

Reflections on Marketing Strategy and Digital Marketing Infrastructure along the Belt and Road Project

Anastasia Yurkovskaya, Irina Prishchepa, Semen Losmakov, Uladzimir Parkhimenka

Abstract— The Belt and Road initiative has been analyzed within the framework of marketing channels management. Using the concept of marketing channels flows, global value chains, and push/pull strategies, authors have shown the necessity of incorporation of marketing methodology in the Belt and Road strategy. The need and directions of digital marketing tools implementation on different levels of the Belt and Road initiative has been described. A case of special interest (China-Belarus Industrial Park) has been analyzed from the marketing strategy perspective.

Keywords—Belt and road initiative, digital marketing infrastructure, global value chains, marketing strategy.

I. MARKETING PERSPECTIVE OF THE BELT AND ROAD

The Silk Road Economic Belt and the 21st-century Maritime Silk Road (also known as The Belt and Road) is a development strategy and framework, proposed by Chinese President Xi Jinping that focuses on connectivity and cooperation among countries primarily between China and the rest of Eurasia. It consists of two main components, the land-based "Silk Road Economic Belt" and oceangoing "Maritime Silk Road" [1].

The routes cover more than 60 countries and regions from Asia to Europe via Southeast Asia, South Asia, Central Asia, West Asia and the Middle East, currently accounting for some 30 per cent of global GDP and more than 35 per cent of the world's merchandise trade. By 2050, the Belt and Road region aims to contribute 80 per cent of global GDP growth, and advance three billion more people into the middle class [2].

The five major goals of the Belt and Road initiative are policy co-ordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds [3].

The core of the Belt and Road initiative is to build a network of infrastructure projects ("roads and ports") across Eurasia to encourage trade.

Geographically and logistically (see Figure 1), the Belt and Road initiative bases on to-be constructed six international economic co-operation corridors, and the maritime silk road [4]:

1. New Eurasian Land Bridge – from Western China to Western Russia;
2. China–Mongolia–Russia Corridor – from Northern China to Eastern Russia;
3. China–Central Asia–West Asia Corridor – from Western China to Turkey;
4. China–Indochina Peninsula Corridor – from Southern China to Singapore;
5. Bangladesh-China-India-Myanmar Corridor – from Southern China to India;
6. China–Pakistan Corridor – from South-Western China to Pakistan;
7. Maritime Silk Road – from the Chinese Coast through Singapore to the Mediterranean.

From the marketing point of view these corridors should be understood not only in technical way as a transportation infrastructure, but first of all as marketing channels from China to the rest of Eurasia and Africa and vice versa.

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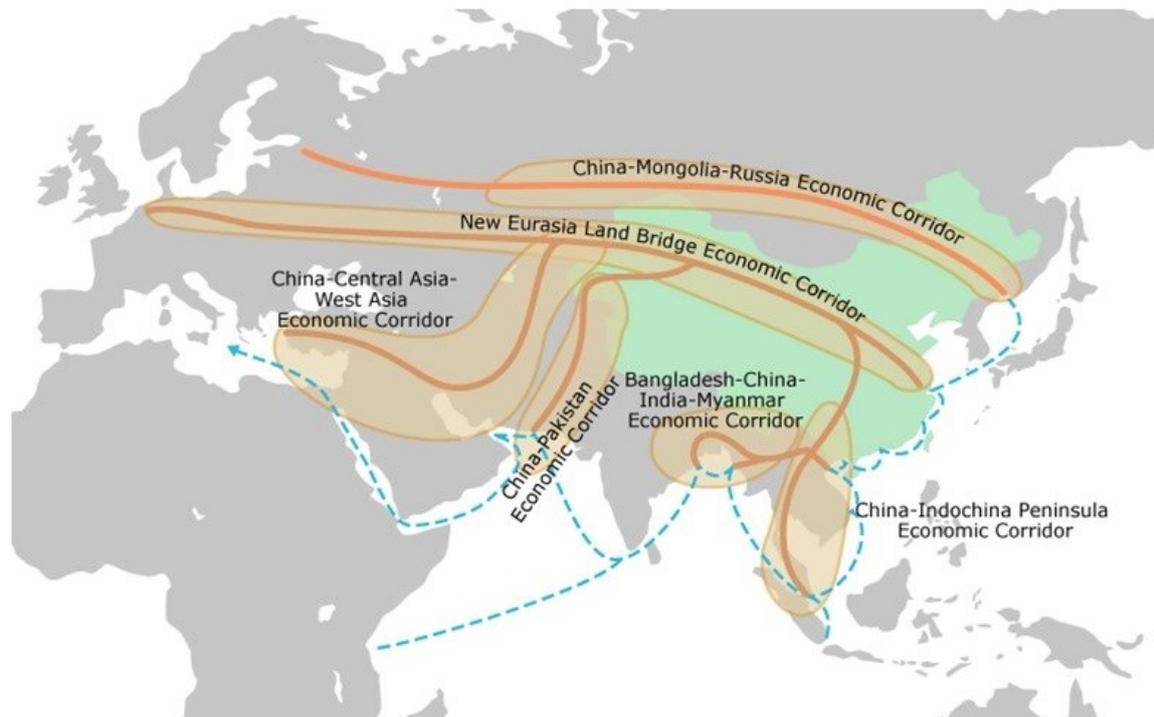


Fig. 1 The Belt and Road's six corridors and Maritime Silk Road on the map [5]

A marketing channel seen from a company's perspective may be defined as “the external contractual organization that management operates to achieve its distribution objectives” [6]. Another approach is to define a marketing channel as a set of people, organizations, and activities necessary to transfer the ownership of goods from the point of production to the point of consumption.

Thus, the main emphasis should be moved from the logistic question (how to transport, cheaply and on time) to the final goal of any marketing channel – a purchase, and through a purchase to customer satisfaction, repeat purchases, customer retention and customer loyalty, and finally to long-term win-win relationship and partnership.

In order to show the possible role of marketing “along” the Belt and Road and to find perspective directions of marketing methodology implementation, we use three classical marketing concepts: marketing channels flows concept, global value chain concept, and push/pull strategies concept.

II. MARKETING CHANNELS FLOWS CONCEPT AND THE BELT AND ROAD

Please Within a marketing channel, one always can find several flows in addition to the transportation (physical) flow, which can be seen as a natural and necessary one, but nowadays not the most important for a market success.

In the world-known textbook, Kotler and Keller distinguish five major flows in any marketing channel [7]:

1. Physical flow (movement of goods and services)
2. Title flow (movement of property rights)
3. Payment flow (movement of money)
4. Information flow (movement of data)
5. Promotion flow (movement of promotion tools)

Some authors speak about even more number of flows, for example, about “the eight generic

channel flows”: 1. Physical possession, 2. Ownership, 3. Promotion, 4. Negotiation, 5. Financing, 6. Risking, 7. Ordering, 8. Payment [8].

The concept of channel flows provides the basis for distinguishing between general channel strategy and transportation (logistics) management. General channel strategy and management involve planning for and managing all of the flows, whereas logistics is concerned almost exclusively with the management of the product (physical) flow [6].

Therefore, a marketing channel should be viewed as a set of flows beyond mere transportation, with the dominant role of promotional flow in it.

The concept applied to the Belt and Road supposes multi-country, cross-border, cross-regional, cross-cultural character (see Fig. 2).

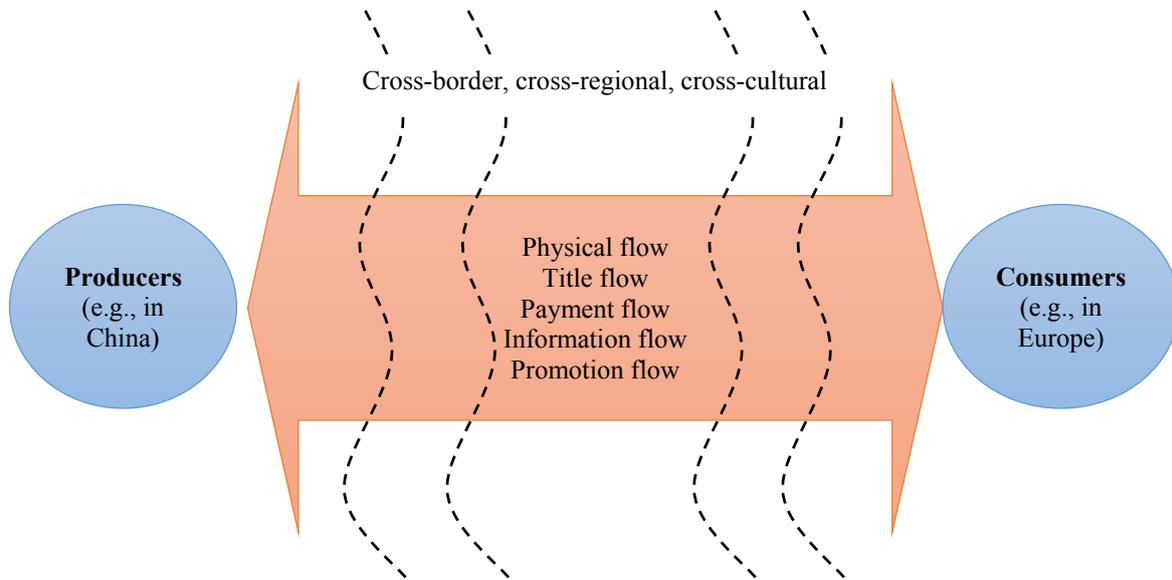


Fig. 2 Marketing channel flows model along the Belt and Road

This implies a necessity of unifying not only transportation infrastructure, but also banking, custom, information and marketing infrastructure, systems, strategies, and activities. In order to make a channel work you should manage all flows through different countries, different legal, custom, banking and all other “regimes”, as well as cope with substantial difference in language and consumer behavior and psychology.

III. PUSH & PULL STRATEGIES CONCEPT AND THE BELT AND ROAD

In order to “generate” a promotional flow in the channel a company participating in the Belt and Road has used marketing in its own way. The good starting point of thinking about a possible way and form of marketing implementation is the push & pull strategies concept.

Push & pull strategies are promotional (marketing) strategies used to get the product to its target market. A push strategy places the product in front of the customer by one of many types of advertisement to make sure the consumer is aware of the existence of the product. This type of strategy works for low value items and impulse buy items. A pull strategy stimulates demand and motivates target customers to actively look for a specific product. It is aimed primarily at the end users. A strong and well-known brand is needed to ensure the success of a pull strategy.

Applying this definition to the Belt and Road (see Fig. 3), we should speak about two principal ways of marketing (with many hybrid forms between):

1. producers (e.g., Chinese ones) could be oriented to strong brand creation and its direct promotion (e.g., via internet) across all borders to the end consumers (e.g., European), thus

realizing the pull strategy;

2. producers (e.g., Chinese ones) are less active in marketing to the end consumers (e.g., European), and different intermediaries (possibly in the country where a target market is) actively push a product (possibly under their own brand).

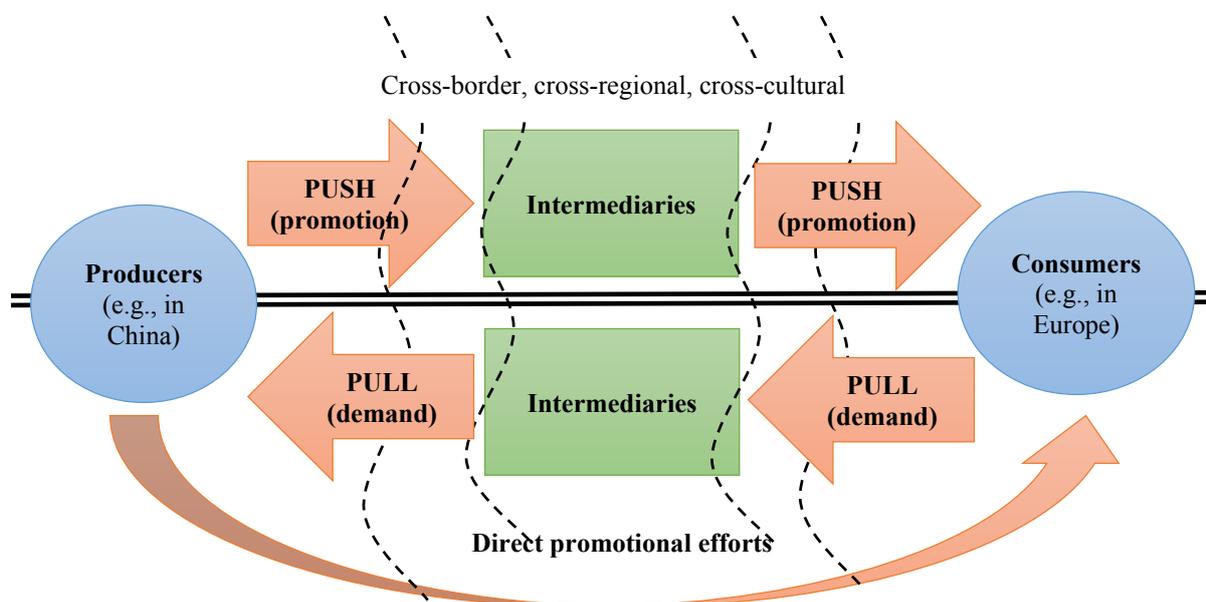


Fig. 3 Push & pull strategies model along the Belt and Road

Push/pull strategies model along the Belt and Road necessarily incorporates cross-country, cross-border, cross-regional and cross-cultural character which makes promotional efforts not so easy to implement.

As a basic rational strategy, it could be recommended to use push-marketing when (a) a product is more complicated, (b) there is a need of additional services for a client, (c) difference in language and consumer behavior / psychology is huge. Pull-marketing seems to be rational in the case of a producer of B2C-market commodities, but it could not be the clear-cut solution.

IV. GLOBAL VALUE CHAIN CONCEPT AND THE BELT AND ROAD

Another concept that should be taken into the account is the global value chain approach.

The value chain describes the full range of activities that firms and workers do to bring a product or service from its conception to its end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. A global value chain is divided among multiple firms and geographic spaces [9].

All said above is fully applicable to the Belt and Road global project, which should be considered, after the construction is finished, as a set of multiple global value chains across Eurasia (see Fig. 4).

In the context of this research, the most important issue is the need of marketing, sales and services to the end consumers in every global value chain to be functional and profitable.

In addition, there is a strategic marketing problem for any participant of such global value chains along the Belt and Road to find its “place” within a specific chain thus using its competitive advantages, adding value to the final product of the chain, and getting its share in the profit.

Finally, the Belt and Road transportation routes can be profitable only if relevant global value chains (as big meta-companies) will be competitive in the world market.

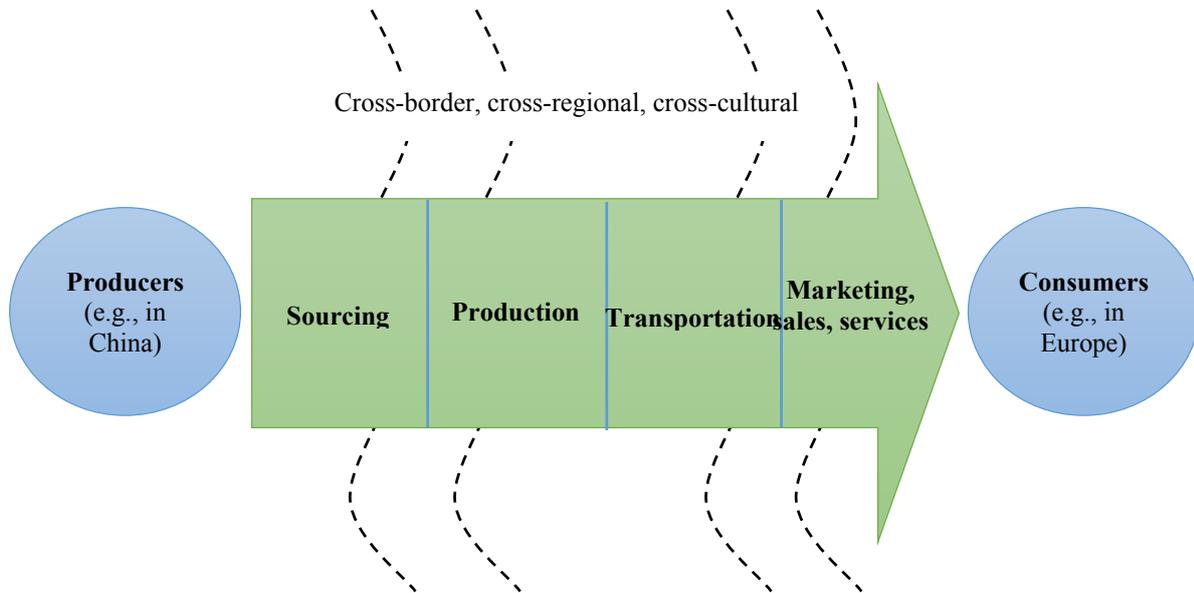


Fig. 4 Global value chain model along the Belt and Road

V. DIGITAL MARKETING INFRASTRUCTURE

In the modern world all marketing activities listed above cannot be implemented without using broad opportunities given by digital marketing and ecommerce.

Digital marketing can be defined as “the application of the Internet and related digital technologies in conjunction with traditional communications to achieve marketing objectives” [10]. In other words, “digital marketing can be simply defined as achieving marketing objectives through applying digital technologies” [10].

Authors think there is a huge need of digital marketing infrastructure all along the Belt and Road (see Fig. 5).

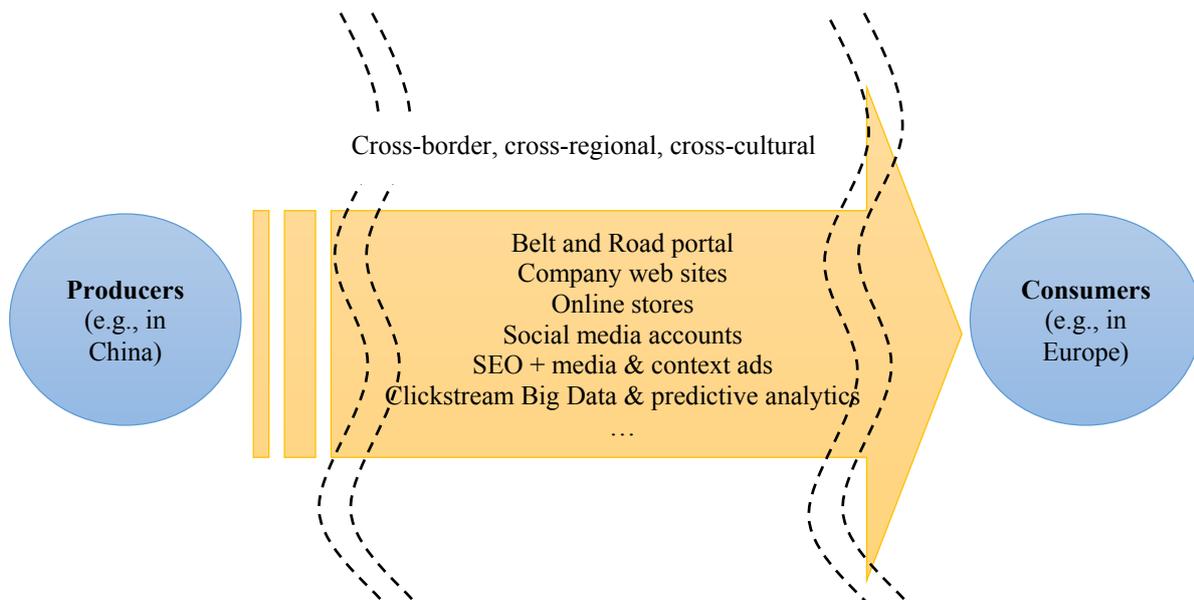


Fig. 5 Digital marketing infrastructure along the Belt and Road

To our mind, digital marketing infrastructure should include at least:

- the Belt and Road portal – not just as a source of official documents and news, but as an interactive platform where a company could find partners in order to get integrated into the most suitable value chain.
- Companies-participants' web sites – with product catalogues, contact information, online order forms.
- Online stores – predominantly oriented to the end consumers.
- Social media accounts and social media marketing (SMM) activities – for the Belt and Road in general and for a specific company, brand or product.
- Search engine optimization (SEO) activities – in order to make fully visible all elements mentioned above in a web search engine's unpaid results.
- Media & context advertisement, email marketing – as promotional tools for web sites, online stores, social media accounts, featured events, etc.
- Integrated CRM and e-CRM systems – as well as consumer clickstream Big Data & predictive analytics (e.g., [10], [11]).

The most crucial point here is the full integration of different elements of the digital marketing infrastructure along the certain global value chain along the Belt and Road.

TABLE I
KEY ELEMENTS OF MARKETING STRATEGY AT DIFFERENT LEVELS OF THE BELT AND ROAD INITIATIVE

Level of strategy	Goal	Target audience	Value proposition / marketing message	Digital tools
Belt and Road Initiative	To promote the Initiative and attract participants from different countries and regions	Investors, member-countries, mass media, general public etc.	Trade between Asia and Europe is profitable for every participant	Web portal of the Initiative, online publications, social media marketing etc.
Value chain	To form a viable business model with high synergetic effects in all parts of the value chain	Transport operators, producers, wholesalers, retailers, banks etc.	Combination of different companies from different regions based on their competitive advantages and core competencies forms a viable business model	Integrated CRM and e-CRM systems along the value chain, integrated ecommerce infrastructure
Company	To fit the global (regional) value chain in the most competitive way	End consumers, partners, intermediaries etc.	Better product or services for partners or end consumers	Company web site, online-store etc.
Belt and Road Initiative	To promote the Initiative and attract participants from different countries and regions	Investors, member-countries, mass media, general public etc.	Trade between Asia and Europe is profitable for every participant	Web portal of the Initiative, online publications, social media marketing etc.

VI. INTEGRATED MARKETING STRATEGY ALONG THE BELT AND ROAD

Therefore, in order to make the Belt and Road fully functional and successful, apart from technical and logistic issues, it is necessary to take into the account the need of marketing strategy along the Belt and Road.

Authors find it useful to distinguish in this context three main levels of marketing strategy (see Table 1), namely:

- marketing for the Belt and Road Initiative as such – for attracting investors, member-countries, and forming its positive image among mass media and general public;
- strategic marketing efforts of designing competitive global (regional) value chains along the Belt and Road by combining different companies from different regions based on their competitive advantages and core competencies in order to form viable business model;
- specific marketing for a member of global value chains along the Belt and Road in

accordance to the chosen general marketing strategy, push or pull, and the need of managing the uninterrupted all types of flows in the channel.

Integration of such multi-level marketing efforts and activities would make the Belt and Road Initiative fully functional, robust and sustainable.

VII. SPECIAL CASE: MARKETING STRATEGY FOR THE CHINA-BELARUS INDUSTRIAL PARK “GREAT STONE”

A special case that authors want to highlight is the China-Belarus industrial park “Great Stone”.

This park is a territorial entity with a special legal status beneficial for doing business. The industrial park is located (see Fig. 6) in Smolevichy district, Minsk region, 25 km from Minsk, the capital of Belarus, and occupies an area of 91,5 sq. km. Geographical location is characterized by close proximity to the Minsk International Airport, the railway, the Berlin-Moscow transnational highway, as well as by access to the port of Klaipeda on the Baltic Sea which is of 500 km away [13].

Any company regardless of country of capital origin can act as a resident of the industrial park. Officially stated benefits for such a resident include the following [14], [15]:

- Products produced in the park are within the Customs Union of Belarus, Russia, Kazakhstan, Armenia and Kyrgyzstan, which has more than 183 mln people. In this region, customs duties and economic limitations are not applied;
- Access to the Eurasian Economic Union means free traffic of goods, services, capital, labor force, harmonization of legislation, technical and regulatory standards and rules;
- Commonwealth of Independent Countries (CIS) Free Trade Agreement: free trade with 11 CIS countries;
- The proximity to the neighboring European countries means reduction of transport and time expenditures when exporting goods to Europe;
- Huge tax and customs preferences (including 0% rates for most taxes until 2062).

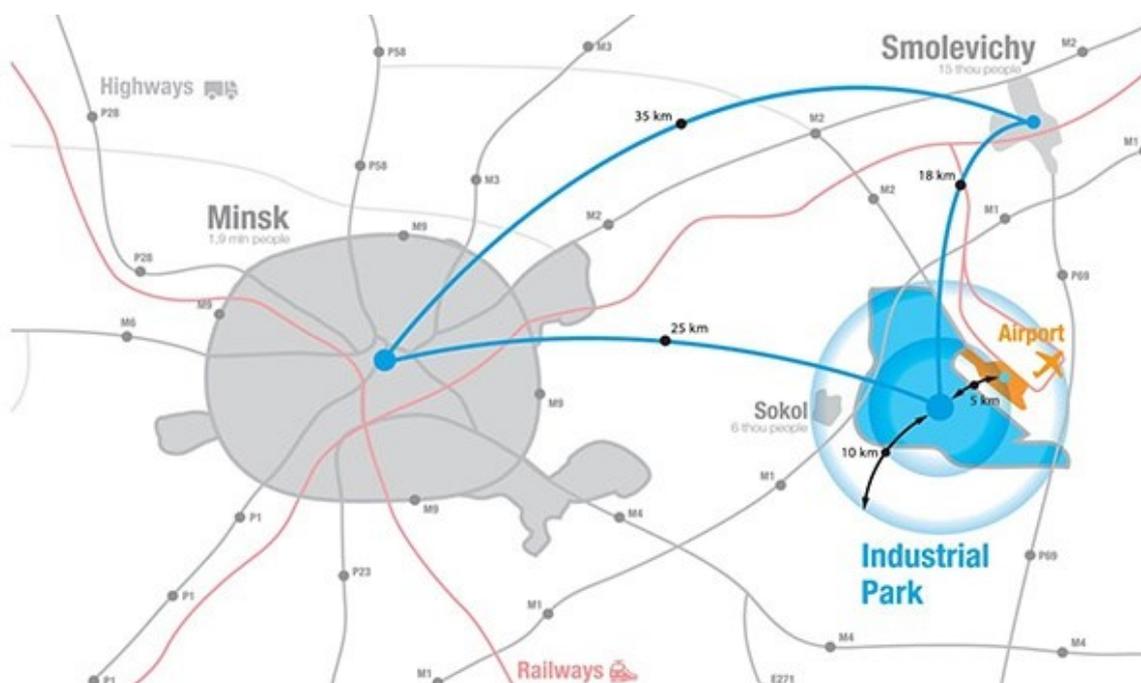


Fig. 6 The geographic location of the “Great Stone” near Minsk city [16]

Listed benefits are based on three main factors: geographical location of the Park, special legal regime given by the government, and Belarus status as a member of the Customs Union, the Eurasian Economic Union and CIS Free Trade Agreement. All this makes the Park to be a “gate” to EU and EEU markets (see Fig. 7) from the perspective of Chinese producers.



Fig. 7 The “Great Stone” position as a “gate” to EU and EEU markets

Marketing strategy for the Park should be in line with this principal vision, while concentrating on the promotion of the Park itself and its residents.

VIII. CONCLUSIONS

- 1) From the marketing point of view the Belt and Road should be understood not only in technical way as a transportation infrastructure, but as marketing channels from China to the rest of Eurasia and Africa and vice versa.
- 2) The main emphasis should be moved from the transportation goal (from the A point to the B point) to the final goal of any marketing channel – a purchase, and through a purchase to long-term win-win relationship and partnership. This requires managing, in addition to physical transportation of a product, all types of flows in the channel, including the promotional flow, which could be done either through push or pull classical strategies.
- 3) The concept of global value chains implies the Belt and Road to be understood as a set of multiple global value chains across Eurasia. There is a strategic marketing problem for any participant of such global value chains along the Belt and Road to find its “place” within a specific chain thus using its competitive advantages, adding value to the final product of the chain, and making profit.
- 4) In the modern world, marketing cannot be implemented without using broad opportunities given by digital marketing and e-commerce. Authors think there is a huge need of digital marketing infrastructure all along the Belt and Road, including the interactive platform, where a company could find suitable partners, online stores, relevant SEO and SMM activities, etc. The most crucial point here is the full integration of different elements of the digital marketing infrastructure along the certain global value chain along the Belt and Road.

- 5) In order to make the Belt and Road Initiative fully functional, robust and sustainable there is a need of integration of marketing efforts and activities within several levels of the project.

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