

## Artículo de investigación

**Strategic guidelines for the harmonization of the differentiated development of local food markets and zonal polarization in the economic space of the region**

Стратегические ориентиры гармонизации дифференцированного развития локальных продовольственных рынков и зональной поляризации в экономическом пространстве региона

Lineamientos estratégicos para la armonización del desarrollo diferenciado de los mercados locales de alimentos y la polarización zonal en el espacio económico de la región

Recibido: 10 de marzo del 2019

Aceptado: 10 de julio del 2019

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**Abstract**

The need to strategize the development of local food markets in the region is proven. The use of the stakeholder approach to justify the importance of the strategic goals and priorities for the development of local food markets is substantiated. The procedure for determining the strategic guidelines for the development of local food markets is presented. Strategic priorities and goals for the development of local food markets are determined, their significance is assessed by applying a hierarchy analysis method involving experts from among the stakeholders. Strategic initiatives for the development of consumer demand, commodity distribution network, commodity supply and competitive environment in local food markets are identified, taking into account the existing intermunicipal socio-economic differentiation.

**Key Words:** Economic space of the region; harmonization of the differentiated development; intermunicipal socio-economic differentiation; local food market of the region; zonal polarization.

**Ключевые слова**

Доказана необходимость стратегирования развития локальных продовольственных рынков региона. Обосновано применение стейкхолдерского подхода при обосновании значимости стратегических целей и приоритетов развития локальных продовольственных рынков. Представлен порядок определения стратегических ориентиров развития локальных продовольственных рынков. Определены стратегические приоритеты и цели развития локальных продовольственных рынков, оценена их значимость посредством применения метода анализа иерархий с привлечением экспертов из числа стейкхолдеров. Обозначены стратегические инициативы по развитию покупательского спроса, товаропроводящей сети, товарного предложения и конкурентной среды на локальных продовольственных рынках с учетом существующей межмуниципальной социально-экономической дифференциации

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**Аннотация:** локальный продовольственный рынок (ЛПР) региона; экономическое пространство региона; зональная поляризация; межмуниципальная социально-экономическая дифференциация; гармонизация дифференцированного развития

## Resumen

La necesidad de planear estrategias para el desarrollo de los mercados locales de alimentos en la región está comprobada. El uso del enfoque de las partes interesadas para justificar la importancia de los objetivos estratégicos y las prioridades para el desarrollo de los mercados locales de alimentos está justificado. Se presenta el procedimiento para determinar las directrices estratégicas para el desarrollo de los mercados locales de alimentos. Las prioridades estratégicas y los objetivos para el desarrollo de los mercados locales de alimentos están determinados, su importancia se evalúa mediante la aplicación de un método de análisis de jerarquía que involucra a expertos de entre las partes interesadas. Se identifican las iniciativas estratégicas para el desarrollo de la demanda de los consumidores, la red de distribución de productos, la oferta de productos y el entorno competitivo en los mercados locales de alimentos, teniendo en cuenta la diferenciación socioeconómica intermunicipal existente.

**Palabras clave:** Espacio económico de la región; armonización del desarrollo diferenciado; diferenciación socioeconómica intermunicipal; mercado local de alimentos de la región; polarización zonal. El resumen es una síntesis del artículo y debe tener una extensión entre 250 y 300 palabras, donde se describan los objetivos, la metodología, los hallazgos más importantes y las conclusiones.

## Introduction

The polarized spatial development of the regions caused by the uneven distribution of economic activity, the territorial division of labor, and the concentration of population resettlement, causes the emergence of significant inter-municipal socio-economic differentiation. At the same time, the development of local food markets (LFM), which perform the most important life-support function, also occurs differentially. Moreover, their level of development often does not correspond to the level of socio-economic development of localization territories.

Achieving a spatial balance between the demand and supply of food products in the region should be ensured through the strategic management of the development of local food markets. Currently, at the regional level, there are no sound strategic goals and priorities for the development of food markets coordinated with the strategic guidelines for regional development, which makes it difficult to plan the activities of local producers of food products, restrains investors' activity in this area and limits equal access of the population to food. The shortcomings of the available developments in this area revealed by the authors have necessitated the substantiation of the strategic

guidelines for the harmonization of the differentiated development of local food markets and zonal polarization in the economic space of the region.

## Theoretical framework

Many Russian and foreign scientists were engaged in the study of the characteristics of the formation and development of local, including food, markets in the region [Bonda, 2015; Dvoryadkina, 2011; Granberg, 2000; Kuimov et al., 2015; Kaminski et al., 2016; Savchenko et al., 2015; Filimonenko et al., 2013; Misakov et al., 2018]. Theoretical and applied aspects of the spatial unevenness of the development of local markets in assessing their functioning were in one way or another touched upon in the works of Z. I. Aselkan [Aselkan, 2008; Antipin, 2011; Dvoryadkina et al., 2010] and others. Questions of the strategy for the development of food markets are raised in the works of such scientists as [Zinina, 2013], [Pashina, 2016].

## Methodology

When choosing a methodological approach to the study of problems and the definition of strategic

directions for the harmonization of the differentiated development of local food markets and zonal polarization in the economic space of the region, we proceeded from the establishment of a certain type of dependencies and relationships in the studied object. In this regard, we applied: dialectical approach aimed at finding and taking into account contradictions, development trends and denials; system approach focused on the consideration of a system consisting of relatively separate interacting and interconnected elements and subsystems; process approach, representing the continuous implementation of the complex of certain interrelated activities; situational approach, which consists in the operational study of the current situation, involves a wide range of research methods such as theoretical, logical-intuitive, empirical, and complex-combined.

The research methodology used in this work took into account the goals, requirements for depth and accuracy of the study consisting of several stages:

Stage one. Assessment of the degree of harmonization of the differentiated development of LFM and zonal polarization in the economic space of the region.

Stage two. Determination of strategic goals and priorities for the development of LFM of the region, taking into account the interests of stakeholders and assessing their significance.

Stage three. Identification of the importance of strategic priorities and goals of development of local food markets of the Tyumen region.

Stage four. Justification of the differentiation of strategic initiatives of development of LFM of the Tyumen region.

A complex of research methods, including grouping, time series, questionnaires, goal tree, hierarchy analysis, standardized expert survey, matrix, was used at different stages of the study and allowed giving an analytical and prognostic assessment of the development priorities of local food markets of the region.

## Results

- A. Assessment of the degree of harmonization of the differentiated development of LFM and zonal polarization in the economic space of the region

The rationale for the development of local food markets of the region should be based on the results of a strategic analysis related primarily to the assessment of the existing balance of their development, taking into account the current intermunicipal socio-economic differentiation. It should base on the following provisions, based on the objective existence of the unevenness of the economic space:

- The spatial development of the region is uneven, which is due to the passage of its territories through the phases of the economic activity cycle at different times, which causes the emergence of intermunicipal socio-economic differences. This allows for the purpose of research combining all the municipalities of the region into four economic zones: “new development zone”, “growth zone”, “core”, “depression zone”;
- The intermunicipal socio-economic differentiation causes the uneven development of LFM of the region, the emergence of unequal access of the population to food. This makes it possible to typologize all municipalities in terms of the average per capita sales of food, the provision of population with the area of shopping facilities, the density of the trading network, the purchasing power of average wages, etc. with the allocation of municipalities with very high, high, medium and low levels of LFM development;
- The comparison of the obtained groups of municipalities according to the level of their socio-economic development and the level of development of LFM makes it possible to determine territories with balanced, advanced and lagging LFM development.

The author’s matrix of spatial differentiation and strategic LFM development trajectories was used as a tool for strategic analysis, which allows determining the dynamic characteristics of LFM of the region, their spatial and temporal interrelations and potential development.

Approbation of the proposed approach on the example of the Tyumen region allowed us to identify 15 municipalities with a balanced development of LFM, 2 - with advanced development and 9 - with lagging development. The development of strategic initiatives for the development of LFM of the region should be based on the results of the assessment, taking into

account the projected changes in the economic space of the region.

- B. The procedure for determining the strategic goals and priorities for the development of LFM of the region and assessing their significance.

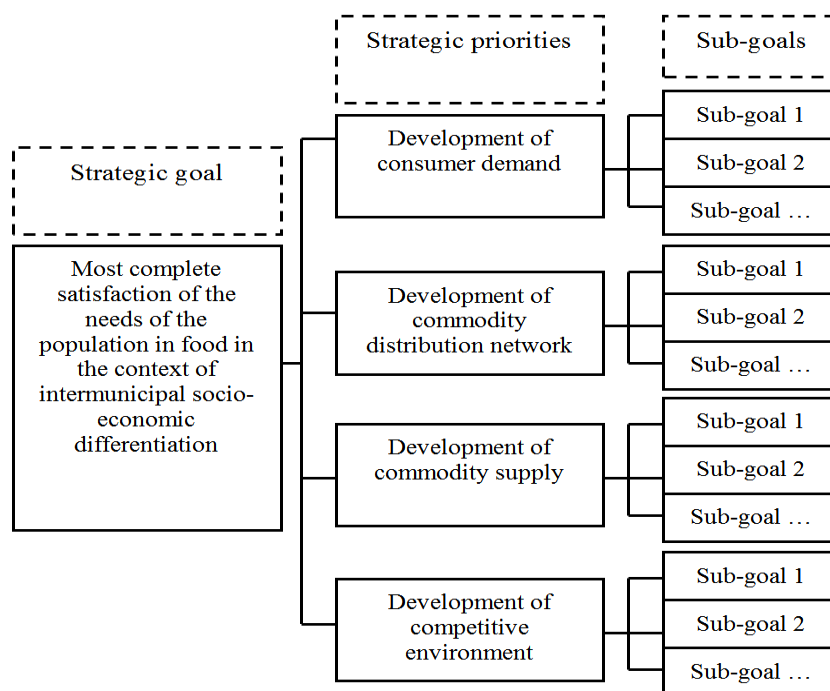
At present, regional strategic planning bodies are no longer exclusively regional authorities. An increasing number of interested parties are joining this process, which, of course, has its advantages. The process of developing any documents of regional strategic planning, in our opinion, should unite the efforts of various stakeholders: government officials, entrepreneurs, regular people, scientists, etc. In our study, we propose to structure all stakeholders in the development of local food markets in the region as follows:

- Authorities by level of government (federal, regional and municipal). The need for such a division in justifying the strategic objectives and development priorities of LFM is due to the difference in powers of the authorities, responsibility and, as a result, not full equivalence of the targets.
- Business community representing the economic actors that implement their interests at LFM of the region. First of all, these are agricultural and processing enterprises of the region, organizations of the food industry, farms, individual entrepreneurs, etc. In our opinion, it is necessary to balance the influence of various largest business structures when justifying the priorities and goals of the strategic development of LFM by equally taking into account the interests of large, medium and small businesses.
- Regular people, whose participation in determining priorities for the development of the region is enshrined in the composition of the constitutional rights and freedoms of citizens. In the region of industrial-agrarian type, where a significant part of the population lives in rural areas,

intermunicipal contrast in living standards is especially evident, therefore we propose to harmonize the interests of citizens with high and average incomes and incomes below the subsistence minimum.

As a strategic goal of LFM development in the region, the most complete satisfaction of the population's needs for food products in the context of intermunicipal socio-economic differentiation was indicated. At the same time, physical and economic access of residents to food products should be provided taking into account the existing balance between the level of development of markets and the level of socio-economic development of localization territories. Typical representatives of the three mentioned stakeholder groups are invited to characterize and assess the significance of the strategic goals of LFM development in the context of the four strategic priorities "Development of consumer demand", "Development of commodity distribution network", "Development of commodity supply" and "Development of competitive environment". The choice of these priorities is based on the provisions on the performance of the markets, justified by representatives of the Harvard School of Economics (E. Mason, J. Bain). The authors proposed the paradigm Structure - Conduct - Performance, which establishes a clear relationship between the current market structure, the conduct of firms on it and the performance of the market. For example, the development of healthy competition will encourage sellers to innovate, diversify the range, and improve the quality of goods. Thus, a differentiated commodity supply will be formed on the market in the required volume and of the required quality, which will be able to most fully satisfy the consumer demand of the population in food products. The commodity distribution network is an integral element of any consumer market, facilitating the interaction of producers and buyers.

Decomposition of the strategic development goals of LFM of the region, taking into account the views of stakeholders, will be a tree of the strategic goals of LFM development (Fig. 1).



**Fig. 1. Decomposition of the strategic goal of the development of local food markets in the region**

To determine the set of sub-goals, the achievement of which will contribute to the implementation of strategic priorities and goals of the development of LFM of the region, it is recommended to use the method of standardized expert survey. Its implementation involves the formulation of 10-15 sub-goals by the developer in terms of strategic priorities; the formation of a standardized questionnaire with closed questions.

To determine the significance of strategic priorities and LFM development goals, it is proposed to use the hierarchy analysis method. This method is quite actively used in management practice; its advantages are the possibility of pairwise comparison of alternatives, the use of a clear numerical verbal rating scale, the presence of an embedded criterion for the quality of work of experts, which is called "consistency ratio", etc.

A detailed analysis of the goal priorities of the development of LFM in the region should lead to the identification of a list of key indicators to assess the degree of achievement of the strategic goals.

To achieve the strategic goals and priorities of the LFM development, strategic initiatives are developed that will bridge the gap between the desired strategic goals and short-term results.

#### C. Identification of the importance of strategic priorities and goals of development of local food markets of the Tyumen region

The Tyumen region is a typical representative of the regions of industrial and agricultural type: the contribution of industries and agriculture to the gross regional product is 28.7% and 4.9%, respectively, while the share of the agro-industrial complex in the gross value added of the region is about 8%. This argues in favor of the importance of the regional reproduction cycle of food products and the need to manage LFM as its components.

A significant number of agricultural and processing enterprises and food industry enterprises operate in the region. Among them are both large holdings, medium-sized enterprises, and small businesses.

Among the major representatives are JSC "Yalutorovskmoloko" (included in the group of companies "Unimilk"), JSC "PRODO Tyumensky Broiler" (included in the group of companies "PRODO"), JSC "Ptitsefabrika Borovskaya", JSC "Zolotyie Luga", etc. Also in the region there are about 173 thousand small businesses in the agro-industrial complex, their share in the total agricultural output in 2016 was over 53%. From our point of view, stakeholders from the business should also include

commercial enterprises: federal (Lenta, Okey, Perekrestok, Pyaterochka, Magnit, etc.), regional (Katran), Tamara, Krasny Yar, etc.), and individual local retail operators.

Today, over a third of the population of the Tyumen region (34.7%) lives in rural areas; there is a significant differentiation of the standard of living of the urban and rural population. For example, in the areas least developed from the economic point of view (Abatsky, Berdyuzhsky, Vikulovsky, Kazansky) the average monthly salary does not exceed 26 thousand rubles a month, whereas in the cities of Tyumen and Tobolsk it is over 45 thousand rubles.

Based on the above, a sample of stakeholders was formed to determine the significance of the strategic goals and priorities of development of LFM of the Tyumen region.

The strategic sub-goals for the development of LFM of the Tyumen region were identified in accordance with sound strategic priorities. Based on the processing of the results obtained, the three most frequently noted sub-goals in the context of each priority were selected. Thus, in the context of the strategic priority "Development of consumer demand," most of the respondents as the main sub-goals indicated an increase in purchasing power, ensuring the consumption of food at a level not lower than rational norms and an increase in the consumption of local goods. Within the framework of the strategic priority "Development of commodity distribution network", it is ensuring the territorial availability of food products, developing modern forms and

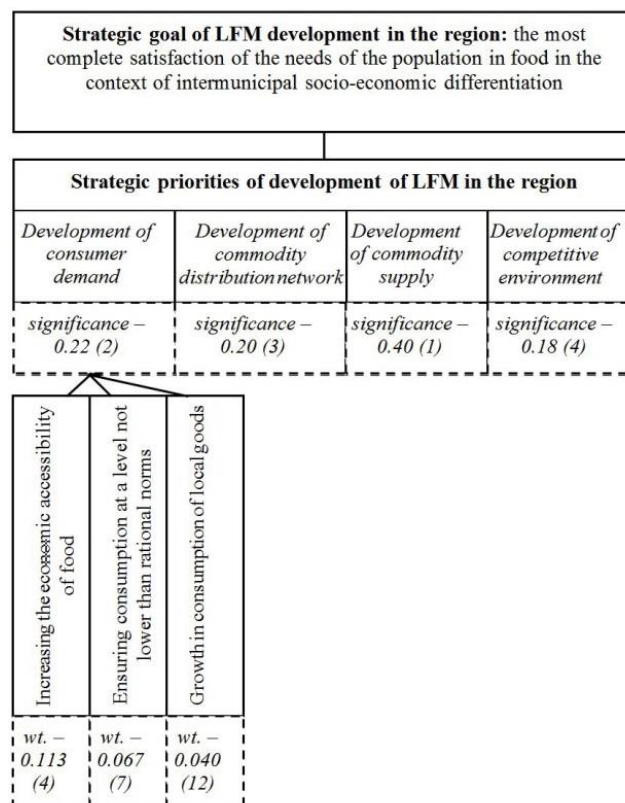
formats of trade, as well as expanding the market for selling locally produced goods.

Using the hierarchy analysis method made it possible, taking into account the normalized vector of priorities, to determine the significance of the strategic goals and priorities of LFM of the Tyumen region, taking into account the opinion of stakeholders (Fig. 2). The higher the number in brackets, the more significant the strategic priority/goal.

Thus, taking into account the views of stakeholders, it was determined that the development of commodity supply is the most important strategic priority for LFM development in the Tyumen region, and the development of food product differentiation in local markets is the most important strategic goal within the priority. Similarly, stakeholder experts estimated the significance of the strategic priorities and goals of development of LFM for municipalities with different levels of socio-economic development, united into four economic zones: "core", "growth zone", "new development zone", "depression zone".

The development of commodity supply was chosen as the most significant priority for municipalities of the "core" zone, "growth zone", and "new development zone", and the development of consumer demand - for the "depression zone". The most important strategic goal for the "core" and "growth zone" areas is the development of a differentiated commodity supply, for the "new development zone" - ensuring territorial accessibility of food for the population, and for the "depression zone" - increasing the economic accessibility of food





**Fig. 2. Final results on the determination of the significance of the strategic priorities and goals of development of LFM of the Tyumen region (fragment)**

D. Differentiation of the strategic initiatives of development of LFM of the Tyumen region.

There is an objective need to identify strategic initiatives for the development of LFM in the Tyumen region, the implementation of which will ensure a balance between the demand and supply of food, maximize the realization of the interests of all market actors, and also obtain other positive socio-economic effects for the economy of the industrial and agricultural region. The main idea that we used as the basis for the development of strategic initiatives for the development of LFM in the region is that the level of development of trade in them should be synchronized with the level of socio-economic development of municipalities. Currently, this is observed not in all municipalities; in some municipalities the development of LFM is lagging, in others it is advanced.

Considering the existing intermunicipal socio-economic differentiation and changes in the economic space of the region, which in the long term will lead to its strengthening, matching the level of development of local food markets with

the level of socio-economic development of municipalities, we have determined the strategic initiatives to develop consumer demand, commodity distribution network, commodity supply and competitive environment:

- For municipalities where the development of local food markets is balanced with the socio-economic development of the territory, it is paramount to maintain the balance between effective demand and food supply through the development of markets in proportion to the socio-economic development of the territories;
- For municipalities where the development of local food markets is more advanced than the socio-economic development of the territory, the main thing is to achieve a balance between effective demand and food supply, taking into account a slight slowdown in the development of markets;
- For municipalities where the development of retail trade in local food

markets is lagging behind the socio-economic development of the territory, the main thing is to ensure the physical and economic accessibility of food for the population through the realization of the trajectory of the catching-up market development.

### Discussion

Analysis of the research results of domestic and foreign authors on the issues of market development strategy did not allow us to reveal a clear sequence and a formed methodological basis for determining the strategic guidelines for the development of markets. In addition, at the regional level there are also no guidelines that could be used in the formation of strategic directions for the development of LFM, taking into account their further integration into the strategic guidelines for the development of the region.

The results obtained in the course of the study make it possible to form an information and methodological basis for the implementation of the strategic management of LFM development in order to ensure a spatial balance between the demand and supply of food products in the region.

### Conclusions

Implementation of the procedures for the strategic management of the development of local food markets in the region is intended to ensure the achievement of a spatial balance between the demand and supply of food products.

The study substantiates the importance of maximum consideration of the interrelated interests of all stakeholders in the development of local food markets when developing strategic directions for their development. In this regard, through a quota and proportional stratified sampling, an expert group was formed from the stakeholders (population by income level, authorities by level of management, business community by size of enterprises), which using the analytical-hierarchical method estimated the importance of strategic priorities and goals of development of local food markets.

Based on the developed “tree” of strategic goals, the article substantiates strategic initiatives for the development of local food markets in the region, united in the “new development zone”, “growth zone”, “core” and “depression zone”, in

the context of the reasonable strategic priorities “Development of consumer demand”, “Development of commodity distribution network”, “Development of commodity supply”, “Development of competitive environment” depending on the identified spatial balance of the development of markets in the context of intermunicipal socio-economic differentiation.

### Acknowledgments.

The authors' research on the topic “Development of the local food market in the context of transformation of the spatial organization of the economic activity” was supported within the framework of the basic part of the state task of educational institutions of higher education under the jurisdiction of the Ministry of Education and Science of the Russian Federation (task № 26.6979.2017/8.9, 2017-2019).

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