

Diversification issues and prospects of agribusiness development in the Baikal Region

M V Vikhoreva¹, Yu N Malanina², V A Ogloblin² and O N Baklashkina¹

¹ Baikal State University, 11 Lenin St., 664003, Irkutsk, Russia

² Irkutsk State Transport University, 15 Chernyshesky St., 664074, Irkutsk, Russia

E-mail: vmv2000@mail.ru

Abstract. Currently, there is an urgent need for targeted development of rural areas. A comprehensive strategy for sustainable rural development includes diversification of economic activities. Development of agribusiness by measures strengthening regional competitiveness is the most important socio-economic tasks for the national economy. The government is designing the concept of “a global village”. The possibilities of diversified agribusiness development are considered on the example of the Baikal Region. Its territorial marketing products are well known but they should be considered from a strategic perspective. The article deals with the marketing products of the Irkutsk district municipalities belonging to three groups of territories: agricultural, agro-industrial, tourist and recreational. The issues and prospects analyzing agribusiness development are presented. The used marketing tools could be applied to the other rural territories designing strategies for agribusiness development.

Issues of agribusiness development began to be studied in the scientific community since 1957, when the representatives of the Harvard business school by Joseph Davis and Rey Goldberg used this term in the publication “Concept of Agribusiness. Division of Research” [1]. Currently, the scientists are considering different versions for agribusiness development, emphasizing that this will solve the problems of sustainable socio-economic development of rural settlements, while referring to agribusiness, in addition to agricultural production, also the non-agricultural production of goods and services in rural areas [2, 3]. It should be noted that the agribusiness development is an integral element of the practice implementation of the concepts attracting and keeping the population in rural areas. The first concept is the creation of agro-towns, i.e. resettlement from small villages to the nearest large regional centers [4]; the second is the concept of a global village, the basic principle of which is that city is for engagement, and the village is for life.

Currently, in the Russian society the awareness is growing that the rural areas need for targeted and comprehensive development. Many of the problems of the rural areas have been identified, but no strategies have been developed yet. There are some attempts to cope with the problems of rural areas through disparate, unrelated activities, without proper coordination and connection with any programs and projects. This is due to the lack of experience, and more often of ability to see the specifics of rural development. The foresight means something more than the complex of separate measures to support agriculture or promote agribusiness. The integrated strategy for sustainable development includes the promotion of economic diversification, as well as the implementation of measures strengthening regional competitiveness [5].



The accelerated agricultural production intensification, which has long been a classic way of solving the problems of rural areas, requires a significant update. This requires an approach that combines the solution of all the main problems of rural areas within an integrative strategic concept of its sustainable complex development.

The sectoral approach to solving the problems of rural areas should be supplemented by the projects of its integrated development, covering the main problems of rural areas - not only agriculture, but also forestry, water industry and other branches and activities, without promoting of which the sustainable development is impossible.

The development of agribusiness in Russia can be called one of the most important tasks of the national economy, since the pace of socio-economic development must be maintained not only in urban but also in rural areas. On the example of the Irkutsk district of the Irkutsk Region it can be noted that the rural way of life is becoming more attractive for the urban population, there is a process of suburbanization, which should be stimulated, designing the necessary infrastructure and jobs for keeping the rural population. This requires the formation of a variety of products, markets, services and agribusiness branches. In this regard, the article examines the possibility of diversified development of agribusiness on the example of the Irkutsk district municipality.

On this territory, there are more than 20 rural municipalities, which can be divided into three groups: agricultural, agro-industrial, tourist and recreation. To implement the territory marketing tools it is necessary to determine what territorial products each settlement has. For analysis it is necessary not only a list of products (activities) of the territory, but also their marketing interpretation. Thus, we are talking about the use of portfolio approach using the BCG matrices and the matrix "Product-Market" by Igor Ansoff. As an example, to create an information database we analyze one territory of the Irkutsk district municipality belonging to each three groups mentioned above: from the first group (agricultural) we consider Revyakinsky district municipality, from the second group (agro-industrial) – Bolsherechensky district municipality, from the third group (tourist and recreation) – Listvyansky district municipality.

The BCG matrix designing for the Revyakinsky district municipality based on its official website information gave the result presented in table 1.

Table 1. The BCG matrix for the Revyakinsky district municipality.

	Most developed activities in the area today	Least developed activities in the area today
Types of activities, whose demand for goods (services) is growing rapidly	equestrian sports complex "Cheryomushki"	production of honey and products of its processing
Types of activities, whose demand for goods (services) is growing at a low rate	farms, "Revyakin milk"	utility infrastructure facilities

The results of the analysis presented in table 1 indicate the traditional problems of the Russian village. There are the following: the poor quality of housing and utility infrastructure services. However, it can be noted a number of positive aspects, for example, the basis of the economy ("cash cow") is the processing of agricultural products: "Revyakinskoe" Ltd. is a full market actor of dairy products in Irkutsk. In addition, Revyakinsky district municipality has one "star" product. It is the equestrian sports complex "Cheryomushki", which is a tourist magnet for residents of nearby areas. Since the BCG matrix is associated with the product life cycle concept, we consider as the "wild cat" product another sphere of agribusiness, namely production of honey and products of its processing.

As for the matrix "Product-Market" by Igor Ansoff, its design is based on the BCG matrix. That is, one can consider the same territorial products.

The result is presented in table 2, which is based on the official site information. As can be seen from the presented matrix, the already famous brand "Revyakin milk" should strengthen its market position, and the equestrian sports complex should implement a market development strategy, keeping attracting visitors from other areas.

Table 2. The “Product-Market” matrix for the Revyakinsky district municipality.

	Current territorial product	New territorial product
Current consumers of the territorial product	farms, “Revyakin milk”	honey production, pharmaceutical chain
New consumers of the territorial product	equestrian sports complex “Cheryomushki”	agro-tourism

Thus, this district municipality needs to focus on the development of honey production and the pharmacy chain design. As a tool for the diversification strategy implementation, we can offer the development of agro-tourism, as an area of agribusiness.

Similarly, the portfolio approach is applied to territorial products of the Bolsherechensky district municipality (table 3).

Table 3. The BCG matrix for the Bolsherechensky district municipality.

	Most developed activities in the area today	Least developed activities in the area today
Types of activities, whose demand for goods (services) is growing rapidly	Park Hotel “Burduguz”, sanatorium “Electra”, Museum “Taltsy”	municipal organization “Cultural and Sports Center”
Types of activities, whose demand for goods (services) is growing at a low rate	CJSC “Bolsherechenskoye”, district state unitary enterprise “Topkinsky”	National Park “Pribaikalsky”

The results of the BCG matrix suggest that in the district municipality, there are territorial products that are at different stages of the life cycle, i.e. the prospects of the agribusiness development are visible.

As for the “Product-Market” matrix, its design is based on the BCG matrix, as said above. That is, it is possible to consider the same territorial products. The results of analysis are presented in the table 4.

Table 4. The “Product-Market” matrix for the Bolsherechensky district municipality.

	Current territorial product	New territorial product
Current consumers of the territorial product	CJSC “Bolsherechenskoye”, district state unitary enterprise “Topkinsky” municipal organization “Cultural and Sports Center”	preschool institutions (lack of places)
New consumers of the territorial product	Park Hotel “Burduguz”, sanatorium “Electra”, Museum “Taltsy”, National Park “Pribaikalsky”	restoration of the fish workshop

An interesting fact is that by analyzing the Bolsherechensky district municipality territorial products there are recreational products, which attract attention first. This suggests that in the strategic perspective, the Bolsherechensky district municipality has the opportunity to obtain the status of a municipality with a tourist orientation.

Let us consider the strategic planning tools for the tourism and recreation oriented Listvyansky district municipality. It refers to the type of activity organized in rural areas providing the complex services for accommodation, recreation, food, sightseeing, active tourism, leisure and sports activities, fishing, hunting, acquisition of knowledge and skills.

Its territorial marketing products are well known. Nevertheless, they should be considered from a strategic perspective. Table 5 presents the results of our matrix design based on the information of the

Listvyansky district municipality official website. The absolute "star" of this district as well as of the Irkutsk region is Lake Baikal.

Table 5. The BCG matrix for the Listvyansky district municipality.

	Most developed activities in the area today	Least developed activities in the area today
Types of activities, whose demand for goods (services) is growing rapidly	Lake Baikal, Baikal water	utility infrastructure facilities (utilization of solid household waste, sewage disposal, etc.), hospital, embankment, beach, etc.
Types of activities, whose demand for goods (services) is growing at a low rate	the whole complex of tourist services: water trips, accommodation, souvenir craft products, sightseeing excursions, etc.	constant severity of income seasonality; sale of craft souvenirs on weekends. The tourist business is losing income in winter, because requires appropriate maintaining

Referring to the results of the matrix design of growth strategies Listvyanskiy district municipality (table 6).

Table 6. The “Product-Market” matrix for the Listvyansky district municipality.

	Current territorial product	New territorial product
Current consumers of the territorial product	utility infrastructure facilities (utilization of solid household waste, sewage disposal, etc.), hospital, problems with parking places, old ferry, collapsing embankment, gravel beach and other problems of urban settlements	club, creative teams
New consumers of the territorial product	Lake Baikal, Baikal nature, flora and fauna, Shaman-stone, ferryboat communication with the port “Baikal”, the whole range of tourist services	The master plan requiring a new infrastructure

Acting in a similar way with these marketing tools it is possible to develop strategies for agribusiness to all district municipalities of the Irkutsk region. Undoubtedly, a significant impact for such initiatives gives a program-target approach, which could be called one of the most effective for the development of rural settlements of the Russian Federation [6]. On the one hand, it is necessary to assess not only the technological and infrastructure facilities and opportunities of the territory, but also the market prospects of agribusiness start-ups. On the other hand, is extremely important to avoid the domination of commodity and management approaches implementing marketing activity [7]. These may interfere the Baikal rural areas to keep their authenticity and unique territorial products as foundations for the agribusiness development.

References

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