Success Factors in Implementing Local Marketing Strategies and Their Attractiveness to Local Consumers

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Abstract

The purpose of the research is to study the specifics of implementing local marketing strategies of companies, as well as ways to meet the needs of local consumers, taking into account the possibilities of digital reality. It is determined that the specificity of local marketing strategies consists in their orientation to consumers within a certain geographical area. The geographical feature becomes dominant when determining the target audience, choosing marketing tools for connecting with consumers, as well as in the process of conducting marketing activities aimed at maintaining a stable image of the company. The authors suggested the most appropriate methods for determining the target audience based on geographical characteristics, as well as a set of traditional marketing tools (interaction with the local community at events; publications in local print media; distribution of advertising brochures to local consumers; sponsorship of local events and gift certificates) and geographically oriented online marketing (local online reviews as part of consumer purchasing decisions; local search marketing SEO; targeting customers at the local level; digital storytelling for local consumers) to form a system of interaction with local consumers. The authors justified the need to implement marketing activities aimed at maintaining a positive image and sustainability of the company among local consumers.

1 Introduction

In modern society, certain changes have taken place that have transformed traditional ideas about the formation of consumer needs, the role of the consumer in value creation processes, and the interaction of companies with the consumer community. Today, the consumer has not only the opportunity to contribute to the creation of a product, to determine its characteristics, but also to influence the flow of business processes, consumer choice of other people, as well as to participate in the distribution of benefits received (Prahalad & Ramaswamy, 2010; Robin, 2008).

At the same time, digitalization processes have expanded the range of marketing tools that companies use to promote their products and services, and have contributed to the emergence of many innovative marketing methods that make their products more attractive and prestigious (Stokes, 2011). This gives manufacturers a better chance to understand their customers and respond quickly to changes in their tastes and preferences.

The tools for implementing local marketing, which is becoming increasingly popular among small and medium-sized businesses that are geographically linked to the area, have not been left out of the current changes. The company's choice of appropriate tools for implementing local marketing

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strategies will be determined by a combination of factors that affect the company's attractiveness to local consumers.

2 Theoretical Basis of the Research

The researchers argue that the marketing strategy as part of the economic activity of the enterprise should be aimed at developing the production process, maintaining the quality of products and optimizing the range, as well as expanding sales markets and increasing sales (Yanovsky, 2013). Walker concretizes the definition, linking the marketing strategy with the effective distribution of market resources in a particular product market (Walker, 2003).

A distinctive feature of a marketing strategy, according to Kotler, is a clear choice of the market segment in which the logical scheme of marketing activities will be implemented (from the development of new products to the organization of their sales system) (Kotler, 2013).

Assel and Altshuller assert that the most important component of the marketing strategy is the mechanisms of the company's influence on the consumer. This is why it is important to analyze the target market and create a product positioning system for specific target segments (Altshuller, 2013; Assel, 1999).

Special attention of researchers is drawn to the study of local marketing strategies, i.e. marketing activities aimed at attracting customers within a certain radius relative to the company's location. In this case, the specifics of marketing strategies are determined by geographical reference to the area. Local marketing is interesting for small and medium-sized businesses (for example, beauty salons, notary offices, medical centers, car washes, restaurants, retail stores, and so on).

In terms of digitalization, companies can use innovative marketing methods to implement market expansion projects (Stokes, 2011). Given that 90% of users in 2019 searched for products and services near them via the Internet, and 33% do it every day, digital technologies are becoming an integral element of implementing local marketing strategies (Dugar-Zhabon & Simakina, 2019).

Some aspects of the problem under study are considered in the work of Sherrington (2003) and Antonides and van Raaij (1999).

3 Methodology

The purpose of the research is to study the specifics of implementing local marketing strategies, as well as ways to meet the needs of local consumers that are adequate to the stage of digital development of the economy.

Tasks: (1) to identify the specifics of the implementation of local marketing strategies; (2) to systematize methods for the determination of the target audience in the implementation of local marketing strategies; (3) identify offline and online marketing tools for connecting with consumers in the implementation of local marketing strategies; (4) offer a system of marketing activities aimed at maintaining a stable image of the company among local consumers.

Research methods: method of theoretical analysis, comparison method, analysis of Internet sites, method of induction and deduction, system approach.

4 Results

By local marketing, we will understand marketing strategies and tactics that target potential customers at the local level within a certain business radius. This type of marketing is called location-based marketing.

The marketing strategy reflects the conjuncture factor of the organization of demand in the market for the offered product range of the company and generally includes the following actions:

(1) Market analysis to create demand and identify the target audience.
(2) Product research and regulation of its assortment for the greatest satisfaction of consumer needs.
(3) Connecting with customers.
(4) Adaptation of products to specific customer conditions.
(5) Implementation of marketing activities.

The main difference between general marketing strategies and local ones is that the latter are aimed at adapting sales promotion activities in relation to local consumer groups (Kotler, 2013).

Taking this factor into account, some stages of implementing local marketing strategies will have distinct specifics (Table 1).

Let's look at the stages of implementing a marketing strategy that has a pronounced local specificity.

(1) The first stage of forming a marketing strategy—market analysis—should be adjusted to take into account the factor of narrowing the reach and target audience. Too broad a reach means that marketing efforts are directed to a territory that is larger than necessary. Too broad a target audience means that resources will be spent on attracting the attention of people who will not be able to use its services due to their remoteness. For example, according to the 2019 Local Consumer Review, people prefer to make daily grocery purchases in stores near

Table 1 Specifics of the implementation of general and local marketing strategies

Stage of marketing strategy implementation	General strategy	Local strategy
1 Analysis of the market to create demand and audience targeting	–	Based on a geographical feature
2. Product research and regulation of its assortment for the greatest satisfaction of consumer needs	–	–
3. Establishing communication with consumers (clients)	–	Based on offline marketing and geographically oriented online marketing
4. Adapting products to specific customer conditions	–	–
5. Implementation of marketing activities aimed at maintaining a stable image of the company	–	Based on location

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their home or work, 5–6 min away. At the same time, places of entertainment or shopping can be located at a more remote distance, and take 17–19 min in time (Dugar-Zhabon & Simakina, 2019).

It is advisable to use one of the proposed methods to determine the target audience when developing a local marketing strategy, as well as to understand the demographic and psychographic information of the target audience, including its geographical location (Table 2).

(2) Establishing communication with consumers (clients) contributes to the successful implementation of the marketing strategy. Long-term relationships with clients based on trust require the company to establish channels for constant communication with them (Karpunina et al., 2019; Motorina, 2019). The creation of continuous, two-way digital conversations between consumers and producers creates the preconditions to meet the new expectations of customers. At the same time, the process of connecting with consumers can be achieved by using both traditional offline marketing tools and geographically oriented online marketing (Local, 2019) (Fig. 1).

Involvement in the local community is crucial for local marketing, which is possible through participation in local festivals, competitions, seasonal events, sports events. Another form of involvement in the local community can be charity and sponsorship of events held in a given geographical area. The desired effect of such activity is to get acquainted with the local audience, expand mutually beneficial relationships, create a positive reputation, and increase brand awareness. Communication with local consumers will be facilitated by publications in local print media, as well as the distribution of advertising information on traditional paper media.

However, the tools of traditional offline marketing for effective interaction with customers in modern conditions are not enough. This is due to the changing role of the consumer in the value creation process. Thus, (Gordon, 2014; Prahalad & Ramaswamy, 2010; Robin, 2008; Vargo & Lash, 2006) note that the consumer now creates value on a par with the company, participates in continuous collaboration with the manufacturer in real time, and also benefits from this activity. Personalized consumer experience plays a central role in value creation processes. The process of implementing a marketing strategy should reflect that the nature of communication with customers is transformed from product-centric to service-centric, where the focus is on intangible assets, exchange processes and the relationship between the consumer and the producer (Karpunina, Kharchenko, et al., 2020; Karpunina, Yashin, et al., 2020; Popov & Khachaturyan, 2019; Prahalad & Ramaswamy, 2010).

According to the Local Consumer Review survey, 90% of consumers use the Internet to search for information about local businesses, and 82% of consumers make a purchase decision based on studying online reviews of local businesses (Dugar-Zhabon & Simakina, 2019).

Online reviews are an effective online marketing tool for local businesses. Here, the geographical factor becomes dominant, as statistics and conclusions presented in online reviews reflect information about products and services of local manufacturers. Detailed information is aggregated on sites like Google, Facebook, TripAdvisor, Yelp, etc. and not on general product reviews.

The only difference is the way consumers evaluate a review from an online review, which is due to their psychological characteristics of information perception: some consumers read positive reviews (91% of consumers) and make conclusions about the feasibility of using certain products of the manufacturer, while other consumers are more likely to trust negative reviews. On average, the

Table 2 Methods for determining the target audience when implementing local marketing strategies

Method for determining the target audience	Method content	Method of collecting information	A reflection of the geographic criterion
Method for creating a client's Avatar	Description of a specific collective image of the client by the following parameters: • Socio-demographic characteristics; • Additional information (hobbies, leisure) • Goals, needs, and values; • Pains; • Info pain (what will search the Internet for solutions to problems) • Criteria • Objections	• Traditional methods (questionnaires, interviews); • Online methods (surveys in electronic form (for example, in social networks, e-mail); • Methods with the application of information technology	+
Sherrington 5 W method (Sherrington, 2003)	• Segmentation by product type • Segmentation by consumer type • Segmentation by the situation in which the purchase is made • Segmentation by sales channels and distribution methods • Segmentation by type of motivation to make a purchase	• Traditional methods (questionnaires, interviews); • Online methods (surveys in electronic form (for example, in social networks, e-mail), studying the profiles and behavior of customers on the Internet (social networks, blogs, forums), their hobbies, interests)	+
Customer descriptions based on five criteria (geographical, demographic, psychological, social, and behavioral)	Market segmentation based on the specified criteria allows you to: • measure the values of the specified criterion in the study conditions; • Differentiate consumers according to a given criterion	• Traditional methods (questionnaires, interviews); • Online methods (surveys in electronic form, study of customer profiles and behavior on the Internet); • Methods based on the use of technical means; • Methods with the application of information technology	+
Method for describing the target audience of Antonides and van Raaij (Antonides & van Raaij, 1999)	• General level of description of the target audience (geographical, socio-demographic and psychographic criteria); • Description of the target audience at the product group level (behavioral criterion); • Description of the target audience at the brand level	• Traditional methods (questionnaires, interviews); • Online methods (including surveys in social networks, via email); • Methods using information technologies that allow you to analyze large amounts of data (for example, Google Analytics allows to analyze a specific site for user activity, target audience, etc.)	+

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Fig. 1 Establishing communication with consumers in the process of implementing local marketing strategies. *Source* Compiled by the authors
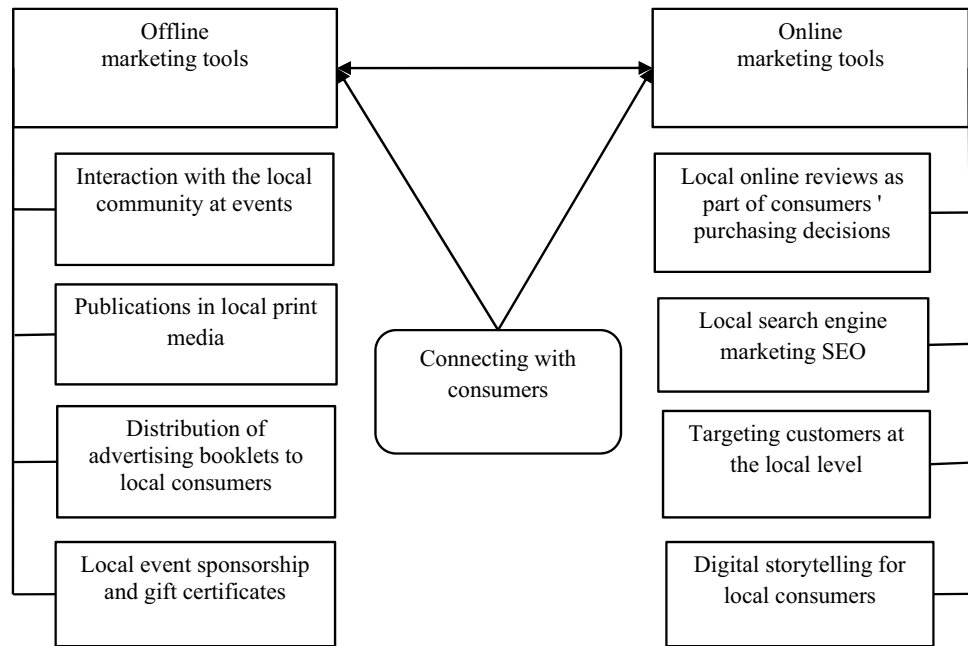
consumer's reaction, as well as their further consumer choice, is formed based on the analysis of 10 reviews of a product or service from a local manufacturer (Dugar-Zhabon & Simakina, 2019).

Local search marketing SEO is an effective tool for connecting with consumers in the implementation of local marketing strategies. On the one hand, it allows potential local customers to search for the desired manufacturer on location pages and online maps, and on the other hand, local companies get 100% of their customers within a strict geographical orientation. Local search marketing SEO through regional search results generation mechanisms can become a tool for attracting pedestrian traffic to a specific store or a way to fulfill e-Commerce orders in a given geographical region. The principle of local search marketing SEO can be described by the following figure (Fig. 2).

Processing consumer search queries with SEO tools allows you to bring a geographically oriented (local) query to the top positions, and, accordingly, generate the maximum output for the local target audience. In addition, the advantage of using SEO in the process of implementing local

Fig. 2 The principle of local search marketing SEO. *Source* Compiled by the authors

marketing strategies is the maximum budget savings along with achieving the desired customer indicators for target traffic for their website (Romanenkova, 2013).

Instagram Facebook, Google, and other social media platforms are used to target customers at the local level. The tool allows analyzing the search queries of local consumers on websites and displaying the most relevant ads. The advantage of this digital marketing tool is the possibility of narrowing the target audience to exclude disinterested consumers, including on a geographical basis. Targeting allows the company to work with two types of target audience: consumers who regularly visit a specific geographical area and consumers who are nearby or have recently visited this geographical location. In addition, targeting by the psychotype of a potential client allows you to identify their values and needs, and take into account the peculiarities of their behavior when interacting with advertising and making consumer choices (Unilever's experience in advertising the Dove brand) (Payne et al., 2008). Automated audience collection systems (Cerebro Target, Pepper.ninja, Tooligram, etc.) also allow selecting the target audience in the accounts of local competitors (Neganov, 2018).

A retargeting tool that aims to reserve ads to the same audience in order to retain them can also be used to better structure the target audience.

Digital storytelling posted on social networks of local consumers is aimed at establishing intensive contact with the target audience. Digital storytelling is implemented through the creation of an interactive interface based on a website, social networks, messengers or YouTube, where the user can interact with the story, take part in its development (an

example of effective use of the storytelling tool is in the activities of the grill manufacturer Weber). Achieving the effectiveness of this digital marketing tool is facilitated by the presence of a typical representative of the target audience in the story, the proximity of the story to life, and a rapidly developing storyline (Pickard-Whitehead, 2018).

The benefits of digital storytelling are: maximize, attract the attention of local consumers at the expense of deep penetration (due to the ability to perceive history), saving costs (the tool does not require investments and has a high ROI), entertaining, ensures retention of the target audience and the ability to manage a wide range of applications (education, tourism, consulting services, etc.) (Barrett, 2006).

(3) The resulting stage of implementing a local marketing strategy is to conduct marketing activities aimed at

maintaining a positive image and sustainability of the company among local consumers. According to the authors, the most effective activities are: creating a loyalty program, communicating with local consumers in social networks, creating a company success story, and collaborating with other companies, bloggers, and local celebrities (Table 3).

5 Conclusions

The article proves that local marketing strategies are aimed at potential customers at the local level within a certain business radius. The authors identified the specifics of local marketing strategies depending on the stage of

Table 3 Marketing activities aimed at maintaining a stable image of the company among local consumers

Event name	Content	An example implementation
Creating a loyalty program	• Defining privileges for regular customers as gratitude for interaction (discounts, gifts, bonuses) • Creating a system of bonuses for performing certain activities to attract new consumers • Implementation of discount programs and promotions for loyalty program participants	Issue of loyalty cards of TSU "TSU friendly" for employees and students of the University, Issue of regular visitor cards of the coffee shop chain "Kofeynaya" (Tambov region)
Communicate with local consumers on social networks	• Creating a community of users of the product/service through the formation of a register of positive reviews and discussion on interactive platforms • Increase product/company awareness • The regularity of publications in social networks is aimed at maintaining interest in the product/company	Secret visitor event as a reflection of the quality of consumer reviews
Creating a company success story	• Creating a history of the company's formation increases the degree of consumer confidence • Maintaining interest in the company's activities and success • Consumers' expectation of the release of new products/services as a continuation of the company's history	"Megapolis" group of Tambov companies is positioned in the region as a family-owned construction company
Collaborations with other companies, bloggers, and local celebrities	• Entering into a joint local marketing agreement with other companies to promote sales • Participation in joint promotions, sweepstakes, charity events • Organization of cross-advertising on a barter basis with other companies, bloggers, celebrities to attract the attention of a new segment of the target audience	Design Studio "Golden section" implements a joint project with the companies "Mebel-Estet", "Riko" and the workshop "ARBUZOV STUDIO"

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implementation: at the stage of determining the target audience; when choosing marketing tools for connecting with consumers; in the process of conducting marketing activities aimed at maintaining a stable image of the company among local consumers. The authors justified the need to narrow the reach and target audience when implementing local marketing strategies, and also suggested the most appropriate methods for determining the target audience, taking into account the geographical feature. The article defines that the process of connecting with consumers can be organized on the basis of a combination of traditional offline marketing tools (interaction with the local community at events; publications in local print media; distribution of advertising brochures to local consumers; sponsorship of local events and gift certificates) and geographically oriented online marketing (local online reviews as part of consumer purchasing decisions; local search marketing SEO; customer targeting at the local level; digital storytelling for local consumers). The authors proposed a system of marketing activities aimed at maintaining a positive image and sustainability of the company among local consumers (creating a loyalty program, communicating with local consumers in social networks, creating a success story of the company, collaborating with other companies, bloggers, and local celebrities).

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