directing bodies of sphere of recreational services of region.

Attraction or returning local having a rest on vacation spots traditional for them, probably, at rather limited level of investment in infrastructure improvement should become a short-term objective of strategy of regional marketing. Attraction of a significant amount of foreign tourists and development of an infrastructure with its finishing to level of the international standards should be an ultimate goal. These purposes include, except the economic blessings, balance preservation between interests travelling and local population, deepening of understanding by local population of importance of regional recreation and tourism potential and necessity of its preservation. Thus, no doubt, is economically inexpedient to be guided only by one route, therefore the list of offers should be big enough and various.

Except strategy creation, before local authorities there is also a number of other tasks the main things from which are:

- Attraction in sphere of recreational services of labour migrants which in large quantities come back home recently as a result of world financial crisis;

- Performance of complex ecological researches of territory of area: a substantiation of the differentiated norms of recreational loading on separate resources; study of norms of anthropogenous loading, limiting borders of total capacity of the objects placed in the recreational centres; definition of large forests of the limited development of a recreation and tourism, potential and reserve zones;

- Introduction of severe rules of observance of the nature protection legislation in recreational zones and sanctions for their infringement.

Besides, it is known that the system of travels of the Soviet type with support of guides concentrated all information at guides. There was no necessity for instructions and the information neither on tourist objects, nor on ways to them, not to mention foreign transfer of this information. However new tendencies are connected with occurrence of individual tourists and small groups which will organise travel on own discretion therefore for them urgent requirement is presence of maintenance of objects of visiting by instructions and the short general information.

On an example of Chernivtsi area (Ukraine) we see that working out of Strategy of regional marketing in a context of development of tourism is preceded by definitions of priority directions of development of territory of edge which will be realised during the period till 2015. To such directions belong:

1. Priority – Transit;
2. Priority – Resources;
3. Priority – Recreation.

It is important that all priority directions are closely connected among themselves supplement each other and promote tourism development in region.

Hence, the offered development cycles for marketing strategy of region in a context of development of a recreation and tourism should consider priority directions of development of territory and the basic tendencies which are characteristic for the regional recreational markets, and should be directed on achievement of the marketing purposes.

### 3. DESTINATION MARKETING

Tourism destination marketing is now widely recognized as an essential component in the management of destinations, an integral part of developing and retaining a particular location's popularity. Many businesses find that the best marketing approach is a group effort. A region's lodging, foodservice, and travel-related operations often join forces to promote tourism in that area. Many strategies can be used to capture the leisure market, including the following:

a) Sell tourism to local civic leaders and politicians by demonstrating its economic significance to the community;

b) Describe the area's local and regional features to prospective visitors. Use a variety of media channels, including internet, television, radio, newspaper, and magazine advertisement;

c) Promote the destination by sending new articles to both local and national newspapers and television stations. A feature story in a local paper might even be picked up nationally and provide extensive exposure, free of charge;

d) Sponsor special events and festivals to attract different groups and encourage repeat visits to that destination;

e) Make tour operators, convention bureaus, and transportation companies aware of the destination;

f) Consider developing a multiattraction passbook in cooperation with other local operators;

g) Become involved in the local chamber of commerce and work with it to promote tourist-related businesses.

Marketing a destination is the responsibility of organizations at two levels. The first level is concerned with the destination as a whole and is the responsibility of mainly public organizations such as Destination Marketing Organizations (DMOs). The most commonly recognized DMOs are the National Tourism Organization (NTO) and the Regional Tourism Organization (RTO). The second level concerns the marketing activity of mainly private sector operators promoting individual tourism products at the destination, the obvious tourism firms being accommodation providers, transport carriers, tour operators, and attractions (Firth, 2007).

Destination marketing is designed to motivate particular groups of visitors and influence their behaviours including:

- The type of product and activities they choose;
- The times of the year they visit;
- The type of accommodation they stay in their expenditure patterns.

DMOs are commonly government organizations or public sector agencies, which contribute to destination marketing through the following activities:

- Research to establish and communicate to its industry partners' promotional priorities for targeted market and segments and to define destination images and branding;
- Liaising with and influencing private sector partners to achieve priorities;
- Coordinating elements of tourism products not provided by the private sector such as tourist information and destination web sites;
- Providing investment and marketing support for new and growth products relevant to policy goals;
- Creating marketing facilities and cooperative campaigns accessible especially for thousands of small businesses that would otherwise be unable to participate in marketing on a national and international scale;
- Providing advice and leadership based on information sources (Middleton, Clarke, 2001).

### 4. CONCLUSIONS

Tourism marketing has long been considered as a branch of traditional marketing. However, in recent years, tourism marketing has gone through fundamental changes: the pursuit of global strategies based on strategic alliances, the breakdown of commercial borders and advances in new technology have all facilitated the commercialization of tourism products.

World experience confirms stable development of those regions in which favourable conditions for functioning of sphere of recreational services are created. For a successful sustainable development of tourism and a

recreation in region it is necessary to use the modern tools of regional marketing supported with thorough marketing researches. The stages of formation of marketing strategy of region offered in the given publication can serve in a context of development of sphere of recreational services as rough points for local governments. The PEST-analysis

of the regional marketing environment should become an element of the subsequent workings out in this direction.

We will notice also that association of ideas, financial and organizational possibilities of all interested parties should be one of the most important components of marketing strategy – any other policy will be or ineffective, or in general empty.

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