

Study on Strategic Priorities in Goods and Services Markets of a City With the Population Exceeding One Million on the Basis of SWOT-Analysis

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Abstract— The object of the research is the latest trends in goods and services markets in Ekaterinburg (a city with the population exceeding one million, a central administrative municipal entity in one of Russia's industrial regions). The article describes the assessment of the consumer market in the last decade, which was carried out by the authors in 2016–2017 as part of a working group under the municipal Administration for the implementation of the Ekaterinburg Strategic development plan. The materials demonstrate in detail and characterize the experience accumulated in the municipal entity in drafting policy documents and give a brief description of the executive mechanism of the approved instruments implementation.

The methodology is based on widely known and recognized method of SWOT-analysis, which helped the authors to find out strengths and weaknesses, current opportunities and challenges for the development of the goods and services market up until 2030. As a priority for boosting competitiveness of the consumer market, comfortable environment for consumption of goods and services was identified as a separate dimension.

Scientific novelty of the presented materials is defined by the statistical analysis of the operation of the goods and services market that allowed the authors to critically assess the pertinence of strategic priorities in consumer market management stipulated in the current version of Ekaterinburg Strategic Development Plan 2025. The authors proposed and identified new priorities and goals for market development in view of the established current trends for a longer-term future (until 2030). The results have scientific and practical value and justified strategic directions for consumer market development for cities with the population exceeding one million that are administrative centres of industrial regions. The article is of interest to the academic community and local authorities that deal with municipal development strategic management.

Keywords— *consumer goods, consumer market, SWOT-analysis, municipal entity management, policy planning*

1. INTRODUCTION

Ekaterinburg is one of the biggest megacities in Russia and is the central administrative municipal entity in industrialized Urals region and the centre of Sverdlovskaya Oblast. As of January 1, 2018, its population is more than 1.5

million¹. The city's administration now has a considerable experience in drafting strategic planning instruments. The city's strategic development plan is the key element in the established system of multi-level plans. The first document of the kind was drafted and approved in 2001 and 2002. During the draft period the assessment was made of the current state of social, economic, environmental and other dimensions of the city environment, for instance, preservation and development of human potential; industry and finance; housing and the utilities; goods and services market; international business communications; city transport; redevelopment and environmental aspect; civil society and local governance development. The analytical results obtained at the time allowed the assessment of the current challenges and identifying strategic priorities. The final document permitted to state the mission, the vision of the city's future, and common strategic goals that were to be implemented as part of strategic directions in socio-economic clusters. Each direction had its own goals and targets that were implemented through relevant programmes and policy events. Ekaterinburg can be safely qualified as a pioneering city in Russia when it comes to the promotion of territory management project practices. Specific basic indices were identified for each direction. The city's Administration relevant committees were responsible for achieving the established target level and the results were processed based on an effectiveness and labour motivation assessment system. The further experience proved the effectiveness of the established mechanism of City development strategy implementation; it did not become a 'dead' document; many of the municipal entity development targets were achieved well before the deadline. In 2010, the first revision of the city's Strategic plan was carried out and, as a result, both fast development of the city's economy as well as new trends and new goals established in the Russian Federation's Development Strategy were taken into account.

¹ Federal State Statistics Service. Sverdlovskaya oblast. Digital access regime. URL: <http://www.gks.ru/dbscripts/munst/munst65/DbInet.cgi>

2. PERTINENCE

The research's pertinence results from the necessity to make a further revision of goals and targets of the megacity's further development for a number of reasons. Firstly, another 7-year period has come to an end and many targets have been reached. Secondly, there are new regulatory acts in the field of territory planning on federal and local levels, for instance, Federal Act No. 172-FA of 24.06.2014 "On strategic planning in the Russian Federation", Ekaterinburg Administration Order² and a number of other legal instruments. Thirdly, the general direction of international and home policy has changed and that naturally requires revision and new goals for the business in the mega-city. One of the most important challenges is the implementation of imports phase-out policy and support for national manufacturers. The policy objective of providing for higher living standards for the citizens is equally important. It is worth mentioning that in Ekaterinburg living standards were considered as the key element even at the initial stages of the plan drafting. The current version of the Strategic Plan clearly stipulates the goal of providing for high and sustainably rising living standards for this and future generations of the city dwellers at the highest level of the goal tree. The city mission also mentions "creating a comfortable environment for its citizens" [20].

3. SCIENTIFIC NOVELTY (SCIENTIFIC MERIT WITH BRIEF BIBLIOGRAPHY)

The scientific novelty of the research results from a quantity analysis statistics on goods and services market operation in Ekaterinburg. The results obtained help to critically assess the pertinence of strategic priorities in consumer market management project methods that are currently used and are approved by the current version of Ekaterinburg Strategic Development Plan 2025.

In this research, the authors used the experience in strategic planning of other municipal entities in different countries, predominantly Russia as the latter have similar institutional and infrastructural development conditions [14, 15, 17, 22, 10, 7, 3]. Classification of the published results identifies instruments of strategic planning as the key factor in the successful development of municipal entities. Planning practice in various countries is based on similar methods and approaches. In territory planning, cross-cutting foresight technologies that help to envisage a desirable future outcome and describe ways of achieving it became widespread. These

² Ekaterinburg Administration Order No. 1407 of 01.06.2015 "On approving the Administrative Regulations of implementing a municipal function "Drafting long-term (strategic) plans of social and economic development of the municipal entity "Ekaterinburg city"". URL: <http://docs.cntd.ru/document/429009353>

methods have been successfully used in drafting development strategies for various entities. In the last thirty years, the number of scientific publications in Web of Science with the search entry "foresight" rose from 14 in 1987 to 426 in 2017.

Modern studies in city development strategies tend to focus on space development, zoning and municipal territory specialization [1, 6, 8]. Municipal territory is more and more often considered as a symbiosis of multi-level and cross-cutting environments: social, economic, recreational, leisure and creative, etc. The goal is to unite them with a view to maximizing quality of life and living and housing safety in the city. The authors took that methodological approach into account while drafting their propositions. Latest innovations in goods and services market development were also addressed, including digitalization [9, 4, 5, 21, 2].

The ultimate scientific novelty of the research is defined by propositions for the revision of strategic goal, targets and strategic vision for the future development of Ekaterinburg goods and services market until 2030 in light of global trends.

4. THEORY. METHODOLOGY

SWOT-analysis method was used as a basic analytical instrument; its effectiveness was proved by results of many studies on various economy levels: micro-, meso-, macro- [12, 13, 16, 18, 19, 11]. SWOT-analysis was conducted in the following infrastructural dimensions of Ekaterinburg consumer market: retail and wholesale networks; production capacity in agriculture and food products; catering and consumer services networks; socio-cultural and business communication infrastructure (hotels, exhibition areas, business centres, consular offices). Transport and logistics infrastructure was considered indirectly as a basis for the development of trade.

Quantitative and qualitative methods were used as part of the SWOT-analysis. Quantitative assessment of development indicators in goods and services markets was conducted by computational statistical analysis methods, structural and logical methods. Qualitative assessment of strengths and weaknesses, possibilities and challenges was conducted on the basis of expert polling in business circles (senior trade management, catering, consumer services, hospitality industry) and public organizations (goods market associations and food manufacturers). City authorities, the academia and branch ministries also participated in the process of expert assessment. Foresight technology and brainstorm methods were used in creating a strategic vision for the future development of the goods and services market. Space aspects of consumer market infrastructure development were studied with cartography methods that allowed to assess locations for retail, catering and business services facilities in the municipality.

5. PRACTICAL RELEVANCE, RESEARCH RESULTS AND PROPOSALS

5.1. EKATERINBURG CONSUMER MARKET ASSESSMENT

Below are the results of the research conducted by the authors and representatives of the municipal entity Administration in 2016-2017 based on municipal statistics data and internal reports of municipal departments (Figure 1). Practical relevance of the study results from the opportunity it gives to provide the basis for strategic directions for future consumer market development in a city with the population exceeding 1 million by 2030.

Figure 1. Basic indicators of the implementation of the goods and services market strategic development plan in Ekaterinburg (in comparable prices)

Indicator	units of measurement	2009	2010	2015	2016
		fact	plan		fact
Food manufacturing output	billions of rubles	25.7	24.8	29.3	32.3
Retail turnover per capita	thousands of rubles	275.3	307.4	314.2	293.2
Sales area sufficiency per 1000 city dwellers	m ²	938.8	1,002.4	1,366.3	1,432.1
Catering businesses turnover per capita	thousands of rubles	10.9	13.3	16.9	13.9
Catering businesses sufficiency per 1000 city dwellers	location	45	48.7	62.9	63.2
Number of rooms in hotels	item	7,299	7,732	10,442	10,666
Number of designated exhibition areas	item	5	3	6	6
Number of large scale congress international events	item	8	10	15	23

As a whole, between 2009 and 2016 the outcome of strategic programmes implementation in the field shows that the goods and services market develops successfully with upward trends in all indicators.

The strengths of the present-day goods and services market are the following:

- high level of transport and forwarding services and product distribution patterns development that allows the city to enjoy the functions of an interregional wholesale trade centre;

- large consumer market capacity;

- developed trade network that constantly adapts to the needs of the market and brings together various sales formats;

- pronounced highly comfortable and conveniently situated trade zones for the locals and tourists;

- presence of local, federal and international modern-format companies using innovative technologies in trade and merchandise distribution;

- production capacities for highly processed food manufacturing, consumer goods manufacturing and furniture industry;

- developed system of consumer rights protection;

- constantly developing international cooperation infrastructure;

- high level of infrastructure sufficiency in socio-cultural and business communication: hotels, conference real estate, exhibition, business and office centres;

- a positive image of the city as the interregional centre for business services;

- research and development and educational facilities in goods and services market development support and capacity building.

The weaknesses of the goods and services market operation are as follows:

- limited range of safe high-quality goods and services, including local products in certain consumer market sectors;

- lack of investment resources; weak innovative activity in modern technology introduction into consumer goods manufacturing;

- low level of the city's basic agricultural self-sufficiency;

- lack of specialized logistics hubs for agricultural produce storage and processing;

- insufficient competitiveness level of local consumer goods manufacturers;

- low international profile of the city as a modern centre for international communication;

- imbalance existing between capacity building system and the real demand for staff, brain drain and deficit of skilled labour in certain segments of the consumer market;

- the level of business infrastructure development does not fully fall within international quality standards.

In further development of the goods and services market development strategy 2030 and policy measures the following opportunities should be fully taken advantage of:

- product line expansion, quality and safety improvement of goods and services in the consumer market;

- providing for local manufacturing of consumer goods, furniture, and food;

- social and economic integration of Ekaterinburg and satellite municipal entities with a view to collectively addressing challenges of the agglomeration, creating conditions for production, and promoting of local goods in the city and regional markets;

creating logistics hubs for agricultural produce storage and processing while providing for wholesale trade and further establishment of an agricultural produce exchange;

expanding Ekaterinburg's functions as a transit and trade and service hub on the interregional and international levels;

increasing consumer demand by engaging neighbouring regions' population;

encouraging innovations, integration of goods and services production, promotion and marketing of goods and services while drawing on international experience;

bolstering the city's image as an international centre for business communication and its competitiveness as such at the national level;

creating new highly competitive jobs in trade and services and manufacturing sectors of the city's consumer market.

Potential threats to the implementation of the strategic plan are the following trends:

administrative barriers to business development;

unstable economic and political situation at home and abroad;

intense competition between international and national consumer goods manufacturers; decrease in investment;

lack of coherence and mutual understanding between the members of the agglomeration in drafting and implementing the development strategy;

intensifying competition in business and tourism services from cities with similar status and development level;

lack of common quality standards in consumer and business services sector in the Russian Federation;

hardly predictable transformation of qualitative and quantitative parameters of the consumer demand, decrease in consumer purchasing power;

rise in structural unemployment along with lack of high skilled labour.

The results of the goods and services market assessment helped to draft propositions to revise the strategic goals.

5.2. NEW PRIORITIES AND DEVELOPMENT GOALS FOR EKATERINBURG'S CONSUMER MARKET 2030

Today we already can flesh out the goal of forming the new economy, "new space-balanced market organization". Due to the sanctions against Russia, the focus should be made not only on the international integration of the city but also on more active integration into the regional and national system of merchandise distribution.

In this regard, it is worth clarifying the strategic goals of Ekaterinburg's goods and services consumer market until 2030:

Space-balanced development of trade hubs network to provide the population with accessible goods and services.

Increasing production output and marketing of competitive local consumer goods in the municipal and regional markets by modernizing the existing businesses and creating new ones, promoting innovations and consumer goods sales on the agglomeration level.

Development of a quality and safety management system for goods and services.

Boosting international reputation of Ekaterinburg as an international centre for business communication with developed comfortable business infrastructure.

Providing highly skilled labour for the goods and services market.

Let us highlight the main differences between the new version of the strategic goals (2030 strategy) and the previous version (2020 strategy).

The first goal focuses on further step-by-step development and establishment of trade hubs through the city's space development strategy.

The second goal takes into account the imports phasing-out policy; more attention will be paid to boosting consumer goods production output, promoting innovations (including digital technologies), and consumer goods marketing on the agglomeration level.

The third goal is still pertinent, its provisions will not be updated.

As part of the fourth goal, current business infrastructure allows us to focus on making it more consumer-friendly in order to further promote Ekaterinburg as a world-renowned business communication centre.

Reaching a qualitatively new innovative digital economy level will exacerbate the capacity building problems. It is proposed to include the new fifth goal of developing a brand new curriculum for capacity building measures in the light of new emerging production and trade technologies.

6. CONCLUSION

The data presented proves that today there is a strong need for new strategic development projects in consumer goods manufacturing, trade, services, and hospitality industry. The authors proposed and identified new priorities for Ekaterinburg's consumer market development until 2030 given the established latest trends. The successful attainment of these goals will enable the city to implement its plans for strategic future vision. In the authors' opinion, putting such projects in relevant fields into practice will contribute to balanced development of trade and services economy sector, encourage innovations in production and merchandise distribution in the consumer market, create a comfortable and safe environment for the local population and tourists to buy goods and services. Business infrastructure will attain the international level, Ekaterinburg's international reputation will be bolstered, and it will acquire the status of an international centre for business communication. It will enable Ekaterinburg to become a part of innovative regional, national and global processes, host large-scale international events of different formats. This will help to increase the city's multi-functionality and sustainability.

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