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INTEGRATED OBJECT-ORIENTED CONCEPTION OF GEOMARKETING AS A TOOL FOR PROMOTION OF REGIONAL SUSTAINABLE DEVELOPMENT

In the paper we propose new vision of geographical marketing as a tool for promotion of regional sustainable development. Integrated object-oriented conception of geomarketing was designed by adoption and elaboration of some new ideas and approaches, such as "place marketing", "non-profit marketing", "counter-marketing", "collaborative spatial decision-making", "endogenous regional development", "regional sustainable development", "public-private partnership". The proposed geomarketing conception is based on integration of three different interpretations of geomarketing: 1) as a traditional marketing tool providing procedures of 'geosegmentation' and 'geopositioning' in market analysis; 2) as a marketing of places (placemarketing); 3) as a marketing of geographic knowledge and technologies helping to promote sustainable regional development. On the example of Ukraine we explore how geomarketing in such a comprehensive way may be implemented in business, public administration and regional planning.

Keywords: geomarketing, geosegmentation, geopositioning, placemarketing, endogenous regional development, regional sustainable development.

1. Emerging of a new geomarketing conception

Until recently the concept of 'geomarketing' had a rather narrow meaning as a special tool in traditional (business) marketing aimed at geographic segmentation ('geosegmentation') of the marketplace and geographic positioning ('geopositioning') of the products (goods and services) [1, 3, 4, 12, 13]. In the middle of nineties the conception of 'place marketing' (P. Kotler, D. Haider, and I. Rein, 1994) was developed as a reaction on considerable changes in firm strategies and government policies caused by processes of globalization and regionalization (these two processes are synergetic and interdependent). That was a principal moment for geomarketing because it was placed in context of local and regional development [2, 9, 10, 11, 15, 16]. Such an expansion of geomarketing concept has changed its perception by business community, local governments and non-governmental organizations.

1.1. What traditional geomarketing can do?

— Can help firms determine which products and promotions match the lifestyles and buying patterns of their customers in geographic perspective

- Delimitate of the trade catchment areas, identify of retail sites, to make spatial competitor analysis
- By using GIS create a multidimensional snapshot of trends to plan trade areas, predict sales spatially, design sales territories, plan media and advertising geographically.

1.2. The typical geomarketing questions

- Where are my customers located? What are their characteristics (market segmentation, classification of residential areas)?
- Where are my competitors located?
- What is the potential turnover in a region for my product? What market share can I expect?
- Where should I locate my new branch? Should I expand an existing branch?
- How should I promote my product? Where and how should I advertise (direct mailing)?

1.3. New dimensions of geomarketing in business management

The business communities also are changing their perception of geomarketing and view it more and more through a prism of sustainable development. The far sighting firms while conducting the marketing don't limit it to the simple 'geosegmentation' and 'geopositioning', but try to take into account all peculiarities of geographic environment of the place, including its regional development perspectives, economic-geographical location, and environmental awareness of population. Another innovation in this sector is emerging of a new kind of business — production and distribution of geoinformation technologies (GIS-technologies). It may be viewed as a third dimension of geomarketing — marketing of geographical knowledge and technologies.

There are some new dimensions of geomarketing in business management.

1.3.1. Geomarketing and firm's inner environment

- Extension of geomarketing conception by applying it to the analysis, planning and management of firm's inner environment, i.e. spatial organization of firm's productive forces (localization of manufacturing centers or branches)
- This approach opposes to the traditional geomarketing with its accent on analysis, planning and management of product's exchange environment (spatial retail and competitor analysis, geosegmentation of marketplace and geopositioning of products, spatial product's life-cycle analysis, etc.)
- This approach requires analysis and adoption of different spatial multipliers in firm's spatial behavior (spatial organization of firm's productive forces).

1.3.2. Taking into consideration the types of geographical rent

- Differential geographical (regional) rent I: caused by differences in economic conditions for business in different regions

- Differential geographical (regional) rent II: caused by consistent investments in economy of the selected region. It reflects concentration of the capital (investments) in one region instead of its distribution among many

- Absolute geographical (regional) rent: caused by absolute limitation of the geoeconomic space (number of regions for investments is limited). Therefore investors are forced to remain the part of their capitals in the "bad" regions. Profits obtained in "good" regions compensate these losses.

1.3.3. Additional functions of geomarketing in business management

- Searching, defining and assessment of all possible spatial multipliers of/for business location to include them in spatial decision process

- Defining and quantitative assessment of different types of geographical (regional) rent for business location decisions

- Using of multi-scale approach ("parcel-based"- "local-based"- "regional-based"- "nation-based"- "global-based") for assessment of business location decisions.

1.4. Geomarketing as a counter-marketing

The individuals and social groups (customers) try to respond manufacturers and suppliers making their own counter-geomarketing in order to solve shopping problems.

1.4.1. The customers' response: counter-geomarketing

- The goal: optimization of spatial behavior of individuals and social groups (by different life-styles)

- The benefits: time, money and health savings

- The reason: increase of competitiveness at the markets of goods and services

1.4.2. The forms and methods of counter-geomarketing

- Planning of real estate buying

- Planning of shopping trips

- Planning of recreational trips

- Methods: electronic maps, mobile Internet, GPS, pocket PCs, mobile phones

1.5. Geomarketing and public administration

Local governments begin to view geomarketing (marketing of regions and localities) as a tool for promotion of local and regional economic development in conditions of increasing geoeconomic competition (regional competition) [14]. Such marketing is aimed at attraction of investors' interest to these territories with the purpose to make them 'the gateways to the global economy' [5]. On the other hand,

the fact is that new approaches to regional development and policy seek to encourage enterprise and build entrepreneurial capacity in the regions as a means to boost national growth on principles of sustainability. In the emergent 'bottom-up' approaches to regional development and policy, localities and regions — whether relatively prosperous or laggard — are increasingly being encouraged to help themselves and become entrepreneurial agents of their own growth and development. The background to this more recent thinking lies in the emphasis upon endogenous (grown from within) forms of economic growth aimed at sustainable development. All these foresee inventory, assessment and marketing of local endogenous resources and factors of economic growth with sustainable perspective. In this case geomarketing helps to promote selected sites and places within the region as perspective 'regional poles of economic growth' keeping in mind their sustainability functions.

1.5.1. Marketing of places

- The key idea: how to attract investments, industries, residents and visitors to cities, communities, regions and nations
- The main goal: to arrange and sustain ecologically compatible socioeconomic development at local, regional and national levels
- The methodological tool: conception of sustainable development.

1.5.2. Geomarketing in local governments: the backgrounds

- New conditions of societal development cause step-by-step transfer of the methods and technologies of business management to public administration and self-governance
- Emerging of the conception of "business government" which is based on using of the achievements of corporative business management in public administration
- Only local governments as juridical owners of places (cities, communities, regions) can arrange sustainable development using legal, economic and political levers, including geomarketing.

1.5.3. The features of geomarketing in local governments

- It is non-profit. Instead notion of "profit" it operates rather with notion of "appropriateness"
- It is corporative. It represents interests of all parties and players of local economy (city, community, region)
- It is object-oriented. It is aimed at sustainable development as a long-term goal.

1.6. Academe and NGO

1.6.1. Geomarketing in academic sphere

- Agents of geomarketing: schools, colleges, universities, research institutions

- Products: geographic knowledge and technology, geographic curricula, geographic research agendas and programs, GIS software, graduates of geography departments

- The marketing goal: dissemination of geographic knowledge and technologies among business community, governments and public.

1.6.2. Benefits of academic geomarketing

- Economic profits: investments in geographic research and education, more freshmen at geography departments

- Non-economic profits: dissemination of geographic awareness among business community, governments and public cultivating sustainable vision and decision-making.

1.6.3. Geomarketing in non-governmental organizations

Non-governmental organizations find geomarketing as an effective tool first of all for promotion of regional sustainable development and natural environment protection (natural resources and biodiversity preservation). By using of geomarketing (which has in this case non-commercial and non-profit nature), NGOs try to promote selected territories and localities as the whole natural ecosystems, which need saving and protection at national or international levels.

1.7. Geomarketing as a tool for promotion of regional sustainable development

The next step is in combining of these approaches and conceptions in order to establish public-private partnership as a form of synergy between firm strategies, government policies and NGO activities aimed at promotion of local and regional sustainable development.

Making regional development research projects in Ukraine, we were convinced of importance of such broad conception of geomarketing for application in public, private, and community sectors in conditions of transforming economy. So, we propose new complex geomarketing conception, which have to be designed by adoption and elaboration of some new ideas and approaches, such as "place marketing", "collaborative spatial decision-making", "endogenous regional development", and "sustainable development".

The proposed complex geomarketing conception is based on integration of three different interpretations of geomarketing: 1) as a traditional marketing tool providing procedures of 'geosegmentation' and 'geopositioning' in market analysis; 2) as a marketing of places (placemarketing) at local and regional levels; 3) as a marketing of geographic knowledge and technologies. Such a complex approach foresees systematical empirical study of innovations and changes in these domains with the purpose to develop a general theory of geomarketing as a tool for promotion of sustainable development at local and regional levels.

It is "object-oriented" because it aimed at promotion of local and regional sustainable development.

Finally, the practical issue is to explore how geomarketing in such a comprehensive mode may be implemented in business administration and sustainable development policy making on example of some Ukrainian firms, local governments, and communities.

2. Placing geomarketing in context of regional development policy: the case of Ukraine

Elaboration of new complex geomarketing conception (based on unification of three different conception) allows placing geomarketing in context of regional development policy and arranging synergy and partnership between firm strategies and government policies in promotion of local and regional sustainable development.

Significance of such geomarketing conception for transforming economy of Ukraine is grounded on the following arguments:

— The young and developing business community in Ukraine has very few information about geomarketing as a special tool in market analysis and business planning. Therefore project may contribute significantly to cultivation of geomarketing awareness among Ukrainian businessmen (first conception of geomarketing). It will help in developing business culture and accelerating transformation processes in economy of Ukraine.

— It is very important to implement geomarketing (as a placemarketing) in regional development policy in Ukraine. The point is that now Ukrainian local governments have much more power in regional planning and management. But because of lack of financial resources they can't to realize designed plans on socioeconomic development of their territories. In this situation geomarketing may be used as an accelerator of local economic development. It is so called 'bottom-up' approach to regional development and policy, when localities and regions are increasingly being encouraged to help themselves and become entrepreneurial agents of their own growth and development. In this case geomarketing plays a key role providing inventory, assessment and marketing of local endogenous resources and factors of sustainable development.

— It is necessary to disseminate among Ukrainian business community and local governments the ideology of public-private partnership based on geomarketing and collaborative spatial decision-making. Such approach will help to tie business activity and local development at the earliest phase of process and contribute to sustainable development.

Strategically implementation of geomarketing has to be conducted as a sequence of the following stages: a) empirical study of the existing experience and success stories; b) elaboration of the body of knowledge about geomarketing as a local sustainable development tool; c) arranging of the public-private partnership pilot-project on

geomarketing (in collaboration with selected Ukrainian local governments); d) dissemination of the experience among business community, local governments and non-governmental organizations in Ukraine.

I. *The empirical study of existing experience and success stories.* At this stage it is necessary to study systematically the existing experience in conducting of geomarketing by firms, local governments and NGOs in developed countries and aimed at the local and regional sustainable development. The empirical study has to be conducted in four main directions:

- Study the success stories of commercial geomarketing conducted by firms and affected the local and regional sustainable development. Special attention has to be paid to such issues as industrial location, retail site selection, office location, defining and estimating the trading areas, tourism geomarketing. Arranging a study of the firms producing and marketing the geographic information technologies (geomarketing as a marketing of geographic knowledge and technologies).

- Inventory the geomarketing (placemarketing) experience of local governments at regional and local (municipal) levels. Special attention has to be paid to the role of geomarketing in rural community restructuring, small town business growth, facilities location, and historic and heritage tourism.

- Inventory and study the geomarketing experience of the western non-government organizations promoting natural environment protection and regional sustainable development.

- Study of the geomarketing role in arranging of public-private partnership for promotion of local and regional sustainable development.

II. *Elaboration of the body of knowledge about geomarketing as a tool promoting local and regional sustainable development.* At this stage the results of empirical researches have to be systemized and compared with the results of analogues researches made in Ukraine (for example, EU Danube Space Study and TACIS Lower Danube Lakes projects we have being engaged in). Then a general theory of geomarketing as a tool promoting local and regional sustainable development may be designed and discussed with the competent western experts. This theory will be based on unification of three different conception of geomarketing: 1) geomarketing as a traditional marketing tool providing procedures of 'geosegmentation' and 'geopositioning' in market analysis; 2) geomarketing as a marketing of places and localities (placemarketing); 3) geomarketing as a marketing of geographic knowledge and technologies. Special attention has to be paid to the development of so called Collaborative Spatial Decision-Making and corresponding geoinformation technologies to include them in geomarketing methodical apparatus [6–8].

III. *Arranging of the public-private partnership pilot-project on geomarketing in Ukraine.* In order to test and verify the developed theory, a special pilot-project has to be arranged to establish the public-private partnership on the base of unified conception of geomarketing.

It will be aimed at local sustainable development of the selected Ukrainian community. The purpose of such pilot-project is to elaborate the mechanisms of harmonization firms' strategies, government policy and public interests in process of local sustainable development policy making.

IV. *Dissemination of the experience among business community, local governments and non-governmental organizations in Ukraine.* This stage foresees dissemination of geomarketing know-how (as a tool for promotion of sustainable development) among academicians, business community, local governments, and public in Ukraine. Special attention has to be paid to the conditions and problems of geomarketing implementation under conditions of economic and administrative reforms are going on in Ukraine.

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ІНТЕГРОВАНА ОБ'ЄКТНО-ОРИЄНТОВАНА КОНЦЕПЦІЯ ГЕОМАРКЕТИНГУ ЯК ІНСТРУМЕНТ ЗАПРОВАДЖЕННЯ СТАЛОГО РЕГІОНАЛЬНОГО РОЗВИТКУ

Резюме

У статті пропонується нове трактування поняття географічного маркетингу як інструмента, що забезпечує стійкий розвиток територій. Інтегровану об'єктно-орієнтовану концепцію геомаркетингу було розроблено шляхом синтезу та адаптації низки нових ідей та підходів, включаючи "маркетинг місць", "некомерційний маркетинг", "зустрічний маркетинг", "системи колективного прийняття просторових рішень", "ендогенний регіональний розвиток", "сталий розвиток регіонів", "партнерство бізнесу та громади". Концепцію розроблено на основі синтезу трьох різних інтерпретацій поняття "геомаркетинг": 1) як традиційного маркетингового засобу, що забезпечує процедури "геосегментації" та "геопозиціонування" в аналізі ринку; 2) як маркетингу місць (територій); 3) як маркетингу географічних знань і технологій, що сприятимуть сталому розвитку територій. На прикладі України досліджується, яким чином геомаркетинг у такій інтерпретації може знайти застосування у бізнесі, державному управлінні та регіональному плануванні.

Ключові слова: геомаркетинг, геосегментація, геопозиціонування, маркетинг місця, ендогенний регіональний розвиток, регіональний сталий розвиток.

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ИНТЕГРИРОВАННАЯ ОБЪЕКТНО-ОРИЕНТИРОВАННАЯ КОНЦЕПЦИЯ ГЕОМАРКЕТИНГА КАК ИНСТРУМЕНТ РЕАЛИЗАЦИИ УСТОЙЧИВОГО РЕГИОНАЛЬНОГО РАЗВИТИЯ

Резюме

В статье предлагается новая трактовка понятия географического маркетинга как инструмента обеспечения устойчивого развития территорий. Интегрированная объектно-ориентированная концепция геомаркетинга была разработана путем синтеза и адаптации ряда новых идей и подходов, включая "маркетинг мест", "некомерческий маркетинг", "встречный маркетинг", "системы коллективного принятия пространственных решений", "эндогенное региональное развитие", "устойчивое развитие региона", "партнерство бизнеса и общественности". Предлагаемая концепция разработана на основе синтеза трех различных интерпретаций понятия "геомаркетинг": 1) как традиционного маркетингового средства, обеспечивающего процедуры "геосегментации" и "геопозиционирования" в анализе рынка; 2) как маркетинга мест (территорий); 3) как маркетинга географических знаний и технологий, содействующих устойчивому развитию территорий. На примере Украины

исследуется, как геомаркетинг в такой интерпретации может найти применение в бизнесе, государственном управлении и региональном планировании.

Ключевые слова: геомаркетинг, геосегментация, геопозиционирование, маркетинг места, эндогенное региональное развитие, региональное устойчивое развитие.