

Regional investment marketing – critical points analyses

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Annotation: *The aim of the present research is to analyze the critical points in the investment marketing realization that define the problematic field for its usage as an actual tool for regional development.*

Key words: *regional development, investment marketing, territorial communities, marketing strategy.*

I. INTRODUCTION

The topicality of the subject is defined by the necessity to overcome the Bulgarian municipalities insulation from the current investment flows which can be used as a stimulus for regional development. There are open possibilities to be found in improving the competitiveness of the regional systems, part of which is establishing and maintaining the necessary investment climate. Practically this imposes responsibility on the regional development bodies, on one hand, for the objective defining of the territorial prerequisites and promoting the regional factors for detaining and further enlarging of the already functioning business and attracting new business. On the other hand, the territorial governance has to devote to implementing relations and feedback with the community in order to secure broad support for the efficient usage of the common regional resource potential. No doubt in both directions leading is the marketing activity of the regional system, which is *the subject of analyses* of the present report.

II. ESSENCE AND COMPONENTS OF THE REGIONAL INVESTMENT MARKETING

The establishment of the marketing relations and their impact on the regional development direct the attention of the researchers towards the issues of the regional marketing [4]. This is a relatively new, dynamic, interdisciplinary direction in the regional development sphere and the theoretical summaries made for it need to be supplemented and developed. This and in addition to the scarce pieces of literature on these topics presupposes the analogical usage of the general marketing theory in drafting the regional marketing issues.

In the economic theory marketing is defined as the process of identifying certain needs of target groups of users

as well as establishing the necessary organization for their satisfaction – of a better quality and before the other competitors. [7]. Fundamental for the modern entrepreneurship is the understanding of marketing according to which it is the concept of offering an idea and persuading someone to accept it or through mediation to transfer it to someone else. This concept could be successfully used to clarify the essence of the regional marketing as it is valid both for the cases when we try to persuade a consumer to buy certain goods or if we have the intention to persuade someone to accept certain idea and in the situation when we use our efforts to attract someone to invest in a certain economic activity in a certain region.

Such logic demands for the questions related to the components of the marketing activity of the regional system to be tackled through the prism of the commonly adopted marketing components, which can be defined in the following way:

§ *idea* – it is usually related to the product or the service that is to be realized, and in the context of regional marketing to the specific territory for localizing the investment activity;

§ *value* – it is related to the costs or the revenue of the investor for localizing their investments in the respective territory;

§ *accessibility* – the classical marketing concepts of time and conditions for entering the market can be tied to the geographic dimensions of the marketing goal (location, infrastructure, etc);

§ *promotion* – advertising activities; PR;

§ *organization* – in the sense of organizing the marketing tasks and resources.

In the interpretation of the regional systems marketing there is a certain specification coming from the traditional understanding of the marketing activities – “selling” ideas, goods or services. From the perspective of regional development marketing, in the broad sense of the term, is rather an opportunity or idea related to a place in a certain geographic point (municipality, district or region) that is for sale or is rented out in one or another form to develop entrepreneurial initiatives, to realize the regional potential both as internal and external needs. Philip Kotler reviews this topic in the narrow sense of the regional marketing and defines four types of marketing of the places: marketing of housing estates, marketing of zones for industrial building, marketing of the property investments and marketing of the

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recreational places. Despite that as applicable for the purposes of the present analyses we can take the definition of the marketing of places, namely: “an activity undertaken with the aim to establish, maintain and modify the attitude and/or behavior related to specific places.” [8].

In other words the regional investment marketing is anticipated as a process that integrates various activities aiming at increasing the competitiveness of the settlement and forming a favorable image. In a broader sense marketing includes “the sale” of the entire region or parts of it as a place for economic activity [6]. The information of the regional economic activity as well as the places that are offered for developing entrepreneurial initiatives cannot be wrapped up and exhibited on a commercial stand. They need a completely different quality of marketing that is different from the one usually used for consumers’ goods.

Therefore, regional marketing is certain type of thinking and action of the territorial managers and entrepreneurs at a regional level. It is a new business philosophy for proactive entrepreneurial activity based on the strive to satisfy the needs of specific people, groups of people and companies of information, goods, services, technologies, etc, both in a certain region and outside its borders. The investment marketing boils down to defining the specific favorable conditions due to which certain community differs from the others, as well as to forming a certain image that creates trustworthiness in the investors. At the end of the day marketing has to guarantee crossing of the interests of the economic agents and the regional authority at a point where they coincide the most. On one hand the economic subjects that are in competition among themselves so that they can get access to the most suitable terrains for themselves. On the other hand the authority bodies are also in competition among themselves in order to reveal more thoroughly and to best promote their competitive advantages which will bring success to their policy for attracting more investments.

III. CRITICAL POINTS ANALYSES IN REGIONAL INVESTMENT MARKETING REALIZATION

Regional development marketing realization is a prerequisite for intensifying the regional development through rationalization and if possible through optimization of the spatial investors’ decisions. This activity is realized through two main marketing directions:

§ Internal marketing (self-marketing) of the regional systems – in order to support the strategic and planned process in all its dimensions. Self-marketing is achieved through drafting and implementing strategies and programmes the core of which are the processes of socio-economic development of the regional system.

§ External marketing (marketing) of the regional systems – in order to achieve objectives such as persuading the potential investors to localize their economic activity in the region, to take advantage of the favorable economic, social and cultural climate, to buy goods and services offered by the local economic agents, etc.

The so defined directions in the marketing activity of the regional systems outlines the problematic field in the

investment marketing realization from where, without claiming to be comprehensive, we can draw out the critical points that have decisive meaning in the implementation of the processes described, which is as follows:

§ marketing strategies and problems;

§ contacts with investors and community support;

§ informational support of the regional investment marketing activities.

In order to provide higher effectiveness of the undertaken marketing activities it is necessary to apply a strategic approach as an established tool for defining the main parameters of regional development that is preceded by a complex research, forecasting and managerial activity. Applying such logic in the process of regional investment marketing realization is a precondition for avoiding one of the common problems, i.e. conflicting between the managerial decisions in this sphere and the adopted strategic development purposes formulated on the basis of the analyses of weaknesses and strengths in the development of the respective territorial communities. Therefore the implementation of the marketing strategies and programmes can be defined as:

§ a factor for improving the competitiveness of the regional systems among themselves;

§ a precondition for integration of the region to the rest of the world;

§ a stage of the coherent policy for creating a unique image of the regional system;

§ a prerequisite for attracting investments and highly motivated and qualified workforce;

§ An opportunity for better understanding of the needs and intentions of the investors.

The relationship of the territorial bodies for governance and self-governance with the business and the society in the regional system are an inseparable part of the marketing programmes. The targeted attraction of investors is a complex process which is preceded by the establishment of a suitable organization for their qualitative and swift servicing. It is of great importance for the investors to see cooperation and the necessary attention in their administrative servicing. The main problems in this respect can be defined in the following directions:

§ responsibility for qualitative servicing of the investors;

§ efficiency, coordination and transparency in the administration activity;

§ the ability of the local authority to maintain constructive relations with the investors by anticipating and taking into account their needs and requirements;

§ the preparedness of the local authority to create suitable investment climate and to develop adequate marketing activity.

The existing problems in these directions were drawn out from the author’s research made amongst experts from the state administration for their evaluation of the regional investment marketing activities [2] implemented by regional, municipal and de-concentrated administrations in the Northern East region of the Republic of Bulgaria.

The opinion still exists that the responsibility to attract and service the investments belongs only to those employed

in the respective directorates and departments for local economic development (14.3%). The majority of the interviewed are not familiar with the legally regulated procedures for individual servicing of the investors and are not interested in the activity of the bodies belonging to the administrative structure in which they work (49%). There is still a great relative share of those who believe that there is no established specific system for servicing investors or that the existing mechanisms do not facilitate the investment activities (19.8%).

Beyond the framework of the specific administrative structure and going up the hierarchical governance levels – regional and local – the actions of the administration are defined rather as difficult and inefficient than as efficient. Persuasively high are the relative shares of both the interviewed who believe that the terms for issuing the necessary documents for the investors are kept (64.8%) and of those who are not informed about the measures for improving their administrative servicing (58.2%).

Despite the prevailing number of positive answers about the implementation of various anti-corruption measures (85.7%) and feedback mechanisms for the users of administrative services (81.3%), definitely negative is the evaluation of the interviewed about the level of transparency and the acting mechanisms related to the procedures of managing state and municipal property (44%), as well as about the procedures for issuing building permissions (22%). The assistance by the local authorities in the provision of these administrative activities is of decisive importance for the investors in choosing the terrain for localizing their economic activities.

There is a widespread opinion that preparing specialized information oriented towards the investors is not necessary because such information is provided to the institutions at a local and central level (19.8%). Only in a few administrations there is an information base for the specific needs of the investors that is regularly updated (12.1%). Various information seminars are organized in the administrative structures on topics related to providing a suitable investment medium, exchange of experience and good practices with other administrations, the prevailing form being meetings-dialogues with business representatives (42.9%). The least are the seminars on the specific issues of investment marketing (8.8%).

There are widespread various practices for investment marketing realization by the administrations in the region such as: preparing investment profiles; direct meetings with investors; promoting the region as a place with stable business climate; cooperation with other organizations at a regional, national and international level. As the most commonly used technique for investment marketing is given the preparation of various information materials containing data of the specific municipality (49.5%). The least used in practice is the direct advertisement of the developed sectors, branches and activities in the given region (about 12%).

An extremely modern direction of the regional marketing is securing the community support for the regional development. Through the marketing activity are identified the interested parties that have claims on the resources of the regional community or are somehow

affected by the activities of the territorial bodies for governance and self-governance. More specifically it is looked for the possible effect of the planned activities by the regional authorities and what can be the unique contribution of the interested parties in the regional development processes and in the implementation of the strategic plans and programmes. In the case we mean documentation including resources and efforts for attracting the entrepreneurial and community interest to the regional system.

If the society is not familiar with the scope and mechanism of implementing the activities and measures in the sphere of investment policy and regional development it will show lower concern and even resistance towards the realization of the regional development ideas. Such reactions are completely justified due to the lack of clarity for the connections of the strategies and undertakings with the results of the realization of the regional development programmes. The regional marketing activities help to create an atmosphere of social support for the activities for regional economy development and inspire belief in the future of the regional system. It is of extreme importance to activate the social support and to have more thorough expression of the human potential in the regional economic activities in order to have efficient realization of the transformation processes at a regional level.

In respect of the content aspect of the regional marketing is of high importance the issue about its information security. In the conditions of market economy there are four interrelated flows – labour, product (goods), cash and information flow, which is derivative of the three preceding ones. In a globalizing economy the information flow is not only a reflection of the labour, goods and cash flows. Information is a strategic resource or the information flow from a strategic point of view is related to drafting the processes in the future. Advantages in attracting investments in the regional system, in entering the market, in concluding deals for the implementation of high value projects have those who have timely more thorough, credible and complexly synchronized information. Hence comes the main problem in this direction – there are no technologies and mechanism for maintaining a complete synchronization between the defined four types of information flows both in regional and in macroeconomic aspect.

Another significant problem is related to the timely provision of the regional community information packages to the target groups that they are meant for. Achieving efficiency in this respect can be expected only if the system for regional investment marketing combines the traditional means for mass information with the information systems and technologies.

The traditional means for mass information such as radio, TV and electronic media, publications, advertising leaflets, visual presentations, etc. can contribute for performing efficient marketing activities. The purpose of such type of publications is to stimulate the initial interest towards the regional community and its activities, to serve as initial “bait” for the economic agents. It is possible that series of serious problems may occur, for example that the

promotion presents the “business card” of the regional community in a way perceived by the territorial governance and administration. Therefore, not without grounds, advertisement is also interpreted as a prejudice.

With the help of the computer networks, systems and technologies the territorial communities are able to provide information for their vision and strategic plan for development, for their priorities, programmes and projects which are imbedded in the sphere of their investment activity. Information systems and technologies in the regional investment marketing can act as a catalyser for maintaining and enhancing the flow of creative ideas towards the various areas of socio-economic life of the regional community. Thus we can establish feedback with the civil society and the economic agents in particular for defining their requirements related to the territory as a medium for implementing these ideas and as an opportunity to improve the methods of territorial governance.

Still the regional communities in Bulgaria cannot turn the Internet into an everyday work tool of the territorial administration which hinders the realization of proactive regional investment marketing. Possibilities to apply this instrument can be found in:

§ the information coverage for drafting and implementing the regional marketing strategies and programmes;

§ identifying the parties that have certain expectations and pretensions related to the regional system resources or that are affected by the results of the activity of this community – what is the probable effect of the planned actions on the interested parties and what can be the unique contribution of each of the interested parties both for drafting the strategic plan and for its implementation;

§ establishing working regional integrated multipurpose information systems and local information networks by municipalities, by districts, by planning regions that can provide for the analytic information about the regional economic activity: the level of saturation of the territory with entrepreneurial initiatives; the level of diversification of the economic activity; flexibility in the production structures behaviour; the economic activity of the regional system and of its sub-systems.

IV. MAIN CONCLUSIONS AND RECOMMENDATIONS

The present research tries to define the broad scope of problems that the territorial managers and administrations are facing everyday in the process of the realization of the regional system investment activity marketing. This allows us to formulate some recommendations for performing impact on the critical points during the regional investment marketing realization.

1. While forming the regional marketing strategies and programmes we need to take into account the specification of the product that is “for sale” – the municipality with all its features; the quality of life; the existing production; the work force; the existing companies, etc. These elements have different dimensions in the different regions which

gives the strategic documents certain territorial attachment. This specification is defined by the existing subjective differences in the competitive advantages of the regional economies (location and transport accessibility, infrastructure, qualitative dimensions of the regional demographic structures, source of the necessary labour resources, etc.).

2. The problems established through the contacts of the investors with the regional authority institutions and the administration are not necessarily a signal that the employees do not perform their administrative activities with the necessary quality and professionalism but put at a doubt the capability of the territorial governing bodies and administrations to perform adequate investment marketing and therefore the following is recommended:

§ focused work for establishing positive attitude in the administration employees and empathy for the investors’ problems, as well as extinguishing the unconcerned behaviour which boils down to mainly routine implementation of the typical individual functions;

§ reducing the inefficiency in the administration activity that will neutralize one of the most repelling factors for the investors – enhancing the costs for investment projects implementation and reducing the generated profits;

§ satisfying the standards for transparency typical for the legitimacy of each modern administration – attracting investors is impossible without the guarantee of the rule of law, trustworthiness, predictability, openness, accountability, efficiency and effectiveness in the relations “business – local authority and administration”;

§ organizing investors forums and seminars related to certain priority branches, through which to simultaneously to achieve the following: exchange of valuable investment information (investors needs and the possibility for the local authority to meet them); exchange of good practices in investment marketing;

§ attracting all the administration employees as responsible and proactive participants for achieving the common cause – presenting the region as the best receiver of investments.

3. It is useful to maintain constant contacts with different citizen groups and individuals who are capable of providing the necessary support for the implementation of specific projects, programmes and plans. Regardless of the size of the region and the financial resources it has there is always the opportunity to do something more than what the budget allows. The benefits of applying such forms of communication are as follows:

§ providing channels for spreading the information about the activities in the regional development sphere – from the governance bodies and the administration to the society and vice versa;

§ attracting the people from various places in the implementation of specific projects and programmes;

§ holding business meetings with the neighboring regions administrations for realizing cooperation and partnership on specific projects and activities;

§ engaging people outside the regional system whose actions can contribute for the success of the regional economic undertakings – members of parliament, highly

qualifies specialists working in the state institutions, as well as experts in non-governmental organizations who have direct or indirect connection with the drafting and implementation of various projects and programmes financed by international financial institutions or by the state.

4. The policy for informational attack of the target subjects of the regional marketing shall also be reevaluated. They should not be reviewed as a passive target. On the contrary they are a rather active partner in the bilateral marketing relations and do not need information packets that can influence them as a notifying advertisement. They need mainly information that can provoke thinking and reaction to the messages sent by the regional system.

It is preferable that the means for information attack are complexly used, i.e. to apply integrated marketing communications. The different information means (traditional and modern information technologies) should never be opposed one against the other. The choice of their combination depends on series of factors: marketing budget of the regional community; personal preferences of the target impact objects; level of development of the information data base; the phase in which are the target objects in presenting, way of understanding of the information content by “the consumers of the territory”.

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