

Modern City Positioning Case Study as a Tool of Territorial Marketing: Magadan, Russia

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Abstract

The increased competition between domestic cities leads to the need to develop a city positioning marketing strategy more efficient. The study aimed to determine and select the factors of positioning of Magadan, which is located in the Far North-East of Russia. I chose selected situational analysis to assess the current position and the consumer properties of the city. 14 representatives of municipal government, the media, business and science, the industrial sector were interviewed. From the point of marketing Magadan position is weak since the city has no clear strategy for its positioning. The consumer properties of the city are reflected by the most important events of the city, famous symbols and historical characters, industrial-building, banking, transport, engineering and social infrastructure. Internet marketing is developed quite weak as not all means of the Internet are used. The best indexes of Magadan are: average monthly nominal wages, catering turnover per capita, hospital beds, number of children per 100 places in preschool, the number of companies engaged in the mineral extraction, air emissions of pollutants from stationary sources without purification, turnover of goods. Among the worst indicators Magadan was marked by: population, migrate rate, construction works content, volume of paid services to the population, number of university students, number of telephones PSTN. Municipal authorities should take up communication policy and begin to work with the informational space purposefully creating a favorable image of the city. The material base of tourism and the formation of the modern hospitality industry in the region should be improved attracting both private and public investments in tourism through the development of financial-based projects. Attention should be focused on the development of transport infrastructure for domestic and foreign economic relations.

Keywords: territorial marketing, city positioning, city image, competition, development strategy, promotion, Far North-East of Russia

1. Introduction

It is noted that at present such phrases as "area marketing", "marketing of places" have become familiar concepts to characterize the changes occurring in the territorial administration. This is due to the fact that increased competition between domestic cities leads to the need to develop a city positioning marketing strategy. As a result, a favorable image of the city is formed, its investment activity exceeds and specific socio-economic indexes run up. From this matter, the choice of positioning factors of Magadan, located in the Far North-East of Russia, is timely and relevant. Directions proposed here can be used by the authorities in the working-out of the positioning and promoting programs of the examined northern city both domestically and abroad.

The main strategic goal of development of any city is its sustainable socio-economic development aimed at increasing the competitiveness and improving the quality of life of the population. In this regard, there is a need to involve the marketing tools to enhance the attractiveness of the territory, what is called "area marketing" or "location marketing" (Romanova, 2013; Deinekin, T.V., 2012).

In a general sense it is a promotion of the municipal interests to the market, which includes a complex set of actions a for self-promotion, establishment and maintenance of the image, organization and communication processes and relationships needed to create sustainable interest in the city as an area for life, work, tourism, recreation and investments (Giffinger et al., 2010; Kuznetcov N.G., 2011). From these positions, the city can be regarded as a set of "goods" with unique properties such as: sights of cultural and historical significance; scientific potential place; place of arrival and departure (airports, stations) (Schnaith, 2011); natural, logistical, financial, labor, organizational, social and other resources as well as opportunities for the implementation and reproduction of such resources (Kotler et al., 1993).

It should be noted that city marketing, its promotion and positioning analyses are carried out in Russia since only the end of the last century (Pankrukhin, 2006). On the contrary, city marketing for the USA is a natural way of life since its inception they have to exist in a competitive environment for resources, labor, universities and tourist investments (Boorstin, 1964; Boorstin, 1967; Boorstin, 1973).

1.1 Positioning of Russian city at modern level.

So, what is the situation in the marketing of Russian cities at this stage? Drawing on international experience in strategic management, domestic cities began to develop complex documents that include goals, objectives and directions of city marketing, its positioning and promotion of its territory (Romanova, 2010). However, despite of the fact that the theme of marketing is getting more popular, there are materially not many prosperous examples of city projects, among which such usually marked out cities as Mishkin and Great Ystyg, have become paradigmatic. Thus, nowadays Russian cities have unique opportunities to demonstrate to the world their renewed look. Nevertheless, distinguished features from other cities should be found and cultivated as our cities often remarkably resemble each other : Cathedral of St Basil the Blessed (Moscow) , the Admiralty (St Petersburg) , National Nature Reserve "Stolby" (Krasnoyarsk) (Vizgalov, 2008).

Thus, the opportunity of existing and additional resources deployment depends on what kind of image of the city appears in the minds of various financial and economic entities in political, administrative and cultural elite of the country, region or city and how positive the inhabitants and visitors apprehend the city. From this perspective, city positioning is one of the original and defining tools of territorial marketing which allows identifying the most promising areas of the city development (Dolnikar et al., 2004; Kirilina, N., 2012).

2. Methods

As a research methodology the author selected competitive analysis of products of competing cities (Isaeva, E. V. & Borisova, O.M., 2012; Maikova S, 2011). and situational analysis to assess the current position of the city and its consumer properties (Shuvladze, G.SH., & Kirvalidze, N.O., 2011). In the analysis the researcher used statistical data of official sources of municipalities of Far Eastern Federal District of the Russian Federation. The expert interview for assessment of the issue based on the opinions of experts was carried out, during which 14 representatives of municipal government, media, business, science and industrial sector were interviewed.

3. The Main Part

As the research shows the main role is given to such strategic instrument of city marketing as positioning in conditions of severe territorial competition, i.e. value proposition, so that ,target groups comprehend and value what differs a definite city from other opponents.

The success in contest is connected with the development of the areas with economic activity of territories where the definite city has its competitive advantages, but interests of target groups come to effective usage of the competitive advantages for life, business tourists visiting. This is precisely why the positioning is one of the base and determinative functions of the territorial marketing (Kudashova, Y.V., 2010; Djegutanov V.V., 2012).

Thus, the main principle of city positioning can be structured in the following way: the city must be considered in the idea of target groups` consumers in minimum, appealing and individual in maximum.

Given that this study is not able to consider experience and problems of positioning of all the cities of our country, the author considered it necessary to highlight the most pressing issues in this sphere on the Magadan's experience. The choice is due to the following: Magadan is the youngest regional center of the Far Eastern Federal District of the Russian Federation, which received the status of the administrative center of Magadan region - the capital of Kolyma region - in 1953 (Kolyma.ru, 2014). Contribution of the city to the economy of Magadan region is significant (Table 1).

Table 1. Indicators of the Level of Magadan Economic Development (Socio-economic development of Magadan, 2014)

Indicator	2010	2011	2012	2013	2014
The index of industrial production (%)	105,1	106,6	101,6	145,1	100,3
Shipment of proper production, works and services for large and medium-sized organizations (mln rubles)	118,1	5460,4	6401,1	6623,9	7330,1
Manufacturing (mln rubles)	107,6	105,3	99,6	108,6	94,7
Fishing (mln rubles)	124,3	102,6	106,8	67,6	99,2
Mining (mln rubles)	105,9	106,6	103,8	698	109
Electricity production (mln. kW/h)	104,0	103,0	107,7	109,0	119,2
Number of all economic entities (units)	5622	4766	4726	4128	4050
Investments in fixed capital (mln rubles)	4749,2	4379,0	6229,4	5208,7	5738,4

Despite the fact that the area of the city is less than 1% of the total area of Magadan region, ¾ of all organizations of Kolyma are registered in Magadan. The status of Magadan as the center of the Special Economic Zone, which has created incentives for federal taxes, customs regime, affects the attractiveness of the registration of all organizations in

various fields.

Compared with other regions of the Far Eastern Federal District, the highest concentration of population is observed in the capital of Kolyma (101 thousand people as of 01.01.2015), that is 65% of all residents of the Magadan region.

Further, we note that for the assessment of apprehended image of Magadan and for determining factors of unique positioning of the city, the most important factors for interviewed experts are such consumer properties as:

- Powerful industrial potential, including the production and distribution of electricity and water, fishing, engineering and metalworking, manufacturing, agriculture (15%).
- Developed banking sector as either regional banks or branches act in the city and a number of them provide transactions with banks and currencies of other countries (15%).
- Transport, engineering and social infrastructure. There's an airport suitable for all types of aircraft. Magadan flyer control officers are able to carry out maintenance of aircrafts almost over a third of the airspace in the world. The largest Northeast Commercial Sea Port has an international status and provides services to foreign vessels of over a dozen states in the mode of year-round navigation. Federal highway Kolyma is paved from very Nagaev bay stretching over thousands of kilometers passing through the areas of gold mining to the Republic of Sakha (Yakutia). There's a developed network of housing and communal services, engineering infrastructure, trade, catering, consumer services, health complex (12%).
- High educational, professional and cultural level of the majority of the population of the city (10%).
- Low crime rate (9%).

The next issue was what are the most famous symbols and historical figures and events of Magadan that had the greatest impact on the development of the city. Most of the respondents (14%) named such symbols as: gold (Magadan - is a heart of gold mining in Russia), the fishing industry, which employs a significant portion of the Magadans and delivers products not only in many cities in Russia, but also abroad.

The experts also noted: Nagaev bay as a symbol of the sea gate of Kolyma, as this is where the city began (11%); the memorial to the victims of political repressions - "Mask of Sorrow" (10%); the names of famous people who lived in our city: astronaut P. Vinogradov, who had been twice in outer space, the Olympic champions E. Vyalbe and A. Lebzjak (15%); School # 1 as a symbol of the past and present of the city, which released about 100 honored students; famous poet and soldier S. Narovchatov, after whose honour one of the best streets of Magadan is called, was among the first graduates of this school (13%); the region emblem and the flag - a golden deer jumping in a fast pace followed by two gold stars with the red background. The lower part of the emblem and the flag is a wavy blue field, symbolizing Magadan as sea gates of Kolyma (10%); the golden deer with the fawn, greeting those who enter our town on the Kolyma highway (9%); famous convicts imprisoned here during the time of Stalin's repressions, among whom were Gen. A. Gorbato; S. Korolev, the designer of rockets which conquered the space; professor A. Boldyrev; artist G. Zhzhenov; singer, composer and poet V. Kozin (7%); the "Interlacement of Memory" - a monument symbolizing steadfastness, courage and great love for the Motherland during the Great Patriotic War (6%); Ust-Srednekanskaya HPP (5%).

The vast majority of respondents (66%) believe that in terms of formation and promotion of the position of Magadan the most effective channel of communication is the Internet. Along these lines, the author used a search engine Yandex to select seven sites, which in any way mentioned Magadan Region or Magadan to evaluate them using certain criteria. The values from 1 to 10 (subjective assessment) were set for each parameter. The sum of these values for each site determines its place in the total ranking (Table 2).

Table 2. Analysis of the Sites Mentioned Magadan or Magadan region

Name of the site	Evaluation criterion								
	Accessibility	Content	Amenity	Design	Interactivity	Loading speed rank	Overall score	Total rank	Number of views
Official site of the City Hall of Magadan (http://www.magadangorod.ru/)	9	6	8	10	5	2	40	4	213
Regional data portal Kolyma.ru (http://www.kolyma.ru/)	9	8	8	6	9	3	43	2	1869
The information "Magadan" from the Wikipedia – the free encyclopedia (in Russian) (http://ru.wikipedia.org/wiki/%D0%9C%D0%93%D0%94%D0%ED)	9	9	8	3	8	4	41	3	32
Online version of the newspaper "Evening Magadan" (http://www.vmagadan.ru/index.php)	8	7	8	10	6	9	48	1	1869
Official site of local authorities of Magadan region (http://www.magadan.ru/)	9	8	5	5	6	4	37	5	369
News of Magadan and Magadan region on MagadanMedia (http://yandex.ru/yandsearch)	7	6	5	3	5	6	32	6	208
Official website of the Prosecutor of the Magadan region (http://magoblproc.ru/)	7	5	5	5	2	8	32	6	150

As we can see, the online version of the newspaper "Evening Magadan", the information "Magadan" - Wikipedia, the free encyclopedia and the regional information portal Kolyma.ru can be considered the best among the reviewed sites. There's an official site of the city, but, unfortunately, it was noted that not all the means of the Internet are always engaged to disseminate information, and, most importantly, to interact with existing and potential target groups.

Next, a competitive analysis by level and pace of economic development of administrative centers of the Far Eastern Federal District was carried out. It was performed to determine the relative degree of use of the most important properties of the city for the target segment by competing cities under the implementation of the adopted development strategy and building up its position in the information space. The cities Yakutsk, Khabarovsk, Blagoveshchensk, Petropavlovsk-Kamchatsky, Vladivostok, Yuzhno-Sakhalinsk were selected to compare and assess the attractiveness of Magadan. Cities as Birobidzhan and Anadyr were excluded from this list as they can be attributed to small towns with a population of 100 thousand people by the level of their economic development.

In comparison with other administrative centers of the Far East, Magadan figures are the highest in 7 positions (coefficient of migration, the average monthly nominal accrued wages, the cost of consumer goods basket, catering turnover per capita, the number of companies engaged in the extraction of minerals, hospital beds and turnover of goods). 7 positions have low rate (population, construction work content, the volume of paid services to the population, the number of children per 100 places in day care, the number of university students, emissions of air pollutants from stationary sources without filtering and the number of telephones PSTN).

4. Results

According to the survey results, it should be noted that:

- 1) From a marketing standpoint Magadan position is weak, since the city has no clear strategy for its positioning.
- 2) The most important events of the city, famous symbols, historical characters and industrial-building, banking, transport, engineering, social infrastructure, etc., to some extent reflect the consumer properties of our city.
- 3) Internet marketing is developed quite weak as not all the means of the Internet are used to disseminate information, and, most importantly, to interact with existing and potential target groups.
- 4) The highest indexes upon the results of a competitive analysis of Magadan are: average monthly nominal wages; catering turnover per capita; hospital beds; number of children per 100 places in preschool; the number of companies engaged in the extraction of minerals; emissions of air pollutants from stationary sources without purification; turnover of goods. Among the lowest indicators Magadan was marked by the following characteristics: population; migration rate of the population; volume of construction work content; volume of paid services to the population; number of university students; number of telephone lines for general use.

5. Conclusions and Recommendations

In order to solve the above problems and to improve the mobility of financial, labor, material and nonmaterial resources of Magadan, the author considers it necessary to recommend to local authorities to undertake a number of activities for the formation a positive image of our city, its positioning and promotion:

- 1) Municipal authorities should take up communication policy and begin to work with the information space, purposefully creating a favorable image of the city in the external environment and positioning Magadan as forum city; a center of intermunicipal cooperation; a major transport, communication and mediation junction; significant cultural and educational center of the Far East; a gold mining center of Russia; a center of traditions in sports and tourism; a center of qualified personnel. To do this, the authorities need to carry out brief information about the position of the city on the popular servers, arrange a news posting; and to register information about implementing a strategy of positioning the city in search engines and directories (domestic and foreign), etc.
- 2) It is necessary to increase the attractiveness and efficiency of the tourist and recreational complex of the city, to bring the level of its development up to global standards by attracting private capital and a support from local and regional authorities. Activities in this sector need to be focused on the following main areas: improving of the material base of tourism and the formation of the modern hospitality industry in the region; attracting both private and public investments in tourism through the development of financial-based projects (business plans); to focus on tourists from the Far East, as well as foreign tourists of the United States, Canada, Japan, etc.
- 3) Attention should be focused on the development of transport infrastructure for domestic and foreign economic

relations. Undoubtedly, planned construction of the railway communication from Yakutia to Magadan will contribute to this and allow: to increase the investment attractiveness of the city; to reduce transportation costs of enterprises; to realize the interests of the industrial enterprises in not only domestic, but also foreign markets, increasing their export potential.

Thus, the competent implementation of the Magadan positioning marketing strategy would create the conditions for sustainable development of the municipality, strengthening its competitive position. This would improve the quality of the life of the population and would be a fundament for the city economy growth.

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