

Moldova State University



Introduction to International Marketing : Questions & Answers

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Training manual aims to contribute to better understanding of the International Marketing course. It contains answers to the questions about the basics of international marketing and its economic, political, legal, social and cultural environment. Particular attention is paid to the issues of methods and tools of international marketing activities, trade and pricing, tools to promote a product in the foreign market.

For students and academics.

ISBN

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PREFACE

Increasing integration with the world community, an entry of the domestic enterprises into the foreign markets and intensifications of development of new forms of the international business are the main present tendencies of economy reforming for countries with transitive economy. These countries have recently started their integration into system of the world economy, and the way this process will take place, efficiency of further economic and social development of the states, as organic subsystems of world economy depends.

Efficiency of occurrence in world economic system is defined by efficiency of foreign economic activity of its business structures. Successful activity of the enterprises in the foreign markets is possible only at skillful use of receptions and methods of the international marketing activity.

Consideration of a complex of questions of functioning and development of modern system of the international marketing taking into account specifics of the countries with transitive economy, gives structure of the offered manual. It contains answers to the questions about the basics of international marketing and its economic, political, legal, social and cultural environment.

Particular attention is paid to the issues of methods and tools of international marketing activities, trade and pricing, tools to promote a product in the foreign market.

Training manual aims to contribute to better understanding of the “International Marketing” course, according to existing programs of leading world educational institutions.

PART I. INTERNATIONAL MARKETING IN THE WORLD ECONOMIC ENVIRONMENT

SECTION 1. THEORETICAL FOUNDATIONS OF INTERNATIONAL MARKETING

1.1. What is the background of the formation and development of international marketing?

The first mentions of the international marketing have appeared at the beginning of the 60th of the last century. Expediency of use of such marketing it has been caused by need of ensuring effective international trade in the goods and the services which volume has reached the considerable sizes. At the beginning of the 60th international trade becomes the main component of the international economic relations that a little positive influence on a condition of world economy as a whole. Further development of international trade has provided deeper division of labor between the separate countries and promoted further integration of national economies into the world. Under such circumstances firms of the different countries began to look for more favorable conditions for the business activity in foreign markets thanks to which development they increased outputs of products and deepened specialization.

Thus, positive changes in the international economic relations which caused globalization and integration of the national economies, a new economic order which has developed and constantly develops on the basis of liberalization and cooperation principles, promoted practical use of the international marketing, its development and became the main precondition of its emergence (fig. 1.1.) [18, p.18].

Thus follows has noticed that emergence of requirement for the international marketing is connected with transition from the incidental trade based on natural interest to the goods and services of separate firms, to international trade which is based on systematic and intensive processing of foreign markets. This importance of the international marketing has considerably grown presently, having become the most important function of management in the world market.

For business of the developed countries the international marketing is an ordinary sphere of activity, for him characteristic wide presence on foreign markets. Behind F. Kotler's statement, the international marketing for firms of these countries is the second nature [11, p.61]. Thus the external economic policy of each state is under construction taking into account features of its economic situation and development.

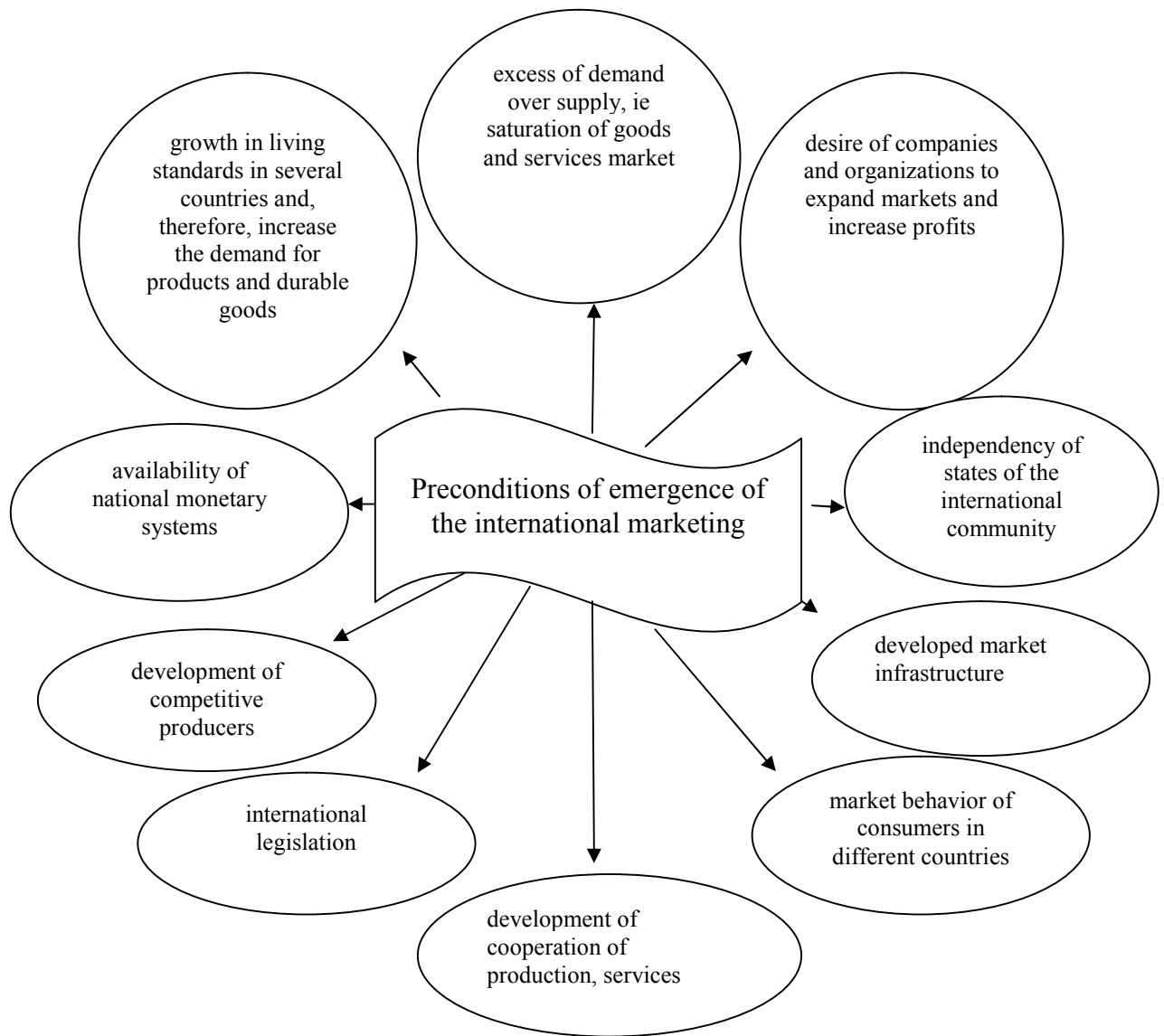


Fig. 1.1. Preconditions of emergence of the international marketing

1.2. What are the essence, objectives and features of international marketing?

The international marketing should be considered as a component of all system of knowledge in marketing branch. Its genetic basis is factors of a spatial and geographical order which are connected with activity of the enterprises in the markets of other countries. It as if supplements the national and state, "house" marketing

The modern concept of the international marketing which predetermines:

- complex research of world market conditions, in particular changes in the sphere of the public requirements caused:
 - development of world trade;

- scientific and technical progress and the corresponding structural shifts in economy;
- ratio of forces and positions of subjects of the world market;
 - use of information on the market for development of new types of production, capable to satisfy requirement of the world market that dynamically change;
 - justification of optimum methods of an exit and organizational forms of presence of the company abroad and creation of business alliances for effective expansion of the foreign markets;
 - adaptation of house marketing strategy to conditions of the foreign market environment, in particular the production and sale organization in the conditions of the international division of labor, specialization and cooperation to reach the maximum commercial effect is indispensable attribute of functioning of the enterprises outside the limits of the native state which promotes business activity of the domestic companies in the foreign markets and creates the conditions which are most favorable for business [9, p.6].

The essence of the international marketing consists in that gives that certainly finds sale, instead of to try to impose to the buyer production which has not been "coordinated" previously with the market (consumers), that is gives what is on sale, instead of to sell only what is made.

Evolution of formation and development of the international marketing gives the chance to allocate a number of approaches to definition of its essence (fig. 1.2) [1, p.18].

Generalizing these approaches, we will define that the international marketing is a market concept of management of the international activity of the firm, focused on inquiries of end users of the different countries and formation of their advantages according to strategic objectives of optimization and business expansion in global world scales. The international marketing is macro - and microeconomic category which defines marketing technologies of rather international activity at firm level [21, p.27].

In narrower understanding the international marketing can be characterized as marketing in foreign markets. Criterion behind which he can be distinguished, the frontier is. All work from the marketing, focused on foreign interests of firm, belongs to the sphere of the international marketing [26, p.13].

The frontier as criterion for distinction of the international marketing can have exceptions when between the sovereign states there is a union which forms uniform economic space. For example, Switzerland and Liechtenstein are close on sociocultural indicators, have uniform currency and customs system and consequently for the enterprises of these countries of studying of the markets of both states do not belong to the sphere of the international marketing.

International Marketing

marketing of goods and services outside the basing country

set of measures for the sale of goods

system of planning, implementation, monitoring and analyzing events

system of measures for the study, development and meet the demand for goods and services in foreign markets

promoting the goods and services to international markets

certain way of thinking

activities of international companies, the scope of industrial and commercial activities are subject to the international markets

condition for an effective feedback between supply and demand on an international scale

market management concept of international activities of the company

marketing is based on the integration or standardization of marketing activities in different geographic markets

developing the marketing strategies to sell goods abroad

philosophy and tools of international business

Fig. 1.2. Approaches to definition of essence of the international marketing

Basic principles (fig. 1.3.) and functions (fig. 1.4.) the international marketing comes up directly from its essence [24, p.14]:

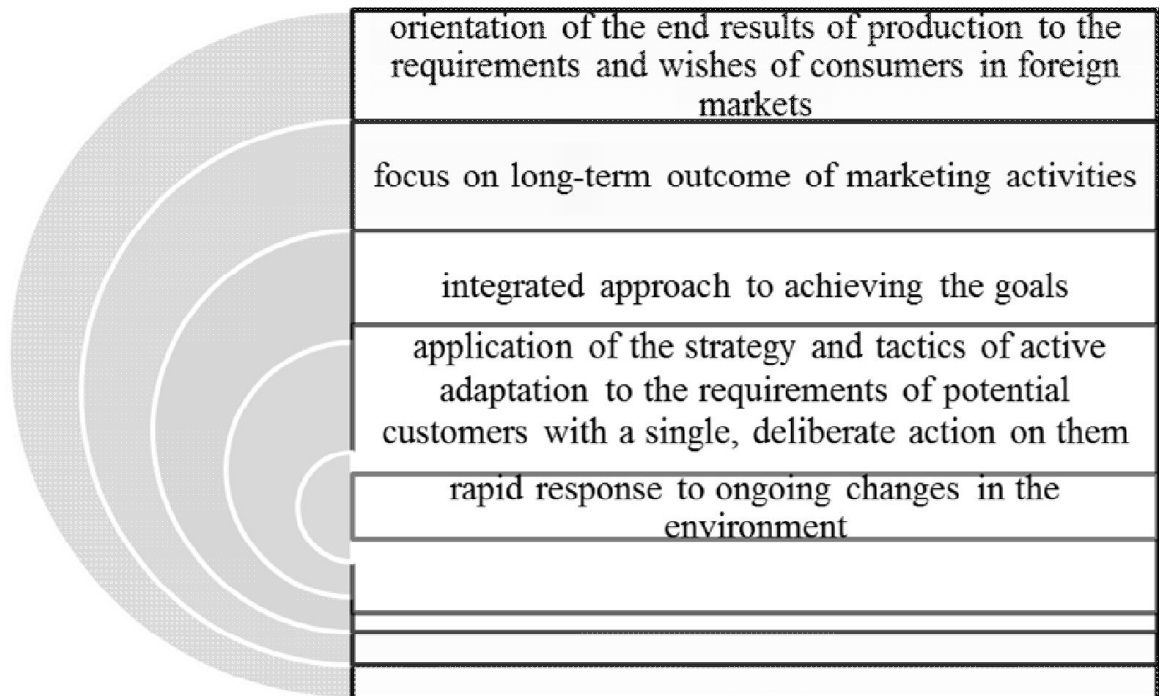


Fig. 1.3. Principles of the international marketing



Fig. 1.4. Functions of the international marketing

Concept «the international marketing» it is necessary to distinguish from concept «export marketing». Traditional export is that domestic producers are limited to delivery of the production to firms of other country that is importers. Suppliers does not disturb or disturbs that occurs to their production, consumers how happy with it a little. If it is a question of the international marketing, it provides systematic, systematic and active processing of the international markets at different stages of advance to the buyer.

The international marketing expresses scale of foreign activity of firm. It can have bilateral (bilateral) character when two countries participate in the relations of the international marketing are incorporated unilateral or counter operations. However systems multilateral (multilateral) actions are not less often applied. They happen rather flexible and are characterized by that the company, which present on one or many markets, looks for possibility to get on the new market or at once on some, that is three and more countries participate in the relations of the international marketing, united by consecutive operations [21, p.47].

In literature from marketing it is possible to meet thought that the international marketing is anything else as a component or in someone to a case a version of regional marketing. Such position at first sight seems not unreasonable. Meanwhile, regional marketing which is more often than others more reasonably unites with municipal, deals with geographically divided communities of people which are considered as a unit. Its purposes consist in strengthening of public society of the region, in assistance of ensuring bigger recognition by citizens of the services organized by the power at the expense of the budgetary sources.

By regional marketing can be set also the purposes of global character - formations of image of the region or society, increase of their consciousness and acceptability. At the same time for the enterprise within one country regional features, as a rule, do not play an essential role.

The comparative analysis of regional and international marketing shows that the last has strongly pronounced own object of research - conditions of the organization of successful business in other countries. Besides, unlike regional marketing, for creation of the concept of marketing of the enterprise national features play an essential role in the international marketing.

Research of a problem of a ratio of regional and international marketing will not be full if to ignore the big states and the countries with big territorial and national differences. Refers to states such as Russia, India, Kazakhstan, and Ukraine. In these countries regional features are rather considerable, though far inadequate. They have different national structure, own legislation, traditions, cult institutes and so forth. All this needs essential, quite often very considerable differentiation of the concept of marketing concerning regions. And it is considered that not less that regional marketing of the enterprises has the right to

be considered as a version of the international marketing, its simplified model.

When using strategy of adaptation or strategy of standardization of marketing efforts the international marketing consider as: the multinational marketing connected with need of flexible adaptation of marketing technologies in compliances with requirements of each separate foreign market and global marketing which provides development of the standard marketing program of work on all or the majority of the foreign markets and deals with the unique goods, the unique brand, the standardized advertising campaign, etc.

Subjects of the international marketing can be:

- multinational corporations (in the sphere production and a services sector);
- global companies;
- exporters;
- importers.

TNC - transnational corporation (Transnational Corporation, Multinational Enterprise, Multinational Company, Multinational Corporation) - the enterprise which unites legal entities of any organizational and legal forms and kinds of activity in two and more countries and carries out carrying out the interconnected policy and the general strategy thanks to one or several centers of decision-making (by definition UNCTAD).

The global companies - business units which in the international activity use the concept of global marketing.

Exporters - firms which make production in the national territory and sell it in the world market.

Importers - firms which have suppliers or partners from cooperation abroad. Such firms cannot be Multinational Corporation or exporters [28, p.6].

On character of the subject of marketing actions distinguish: the international marketing of Multinational Corporation which is the most advanced and technologically developed; international marketing of small and medium-sized companies [21, p.48].

The international marketing substantially can understand through a prism of the motives, what inherent in the enterprises which enter the world market, they are necessary for knowing at a specification of conceptual bases of a problem. Rather detailed ordering of motives E.G. Valldorf [81, p.21] which can be formulated thus:

1. Development of domestic market (market saturation goods; strengthening of pressure of competitors; growth of dependence on intermediary trade, especially in questions of quality, the prices, capital productivity and production expansion; growth of the meetings connected, with protection of environment; difficulties of observance of the social legislation) at which it is favorable to invest the capital abroad.

2. Activity of the foreign competitor and his successes in domestic market compel to look for own engagement. Not least it is connected with need of

maintenance of the image on due levels.

3. Overcoming of dependence on domestic market and risk "dispersion" by a gain of the foreign markets.

4. A solution of the problem of dependence of firm from seasonal fluctuations of demand in domestic market.

5. Improvement of loading of available capacities and that will be created in addition.

6. Decrease in expenses on a salary, raw materials, transport, reduction of tax payments, in particular by use of different modes of production of production abroad, including even reimport with the corresponding price privileges for domestic market.

7. Use of state programs of assistance which operate in the country or in the host country.

8. Increase of efficiency of marketing activity by strengthening of market positions, for example, on the basis of creation of offices, branches and subsidiaries, expansion of a network of service points.

9. Compensation of fluctuations of an exchange rate by the organization of partial production and sale in the respective countries.

10. Receiving access to «Know-how» which is possible under condition of duration of engagement in the relevant foreign markets, for example, in the form of partnership with foreign firms.

11. Existence of requirement for bypassing tariff and administrative barriers of import by means of forms of direct engagement in the foreign market.

12. Ensuring long-term successful sale and respectively economic growth.

13. Decrease in the general risks by their reference on bigger volume of production, a part from which is made in the foreign firms.

14. Liberation of the highly skilled personnel for the solution of more difficult tasks in the country by transferring abroad productions of separate products or accessories to them (for example, «contract manufacturing», collecting).

15. Stabilization of price policy or expansion of a framework for its implementation in the internal and foreign markets with regression application concerning quantity of production.

According to the concept of the international marketing of major importance in business long-term profitability gets. In this context the purpose of the international marketing of national firms is achievement of resistant market positions and receiving profits in the conditions of rigidly competing international markets.

The purposes of the international marketing of concrete firm, first of all, are based on results of the analysis of activity of the market and its features.

Realizing the international marketing, each firm aspires to reach a certain result of activity. If it is a question about commercial to firm, they want to provide to themselves in long-term prospect the maximum profit. Receiving

such profit is a main goal of activity of firm in a foreign market.

If the international marketing is realized by noncommercial firm, its main goal is not maximizing profit. In this case as the purpose there can be an attraction of the maximum number of clients of the specific needs interested in pleasure at the expense of the goods which are made, or services which are provided by this firm.

To economic targets of the international marketing carry [18, p.24]:

- providing a target share of the market (quantitative or cost characteristics of sale of production of firm in the relation to the general market capacity for a certain period of time);
- providing exit to the new markets;
- receiving the maximum profit;
- building of sales volumes;
- increase in extent of participation in already mastered markets.

To psychographic international marketing objectives (impact on purchasing behavior) include [18, p.24]:

- increase of degree of awareness of local population about the goods and firm services;
- formation at consumers of positive image and an arrangement to the goods and firm services;
- increase of degree of pleasure when using the goods which are acquired;
- stimulation of decisions on purchase of the goods.

Except the global purpose the firm can consider the purposes of the lowest order. In other words, it can construct a tree of the purposes, establishing the purposes of the first, and the second and other levels. As the purposes there can be such desirable results, as:

- increase in sales volumes;
- providing more favorable conditions for production and commercial activity;
- exit to the new markets;
- reduction of expenses by production of a commodity unit;
- gain of the highest positions in the target markets;
- ensuring competitive advantage;
- formation at consumers of positive image and an arrangement to the goods and services of firm and other.

The increase in sales volumes, and, therefore, and productions provides production efficiency increase at the expense of expansion of its mass character. Similar results of work of firm can be reached thanks to creation of more favorable conditions for production and commercial activity.

The exit to the new markets when the goods in the mastered markets are at a saturation or recession stage, allows continuing life cycle of the goods.

At high expenses on a commodity unit the firm can provide their reduction thanks to increase in sales volumes in the new markets and according

to reduction of constant expenses by a commodity unit.

The gain of certain positions in the target markets allows providing increase in demand at the goods, to expand volume of production and to increase its efficiency.

At last, achievement of competitive advantages and formation at consumers of positive image and an arrangement to the goods and firm services also promote production efficiency increase.

Thus, realization of each of the formulated purposes of the lowest order allows providing the highest level of production efficiency and, therefore, achievement of a main goal — receiving the maximum profit. Considering that a main objective of activity in the world market is receiving the maximum profit, firm which realizes the international marketing, leaves from that it first of all satisfies real requirements and needs for the concrete goods and at the expense of it gets desirable it profit.

Features of the international marketing are defined by specifics of environment in the conditions of which it is realized. This environment can be more changeable in comparison with environment in the national market and besides not always predictable [2, p.12].

Among features of the international marketing it is possible to allocate:

- presentation of the highest requirements to the goods, their service, advertising and so forth, than in domestic market, as a result of the strong competition;
- complexity of studying of foreign markets;
- need of continuous and flexible use of marketing methods taking into account an environment of a foreign market and forecasts of its development, the practice created there, character of the export goods;
- orientation to requirements and requirements of foreign consumers by production of the goods.

In addition, international marketing should take into account such factors as independent states; national currency system, national legislation; economic policy; linguistic, cultural, religious, domestic and other customs. This means that the wider national international marketing because it covers a large range of factors. All this means that the international marketing is wider national as it covers big scale of factors.

However, sharp differences between marketing in the internal and external markets does not exist, as in both markets the same principles and methods of marketing activity are used [18, p.11].

The main difference of the international marketing from the national is that the maintenance of tasks which are solved with marketing use in the world market, has the specifics, their list can include the additional tasks not peculiar to marketing that are realized in the national market.

It is possible to carry to common features of internal and international marketing:

- unique purpose;
- unique instruments of marketing (segmentation, adaptation, advertising, pricing and t. other);
- unique structure of factors of environment;
- universality of Basic Elements of the market environment (demand, offer, PLC etc.) and scientific concept of the market.

It is necessary to notice also that tasks which decide the international marketing is more difficult and considerable expenses are necessary for finding of their decision. They are caused:

- need of research of each concrete foreign market and determination of expediency of an exit to it;
- complexity, however obligation of taking into account of all elements of the environment;
- need of development of reasonable policy of advance of the goods in the chosen foreign market;
- problem of preservation of a share of the market;
- possibility of a choice of the market or exit from it;
- need of definition of effective price policy;
- need of adaptation of the goods which are made to conditions of the target market;
- need of creation of channels of distribution and ensuring effective functioning in foreign markets.

The specified expenses cannot be correlated to similar expenses in domestic market.

The international marketing is characterized by the following priorities [28, p.7]:

1. *"Top" the management operated by the market.* Marketing or production orientation becomes the dominating concept both internal, and the international marketing market, instead of. Efforts of management concentrate not on sale of already developed production, and on studying and demand creation.

2. *Globalization of the international marketing activity.* There is a growing interdependence among the Triad countries, the economic, welfare and which political and legal environment becomes more homogeneous. There are supranational segments which strengthen market possibilities of firm.

3. *Responsible marketing.* An aggravation the last decades of global problems of mankind (environmental pollution, problematic consequences of use of new technologies, uses of the World Ocean, the arms problem and so forth) predetermines demonstrative concern of firm's universal problems, and not just achievements of market success.

4. *Orientation to the competition.* Readiness and ability of firms to

predict action of competitors on internal and on external the markets is a key factor of success both on new, and in the mature commodity markets and to outstrip them. Such readiness provides existence in firm personnel of analysts, and ability - existence of system of monitoring for competitors.

5. *Development of prognostic systems.* Traditional methods of a prediction of volumes of sale in the turbulent environment are not always effective. Therefore the marketing plan, capable to consider organizational flexibility and unforeseen circumstances becomes a basis of marketing actions of firms.

6. *The adapted (personified) marketing.* The world market is characterized as «the market of the consumer», and the last wishes to receive the personified solution of the problems. It predetermines strengthening of attention of firms to segmentation process, especially by the personified criteria of segmentation (lifestyle, arrangement level to a trademark, the social status, personal demographic characteristics and so forth).

7. *Restructuring of a portfolio of the goods.* Strengthening and a dynamization of the competitive environment in the world commodity markets cause need of a diversification the companies of the commodity portfolios towards creation of the knowledge-intensive, original, unique goods (services), the goods of market news.

Means of solving problems that arise due to the emergence of new priorities is to strengthen the strategic approaches to forming marketing complex.

1.3. What are the developmental stages of international marketing?

Evolution of the international marketing was carried out in five stages (fig. 1.3):

It is necessary to notice that each of the following stages is logic continuation of the previous stage of development of marketing.

Traditional marketing — is traditional sale of the goods abroad when the exporter bears responsibility before the buyer only by the time of supply. For this stage are characteristic:

- goods sale abroad without its further support;
- responsibility before the buyer only by the time of supply or sale.

This stage of development is characteristic for the national companies, firms with limited scales of activity within, as a rule, state, though not excluded and single export supply. Besides the businessman as if aims at this stage to development of the international market, passes a peculiar practical school of business in the international market.

At this stage even the large enterprises are compelled to master traditional marketing as production which is issued them, not always maintains the competition in the world market through the low competitiveness.

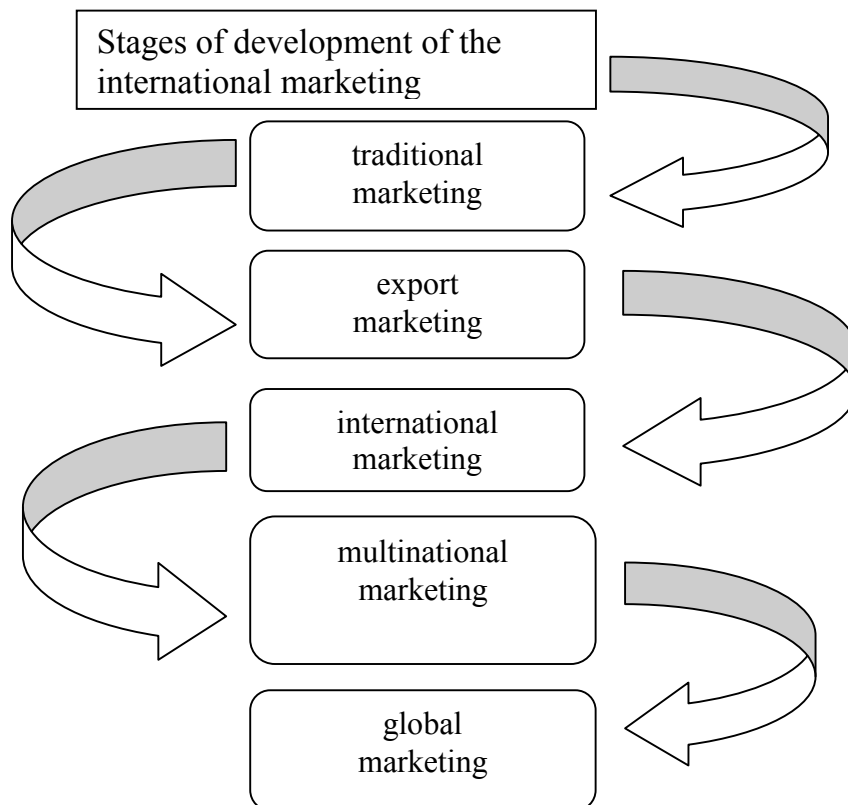


Fig. 1.3. Stages of development of the international marketing

Export marketing. At this stage the exporter carries out detailed and systematic research of the target foreign market and adapts the production for changeable requirements of the market. It is more perfect and perspective stage of development of the international marketing and firms, the companies which are characterized by high growth rates on the basis of use of modern technologies which own ample opportunities for release of competitive production presume to be engaged in it to themselves. For many subjects of the market who take strong positions in the national market, export deliveries can be a certain source for receiving additional profit. Export activity often speaks saturation of domestic market and adverse factors of purely tactical character. The exporter systematically investigates the foreign market and adapts the production under requirements of this market. Thus the exporter constantly investigates this market and tries to supervise all way of the goods to the end user [18, p.20].

The international marketing allows comprehensive investigation of the mastered market, using thus all achievements of modern forms and methods of the international marketing, considering all features of the country that influence market formation. The international marketing extends not only on especially trading operations, but also on other spheres of foreign economic relations: creation compatible and subsidiaries, scientific and technical exchange, transfer of licenses and know-how, providing transport, insurance, tourist and other services; international rent operations, etc.

For modern model of the international marketing characteristic that it is in essence closer to production and investment (unlike the being — trading and intermediary) than model.

Organizational forms of the international marketing which concern the enterprises which carry out marketing operations in many foreign states, sometimes determine by the term «*multinational marketing*» [29, p.311]. The same emphasizes big complexity of marketing activity. Examples of multinational firm are "Nestlé", "Unileved", "Shell", "ITT", "Ekson", "Coca-Cola". For them are characteristic existence of trademarks which are well-known to the whole world, and also performance of the branched-out international activity. For the large multinational organizations distribution of resources of the company typical also irrespective of national borders though they also belong to a certain country from the point of view of possession and the top management.

At formation of system of multinational marketing quite often image of firm in which accents become on national achievements or features first of all is created. For example, traditional American, German or Swiss craft skill is emphasized. In the conditions of multinational business the firm name displays already advantage of management in coordination of labor activity and its sheaf in many countries for providing a high level of quality and service. In this understanding a typical example - the hour industry. Hours can be designed in Switzerland, their electronic components are made in Japan, collecting the module of the account of time is carried out at Hong Kong, the case of hours is developed to the USA, the dial - in Japan and final collecting is executed on the Virgin Islands before their sale in the USA.

When firms limit themselves to one or several foreign markets make the goods in the state and market them abroad, the same plan of marketing, as in the country is generally used. The multinational companies add to the arsenal philosophy of global orientation, operate in the different countries and use foreign production and marketing offices which work for the separate markets.

Global marketing considers the whole world as the unique market and is constructed on similarity of national, cultural, behavioral and other characteristics of the market, instead of on the accounting of national features. As an example it is possible to give the greatest companies which use global marketing in the activity: «Coca-Cola» «Procter & Gamble» «Eastman-Kodak», «Sony», etc.

It is possible to carry the following to the main reasons for emergence of the concept of global marketing:

- formation of the homogeneous market of the countries of "Triad" (North America, Europe, South East Asia) thanks to intensive development of communication, transport, tourism.
- need of prompt distribution of technical and technological inventions owing to high level of the competition in "Triad";

- economic need of internationalization of activity of that cost of development of some types of the equipment is so high what to reach payback possibly only at world level;
- critical specific weight of "Triad" in world economy: 70-80 % of production and consumption of many goods and services are carried out in the territory of the countries of "Triad";
- availability of "global nature» goods (high-tech equipment, unique goods, raw materials).

1.4. Can international marketing be understood as a business philosophy?

Objective developments of world economy lead to acceleration of internationalization of national economies. Firms (enterprise) and the organization practically all countries of the world take direct part in the international business. Carrying out such business, the firm should build all the activity taking into account a real condition of the world market, being based on exact knowledge of requirements and inquiries of consumers and the accounting of their possible changes in the future. Such knowledge is provided thanks to realization of the international marketing.

The main reasons for an exit of firm on the foreign markets can be formulated as follows:

- the aspiration is better to use available capacities;
- aspiration to get popularity of the exporter in the country;
- expectation of deterioration of an economic situation of the country;
- possibility to improve a financial position at the expense of export for production modernization;
- possibility of receiving foreign currency;
- aspiration to provide advantage before competitors in the country;
- ensuring higher profitability of a turn in the foreign markets;
- aspiration to receive valuable know-how;
- desire to work in the conditions of the lowest competition abroad, than in the country.

Considering the reasons of an exit of firm on foreign markets, it is necessary to mean, which can be not always provided the positive result is necessary. Besides, at implementation of foreign economic activity the firm can face a number of specific problems that unusual for domestic market. Sometimes foreign economic activity is favorable to the country, but not always is expedient for firm. Sometimes the firm more risks to receive negative consequences of the business activity in a foreign market, than in the country. For adaptation of the goods to conditions of foreign markets the firm can be compelled to carry out expenses which will surpass the possible income which turns out it thanks to mass character of manufacturing of production. Heavy

expenses bear firms at advance of the goods on a foreign market. It is necessary to consider also and exchange rate. It not always can be favorable to the exporter. Besides if it can favorable during a certain period be not excluded that it can change not in favor of firm.

Summing up to the aforesaid, it is possible to draw a conclusion that it is expedient to firm to enter a foreign market if it is found out as far as the firm can improve results of the activity in each foreign market and it can use how available possibilities of increase of production efficiency, considering the resources. All positive and negative consequences of activity of firm in foreign markets should be revealed with use of the international marketing and are considered during the developing and realization of its corresponding strategy.

All activity of firm which uses the international marketing should be subordinated to satisfaction of requirements revealed in the foreign markets and to achievement on this basis of the desirable end results of its work.

Implementation of the international marketing gives the chance to define, how these requirements can be happy in the best way. Thus the international marketing forms views of managers of development of the world market, possible behavior of firm on it and becomes a certain system of actions which provides long-term prospect of interaction of firm with surrounding with its world economy environment. And, thus, being the instrument of implementation of effective foreign economic activity, the international marketing becomes business philosophy in the world market [2, p.8].

1.5. Can international marketing be understood as a form of management activities?

In the majority of definitions marketing is considered as the human activity directed on providing wishes and requirements by an exchange. It means that realization of marketing is urged to provide effective implementation of an exchange. As in case of the international marketing speech can go about providing an effective exchange, only now such exchange is carried out in foreign markets. That such exchange was effective, activity of firm is directed on research of foreign markets, establishments of expediency of an exit to each concrete market, identification of real requirements and advantages of specific consumers, establishments of addressing of that production which is issued also providing the organization of its production.

Such activity does expedient functioning in the markets for the purpose of formation of requirements and purchasing advantages to ensuring effective distribution of the goods. Therefore any definition of the international marketing provides that the firm which realizes the international marketing should:

- to reveal expediency and to define possibility of an exit to the foreign markets;

- to know real requirements in the target markets in the goods which are offered;
- to direct all the activity on satisfaction of certain requirements;
- thanks to satisfaction of specific needs to provide receiving acceptable profit if it is a question of commercial structure.

All listed allows development and implementation of the relevant administrative decisions above.

Proceeding from it, the international marketing should be considered as administrative activity in the world market, urged to provide more completely compared with competitors of satisfaction of specific needs of consumers in the necessary goods.

The administrative aspect of the international marketing is connected by it that it is urged to display features of the relations of purchase sale and investment activities in nonconventional for the enterprise types of cultures. From this it follows specifics of working in marketing with regard to characteristics of market research and advertising. In this case it was possible to point out issues such as prejudice and credulity. It is understood that the markets of Western countries, the buyer often arise the question of why companies in the country "A" offers its products to us when we have our own manufacturers [25, p.335].

The international marketing is a component of the general control system of the firm, urged to direct all its activity on satisfaction of requirements and hopes of buyers and consumers in the chosen foreign markets. It serves as an instrument for ensuring of advantages in satisfaction of concrete inquiries of buyers and consumers how these inquiries are satisfied with competitors.

When using the international marketing the firm realizes a system approach to administrative activity with accurately formulated purpose detailed by set of actions, directed on its achievement. For this purpose it carries out the following:

- finds expediency of an exit to foreign markets;
- defines real requirements and needs for each concrete goods;
- produces the goods which most meets the revealed requirements;
- provides delivery to the goods in necessary quantity in the set place and during acceptable time;
- establishes the price accepted for the buyer and that provides receiving necessary profit by the seller;
- provides goods advance on the target market (that is realizes a complex of communications which includes advertising, public sheaves, personal sales and stimulations of sales).

Thus, as well as at marketing realization in domestic market, the firm taking into account real requirements and requirements in a separate foreign market can use four main instruments of the international marketing. This include: goods, price, advance and place sales (distribution). The specified four

main tools form a complex of the international marketing. Knowing real requirements and hopes of consumers and using tools of a complex of marketing, the firm offers in each foreign market the goods in necessary quantity and the range, at the acceptable price, in a certain place and during set time. It carries out the corresponding communications and provides goods advance on the market. Thus, the international marketing covers all activity of firm connected with production, sale of the goods and providing the necessary services. To organize this activity at high level, in firm the service of management is created by the international marketing, as a rule.

The organization of such service and its subordination are different for different firms. Besides possible creation of the unique service of management by marketing within which departments which are engaged respectively in marketing realization on internal and foreign markets are allocated. It is also possible the creation of the marketing department within the service of international management firm. Therefore, the international marketing is methodology of adoption of the best administrative decisions in the course of implementation of business activity in foreign markets.

For successful realization of the international marketing it is necessary to create the corresponding information base. Such base demands carrying out necessary market researches and allows studying and the description internal and environment of the international marketing.

Key concepts

International marketing, predictors of international marketing, international marketing principles, functions of international marketing, international marketing entities, regional marketing, international marketing objectives, priorities of the international marketing, stages of the international marketing development, traditional marketing, global marketing, export marketing, multinational marketing, "Triad."

Question for self-checking

1. What reasons the caused emergence of the international marketing?
2. What is the international marketing?
3. Where from was there a concept of the international marketing?
4. How the international marketing reflects business philosophy?
5. In what cases the international marketing becomes a form of management activity?
6. What is the criterion of marketing typefication?
7. What are stages of the international marketing development?
8. What are main reasons for emergence of the global marketing concept?

9. What is the main objective of the international marketing using for firm?
10. What is the goal of economic and psychographic international marketing?
11. How globalization of world economy promotes development of the international marketing?
12. What reasons led to the emergence of the need for international marketing?
13. What are the features of international marketing?
14. What contributed to provision out of international marketing in an independent direction?
15. What is common between domestic and international marketing?
16. What distinguishes international marketing from domestic?
17. What are the motives of international marketing?
18. Is regional marketing part of international marketing?
19. Who is the subject of international marketing?
20. What are the new marketing priorities?
21. What caused the need for international marketing Ukrainian firms?
22. What main tasks, the international marketing solves?
23. What factors are considered at realization of the international marketing?
24. What are the principles of international marketing?
25. What are the functions of international marketing?
26. What are the goals of international marketing?
27. What is the essence of traditional marketing?
28. What is the essence of export marketing?
29. What is the nature of multinational marketing?
30. What is the essence of global marketing?

SECTION 2. INTERNATIONAL MARKETING ENVIRONMENT

2.1. What is economic environment of international marketing?

Entering a concrete foreign market, the firm should consider all factors which provide both direct and indirect influence on efficiency of its business activity. Action of all such factors also defines the environment of the international marketing [2, p.20].

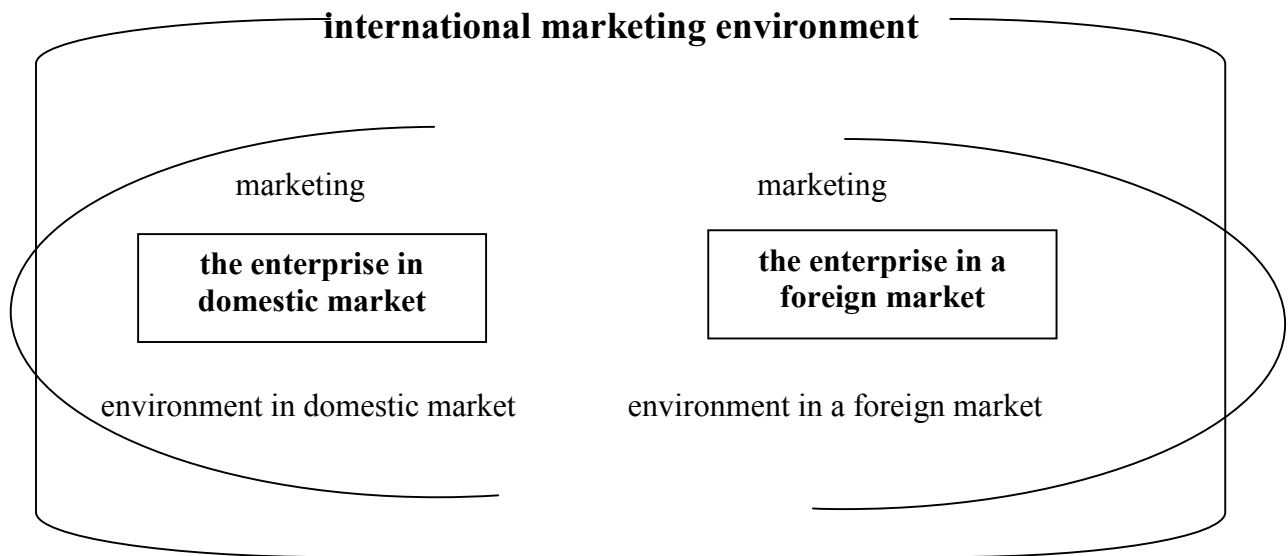


Fig. 2.1. International marketing environment

The environment of the international marketing is necessary for studying and considering irrespective of where there is a firm which carries out foreign economic activity. Thus it is necessary to systematize and analyze the widest range of factors which provide both direct and indirect influence on efficiency of business activity in each foreign market. Such approach allows firm to use more completely than its possibility in the elected markets and to avoid negative consequences for business activity. In other words, the firm can exclude possible risks in foreign markets.

Usually the environment of the international marketing can be divided on micro and macroenvironment. Exists as well other approach at which allocate micro, meso - and macroenvironment (fig. 2.2).

The microhabitat of the international marketing is defined by factors which are supervised by firm together with factors caused by activity of strategic partners of suppliers, competitors, intermediaries, clients and contact audiences. The specified activity belongs both to internal, and to a foreign market.

Those are carried to controllable factors from them which the firm management and, in particular, service of management of the international

marketing can influence. When providing such influence they can use first of all instruments of the international marketing. They can influence also some other factors, such as the organization of management of firm, in particular the organization of management of the international marketing, on level of equipment and technologies which are used, on volumes of expenses of production.

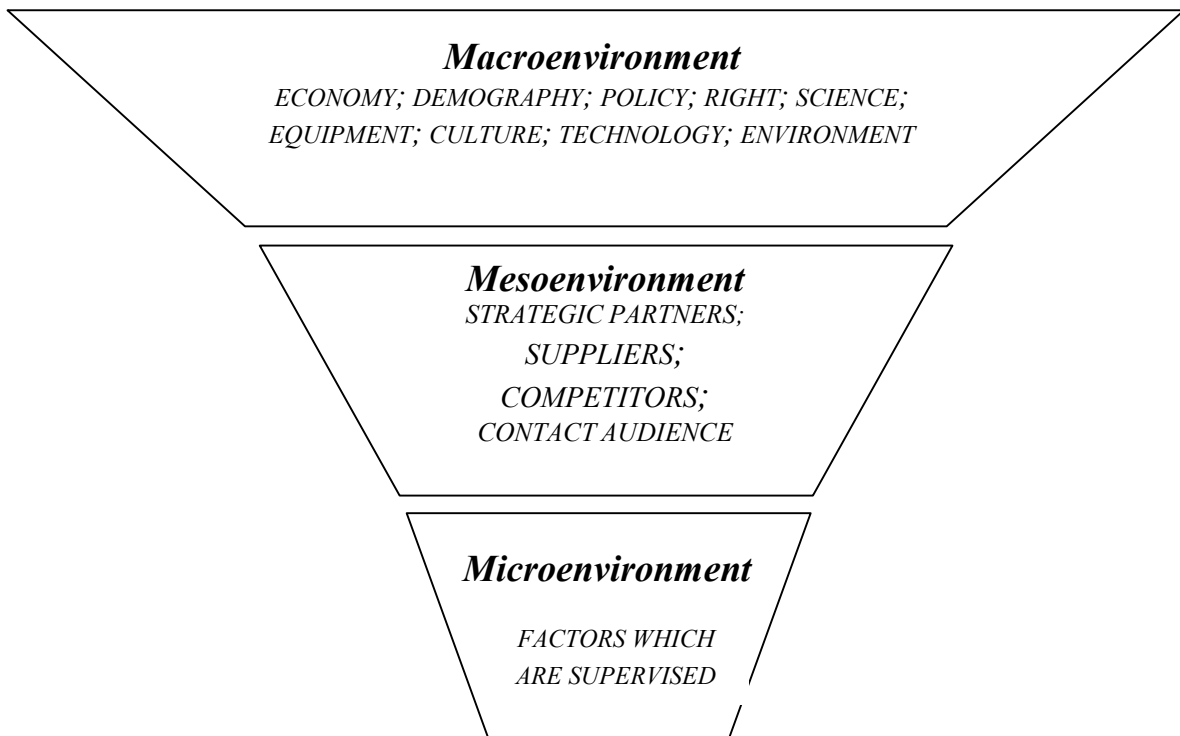


Fig. 2.2. Environment of the international marketing

Using tools of the international marketing firm itself defines, with what goods and on what foreign market to leave, with the goods which are already made, or with the new goods, at what price to sell the goods who will carry out supply and to sell the goods, who and as will provide goods advance on the market. The solution of these tasks can be based on experience of activity of the firm, and also the firm can use checked other firms in practice by forms of implementation of similar international operations.

Realizing the international marketing, the firm cannot influence a number of factors which provide direct influence on efficiency of its foreign economic activity. At the same time she should analyze these factors and taking into account them to build the foreign economic activity. Macroenvironment of the international marketing is defined by factors which are not under control to firm.

Considering uncontrollable factors, it is necessary to consider that they are peculiar both internal, and to a foreign market and can have some differences. Therefore both these are necessary to analyze groups of factors, to find influence of factors of one group on factors of the second group.

Thus in each foreign market such uncontrollable factors, as are usually analyzed:

- economic development of the country;
- state politics and law;
- level of social and cultural development;
- practice of implementation and condition of business activity;
- existence of competitive conditions;
- level of development of a science, equipment and technologies;
- geographical position of the country;
- level of environmental protection.

The specified distribution of uncontrollable factors in many respects is conditional. These factors are interrelated and interdependent and operate simultaneously. Therefore not always there is a possibility to allocate extent of influence of each of factors separately, to reveal limits of its action.

Together with the micro and macroenvironment it is sometimes considered mesoenvironment. Such environment is defined by a part of factors micro and macroenvironment. Usually mesoenvironment it is characterized by activities of strategic allies, shareholders, suppliers, competitors, clients, and also reference groups and the organizations which influence firm activity.

Therefore, carrying out the business activity in the foreign markets, the firm cannot directly influence separate factors which define the environment of the international marketing. She is capable to analyze only their condition and to consider results of such analysis in the marketing activity. That is to make on due levels, it is necessary to allocate first of all the major factors which influence can create certain threats and problems for firm, but their correct account at the same time will allow to reveal and use marketing possibilities.

In the international marketing all factors which influence the marketing environment, usually conditionally unite in separate groups of factors. To such main groups of factors belong:

- the political;
- the economic;
- the legal;
- the socio-cultural.

Except noted main groups of factors which influence the environment of the international marketing, still allocate:

- scientific and technical factors;
- demographic factors;
- natural factors;
- geographical factors.

Set of each of the given groups of factors defines the environment of the international marketing corresponding to it: economic, political, legal, welfare, etc.

Starting with above given, the international *environment* is a set of economic, welfare, political and legal and other conditions, processes, factors which promote development of the international marketing activity or it complicate.

Having allocated the main groups of factors, follows in each of them to carry out ordering of factors and to analyze possible influence of each of them on the environment of the international marketing both on internal, and in a foreign market [2, p.31]. Such comprehensive approach allows allocating marketing possibilities of firm in the concrete foreign market and creates all necessary conditions for successful realization of the international marketing.

The international economic environment - set of economic conditions, processes, factors which promote or counteract development of the international marketing activity.

More precisely to characterize the economic environment of the international marketing usually allocate four groups of factors (indicators) that it defines. Each of groups of indicators respectively characterizes:

- level of economic development (the main generalizing indicators which display the reached level of economic development of the separate countries which interest firm);
- state of the economy of the country which are investigated in the separate directions;
- condition of the markets of the separate countries and possible tendencies of its development in the future;
- development of regional economic integration of the separate countries which interest firm.

Noted allocation of groups of factors is substantially conditional. However it allows investigating the economic environment of the international marketing more thoroughly.

The main indicators of the economic environment of the international marketing are:

- gross national product (GNP);
- standard of living;
- level of economic growth;
- stability of currency.

It is possible to carry to components of the international economic environment:

1. International trade;
2. Balance of payments;
3. Foreign trade policy;
4. International investment activity;
5. International organizations;
6. International economic integration.

International trade - historically the first form of the international economic relations (if not to take into consideration barter) which shows an exchange of the goods and services between the states. For a national economy participation in international trade gets a form of foreign trade.

Foreign trade is a trade of one country with other countries which consists of export and import of the goods and services. In aggregate foreign trade of the different states forms international trade.

International trade is a difficult social and economic category which can be considered in two aspects:

1. As process of a direct exchange by the goods and services between subjects of the international economic relations.

2. As special type of the public relations which arise between the states in process and concerning an exchange of the goods.

For an assessment of scales, rates, tendencies, the directions of development of international trade it is expedient to use system of indicators which consists of 6 groups [28, p.16]:

1. Absolute numbers (export (re-export), import (re-import) foreign trade turnover (FTT), "general" trade, "special" trade, the physical volume of foreign trade).

2. Structural indicators (commodity structure of export and import; geographical structure of export and import).

3. Indicators of trafficking (the volume of exports, imports or foreign trade turnover per capita, export, import or foreign trade quota).

4. Summing indicators (trade balance, balance of services and non-profit operations, the balance of current transactions; code "terms of trade").

5. Dynamics indicators.

6. Comparison indicators.

The present stage of development of international trade is characterized by such features:

1. Sharp growth of volumes of export and import.

2. The increasing role of foreign trade in the economic development of most countries, as evidenced by the increase in export quota of countries

$$Qe = \frac{E \times 100\%}{GIP},$$

where Qe - an export quota of the country (%)

E - annual cost of export

GIP - a gross internal product in a year.

3. The extremely non-uniform growth of the world prices for main types of the goods.

4. Changes in commodity structure of world trade: increase in specific weight of finished articles and semi-finished products; growth of a part of cars, equipment and vehicles; intensification of an exchange of production of

intellectual work (licenses, "know-how", engineering services).

5. Shift in geographical distribution of commodity streams.

6. Distribution of stable and long-term relationships between suppliers and buyers, increase in the share of intra-firm deliveries within multinationals.

7. The increasing role of developing countries in world trade.

8. Weakening of the United States, Britain, France, Italy, with a significant strengthening of the position of Japan and the newly industrialized countries.

9. Competition strengthening between three centers of world economic development: USA, Japan and EU countries.

10. Activation (since the second half of the 70's) counter-trade.

11. Strengthening of protectionist tendencies in the external economic policy of the majority of the countries.

12. Emergence of a tendency to creation of the closed economic spaces (see fig. 2.3.).

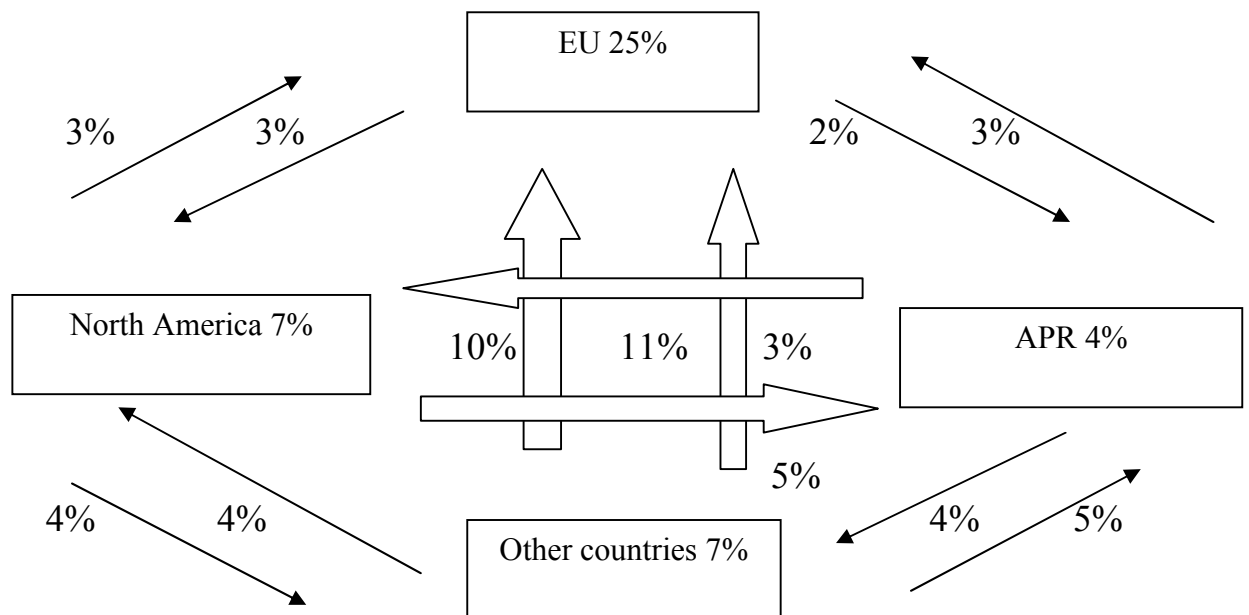


Fig. 2.3. Specific weight of intra group and intergroup trade in world export, % [28, p.18]

The following component of the international economic environment is a balance of payments.

The balance of payments represents a ratio between the payments which have been carried out by economic subjects of this country in other countries, and receipts which are received by them from other countries for a certain period of time (month, quarter, year).

Balance of payments:

- in the majority of the countries it is disclosed;
- in the countries with the developed market economy it is developed according to the scheme, what recommended by the International Monetary Fund;
- accurately displays an economic situation of the country;
- it is widely used for forecasting and macroeconomic regulation.

Conditions of the balance of payments of the country define:

- economic potential;
- features of structure of economy;
- participation in the international division of labor;
- communications with the world market of the loan-like capitals;
- condition of state regulation of economy and foreign economic relations.

Consequences of deficiency of the balance of payments:

- strengthening of currency control;
- decrease in a rate of national currency;
- growth of volume of loans abroad;
- problem of economic dependence (the relation from IMF).

Consequences of surplus of the balance of payments:

- pressure from other countries with requirements of trade liberalization (opening of the markets) and consumption stimulations;
- country transformation at net-exporter capital.

The balance of the balance of payments in international payments is a difference between export and import volume.

Types of export-import balance:

- balance of trading balance;
- balance of balance of services;
- balance of balance of services and noncommercial operations;
- balance of balance of the current operations;
- balance of the balance of payments.

Each country builds the international relations, proceeding from the external economic and foreign trade policy which also treats components of the international economic environment.

The external economic policy - the general line of actions, system of actions which the state in the sphere of export and import, customs regulation, trading restrictions, attraction of foreign investments, foreign investment, external loans carries out, providing the economic help to other countries, implementation of the general economic projects according to interests of the country.

Foreign trade policy - set of methods, receptions and mechanisms of regulation of volumes and an orientation of export and import which are applied by the state for the purpose of realization of the external economic policy as a whole.

Types of a foreign trade policy.

Two main *directions* in the formulation of a foreign trade policy are historically known: protectionism and liberalization.

“Free trade” - lack of any barriers and restrictions in trade between the states. It is realized only in bonded economic areas.

Liberalization - expansion of freedom of economic actions, reductions of quantity and decrease in level of restrictions in trade with other countries.

Protectionism - a state policy of protection of domestic market from the foreign competition.

Neoprotectionism - modern restrictions on international trade which are applied by the countries as addition to traditional forms of restriction of undesirable import or instead of them.

Reasonable (selective) protectionism - protection of separate branch of economy, group of companies, instead of all national production, or protectionism in trade with the separate countries and behind separate groups of the goods.

Autarchy - policy of economic office of the country, directed on creation of the closed, independent economy, capable to provide all necessary it is independent.

For realization of a foreign trade policy of the government use special methods and tools.

Administrative methods.

Preventive legal regulation:

- system of the international trading treaties, agreements and protocols;
- caution in agreements (protective, currency, inflationary, tax, patent, force-major and caution concerning insurance).

Trading modes:

- mode of the greatest assistance;
- the preferential;
- usual (idle time);
- discrimination (it is applied temporarily).

Customs taxation:

- customs tariff (system of commodity classification of a tariff, tariff structure, types of duty, method of definition of the country of origin of the goods);
- customs taxes and meetings.

The internal (national) taxation of the import goods - according to provisions GATTs national taxes and meetings should be applied to the foreign

goods in the same size, as well as to the goods of a domestic production.

Quantitative restrictions:

- licenses (individual, single, general and so forth);
- contingents (quotas);
- "voluntary" restrictions of export.

Technical barriers - big group of the non-tariff restrictions predetermined by action of national industrial standards, systems of measurement and inspection of quality of the goods, safety measures requirements, sanitary and veterinary norms, rules of packing and marking of the goods and so forth.

Administrative formalities:

- import procedures;
- foreign trade office-work;
- consular formalities.

Emergency legal regulation:

- instruments of power trading and political influence (embargo, economic boycott, economic blockade);
- anti-dumping procedures.

Economic methods.

Internal financial and monetary and credit actions:

- financing of export production;
- tax privileges;
- state crediting.

Currency and credit regulation:

- mechanism of exchange rates;
- currency restrictions;
- import deposits.

Organizational and technical assistance to export - system of actions for information, advisory and organizational support of national exporters.

In the international marketing by tariffs obligatory payments which are established by the state on the goods which are imported and exported are considered. As tariff barriers duties and customs payments act.

As to duties, they are usually divided into separate groups, the basis for which formation are the corresponding factors.

Depending on that, the goods *are exported or imported* or only by transit are transported through the state territory, all duties are divided on:

- export - are established on those goods which are exported when crossing of frontier by them (their basic purpose - to reduce export of the goods from the country in view of their insufficiency for satisfaction of internal requirements. Such duties can be used and in the fiscal purposes for providing the necessary income to the state);
- import - are established on those goods which are imported to the country;

- the transit - are provided for the goods which are conveyed through the state as transit goods.

Depending on *ways of calculation* of duty are divided on specific, cost and mixed. If they are defined for a commodity unit, it is accepted to call them specific. Cost duties put a certain percent from production cost. At calculation of the mixed duties both specified approaches are used.

Considering *the specific features peculiar to the goods of duty* are divided on seasonal, anti-dumping and compensatory. Seasonal duties are established on the goods of seasonal demand. Anti-dumping duties are provided for the import goods, the price on which below, for the prices for the goods which is realized in domestic market. On the goods which import to the country and for which production there were used subsidies, countervailing duties can be established.

The number of customs payments includes excises, customs meetings, a value added tax (VAT).

Preferential duties are rather low and are established on the goods which are imported from the countries which develop. Duties can and not be applied at all. Besides existence of duties and their size are defined by the relevant contracts which consist between the states or are regulated by multilateral (regional) agreements between the countries.

In recent years in many countries there is a gradual decrease in the importance of tariff barriers and at the same time the role of *non-tariff barriers* grows. In some cases they influence foreign economic activity more negatively, than tariff. The quantity of non-tariff barriers essentially increases during the periods of recession of economy. They are more difficult for providing and they can be established in the hidden form. It is possible to carry to the main non-tariff barriers:

- quotas;
- embargo;
- voluntary restriction of export;
- licensing;
- state monopoly of foreign trade.

Quoting allows establishment of restrictions on volume of export or goods import in quantitative expression during the certain period. The specified volume of the goods also will be a quota. Licenses for a quota to foreign firms and the governments of other countries, and also usually give out to domestic producers the country governments. Such licenses define number of import or export of the corresponding goods. The main reasons for establishment of *export quotas* are:

- need to satisfy need for the goods in domestic market at the prices accepted for buyers;
- expediency of preservation of limited natural resources;

- the desire to reduce goods supply on the foreign markets and to raise for it the price as it is done by the countries - exporters of oil who enter to OPEC.

The main reason for establishment of *import quotas* is the desire of the management of the respective country to limit volume of certain goods which are imported into the country. It do or for the purpose of protection of interests of local producers or to involve some suppliers of these goods and then with a way of licensing to elect the most acceptable from them.

Embargo can be considered as a separate case of quoting. Establishment of embargo has an absolute prohibition of import or export of certain goods or all goods of rather concrete country for the purpose. Usually, embargo is applied to achievement of definite political goals. Embargo can be established by the separate country or is declared by the supranational organizations, for example such, as the United Nations (United Nations). As an example of an absolute prohibition on trades with other country it is possible visit the embargo declared by the USA on trade with Cuba.

Voluntary restriction of export (VRE) is one of options of an export quota. It is entered by the separate country concerning export of the goods at the desire of other country. In case of default of such request the country applicant can accept more strict actions concerning import of the goods, up to embargo introduction. Therefore in case of a similar situation at level of the countries restrictions which both countries arrange are accepted. A classic example of establishment of voluntary restriction of export is adoption of the relevant decisions by the government of Japan and producers of cars of Japan on restriction of their supplying in the USA.

Licensing also is one of methods of restriction of export and import operations. It is system of written permissions of state authorities of the country for import or goods export during a certain term. Licenses which stand out are usually divided on *general, individual and automatic*. General licenses stand out for long term for import or export of goods from the separate or all countries. For export or import of certain goods by concrete firm it grants individual licenses, and in that case when the state supervises import of the separate goods, it grants automatic licenses.

At establishment of *the state monopoly of foreign trade* complete control of import and export operations is carried out. Special state structures which carry out such control are for this purpose created. Together with the non-tariff barriers specified above the separate countries use also other forms of non-tariff restriction of foreign economic activity for example such, as administrative red tape and requirements of use of local resources by production of the goods. Such actions are directed on protection of interests of local producers though a time they concern also interests of consumers.

The following component of the international economic environment is the international investment activity.

Attraction of means of foreign investors allows existence of the favorable investment environment (favorable investment climate) in the country to which investments should go. The investment environment is set of legal, political, economic and social conditions for implementation of investment activity. It essentially influences level of profitability, riskiness and liquidity of investments.

Foreign investments can be carried out in various types and forms.

Investments - long-term capital investments in objects enterprise and other kinds of activity for the purpose of obtaining the income (profit) or for achievement of non-commercial purposes.

Foreign investments - all types of values which keep within the objects of investment placed outside of territorial borders of this country.

Foreign investments - all types of values which keep within the foreign investor objects of investment in the territory of this country.

International investments - investments, the realization of which requires different nationality of the investment process.

Forms of investments:

- creation of joint ventures with share participation of the foreign capital;
- creation of the enterprises, representations and branches that completely belong to foreign investors;
- acquisition in a property of the enterprises, buildings, constructions, and also parts of participation in the enterprises, corporations etc.;
- acquisition of bonds, actions and other securities in this or that country;
- providing loans, credits, property, property rights, etc.;
- acquisition of rights of use by the earth and other natural resources if it is not limited by the current legislation.

In the modern world there are over four thousand organizations more than three hundred of which are the international interstate organizations. Forms and methods of work of the international organizations, their relationship with the governments of member countries substantially define a condition and tendencies of development of the economic environment of the separate countries and regions.

The World Trade Organization - the main international regulator of world trade. It carries out supervision of multilateral trading system, supports trading streams by stimulation of a non-discriminatory, predicted trade policy in WTO member countries, liquidates trading barriers by means of carrying out multilateral negotiations, and creates multilateral procedures of the solution of the trading conflicts between member countries.

Main goal of the WTO is liberalization of international trade, elimination of discrimination obstacles in a way of streams of the goods and services, a free

access to the national markets and raw materials sources. Achievement of this purpose will provide strengthening of world economy, growth of investments, expansions of commercial relations, increases of an employment rate and the income around the world.

The task of the WTO:

- supervision on a condition of world trade and providing consultations concerning management in branch of international trade;
- providing mechanisms of the solution of the international trading disputes;
- development and acceptance of the international standards of trade;
- supervision of a trade policy of the countries;
- discussion of urgent problems of international trade.

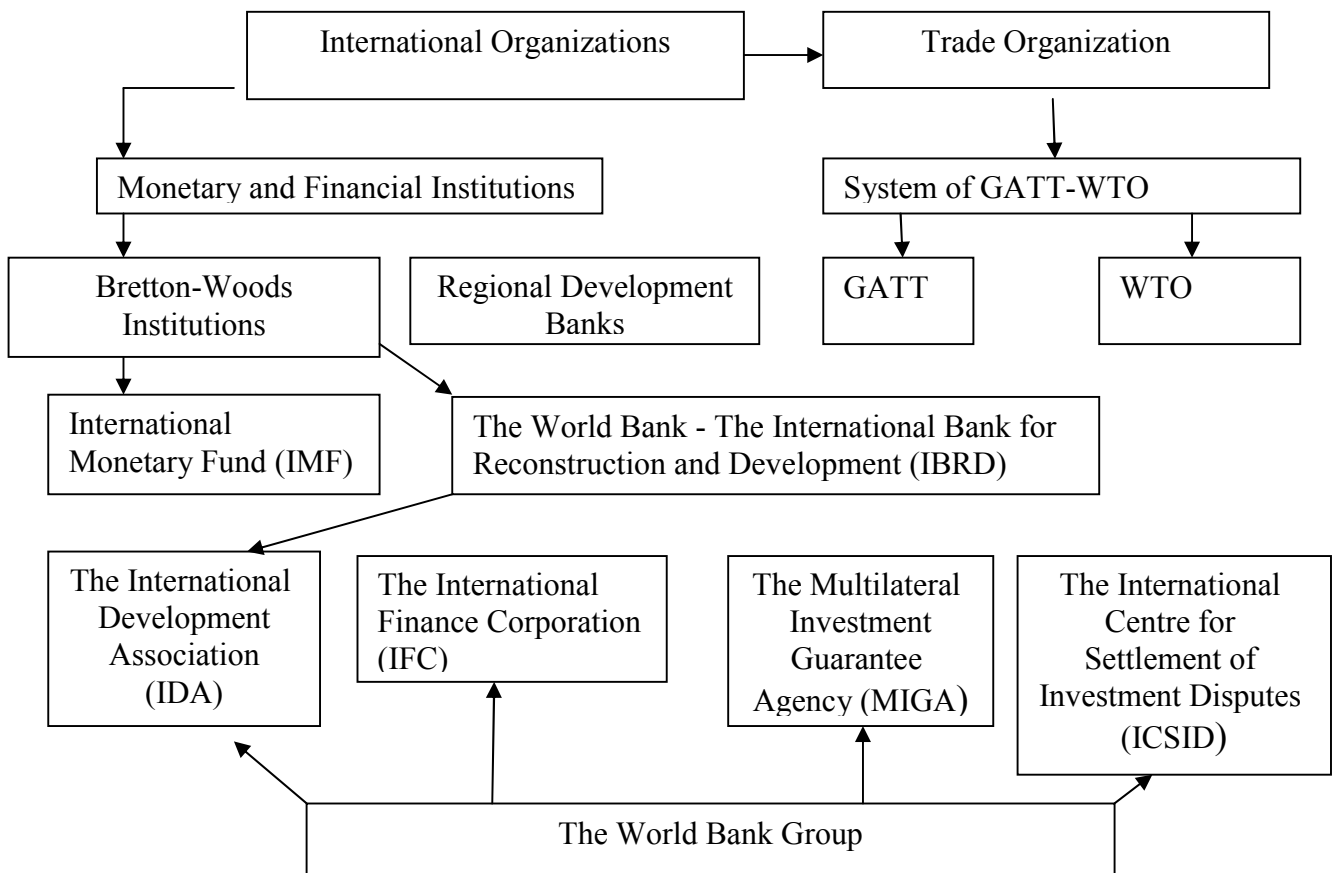


Fig. 2.4. The international organizations from stimulation of economic and currency stability [28, p.29]

The WTO is, on the one hand, the organization, and from the second - set of the international legal documents, multilateral trading contracts which define the rights and duties of member countries in the sphere of international trade and

formation of national trade policies. The system of agreements of the WTO consists of multilateral agreements concerning trade in the goods (GATT 1994p. but the related agreements, arrangements and decisions), trade in services (GATS), intellectual property rights, and also multilateral trading agreements with limited number of participants.

The main rules of trade are formulated by the goods in *the General Agreement on Tariffs and Trade (GATT)*.

In practice of regulation of international trade there are four basic rules, established by the General agreement from tariffs and trade:

- protection of the national industry is carried out only by means of tariffs;
- tariff rates should be decrease and are connected, in order to avoid further increase;
- trade on the basis of provisions of a mode of the greatest assistance;
- trade on the basis of provisions of a national treatment.

The international regulation of the sphere of trade by services is carried out on the basis of *the General Agreement on Trade in Services (GATS)*. It is directed on assistance to economic growth of all trading partners and to development of the countries which develop, through distribution of trade by services, and tries to reach it by the adaptation to trade in services of rules GATTs.

GATS cover international trade in services, except for services which are provided by public authorities, and many air-transport services.

GATS, first, is the complex agreement as contains the main rules which concern all types of service, additions of rather specific services and sectors, schemes of specific obligations for each member, and, secondly, the framework agreement which provides starting conditions and the rules, what parties will specify and correct further.

Need of protection of intellectual property rights is connected with distribution in the international trading address of copies and analogues of the goods which are lawfully protected by copyright, trademarks, patents. Any unauthorized use of intellectual property is violation of the rights of the owner.

Regulation of international trade by production of intellectual work in the WTO legal system is carried out on the basis of *The Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)*. It expands the sphere of regulation of the international trading processes and essentially improves system of protection of intellectual property rights.

Lead international currency financial institutions are Bretton-Woods institutes. It is the International Monetary Fund and World Bank which are the most important link of modern institutional structure of the international currency relations.

International Monetary Fund - IMF.

Main whole IMF:

- strengthening international cooperation in the sphere of currency policy;
- ensuring viability of the international system of payments and stabilization of the market of foreign currency;
- granting credits to member countries.

From the moment of the formation of IMF had for an object to promote overcoming of problems inconvertibility currencies, trading and payment restrictions, instability of the currency market which dominated in the 30th and 40th years. The most difficult is the problem of stabilization of the currency market. Essential change of positions of key currencies (US dollar, euro, pound sterling) can destabilize the world financial markets. For decrease in currency risks the central banks of the country can reduce operations with foreign currency, and it also reduces efficiency of functioning of the international currency market. To prevent such situation, the IMF is possible to the whole complex of actions.

The World Bank covers two organizationally and financially independent establishments: International Bank for Reconstruction and Development (IBRD) and International association of development (IAD)

The International Bank for Reconstruction and Development (IBRD). The number of participants of bank includes 186 countries; including Ukraine (has entered in 1992).

Main objectives:

- assistance to member countries in economy development by granting long-term loans by it and the credits;
- encouragement of foreign investment through granting guarantees or participation in loans and other investments of private creditors;
- stimulation of the long balanced growth of international trade, support of equation of balances of payments of member countries.

Formation of resources. Sources of their formation are authorized capital which is formed by a subscription of member countries; debt funds; payments on account of duty repayment.

The International Development Association (IDA) has been created in 1960 as IBRD branch for the purpose of providing financial support to the least developed countries on more liberal principles, than what were offered by the International bank of reconstruction and development.

The World Bank Group — set of the international financial credit institutions, which activity promotes achievement of a main objective of World Bank.

The International Finance Corporation has been created in 1956 for the purpose of assistance to economic growth of the countries which develop, by encouragement of private business in the sphere production.

The Multilateral Investment Guarantee Agency (MIGA) is based in 1988 for the purpose of assistance to receipt of investments into the countries which develop.

The International Centre for Settlement of Investment Disputes (ICSID), created in 1966, has for an object stimulation of private investments by settling of the conflicts between foreign investors and the local enterprises, establishments, the governments.

Regional Development Banks — regional banking institutions which by granting mainly the long-term credits for financing of investment activity of private firms and the international projects, influence system of the international currency and financial relations and processes of international trade.

Economic integration as a component of the international economic environment is a consequence of deepening of the international territorial division of labor. At a certain stage of development of this process the economic relations between the countries of the world are characterized any more only trading, but also close production, financial sheaves. Economic integration is a process of rapprochement of national economies by formation of uniform economic space for free moving of the goods, services, the capitals, labor through national borders. National economies, specializing on certain goods and services, at the same time supplement each other in system of the world economy.

Modern international economic integration is carried out under the influence of a number of factors of world development among which the most essential is globalization and a regionalization.

Integration processes occur to unequal depth and intensity in different regional groups. It depends on the general level of development of the countries of the region and level of deepening of territorial division of labor between them. Behind degree of an integration allocate the following regional integration associations of the countries: zone of preferential trade (decrease in internal tariffs), free trading space or zone of free trade (elimination of internal tariffs and free movement of the goods), Customs union (the blanket external tariff), common market (free movement of the capitals and labor), economic union (harmonization of economic policy).

2.2. What are political and legal dimensions of international marketing?

Any firm cannot effectively carry out the business activity in foreign markets, disregarding the political environment which has developed, in that state, in which it present. Besides, it should reckon with the international political environment.

As to the political environment of the country of a site of firm, it can limit firm activity on internal and foreign markets, or on the contrary, the political

environment can promote its foreign economic activity. As the political situation in the world can be both favorable, and firm of activity unacceptable for implementation in this or that country. In all cases the political environment of the international marketing in each of the countries, depends from:

- political stability;
- to participation in political blocks;
- to existence of interstate agreements;
- the relations of the country of a site of firm with the states in which it carries out foreign economic activity.

Political stability of the country is one of major factors that promote effective activity of firm in this market. Lack of political stability sometimes excludes possibility of an exit of firm on the foreign market.

Political stability is defined by firmness of a political regime which finds the expression in constancy of a social and economic course of the state. Such course remains almost invariable if to the power the new party comes and the new government is formed. Otherwise there can be certain difficulties in firm work in the relevant foreign market, results of its business activity will worsen.

The last is caused by so-called risks which exist for firm in the foreign markets. Than level of political stability, subjects the lowest importance of such risks is higher. And it gives the grounds to firm to use more various forms of its presence in the foreign markets. It can carry out export, create joint or own ventures, carry out other types of business activity.

Important factor which influences the political environment of the international marketing, participation of the country in separate blocks and the unions is. If, for example, the firm belongs to one of the countries which are the member of the European Union, it, certainly, is reflected in her political environment. Existence of this union and when the firm does not belong to any of the European Union countries is reflected in the political environment of firm, however carries out in this region the business activity.

Substantially existing level of the relations which have developed between the country of a site of firm and the countries where it carries out the business activity influences the environment of the international marketing. It is important to experts in marketing to know, what agreements have concluded the countries that the interest, what in these countries there are political parties as they influence political and economic life of these countries.

If foreign economic activity of firm extends on some regions, it is necessary to investigate the political environment for each of them. It is necessary to consider also the existing political relations between the country of a site of firm and the country in which it carries out business activity, and also with the countries which have multilateral agreements.

Considering political factors and specifying their influence on economy of the countries, it is necessary to consider that state of the economy and level of its development in turn make direct impact on political stability in the separate

countries, and consequently, and on the political environment of the international marketing.

Research objective of the political and legal environment is definition of political risk and development of strategy of its reduction. For this purpose, first of all, the political environment and possible actions of the country which is investigated and also own country are analyzed. It is possible to carry to political factors of the country which is investigated:

- political climate;
- government;
- national sovereignty;
- national security;
- national welfare;
- national prestige;
- groups of pressure.

Actions of the government of the country which is investigated:

- informal intervention in business;
- type restriction «buy in the»;
- non-tariff barriers;
- subsidies;
- activity conditions;
- boycotts;
- confiscations.

It is necessary to consider also the international legal and political factors.

Political risk in the international activity - possibility, reliability to have losses as a result of economic actions of the government of the foreign country, predetermined by political goals or unforeseen political circumstances (revolutions, strikes, wars and so forth) [28, p.35].

Methods of an assessment of level of political risk:

- the analysis of actions of the state in the past;
- analysis of the point of view of experts;
- creation of the models based on measurement of instability.

For the purpose of prevention of losses owing to action of political factors of firm use different strategy of reduction of political risk. During the period to investment for the sake of minimization of political risks use the following ways:

- minimization of investments and local loan;
- creation of joint ventures;
- work behind the administrative contract;
- franchise;
- vertical integration;
- state insurance;
- private insurance;
- host guarantees.

For the sake of minimization of political risk during the period after the conclusion of the contract use the following actions:

- minimization of investments and local property;
- status acquisition VIP (very important partner);
- marketing integration;
- private insurance;
- international legal norms.

The legal environment of the international marketing is defined by existence of rules of law which regulate both business activities in general, and foreign economic activity in particular. Thus legal bases of business in foreign markets are regulated by norms of the international private law. Taking into account that integration of the separate states constantly amplifies, the world market develops, internationalization of economic processes is carried out, and there is also a unification of norms of international law. Thus each of the countries substantially independently forms norms of such right. Thus, each firm which carries out business activity in foreign markets should consider the legal environment of the state, the countries in which it present, and also to consider on existence of the international legal environment.

Proceeding from it, allocate three levels of the right:

- national right;
- supranational right;
- international law.

Before deciding the decision on an exit to foreign markets, experts in marketing should learn legal system of each country in which it is going to carry out the business activity. Legal systems of each of the countries have the specific features. Taking into account these features allocate the states which have:

- common law system, in which basis the put traditions, precedents and customs. And the main role in interpretation of the law belongs to vessels. The USA, Great Britain can be examples of the countries which have such legal system;
- civil law system which allows existence of the developed complex of the laws erected in the unique code. Such system sometimes calls codified legal system. It is peculiar more than to 70 countries of the world, in particular to Russia, Belarus, Germany, France, Japan;
- theocratic law system which considers religious precepts. Such legal system is to some extent peculiar for 27 countries, and the most characteristic example of the countries where it is used, Muslim. In such countries the Muslim right regulates in essence all aspects of life.

The supranational right is defined by set of the national norms created by the separate states, as a rule, in some region (for example, in EU).

As norms of the supranational right it is possible to consider the agreements signed by the separate states which regulate foreign economic activity of their subjects of housekeeping. At the heart of such agreements the following legal regimes can be provided:

- mode of the greatest assistance;
- national treatment;
- reciprocity mode;
- retortion mode.

At a *mode of the greatest assistance* between the separate states the agreement according to which equal conditions for all states, their physical and legal entities in the sphere of the related activity caused in the contract signed by the parties are created is concluded.

According to a *national treatment* existence of the unique rules of law regulating activity of physical and legal entities, not depending on that is provided, they belong to this state or any foreign state which has signed with the first the relevant contract. Such mode is caused in contracts on legal aid, social security, saving of copyright, the right to inventions and trademarks more often.

If in contracts that is concluded between the separate states it is caused that each of the parties provides in its territory the identical rights both foreign, and to local legal entities and individuals, it is considered to be such legal regime a *reciprocity* mode.

At a legal *regime of retention*, in case of acceptance by one of the states of some discrimination actions of rather physical and legal entities of other state, the last state accepts similar actions of rather corresponding persons of the first state. Acceptance of such measures by the states sets as the purpose, first of all, cancellation of discrimination actions which have been applied by other party.

The international law is defined by set of the unique rules of law which regulate foreign economic activity of physical and legal entities, and also the separate states in the world markets.

Many international organizations are engaged in development by unification of norms of international law. Such organizations treat:

- Commission of the United Nations on the international trade laws;
- World Trade Organization (WTO);
- The international institute from unification of private law in Rome;
- International chamber of commerce;
- Hague conference on the international private law;
- Conference of the United Nations on trade and development etc.

Creation and use of the unique norms of international law allows eliminating existing differences in legal regulation of foreign economic activity. Among such norms usually allocate norms which define:

- commercial law;

- economic right;
- labor law;
- tax legislation;
- intellectual property right;
- right of the international marketing activity.

Separately it is necessary to notice that there are a certain specifics in legal regulation of the international advertising activity.

Methodical ensuring advertising activity should consider political and legal restrictions. They change depending on the country. In many of them laws which limit volumes of means which the company can spend for advertising in mass media operate. These restrictions often compel managers of firms to adapt the advertising campaigns for conditions of the different countries.

«International Code of Advertising Practice» is one of the most known collections of the international agreements concerning advertising. In it the considerable attention is given to problems of protection of brand and access to funds of mass information. Yes, according to it, within Western Europe, operating such rules concerning advertising (they concern television which expands the influence on the different countries):

- advertising of tobacco and some drugs is forbidden;
- concerning advertising of alcohol certain restrictions are entered;
- advertising which interrupts transfer, is in details settled;
- time of translation of advertising can put at most 15 % from a daily broadcasting time of the channel. Time of translation of the commercial within 1 hour cannot exceed 12 minutes.

In Western Europe TV advertising in such countries as Belgium, Denmark, Sweden and Norway is forbidden. In France in announcements and advertising films it is possible to apply foreign statements only when they cannot be translated into French. The enterprises which advertise the production in the international market, are compelled to counteract this legal restriction by use of different tactical receptions. In particular creation of shorter commercial. In the USA the 30-second commercial is norm, and use of a 15-second roller happens seldom. At the same time in Japan is considered to be the 15-second commercial standard [45, p.63]

Legal regulation which limits or completely forbids advertising of some goods and services, exists almost in all countries of Western Europe.

Fight against misinforming advertising in the European scale most of all is conducted by Germany. At the same time in Italy, Spain and Great Britain find tolerance concerning it. A large number of that use in the USA when advertising these or those goods is not authorized in other countries. It, in particular: comparative advertising, a hyperbolization of properties of a product or unsubstantiated statements in advertising.

Comparative advertising is forbidden in many countries of Europe: (France, Belgium, Italy, Germany and so forth), however within EU it is

possible to track a tendency to liberalization concerning it if it does not misinform consumers, does not cause confusion and does not humiliate competitors (does not diminish value of their goods) and it is not used another's trademark without the permission.

Thus, it is possible to sum up that, on the one hand, official bodies of the different states of Western Europe try to strengthen legal restrictions concerning advertising of some products, among which: alcoholic beverages, cigarettes, the pharmaceutical goods and so forth, and on the other hand, government officials actively try deregulate this process. In any case heads of the international enterprise should do everything not to break neither national, nor the international norms and resolutions concerning advertising of the goods for the purpose of conducting successful activity in the international market for a long time.

2.3. What are socio-cultural dimensions of international marketing?

Culture (from an lat. culture - education, education, development, honoring) - historically certain level of development of society, a creative power and abilities of the person which is displayed in types and forms of the organization of life and activity of people, and also in created them material and cultural wealth.

There are some classification schemes of culture. The first is its division into «cultures of a high and low context».

«The high context» cultures means that in the interpersonal relations the big role is played by intuition and a situation, and also traditions. Value of accurate formulations in a verbal exchange small, however result of verbal communication is accurately carried out, and there is no special need for the written contract.

«The low context» cultures allow formalization of interpersonal contacts therefore they do not depend on a situation and traditions. Business relations are regulated by contracts which should be formulated accurately, in all details. Typical cultures of a high context» can be found in some Arab and Asian countries while cultures of a low context« are characteristic for industrially developed countries of the West. Between these two extremes there are others the majority of the countries, finding different degree of characteristics of a "high" or "low" context.

Other classification of cultures uses four criteria: «Length of a scale of ranks» - criterion which concerns perception of differences between people in the organization. The more a gap between tops and bottoms, the more long a scale of ranks.

«The image of a condition of uncertainty» concerns the relation of people to the future and their attempts to take destiny in hand. Than becomes attempts

to plan and supervise it more, degree of the image of a condition of uncertainty is higher than subjects.

"Individualism" belongs to desire of the person to operate independently or to be inclined to a group choice. Than advantage towards a personal liberty and an individual responsibility more, individualism degree is higher than subjects.

"Maskulinyzm" is an advantage which is given by people to men or female features in a behavior manner. The greater masculinity, the higher maskulinyzm [15, p.34.].

Socio-cultural environment is defined by all aspects of human life which causes considerable number of elements of culture. At the same time more often in the international marketing such elements of culture, as are considered:

- languages;
- values and installations;
- customs and customs;
- habits and traditions;
- education;
- aesthetics;
- ethics;
- the relation till time.

Language is defining element of culture. Only knowing it, it is possible to learn at the proper level culture of specifically taken country or the region. Thus words which are used define the corresponding concepts and are carriers of culture which has created them. To that, studying language, the corresponding culture is in many respects studied also.

In the international marketing it is accepted to subdivide language on verbal and nonverbal. Verbal language allows its use in an oral or written form. It is very important during collecting and an assessment of information necessary for development and realization of strategy of the international marketing.

Using local verbal language, the firm provides wider access to local population, carries out advance of the goods more effectively, and also provides necessary communications both within the firm, and with partners.

From verbal languages of the most widespread, as native language, Chinese. In this language more people, than in the following most widespread "native" English talk almost four times. At the same time the number of those who in general talk in English considerably exceeds number of that uses Chinese.

Let's note that not always the population of the separate countries speaks on official or official languages. For example, many Canadians badly own or even do not know French at all though the last is official.

Together with verbal language in the international marketing the importance is provided also to nonverbal language.

Such language is an important communication medium by means of different movements of a body, gestures and mimicry.

Marketing, in particular international, allocates in culture primary (for example, need to marry) and secondary values (for example, need of the early introduction to shortage). If primary values do not give in to change, it is possible to influence secondary values in a certain degree.

Human values and installations display religious or moral beliefs of people, the relations till time, achievements, works, success, changes, scientific methods, risk, women, a family, children, health and t. other.

According to them each person defines for itself as far as his correct actions and acts that for it is important and that is undesirable.

Thus cultural values of society find the expression concerning people to them that surround them, to firms, society, and the nature. The understanding of human values and installations allows experts in marketing to develop more reasonable strategy of the international marketing and more successfully to realize them in the foreign markets.

Customs and manners cover all parties of human activity and are different for the separate countries. For example, in Japan it is considered to be that for preparation of rice it is necessary to use the special furnace which cannot be used for preparation of other food. If it does not adhere, that, in their opinion, rice can be polluted that is unacceptable for Japanese.

In the international marketing it is considered that the understanding of customs and manners is important especially at negotiation, in the course of preparation and the conclusion of international treaties.

In many countries it is considered that foreign businessmen should follow existing customs and manners.

For example, it is necessary to consider that Japanese managers at negotiations consider as the best to listen and the higher them a rank, the more they are silent. Managers of South Africa talk to the interlocutors, being in very short distance.

In France wholesale dealers do not wish to be engaged in advance of the goods on the market. They invite at the retail dealers, what goods and in what quantity are necessary to them, and deliver it. Certainly, to get the French wholesalers to take part in goods advance to the partner it is not possible.

At an exchange of cards the American usually only hastily will look at cut-away of the partner and will carelessly thrust it into the pocket, however it does not mean neglect. The Japanese will attentively learn a card of the partner, paying special attention to a position of the employee in the company, the surname and a name will read aloud to be convinced of correctness of reading hieroglyphs in this case, and so on. Thus it is accepted to hand over the card first of all to the most respectable person.

Habits and traditions which exist in society are formed under the influence of the cultural environment of this society. And, in turn, they influence a

condition and development of the cultural environment. The most complete expression of a habit and tradition find in existence of different types and ways of consumption of the separate goods, celebration of significant dates, carrying out separate actions.

Sometimes separate products are used only in special cases, for example in days of religious holidays.

Traditional Hungarian grassy "Unicum" liqueur became a cultural symbol of the country. The same symbol of Latvia is «The Riga balm».

In the majority of the countries of Asia every year associates with one of animals of a twelve years heavenly cycle.

In Japan also adhere to such tradition; however consider that once in 60 years takes place not only year of the Horse, and year of the Fiery Horse. According to Japanese beliefs the girl who was born in a year of the Fiery Horse, will not be happy and, probably, will bring death to the man. Considering such belief, Japanese are careful to get children in a year of the Fiery Horse.

Considering given, it is possible to draw a conclusion that habits and traditions make considerable impact both on the environment of the international marketing, and on macroeconomic of the developed countries.

Education is one of important factors which characterize consumers in foreign markets. Its level in many respects defines a type of the goods which are consumed, such, for example, as books, magazines, the computers, different services. From as far as the education level allows the consumer to use these goods, adaptation of the last to conditions of the local market in many respects depends. In a broad sense education together with studying of certain disciplines allows also transfer of some personal experience, ideas and views. At such approach even the most backward people own the corresponding education.

There are two approaches before distribution of all citizens behind an education level.

At the first approach, so-called formal and substantial, the education level is established on the basis of available entries in the document on education (higher, incomplete higher and so on).

At the second, quantitative way, the general time spent by the person for education in educational institutions of all types is fixed.

In all cases of one of the main functions of education there is a transfer of elements of culture and traditions to new generation. Thus, providing the highest level of education, it is possible to change and develop culture.

The aesthetics is characterized by set of views which exist in this society and the people respectively caused by the relation to works of the fine arts, music, folklore, to manifestations fine in the nature. It is important for understanding of symbolical value of different art manifestations.

For example, an animal that is the most popular character of any folklore in Chechnya, the wolf who in essence represents is totem of these people. At the same time in Russian folklore the wolf is the negative character. The

considerable number of animated films in Russia is devoted to creation of such image of a wolf.

That is completely acceptable in one foreign market, can be absolutely unacceptable on other, even if between them much in common. Therefore it is very important to each firm to analyze such aesthetic factors, as folklore, design of the goods and packing, brands, symbols, colors which are used.

Especially among the specified factors the folklore and color have importance. As to color, it possesses an important role in national differences of aesthetic perception.

So, in the USA blue color is reflexing something positive and is often applied, in particular, at registration of logos whereas in East Asia such color is an evil and sin symbol. To red and yellow flowers prefer in China, and to pastel shades in Japan. Other important factor which characterizes an aesthetics level of development, the folklore condition which contents puts first of all oral national literature that transfer from generation to generation and that is art creativity of these people is.

To that, realizing the international marketing, it is necessary to consider folklore features of each foreign market, providing the positive relation to folklore situations which use firms. For example, considering popularity of Russian «chastushka» is completely acceptable to use such folklore genre at carrying out an advertising campaign in this country.

In the theory of the international marketing ethics can be considered as a science about morals. It in essence characterizes a set of standards which define that is good that is bad that there is a good and evil, advantage and it is a pity that is acceptable, and that is inadmissible. The specified set of standards has the specifics for each concrete culture. Therefore depending on in what cultural environment these or those actions are carried out, it is possible to consider them true or erroneous, honest or dishonest, accepted for implementation of business or not. In particular the bribery which is widely condemned in many countries, in one state is to a certain extent completely admissible, and in others - exists privately.

So that to provide effective business activity in foreign markets, experts in marketing should know, what ethical standards in the separate countries exist, what in these countries exist to difference and how they influence acceptance and implementation of decisions in the international marketing?

Different business cultures differently belong till time. Successful international cooperation allows coordination of actions of the company with her partners. In this regard the success in many respects depends on that, the behavior of the foreign partner is how competently predicted. Business cultures behind the relation till time are subdivided on monochrome and polychrome.

For representatives of monochrome cultures (Scandinavia, England, Germany, the USA, etc.) important psychological installation in business is sequence and concentration on one business during each this moment of time.

Representatives of monochrome cultures usually differ strict punctuality. Their slogan: « time — money». Delay for a business breakfast, a meeting is usually considered as violation of the business protocol. At negotiations the aspiration is observed at once to concentrate on the main thing. As examples of polychrome cultures the Asian, Latin American and Arab countries, the Southern and Western Europe in which, on the contrary, it is considered normal to be engaged in at the same time several affairs serve. In the countries of polychrome business culture businessmen belong till time more freely. Delay for 10-20 minutes on a meeting often is a part of the protocol and is considered as demonstration of the importance of the one who was late. The invitation to a business breakfast or a dinner of the third parties or partners in other operations is allowed. And it can be made without the prevention of the second party. In this case conversation can "jump" from business on business.

In Japan prevalence of monochrome business culture, punctuality in time is observed. However the Japanese party begins negotiations with minor questions. According to traditions to begin a meeting or a business breakfast with discussion of business it is impossible — it is considered impolite. Business discussion even is frequent is postponed on the friend or the third meeting. More important creation of the general context for cooperation is: establishment of informal communications through search of mutual friends, identifications of common interests and a hobby (sports, hunting, fishery, travel, weather, etc.). Attempts subconsciously accelerate transition to business can to be apprehended as tactlessness.

In research of cultural measurements in aspects of development of economy a certain contribution was made by the French researcher E. Laurent. It studied an ideological basis and psychology of behavior of managers in nine countries of Western Europe, in the USA, Japan and Indonesia [46, p.75]. The scientist has defined a number of specific features and style of behavior of managers in each country.

E. Laurent has offered such thesis: «The essence of hierarchical structure is that everyone knows whom he directs».

Germans and Americans, generally, have disagreed with this statement, considering that the hierarchy purpose - to distribute a task so that work has been executed.

Unlike it, Italians, Japanese and Indonesians, as a rule, agreed with E. Laurent's statement. The hierarchical order gives the chance to establish accurately who the head is. E. Laurent has stated also such thesis: «To provide effective labor relations, it is necessary to bypass the hierarchical line».

The Swedish managers do not consider that the problem of round of hierarchical steps is so important. The main thing for them - to find the corresponding performer of a certain task.

The Italian managers consider such round by refusal of subordination principles. E. Laurent has come to conclusion that the majority of the Italian

managers react to such refusal, fining those who does not adhere to these principles, and changing structure of hierarchical subordination.

The American manager, according to researches of the scientist, consider as the master to resolve problems. The American, Dutch and Swedish managers argue that the task of the manager consists in providing the help at the solution of problems. The French managers consider that the person should not hold an administrative position if it has no exact answers to questions which arise in the course of work.

E. Laurent has come to conclusion that the nationality of managers essentially influences their views and management style. Researches to G. Hofsted and E. Laurent confirm that behavior and installations of managers in a certain degree are formed under the influence of national culture.

For the theory of intercultural management wide recognition was received by F. Trompenaars's cultural measurements. In the theory it defines six cultural measurements among which important for intercultural management is only five. The scientist within 10 years studied questionnaires more than 15000 managers from 28 countries.

Position of each country relative each of these measurements definitely on the basis of the analysis of answers least 500 managers [71, 49].

Cultural measurements F. Trompenaars:

1. Universalism / particularism (concreteness) - social against personal duties.
2. The individualism / collectivism - personal requirements in a counterbalance is more whole than group.
3. The neutral relations / affective - emotional orientation in the relations.
4. The specific relations / diffusive - involvement level in the relations.
5. Results / supervision - the legalization of authorities and the status.

According to degree of readiness to adhere to laws or to find a basis for their violation, F. Trompenaars has divided national cultures into universal and particular (concrete).

In cultures where *the universal* truth dominates, the high law-abiding is traditional.

In *concrete* cultures search of the reasons and moral justifications for violation of the rules is traditional.

Universalism means that the main ideas and traditions can be applied everywhere without updating. The particularism provides that circumstances dictate, as it is necessary to use ideas and traditions.

As an example of this measurement it is possible to give in the sphere of business what role play the contracts in different cultures (tab. 2.1). In universal cultures they are a way of life, and in particular cultures the process of their conclusions is based on the relations with people who play important role in improvement of a state of affairs of the country.

Misunderstanding between businessmen-universalists and businessmen-particularisms can arise through degree of trust of the friend to the friend. Universalists consider that it is impossible to trust particularisms, because they always help the friends, and particularism are convinced that universalist cannot be trusted, because they will not help even to friends.

Table 2.1

Characteristic features of a universalism / particularism [12, p.67]

Universalism	Particularism
➤ Is based, mainly, on rules, instead of on the relations	➤ Is based, mainly, on the relations, instead of on rules
➤ Readiness for the conclusion of legal contracts	➤ There is a tendency to change of legal contracts
➤ Those who the word adhere are reliable or carry out the contract	➤ Those who appreciates change of circumstances are reliable
➤ There is only one truth or reality	➤ There are some prospects for each participant
➤ Business is on the right	➤ Development of the relations

The list of business cultures of universal truth is headed by Canada, the USA, England and the Scandinavian countries. In the countries of Asia and Latin America, the Southern and Western Europe the business culture of concrete truth prevails. On the same pole the located CIS countries.

More often in administrative practice cultural measurement that it is possible to define as individualism against collectivism is used. It also is one of the most important measurements of differences between cultures. Its essence consists in how the individual defines the position: considers itself by the independent personality or the member of group. This measurement also is the basic in research to G. Hofsted.

In collectivist societies there are many groups with which persons identify themselves. It can be trade union, a family, the nation, corporation, religion, a profession or government. Yes, Frenchmen identify themselves more often with France, a family; Japanese - with Japan, corporation; the population of the former countries of socialist camp - with communist party.

The international management is influenced considerably by individualistic or collectivist preferences within the different countries (tab. 2.2).

The ratio of the neutral relations to the emotional belongs to cultural measurement in the economic relations. There is a speech that all people express emotions, but this measurement concerns different ways of their expression. In emotional cultures consider natural openly to express to emotion, in neutral cultures consider that emotions need to be supervised.

Such tendency is widespread in the neutral countries that the rage, hobby or creation of tension consider as an amateurish.

Table 2.2.

Characteristic features of an individualism / collectivism

Individualism	Collectivism
➤ "I" am more often used instead of "we"	➤ Is more often used "we" instead of "I"
➤ During negotiations the decision in a typical case is accepted on a place by the representative of the organization	➤ During negotiations the decision in a typical case is transferred by the delegate to the organization
➤ Achievements are carried out independently on the basis of an individual responsibility	➤ Achievement is carried out by group which provides shared responsibility
➤ Holidays carry out in pairs or even alone	➤ Holidays carry out in the organized groups or a big family

On the contrary, in emotional cultures of colleagues from neutral cultures, probably, will consider as emotionally dead or such persons who hide the real feelings behind a mask of cunning. This measurement gives the chance to find out such important question: or it is necessary to find emotions in business relations (tab. 2.3).

Table 2.3

Characteristic features of the neutral / affective relations

The affective	The neutral
➤ Display instant reaction verbally or not verbally	➤ Opaque emotional condition
➤ Expressive signals of reaction by means of a mimicry or gestures	➤ Not so quickly express the feelings
➤ Easy physical contact	➤ Discomfort at physical contact outside of a private circle
➤ Easily raise the voice	➤ Are refined in verbal and nonverbal communication

Americans have tendency to show emotion is separated from "objective" and "rational" decisions.

Italians and South European nations generally prefer the display of emotions and do not distinguish between them. Swedes and Danes - on the contrary.

In scientific literature the considerable attention is given to cultural measurement which is designated as specific against the diffusive relations. Each person differently expresses itself as the personality: from public level to personal, private level.

Available cultural differences in the sizes of personal and public space, and also in level to which people feel comfortably, communicating with other people. In specific cultures people have big public space and the smaller personal. They demarcate his private life from work, constantly protecting him. In diffusive cultures the personal space, as a rule, is more whereas public is smaller and in a certain degree is carefully preserved. Therefore diffusing cultures can be perceived as cold as the public sphere is more preserved, and personal is more available, than in specific cultures.

So, for example, by means of circular charts (fig. 2.5.) compare type of the relations of northern Americans (the specific relations) to Germans (the diffusive relations). The first are characterized by small personal space, accurately demarcated from public space. The structure of the identity of Germans is characterized by the big personal space separated from the insignificant public. It means that, for example, in Germany is norm to address to the business partners for a surname whereas in the USA it is accepted to call them behind a name. To Americans to the German can seem reserved, uncommunicative whereas Germans can perceive Americans as persuasive and impolite.

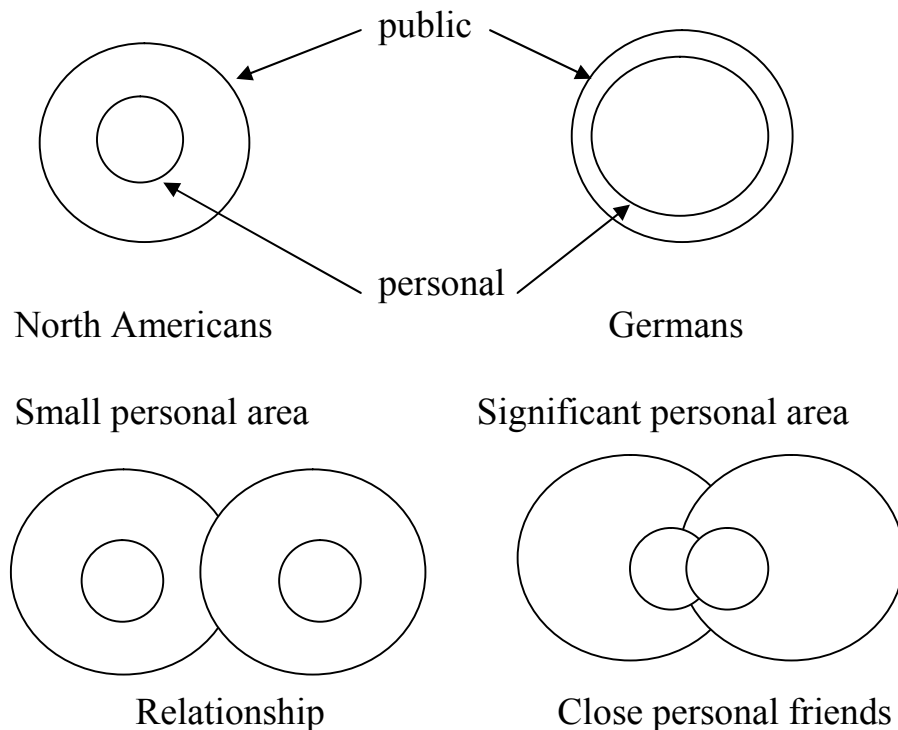


Fig. 2.5. Public / personal spheres of northern Americans and Germans
[12, p.48]

Thus, activity needs diffusive cultures of heavy expenses of time. In the specific business culture activities attributed to "commerce" and "work", and it dissociates itself from private life. In diffusive cultures everything is connected among themselves. To the business partner it can be interesting, where his colleague went to school who his friends that he thinks of life, policy, art, literature and music. This communication is not considered a waste of time because gives the chance to define character of the person and to create the friendly relations.

Besides, it practically does impossible deception. Adjustment of the relations between business partners is not less important activity, than performance of a certain task (tab. 2.4).

Table 2.4.

Characteristic features of the specific / diffusive relations

The specific (the public circle, "closed" private) "is more opened"	Diffusive (the private circle) "is more opened"
➤ Are shown directly, openly and extrovertly	➤ Are shown indirect, closed or intravertly
➤ High mobility	➤ Low mobility
➤ Demarcate labor activity and private life	➤ Labor activity and private life are closely interconnected
➤ Different approaches in communication according to circumstances (a situation: the mister doctor Müller on work, and Hans in a social environment or at certain business meetings)	➤ Stability in communication, especially when using titles (ranks) (a situation: the mister doctor Müller - always the mister doctor Müller)

F. Trompenaars in the researches considers separately cultural measurement result against supervision. This measurement gives the chance to define, what role in society is played by the power and the status. In each society laws which influence process of formation of the personality irrespective of her desire, time of the birth and such which give the chance to it to reach certain advantages thanks to personal efforts operate. The status is extracted by the one who persistently works or who inherits it. Cultures differ how they solve this dilemma. The religion also influences such decisions. Orientation to achievement, as well as the majority of modern values of the West, predetermined by influence of Protestant ethics. The statement is one of aspects of a Calvinism that people should work constantly to improve themselves. Each person should be guided by values that will promote its achievement, will give the chance to satisfy ambitions and to realize aspiration better to work.

Protestants were more focused on achievements than Catholics, though they also tended to believe that you need to work hard and meet their ambitions.

These values are not divided by traditional Buddhist, Hindu or Judeo-Christian belief. Buddhists consider that rescue will come not through the highest form of worldly life, and thanks to a distance from it.

In the countries focused on achievement, the status is defined on the basis of acts and personal qualities. Abilities, talent, an industrious are defining, that is the person herself is responsible for the destiny, and the social environment plays a secondary role.

In the countries focused on supervision, the status depends on numerous external factors (the social environment or a social context of activity of the person), often not connected with acts and behavior (an origin, belonging to a certain caste, elite education, religion, race, inheritance).

It is important to distinguish between countries, focused on achievement and observation, rather than seeing the differences between them irrelevant. In the countries focused on achievement, managers estimate on that indicator as far as they carry out the functions. These cultures provide the high status to those who reaches considerable results. For example, the shortest seller in firm or the researcher in branch of medicine which has invented a preparation for treatment of a rare illness.

In the cultures focused on supervision, the high status those other people are fond of who have. For example, highly skilled workers, people who have experience in using a particular technology or project and others. Status, in general, independent of implementation or non-job or special functions. The person with the high status is special, and it do not compare to others. Subordinates treat it loyally, finding a love as she directs them.

At the enterprises focused on achievement, the hierarchical structure is necessary for performance of tasks of the organization. In the organization, orientated on supervision, the hierarchy displays achievement of workers with a long standing of work which have received certain skills and knowledge and have high powers. By creation of hierarchical structures it is possible to direct people, but this power will be either compulsory, or participative There are many different forms of the power in such organizations.

The most widespread characteristics of cultures are cultural measurements of the Dutch economist **G. Hofsted** who has analyzed a large number of the intercultural researches devoted to features of behavior, predetermined by different cultural accessory. Data of the scientist were based on researches of 40 countries, including both cultures of the people of the East, and Western Europe. Studying of differences in behavior of 160 thousand managers and working in the American multinational corporations was carried out twice concerning five measurements of cultural values defined to G. Hofsted. The scientist has revealed extremely important features in behavior and positions of employees and managers of the different countries which work in multinational

corporations which do not change over time. To Hofsted argued that on the basis of national culture it is possible to explain differences concerning values and positions in a working situation more than on the basis of busy situation at the organization, a profession, age or a floor.

Summing up the major features, the scientist has defined four measurements - factors of national culture which are based on values of cultures of the West and define, in his opinion, ways of structuration and management of the organizations:

1. Power distance - readiness positively to perceive an inequality in power and status distribution in group, the organization or society.
2. Uncertainty avoidance - readiness to accept instability of vital and working conditions, on the one hand, and need for protection against unpredictable circumstances, - from another.
3. Masculinity/femininity - balance between so-called «man's values», such as money, a property and success, and «female values» - quality of life, concern on weaker.
4. Individualism/collectivism - balance between "I" and "we", a limit to which each person is ready to refuse personal needs or the rights in favor of group, the organizations or societies where it belongs.

The concept to G. Hofsted is known as hour orientation and the relation to (tab. 2.5) space.

Table 2.5

Criteria of orientation to long-term and short-term prospects

Criteria orientations	The long-term prospect	The short-term prospect
Ability to the adaptation	Big readiness to submit	Low readiness to submit, status preservation
Relation To the status	Modesty	Orientation to environment, great value of gifts

After visits to China G. Holsted has revealed that the four-factorial model of culture which explained the majority of features of the behavior inherent in the European and North American countries, is absolutely insufficient for understanding of the countries of the East and does not display some important values of these countries.

As a result of additional researches which have been led in China, Japan and the countries of South East Asia, four factors of culture have been added with the fifth measurement of national culture - Confucian dynamism.

High degree of Confucian dynamism means:

- existence acceptance at the same time several correct points of view, possibility of multiple truth and the truth during the different periods and at a different context of what occurs;
- long-term orientation;
- readiness for changes and both positive, and to negative results what they will bring;
- readiness to participate in projects which come to an end in the long-term future, during lifetime of other generations;
- readiness to live for the sake of the future to invest means at the expense of postponement of today's expenses on the future.

This measurement is based on Confucius's ethic and political doctrine. According to it, the family is a basis of a political system, the father - the head of the family where the respect for seniors is required. The main positive moral lines in character of the person: performance of the duties, honesty, decency, wisdom. Among virtues which are, undoubtedly, it is possible to allocate with an important factor of economic success of China the following:

1. Stability of society is based on an inequality of people. Younger have duties before seniors, the woman should respect the man, and it to protect it.
2. Family - a basis of all social groups. The person is not considered identity, and is the member of group, a family. In group it is necessary to store harmony in the relations, it cannot lose the status.
3. Benevolent behavior is when the person addresses with other people how she would want, that addressed with it. Benevolent people are moderate, modest, persevering and open to knowledge.

As it was already noted, the culture equally does not influence all directions of enterprise policy. The most significant this influence is on management of the personnel and the behavior sphere. Its efficiency is defined both intercultural, and social and administrative competence.

Intercultural competence is possibility to behave in other cultural conditions as is sure, as well as in the native land. Persons competent of the intercultural plan should understand motives of behavior and a problem of partners from other cultures and respectively to them to react.

It is important to distinguish between intercultural and professional competence. *Professional competence* of the worker which works in foreign, instead of domestic organization, is a major factor of success. In the domestic market it is possible to compensate insufficient level of a professionalism partially social and cultural competence. In the conditions of foreign culture it is impossible.

Professional competence is the important precondition of recognition by local workers. In foreign branches less specific professional qualities, than need the domestic parent organization. Universality has the greatest demand.

Social competence (similarly intercultural) is possibility to be sure of domestic conditions. After all in the conditions of domestic culture everyone communicates with members of the group who have the general values. It is possible to carry to such groups:

- religious groups;
- groups of persons of a certain age category;
- groups of persons of a certain floor;
- the groups of persons distributed behind a kind of activity;
- the groups of persons distributed according to the social status;
- public organizations and so forth.

In system of intercultural management cultural measurements represent a basis of management both in local, and in global space. Thus efficiency of administrative system is defined by identification of available risks and formation of institution components of their prejudice or elimination. In aspects of management important there is the international cut. However, it does not mean that it is possible to neglect national or microeconomic levels. The institutional structure of management should develop in system in which separate elements on the importance can be interchanged the position, subordinating other components.

Now in system of global management the important role is played by the international organizations, especially economic and financial orientation. According to D. G. Lukiyanenko, they are powerful regulatory structures of global economy. If the economic relations of global and local spaces considered in interpersonal and ethnic background, then their implementation has adequate institutional support. It is possible to argue that at this level there are no effective institutional forms of providing the fast solution of global problems ability to which has essentially blown up world financial crisis. Especially in the mechanism of a world order there are no formal and informal norms of regulation of the intercultural relations. Probably, because of it the last decades repeatedly it was necessary to be successful to power methods of the solution of crises.

Undoubtedly that creation of systems of intercultural management which would cover all equal managements is a hard task. But at the heart of its decision there should be an identification of risks of national and cultural character and control of administrative systems for their regulation. It means that, without rejecting importance of identification of future global financial risks which investigate the international organizations, now there is an urgent task of identification of cultural and civilizational risks, for which elimination development of the international management should be guided.

The culture needs to be understood as system of the main perceptions and values that has developed as a result of the general life of people, is the general for many of them and its influence is appreciable thanks to cultural and subcultural norms - one of the most important determinants of behavior. Each

culture covers subcultures - «groups of people which recognize a certain system of values which is based on their life experience and situation in society. Separate subcultures represent groups of people which are incorporated on national, religious, racial or century signs or which live in one geographical region. Consumers who belong to different subcultures, form important segments of the market, and, in view of them, experts in marketing develop the goods and marketing programs» [8, 33].

It is expedient to note that in many countries there are subcultures; however from the point of view of marketing, it is not always expedient to develop separate strategy for them. In such countries as Germany, it has not been made differentiations at production or in communications for separate ethnic groups. In such countries as the USA where the population is distributed on the big subcultural groups which representatives find high purchasing power and excellent purchasing behavior, development of marketing strategy taking into account features of subcultures will be a success.

Subcultures contain systems of internal rules (group rules and standards) which allow their members to be identified the friend from the friend. Subcultures can be considered as general forms of identification peculiar to generations which are crossed with other markers of collective identity, for example race, a floor, a class, sexual orientation. The cultural consensus appears when members of subcultural group have general views. In wide understanding, the subculture — is any group as a part of the bigger, modular culture which members have interests which differ from interests of those who adheres to the main principles of culture. In narrower understanding it is any excellent behind style and identity group [50, p.213].

Special lines of subculture:

- to subcultures inherent severe internal rules and actions which provide their firmness;
- to subcultures the peculiar structured process of study, during which candidates study how to become members of group;
- to subcultures inherent very expressive degree of authenticity which creates so strong public limits that it is possible to call group subculture;
- subcultures are formed round voluntary associations;
- subcultures create own sub interpretations of norms of the public — they or completely reject them in favor of own, or a little bit them change to provide to sense to a way of life of the subculture. To group which definitely departs from the norm, inherent active process of involvement of new members. They are formed round the unique charismatic symbol or literature.

When conducting the international marketing it is important to consider system of values, or features of communicative behavior, lifestyles of members of these subcultures because subcultures together with other social and economic determinants substantially influence behavior of consumers

concerning purchase of these or those goods. In this regard there is a need for research of a problem of socio-organization measurement of the cultural environment.

Therefore for each country characteristic existence of separate groups of people which have the culture peculiar to them which has arisen under the influence of culture of this state? The specified groups of people can be allocated taking into account their religion, age, sex, race, a nationality, a habitat.

However more often in the international marketing are considered:

- century subculture;
- ethnic subculture;
- religious subculture;
- regional subculture.

First of all the technique of studying consists in definition of a role of subculture and social groups, inclusive with age groups. English expert in marketing P. Chisnell, pointing to importance of such factor as the youth subculture for marketing in industrialized countries, argues: «The youth has substantially affected the general cultural standard of industrially developed society of the West. In a business community youth estimate very highly therefore the young generation very quickly moves ahead an office ladder. Energy and appeal of youth has inspired many advertising campaigns concerning such products, as vitamins, cosmetics and so forth. Producers of these goods try to force to believe consumers that by means of these products it is possible to turn something thin beauty. The fashion in clothes for groups of middle age imitates a youth fashion. Thus, influence of teenage subculture promoted change of sociocultural behavior of society as a whole» [39, p.106].

It is possible to explain special interest of experts in marketing to youth subculture also to that consumers change the views and habits during life, however there are favorite habits and the certain type of behavior to which the person has got used at young age therefore she reluctantly refuses them is made. Coca-Cola drink, jeans and food of fast preparation - characteristic features of youth subculture in the West which can be tracked now if not in all, in the majority of the countries of the world.

It should be noted that people of advanced age also cause interest in experts in marketing as subcultures with specific requirements and behavior. The role of these consumers grows considering increase in number of people of advanced age in West industrialized countries and also because there is a possibility to offer for this market certain products (the pharmaceutical goods or cosmetics).

The ethnic subculture is characteristic for separate groups of people of the corresponding ethnos which live in this state. Between the specified groups of people there can be essential differences in their physical characteristics, such as skin color, growth, the weight and a shape of a body, color, density, an

arrangement, grows bald also sets hair, a blood type, and also in their susceptibility to certain diseases. It defines specific features in consumer behavior of such people and does necessary studying by experts in marketing of separate subculture.

In the international marketing more often as an example bring the main ethnic subculture into the USA. As such subculture usually allocates:

- the Afro-American subculture which totals 42 million Afro-Americans which live in the USA;
- the Spanish-Latin American subculture, characteristic for 24 million Spanish-Latin American. To group of inhabitants of the USA for which such subculture is peculiar, natives of Cuba, Puerto Rico, Mexico and the Caribbean islands belong;
- the Asian-American subculture, what typical for 6, 5 million inhabitants of the USA, natives of China, Korea, Japan, Philippines and Vietnam.

In one of a small amount of researches on this subject which was carried out by theorist-expert in marketing A. Milton, among 4 ethnic groups: Italians, Jews, Puerto-Ricans and the Afro-Americans - it has been revealed that, despite of influence of different socio-economic factors, behavior of different ethnic groups of New York (USA) at consumption of food was similar. Practical value of this conclusion is obvious to experts in marketing. Manufacturing or trade enterprises which serve the market of New York, analyze, or it is necessary to take measures for sales promotion of the goods intended for pleasure of special needs of representatives of different subcultures.

As an example of development by the American companies of the marketing strategy directed on these subcultures, it is possible visit the enterprise which management planned to open for the first time in all territory of the country a network of the supermarkets which are specially equipped for Americans of the Spanish origin and the Afro-Americans. Opening of these shops has been planned in places where lives the greatest number of representatives of these subcultures. The range of the goods in these supermarkets should consist of products that have been allocated as a result of market researches of needs of consumers. Other enterprises also direct the marketing activity on these attractive subcultures. Recently such big companies as «Sears», «Procter & Gamble», «Coca-Cola» made active effort on the purpose of a gain of this profitable market: they hired representatives of advertising agencies owned by African Americans, was used for the removal of advertising rollers models, African American women and placed advertisements in magazines that are read by African Americans.

Allocating and studying separate subculture and considering the corresponding purchasing behavior, it is possible to carry out segmentation of this foreign market and to define the target market. Such approach is caused by what not all people for whom the same subculture is peculiar, have identical consumer behavior.

Each consumer is unique, and extent of influence of subculture on it is also individual.

The religion plays important role in many countries. In the separate countries, for example such as Iran and Lebanon, it is a dominating factor at decision-making in the sphere of policy, business and education.

If in the separate countries the same religion prevails, it can be a basis for similarity of national cultures. To that, analyzing the cultural environment of the separate countries, it is necessary to consider, what religions were extended in them and to which of them it is preferred.

As the main religions are considered:

- Christianity which is most widespread in Europe and America. Recently its popularity grows in Africa;
- Islam, which confessing in Africa, Indonesia, Iran, Pakistan, Algeria both other Arab countries and the countries of the Mediterranean;
- Hinduism which is most widespread in India;
- the Buddhism, which confessing in Central and South East Asia, China and Japan;
- Confucianism widespread in basic in China, Korea and Japan.

Existence of different religions defines existence of religious subculture. The last directly influences realization of the international marketing, and it finds the expression in need to consider:

- existence of different religious holidays which determine special conditions of behavior of certain people and possible consumption of the separate goods by them;
- structure of consumption of the separate goods, corresponding to religious requirements, for example restriction of consumption of pork in Israel, in the Islamic countries of the Middle East;
- existence of religious rituals;
- different role of the woman in society according to religious beliefs.

Factor of confessional communities in the aspects of the influence of religion on consumers is relatively small, especially in developed Western countries. However there are certain differences between typical consumer behavior of Catholics, Protestants, Muslims and Jews which is necessary for considering to experts in marketing. Yes, Jews buy traditional products which are important for preservation of their cultural traditions, it is forbidden to Muslims to eat pork which, on the contrary, actively is consumed by Chinese.

Degree of uniformity varies from the country to the country. In particular, in Japan society is extremely homogeneous. Canada - rather big country, however quantity of its population is much less, than in Japan, it is geographically sprayed, and there are regional differences between the Canadian provinces which have own characteristics. In geographical areas own culture in which there are specific subcultural features of behavior of consumers, as a rule, develops.

Division of the population on rural and city is indicative. Thus, in France a third of all population lives in the district of Paris. The countries from mostly urban population, as a rule, have the highest level of economic development. The countries which develop, on the contrary, have a small part of urban population therefore they are less interesting to producers of consumer goods. Often more well-founded segment of the population is concentrated in the region round the capital.

The regional subculture is usually considered as culture of a certain region which is put to this state. It is defined by a number of factors, such as language, religious and ethnic differences.

Such differences are not identical to the separate countries. The most characteristic example of the country which has rather big variety of regional subculture, Russia can serve. It has many regions, for which peculiar existence of different languages, values, customs and habits. There are also differences in religion, consumption of the separate goods, and culture of a food.

The culture of consumption defines reaction of consumers to the goods and their purchase. For example, the average Frenchman uses daily twice more cosmetics, than his wife. Germans and Frenchmen eat more than the packed firm spaghetti, than Italians. The Italian children love sandwiches in the form of two slices of a roll between which the chocolate bar lies. And women in Tanzania do not allow children there are eggs, being afraid that those become bald.

American, the company on production of concentrates of Campbell soups in 1981 has ruined an advertising campaign with prizes for which has spent 2 million dales, as has not considered that many Brazilian women feel obliged independently to cook for a family soups. The Campbell Company also has not taken into consideration customs in Great Britain, having offered there concentrates of soups though English consumers prefer the ready soups packaged in larger banks. As a result banks of the concentrated soup of the Campbell Company lay too long on regiments of English shops.

Almost all cultures have a certain structure which is formed by social groups or classes. The concept "social group" unites a group of persons with the identical social status, similar interests, idea of system of values, interests and behavior. It is possible to define belonging to a certain social group on the basis of many factors among which: size of the income, profession, volume of own capital, education, origin and post.

Systems of classes distinguish not only depending on a geographical position, but also from economic development of the country. Classification in the form of a rhombus (the insignificant number of citizens belongs to the highest and lower sectors of society, and the majority put middle class) is typical for the developed countries though classification of public classes in Japan has a little "flat" form. In less developed countries, for example South America and Africa, structure of classes it is possible to submit in the form of a triangle with considerable concentration of lower-income strata at the heart of a figure.

Some class systems essentially influence behavior of consumers. In many countries of the West the lowest classes can find a tendency to movement from below up, that is consume the goods as well as the highest classes. However in other cultures where the exclusive system defines a social status of the person, the behavior of consumers directly depends on belonging of the person to a certain public class.

The highest classes almost in all countries have more common features among themselves, than compared with other classes of society. Choosing a certain service or the goods (food, clothes, the industrial goods and so forth), representatives of the highest class make the decision that by a smaller measure are connected with cultural features, and the lowest classes depend on a cultural factor though it is less notable in the youth environment more.

Researches concerning differentiation on different social groups in the industrial countries show that at them the middle class prevails. At the same time in the countries which develop, it is possible to speak about strongly differentiated social stratification. The criterion «belonging to a certain social group» is important for marketing because behind its help define advantages according to which there is a consumption of the goods made by light, furniture or automotive industry. If in the USA and Germany «the corresponding make of the car» indicates the social status, consumers in the Scandinavian countries, as a rule, do not buy cars for confirmation of the status.

Criteria that define a person belonging to a certain social class are different in different countries. When population differentiation for certain social strata there is a problem of possible transition from the lower to the higher social class within the social system of a country. While the United States is high social mobility in India is quite problematic. Traditionally, it is impossible to move from one caste to another. In addition considered a sin to take over the functions of the caste to which an individual does not belong by birth.

Between different cultures there are a number of differences in the relation to a role of a family, number of her members, professional employment of women and a role of different members of the family in the course of making decision on purchase of necessary products. If to consider typical structure of a family or the size of a household in the industrial countries of the West, the structure of a family can be characterized so: the majority of people live separately, a large number of stains is observed, the number of people which independently bring up children grows, the average size of a household decreases, the age structure of the population changes in the direction of increase in number of people of advanced years, the quantity of traditional family house farms decreases, professional employment of women serves as an important factor for a national economy.

The basis for international comparative analysis of the influence of family on consumer purchasing behavior can serve as the differences between "nuclear" and "extended" families. Whereas in modern industrial societies of the West the

nuclear family which consists of parents and children dominates and mainly does not cover other relatives, in India, the countries of Africa and the Middle and Far East expanded families which cover two or even three generations (grandfathers and grandmothers, parents and children), on the contrary, prevail.

In Asian cultures the family plays very important role. As well as at Americans of the Spanish origin, in Asia, traditionally, strong family relations consisted of understanding of responsibility and duties of men concerning women.

For experts in the international marketing important not only to define a family role in the corresponding society, but also to learn, how are cast between her members in decision-making process about acquisition of this or that product and what differences between cultures can appear concerning a role of different members of the family.

Cultural and comparative researches concerning a role of a family give the chance to understand that influence of the woman or the man on making decision on purchase directly depends on a type of a product. As to a role of different members of the family in making decision on purchase of the necessary goods, theorists-experts in marketing of C. Onkvist and J. Shows [63, p.297] have revealed that in families of Americans of the European origin of the decision on purchase of necessary products of people and the wife mainly accept together whereas in families of the Afro-Americans it is done, as a rule, by the wife. Besides, the behavior of consumers is influenced by cast in a family between the wife and the man. For Polynesia, for example, is the habitual phenomenon if men are engaged in cooking, and some tribes of Indians positively belong to work of women in the field. The position of the woman in society (professional and in a family) in different cultures has essential differences. In many countries, the chairman of the family of her husband and children and the wife must obey his decision. In some countries, such as Ethiopia, Jordan, Indonesia (Bali), Tunisia, the law obliges wives to obey and submit to men. Children too can play important role in making decisions on acquisition of this or that product, after all children's desires and tastes substantially define structure of the general requirements of a family.

For market research it is necessary to study a role of the leader thoroughly. Its main function is that it essentially influences process of making decision on purchase of the necessary products which are especially new. Influence of the leader can be especially considerable; first of all, on current fashionable trends in clothes (especially it concerns jeans and clothes for rest). It should be noted that theorists of the international marketing should answer to two main issues:

1. Who is a leader in different cultures in the relevant branches?
2. What lines are characteristic for the leader according to results of the intercultural comparative analysis (for example, it is possible to allocate what features of his information or communicative behavior)?

How in the international marketing practice choose the leader, it is possible to show by means of an example given in work of scientists S. Onkvist and J. Show: «Highly effective strategy for the countries which develop, - representation of new ideas to teachers, monks and pastors because their thought substantially influences approval of this idea by others. If there are doubts who is a leader, the expert in marketing should try to identify those who belongs to rich and influential. So, for example, the BMW company sells the cars at a discount to diplomats, considering that target groups of their consumers will take into consideration, by what car there go influential people of their country. One more means of influence on heads of the governments and the enterprises (what are potential leaders) expediently to consider economic magazines and English-speaking newspapers» [63, p.298].

The above-stated criteria and types of classification of business cultures in the cross-cultural analysis of the international marketing form a certain basis for ordering and comparison of characteristics of business cultures of the different countries and development of the practical recommendations directed on prevention of the cross-cultural conflicts and successful development of the international economic activity.

Business relations include procedures of acquaintance and support of business contacts. The rupture of business relations is in some cases provided, but also the corresponding rules and customs taking into account features of the foreign country in this case should be observed.

Business contacts to foreign partners quickly lead the Ukrainian experts in marketing to understanding of that the success of business abroad, as well as in Ukraine, in many respects depends on ability to get acquainted with the necessary people and to establish with them informal and formal sheaves, abilities to make upon them appropriate impression, ability to understand motivation of the partner. Especially it is important, when representatives of different national cultures participate in business.

When meeting a legitimate businessman desire to win from the start location of the partner as mutual sympathy and trust - to the successful development of a common business. However, familiarity and sympathy on the verge of conquering cultures of different countries requires a certain care and training: the same action, signs or gestures can be interpreted in different ways in different countries and regions of the world. Thus, strong and vigorous handshake, the traditional business protocol USA and Europe (in France handshake is usually exchanged even twice - before and after the conversation), it is typical for countries in South and Southeast Asia. It uses "wei" (Indian name - "Namaste"): in the bow hand folding his hands together at chest level as people who pray.

It is known that a greeting traditional for Japan is bow with the hands extended on seams, thus the lowest bow does younger after image and age and it after the partner leaves a bias. Sometimes it is possible to see an interesting

picture as Japanese, most likely levels behind situation, were inclined in a long bias of a mutual greeting, furtively peep at actions of the partner to be convinced that it has already risen and then it is possible also most to be straightened. Certainly, few of Europeans in a condition to catch all variety of Japanese system of biases, and for foreigners to this country too there was a peculiar etiquette of appropriate rules of greetings.

Interesting differences in gestures in different countries. For example, in Japan the same for ordinary Russian people during a wave of the hand would constitute a parting gesture, calling approach; at parting Japanese shake hands raised open palm of one hand to another.

Still bigger care is demanded by greeting which are accompanied by rough identifications of feelings: embraces with kisses. In Europe the triple kiss (often however, replaced by a triple contact of a cheek to a cheek) is standard at a meeting of friends and business partners of a different floor. At the same time it is made L.I. Brezhnev in the mid-seventies attempt to congratulate in the similar way the madam Indira Gandhi did not cause serious diplomatic complications in the relations between two countries a little. The public kiss of the married woman in this region of the world is considered as an immoral act.

The belief is one of typical cross-cultural mistakes in the business protocol that the compliment is universal reception from a gain of an arrangement of the woman - the business partner, and that flowers will be the most "safe" gift for it. However in the different countries it can be apprehended differently. As flowers, their color and a bouquet form also demand additional specifications.

Let's give also other errors of the business protocol that often meet, during acquaintance. Yes, does not follow:

- at the first acquaintance to call Englishmen or Frenchmen on a name (for example, John instead of Smith or Pierre's mister instead of mister Dernier), even having suggested them to make as concerning you;
- to tap on the shoulder or a back of the Japanese or the Taiwanese;
- to iron on the head of the small son of a Thai;
- to ask the European, how many, he earns;
- to use in the presence of black Americans Russian word "Black";
- to joke with a serious view of a subject of Russian mafia or joking to set off itself to it;
- actively to gesticulate at conversation with the Japanese;
- in agreement to nod at conversation with the Bulgarian and so on

The research technique in the international and intercultural marketing should rely on standard measurement of the welfare environment. Special interest for research causes in experts in the international marketing - incentive power of behavior of people. If to take as a basis classification of needs of A. Maslou, it is possible to draw such conclusions: if there is a speech about primary requirements, even between them there are intercultural differences.

«The hungry person on the Point can want some mango, a dairy pig and haricot. The hungry person in the USA will want a hamburger, fried potatoes and Coca-Cola». Scientific Villages Onkvist and J. Shows illustrate difference of motives of consumers in the different countries and their value for the international marketing by means of such example: « Even if national groups have identical demographic indicators, they can drink mineral water for the various reasons. French women drink it to keep beauty. The Germans believe that mineral water is useful for internal organs» [63, p.275].

It is necessary to pay attention to conclusions of rather cultural predetermined differences in motives and needs of consumers of the different countries to which has reached in the researches scientist R. Inglehart [48, p.489]. The author of this research, analyzing values, the points of view and behavior of different segments of the population in West industrialized countries, sums up that in these countries physiologic requirements are happy, therefore it is very important to satisfy secondary, not physiologic, "post-materialistic" requirements (self-expression, belonging to group, intellectual and aesthetic pleasure). R. Inglehart has revealed intercultural differences between not physiologic needs of industrialized countries of the West and Japan. Yes, considering post-materialistic signs, in Japan criterion «group accessory» is not a component of post-materialistic system of values, unlike the developed countries of the West. For the Japanese belonging to group - a component of traditional system of values which has so taken roots in his consciousness which sometimes disturbs self-expression of the person to what post-materialists aspire. Post-materialists in the countries of the West have grown in societies in which the personality is not connected for a long time with society therefore they provide great value it to belonging to group. Post-materialists in Japan are in absolutely other situation: for self-expression the person often needs bigger freedom from group and its requirements, than traditional society» [48, p.88] allows.

Thus, it is clear that for A. Maslou it is not possible to consider not physiologic requirements as a sample for any society, they are cultural caused. Considering it, cause interest intercultural differences between China and Hong Kong. Though there is a speech about two countries which the Chinese culture, on the one hand, and traditions of Confucianism - from another has affected, the contemporary history of these countries developed diversely. In Hong Kong society has chosen mainly materialistic orientation and is at an early stage of post-materialism. China, unlike Hong Kong, «still feels tension between duties before community and the desires of rather personal pleasure; in this society materialistic orientation only gradually gathers scales» [48, p.90].

Near requirements and motives of the population special value concerns consumer's different products and the manufacturing enterprises from the different countries. If the enterprise tries to advance a new product on the foreign market, the success of this business will depend substantially on the

relation of consumers to it, openness and readiness to get this product. In this case it is necessary to reckon with that the more traditionally directed and conservative consumers, the smaller measure they are inclined to consume new products or are ready to risk. Yes, society of the USA consider extremely open concerning input of such innovations, whereas traditional and conservative societies, such as in Great Britain, less ready to perception of a new product.

For the international marketing the importance has research of the symbolical maintenance of flowers, forms, figures and animals. Symbolical flowers often use for identification of brands of products.

When developing the international marketing strategy it is necessary to consider the symbolical maintenance of different flowers to provide differences which can arise during perception his consumers from the different countries (see addition 1).

Research of different styles and way of life of consumers is of great importance for marketing communication. Lifestyle is cultural and subcultural models of behavior. Studying of excellent lifestyles gives the chance to compare behavior of consumers in different cultures (subcultures). Lifestyle shows, as consumers work, spend a free time and spend money. To learn lifestyle it is possible behind the help: a) supervision over behavior during purchase of necessary products and on a way of pastime free; b) determination of psychological lines of consumers (in particular, relation to certain products).

Researcher J. T. Plammer allocates certain measurements of lifestyles (tab. 2.6).

Table 2.6

Measurements of lifestyles of J. T. Plammer

Kinds of activity	Interests	Views	Demographic indicators
Work	Family	Own life	Age
Hobby	House	Social aspects	Education
Public work	Profession	Policy	Size of the income
Holiday	Club on interests	Business	Occupation
Entertainments	Rest	Economy	Size of a family
Membership in clubs on interests	Fashion	Education	Housing
Communication with friends	Food	Food	Residence
Purchase of necessary products	Mass media	Future	Size of the city/village
Sports	Achievement	Culture	Life stage

Theorists-experts in marketing of the Village of Douglas and S. Urban [42, p.127], investigating interests and values of women in the USA, Great Britain and France and their behavior during purchase and consumption of necessary products, have come to conclusion that, despite of similarity of views of rather different problems, for example roles of the woman in society, can be formed different types of behavior of consumers. In the USA women, mainly, are interested in a fashion and clothes whereas it causes brisk interest in Frenchwomen a little.

the cross-cultural analysis or, in other words, the comparative corporative analysis of features of the general culture, business culture and culture of consumption of the different countries appears extremely important during the developing and implementation of marketing decisions in the international activity of the companies.

First, results of the cross-cultural analysis are important at any pronouncement of marketing decisions, namely;

- at carrying out segmentation of the world markets;
- at a choice of the foreign target market and goods positioning;
- at making decision on the directions of improvement of the goods at the organization of its sales in the concrete foreign market;
- during the developing and realization of the international advertising campaigns and campaigns in separate foreign countries;
- at pronouncement of decisions on character and a type of marketing networks in the foreign markets;
- at pronouncement of decisions on price policy in the markets of foreign countries.

Secondly, results of the cross-cultural analysis appear very useful during creation of business relations with foreign partners, at carrying out with them of negotiations and developments of business contacts.

Thirdly, the knowledge of differences and features of business and general culture in many respects defines success of the company at management of work of foreign branches with multinational collective.

Yes, the American firm "SmithKline" understood danger of removal on the market of China of drugs for «Contac» cold as the medical culture of this country is focused on drugs from herbs which stood out free of charge in the conditions of socialist health system. However its market researchers have shown that many Chinese consumers are focused on more modern way of life. The SmithKline Company has considered this tendency and has successfully organized sale in the Chinese market of drugs of "Contac" which have great demand.

The Ford Company has realized growing independence of Japanese women in society where earlier men as the tendency of transition of many Japanese women to work with full time recently is observed traditionally

dominated. Therefore the Ford firm has started to offer actively in the Japanese market the Festival car to unmarried young Japanese who work.

For adaptation of nonverbal elements of registration of the international advertising different consumer interpretation of symbols, images and an aesthetics which is used in advertising have special value. Thus, it is expedient to consider the main intercultural differences in nonverbal communication.

Cultural caused adaptation is necessary also considering the different relation to erotic appeal and sexuality. Though erotic motives are of great importance in the advertising message, in an intercultural context they can be used only partially as differences in religious or moral representations lead to restrictions in their use. Advertising in France is based on emotions, than on rationality more, in its use erotic images, than, for example, in the USA [35, p. 78] more often. On cultural adaptation of advertising it is expedient to consider considering the different relation to sexuality, first of all, in the collectivist countries. «Sexual appeal in the collectivist countries in every possible way suppresses. At the same time in the individualist countries of detection of sexuality - one of aspects of a pursuit of happiness, and physical appeal is more important at a choice of the partner».

Cultural caused adaptation is also necessary considering intercultural differences in humor use. The humor in advertising often associates with a joke, a pun, irony, a hyperbolization and so forth. Attention excitement - one of the first barriers, which advertising should overcome to receive chance of further distribution. What is certain is that humor positively perceived throughout the world, often used in life, so using it is easy to arouse interest in people. Conversely, the impact of humor on the seriousness and credibility of data from those involved in advertising, often measured as a drawback. In general humor - challenging, but at the same time sensitive instrument, the use of which requires relatively high creative and conceptual cost. Substantive and formal transformation of humor should be sent to the conditions and preferences of the target group. In this context it is necessary to reckon with that the perception of humor strongly differs depending on the country. Yes, the American humor is estimated by inhabitants of some countries as banal, British - as sarcastic and Asian - as infantile. In advertising comic situations in the individualist countries (the USA, Germany) the smaller number of persons, than participates in the collectivist countries. Comic advertising in the countries with a high distance of the power is calculated, mainly, on faces with a different social status. The humor takes an important place in advertising of Great Britain whereas in the USA advertising is noted by pragmatism.

Special value for advertising has a phenomenon of «silent language». «Silent language» understands as communicative signals which use at nonverbal communication and which are not based on language means of expression of information. Here, in particular, there is a speech about value of a family, friendship, leisure and t. other and how they can be apprehended. Understanding

these cultural behaviors caused by residents of a country especially important because otherwise the message will not understand. So, for example, in commercials about beer in Germany often show cozy pub where celebrate any event in a circle of friends and relatives. Such advertising in other countries where celebration occurs mainly in the open air will not be apprehended properly. Therefore, it is impossible to make advertising so in an original way that it was perceived equally by representatives of the different countries or cultures as needs to consider feature of models of behavior of their representatives.

When using verbal registration in the advertising message it is necessary to submit the statement clearly. Language - the most difficult element of registration of the advertising message. So, for example, use of translated texts is internationally problematic, because when translating the contents or the message can be lost is distorted. Language registration is also difficult for making, because internationally certain concepts are not connected with identical associations.

Considering complexity of transfer of the advertising message and constant information oversaturation also the selective and superficial perception of information is predetermined by it, the role of use of illustrations as to an element of registration of the international advertising message grows. Illustrative information often has advantages over text information therefore it can have more effective advertising action. However it is necessary to consider that some images and symbols have different values internationally. It, first of all, concerns use of images of animals which often have religious character.

Style of verbal communication plays important role in an intercultural context. Concerning clearness of advertising internationally it is necessary to adhere to requirements still to a post-ugly face because in this case it is necessary to deal not only with different languages and ways of thinking, but also with different education levels. Than it is easier to read the text, the lowest education level is necessary for those for this purpose. Thus, at a bigger readability it is possible to reach influence on wider target group.

As to need of adaptation of advertising to cultural caused differences in styles of communication, here it is necessary to pay attention to advertising research in Europe which is led in six European countries and points to differences on which it is necessary to consider. In particular, for Frenchmen stylistic and aesthetic aspects are especially important, and in Germany advertising should inform first of all on a product and to be objective [71, p.44]. To it, actually, point E. Hall and M. Hall: «German advertising is oversaturated by detailed information; products in it are described and analyzed. It happens that in national mass media advertising precisely specifies, where it is possible to buy a product and at what price. Germans believed by the narrow context of culture on advertising» [45, p.71].

Authors of other comparative research from intercultural management have revealed typical advertising style of Great Britain. Scientists notice that in English advertising there are a large number of elements of the British culture and class division and tendency to the eccentric are traced.

The following important task of the international advertising policy - a choice of mass media. Thus, the main attention needs to be turned on traditional mass media. Concepts of a choice of mass media understand as a combination of making decisions on a choice of the fixed and additional resources of mass information with planning of use of concrete advertising media. As a whole there is a speech defining a look and volume of advertising carriers. Separate advertising carriers (newspapers, magazines and television) or alternative plans of use of concrete advertising media are necessary for comparing among themselves from the point of view of their influence on achievement of a definite advertising purpose.

Important advantage of the differentiated international advertising - heterogeneity of mass media internationally. Because of it the international advertising concept should be focused on specific features of a certain country in the sphere of mass media and advertising infrastructure. In particular, availability and the offer of different mass media as advertising carriers considerably differ in the different states. In one country very few mass media for implementation of all advertising orders are created. In other countries, on the contrary, there is very large number of mass media; because of it the advertiser cannot capture all country. Often the prices happen contractual and considerably differ. Yes, at carrying out intercultural research it has appeared that cost of covering of 1000 consumers in 11 West European countries changed from 1,58 dol. in Belgium to 5,92 dol. in Italy. Still until recently in Denmark and Sweden it was impossible to advertise the goods by radio. TV stations in Saudi Arabia until now are not allowed by uses of commercial messages on air, and in Germany on public television channels daily time for advertising is limited till 20 minutes. At the same time the commercial cannot last more long, than 30 seconds [57, p.141].

At the present stage in the international press are traced the strengthened process of internationalization, on the one hand, and reduction of volumes of advertising in periodicals at the expense of more its wide placement in other mass media - from another. It, in particular, use of mobile advertising by buses, trains and so forth. As a whole, if to estimate degree of availability and cost of separate mass media in the different countries, it is possible to track essential differences. They first of all concern fullness of the advertising budget of mass media of the respective country.

2.4. What are the main structural units of information environment in international marketing?

The industry of information, information systems and communication networks, and also information equipment has huge value for development of the international marketing and the solution of marketing tasks as allows experts in marketing to carry out large-scale and in-depth market researches, to operate with a large quantity of data connected with the world marketing environment, the markets, the goods and firms of foreign countries, including at the expense of connection to banks to data of other organizations and through association of communication systems in local, national, regional and international scales. It promotes implementation of effective collecting, accumulation, processing, ordering and the analysis multiplan on the structure of marketing information, expands possibilities of application of the mathematical methods difficult, optimum economic models for economic and market forecasting and modelling, creates conditions for increase of efficiency and considerable acceleration of process of drawing up of marketing programs and adoption of administrative decisions, carrying out imitating tests in vitro, conducts to development of a new type of marketing (for example, electronic marketing) and t. other.

Information — the global process caused by prompt development of scientific and technical progress, to new generations of high technologies, systems of equipment and materials and a new type of information exchange which causes cardinal changes of structure and nature of world economic and social development and that underlies definition of a new stage at society development — information society in which in considerable scales it is carried out, collects, made and is consumed by transition a large quantity of information and where the sphere of information services constantly develops.

Process of information includes three main directions:

- the part of branches which render any information services grows in economic structure;
- the part of branches which specialize on production of information equipment grows in production structure of economy;
- the volume of expenses of firms and the organizations increases by transfer and information processing, that is there is information of production and management.

For example, in the USA factor of information of the society, expressed by a ratio of persons; taken in a services sector, to all quantity taken in the country, for the 90ies has grown with 71, 4 to 82, 1 %, and in Japan with 59, 2 to 65, 4 %. Now the developed countries have the intensive and branched-out information infrastructure and the information environment. Society in these countries is characterized by considerable development of intelligence, a cult of knowledge, growth of number of experts in a high education level and professionalism in production and marketing, scientific and technical and

administrative spheres, active development of mass media which strengthens value of information support of economic development, intra firm management and marketing.

Collecting, processing and the analysis of marketing information take on special significance in the foreign economic and international activity of the company, and importance of marketing information during the modern period constantly increases. It is defined first of all by increase in information streams in this connection the task to selection necessary, sufficient, optimum according to the contents, quality and number of data, their ordering and determination of reliability becomes complicated. Besides, as a result of development of mass media, communication and transport acceleration of market changes which demands continuous supervision over market processes and forecasting of tendencies of their transformation is observed. And at last, one firm almost unable to supervise or define development of a market situation, however should aspire to development of strategy and means of adaptation to market requirements or means of counteraction to undesirable influences of market tendencies. The firm should promote improvement of the competitive position, in the conditions of constructive development of the market and the world marketing environment.

Information support allows firm not only to be guided in processes and the phenomena in the surrounding marketing environment, but also to optimize creation of marketing programs and adoption of administrative decisions, and also to realize strategy of active influence on formation of a market demand and sales promotion, designing of the market and, in some cases, implementation information, instead of only marketing attack on market segments are defined. New technologies of information systems have given a basis to highly effective, scientifically reasonable, complex market researches, have prepared base for creation of qualitative marketing programs and development of optimum development plans of production and marketing and scientific and technical activity of firms.

Except economy of a usage time of information technology is a source of increase of overall performance of firm and its management, as:

- allows to have continuous, timely and direct access to the current information on production, the consumer, a situation in the market both internal state and firm activity;
- provides effective coordination of intra firm activity through system of transfer of sound signals (languages) and e-mail;
- will organize effective interaction with customers at the expense of use of more informative and evident documents, and also high-speed systems of transmission of messages;
- liberates necessary time for such high-efficiency kinds of activity, as the analysis, an assessment, interpretation, conclusions, and recommendations.

Usually, similar operations with information to streams on forces to only large companies or specialized agencies also demand considerable financial and temporary expenses, presence of competent professionals, and also technologically developed system of information support and, first of all, the advanced means of communication, the communications, the latest computer equipment and software providing.

As an example we will guide characteristics of the American and Japanese market of production and services information technologists. To the middle of the 80th the leading place on the market of information services with a considerable separation from other countries was occupied by the USA. Besides the state policy was focused on increase of a role of the market and reduction of a role of the state. The market of Japan takes the second place in the world and consumes 12-18 % of world production of information technology. From 100 leading companies of the world in the field of production of computer equipment and means of communication 18 — Japanese. Thus firms of Japan constantly increase the activity in the sphere of production of consumer electronics, the office equipment and personal COMPUTERS, printers and other electronic equipment.

From the middle of the 80th Japan and countries of Western Europe have caught up with the USA generally thanks to the mixed character of economy of all industry of information with prevalence of public sector.

Since the end of the 70ies Japan has carried out close to 50 % of world volume of consumer electronics. According to Japanese «The white book on the companies», in 2000 information networks 7/8 totals of Japanese firms owned.

In recent years in information market backlog of the USA from growth rates of information services in Japan and other countries that induced the government of the USA is observed to accept a number of actions and to modify a state policy at the direction of increase in state regulation and additional financing of system of scientific and technical communications.

Information technology, providing market researches and development of marketing programs, it is used also in implementation of commercial activity, technological service and warehouse business, at realization of system of logistics of movement of the goods and t. other. Besides application of information technology for service and ensuring business is extremely intensive process which differs a high system. Term of work of the majority of information systems of ensuring business, including permanent modernization, rather long also puts 8-12 years. This results from the fact that they organically enter into a cycle of creation of the added cost, demand special systems of protection and rather conservative for reorganization.

According to available calculations there are considerable reserves for active application of information technology in marketing activity of the Ukrainian firms. In particular, effective application of modern means of communication and computer systems will allow more than to increase twice

labor productivity of marketing employees of the domestic companies. The advanced firms reconstruct and redistribute spheres of responsibility and information support of the sales representatives abroad, fairly considering that strategic increase in a share of the market for firm more important, than economy on acquisition of expensive modern communication systems and means of information support.

Results of the researches which have been carried out by the agency greatest in the world from studying of firms «Dun&Breadstreet», testify that use of microcomputers in marketing considerably lags behind in comparison with such administrative functions as financial policy, data processing and work with documents, production management, stocks, the personnel and planning that, in turn, depends on the sizes of the company.

The companies which successfully carry out the international activity, use at the same time different types of information networks.

In the course of the organization of the international marketing activity all these networks are got by world character and their geography extends on all countries of the world where this company works.

Internet, or the worldwide information network, has been developed in the USA at first for the solution of military tasks, and then has started to be used for commercial purposes therefore the global virtual world of the world information and communication, unifying flows of information and databanks of the whole world was formed. "World wide web" is the highest degree in development of technologies of the international information networks and now takes leading positions in the world information environment.

The Internet is under construction on the basis of hypertext submission of information that is in the form of the text which contains the reference to other information blocks. Such system allows displaying graphics, to include multimedia (sound and video) inserts.

"World wide web" allows to manipulate information which is in million the computers scattered all over the world, and united by this information network. She allows receiving the international marketing information, to conduct electronic trade, to carry out advertising and public relations, to develop new products, involving huge number of Internet users

The Extranet are *vertical networks* which unite the companies contractors (the manufacturing companies and firms of wholesale trade, the manufacturing company and subcontractors, suppliers of raw materials and materials and t. other) which enter into intercompany associations with vertical production and marketing sheaves, and *complex networks* which have interbranch character which are created together by the companies contractors from different branches of economy and provide, mainly, exchange of information about receiving and implementation of orders, payment of accounts, communication between visitors of a network in real time. The Extranet's networks provide also communication of the company with her consumers. Together with the Internet they are of great

importance for the organization of electronic trade.

The Extranet allows partners of the company to get access to a certain part of its internal network. The Extranet contains different information special, instead of only fact-finding character which is not open for wide access. Therefore for connection to it registration and the special password - the protocol are necessary. The Extranet not only makes active and increases efficiency of business connections of the company which have developed, but also allows involving new partners in business and new clients, giving them opportunity to use a certain part of the information.

This network is created on the basis of Internet protocols which are carefully protected from penetration from the outside. At creation of extrasets the company can use the Intranet, and also automate all chain of movement of the goods raw materials - finished goods - the marketing organizations - the consumer, including his order, payment and delivery. Connection to a network is possible only under condition of registration.

The Intranet can be created on the basis of information network of this firm or to be taken out of its limits the separate organization created and operated it. The last option allows to provide more permanent protection of information of the company against penetrations from the outside and not to distract the company from its primary activity.

The Intranet - association of remote local networks within one company or one group of companies by means of the mechanism of remote access. Usually it is horizontal networks in the group of companies, intended for collecting and accumulation of statistical information concerning production and sale for all companies - members of group, and also for processing of information on the general scheme and the unique criteria. They are strictly protected from penetration from the outside.

The Intranets allow using Web possibilities for placement and information distribution within the company or the unique group of companies. The Intranet has no connections from the outside and is protected from penetration of extraneous persons and the organizations. Protection of internal networks is provided at the expense of so-called protocols, that is sets of codes or signals by means of which computers establish the friend from the friend connection and hand over information. On the Internet — it is TCP/IP, in local networks — network protocols.

The Intranet is cheaper than specialized local databases and networks. Close 30 % of the American companies use in internally corporate governance and the international marketing system the Intranet. These networks are reliable and simple in management and operation. By means of the Intranet the staff of the companies who enter to it, have possibility together to use various information, to come into the resolved databases of the company, to be well informed about the main internally corporate events, to be connected to any component of the Intranet and to receive any information put in this network.

It concerns information on the goods, its sales and advance, the price line. Besides, the network allows different divisions quickly and effectively to communicate among themselves on questions which interest, being sure that this information is inaccessible to external persons and the organizations. Such information system allows the staff of the company quickly and effectively to enter to learn the main tendencies and the companies given concerning activity, to receive necessary documents, operatively and flexibly to react to changes which occur, raises independence degree in decision-making and the same increases labor productivity in the company or in group of the united companies, including at the expense of replacement of paper analogues.

Marketing experts conduct databases on the goods, clients, competitors, the markets and t. other they will organize groups of news and interactive conversations (chats) on marketing subject which concerns activity of divisions of the company in scales of all globe. The Intranet network allows raising coordination their actions during implementation of the international marketing programs and strategy.

The equipment and service of the Intranet network appears cheaper, than the Internet and data exchange in them occurs quicker, than on the Internet. Usually within an internal network to the companies can be carried out video both teleconferences and debatable "clubs" in writing when authors stated the offer or critical remarks can be unknown. Especially it is important when studying opinions of staff of branches and subsidiaries which can be placed all over the world.

If there was a considerable difference of principles of construction and functioning of the Internet and the Intranet earlier, during the modern period there is a smoothing of differences, and technologies of "world wide web" actively get into systems of an intra-firm network: e-mail, groups of news, file transfer and t. other.

E-mail is very convenient in use and is cheaper, than other transmission media of information (a P-mail, a fax or phone). This type of communication allows to hand over effectively information in real time, besides in the most various look and in shape that allows the sender and the recipient not to spend additional efforts and time for a reprint and a computer set.

Main advantages of e-mail:

- rather low cost;
- simplicity and convenience of using;
- transfer in real time;
- possibility of transfer of various information;
- clearness of the account and registration.

Under condition of connection payment to the Internet of using e-mail does not demand additional expenses that do this form of information transfer now *to the cheapest*. Connection to the Internet is paid only, and it is not necessary to pay for each sent and received message.

It is possible to carry also enough *mass engulfing* which scales include all Internet users to advantages of e-mail. The E-mail allows better, besides is direct, to study and serve consumers of firm, actively to develop business relations with her partners. Thus equipment and information transfer time to numerous addressees almost such simple, as well as for information transfer to one respondent.

Also information by means of an e-mail is transferred in *very convenient form* which is provided with the special program and does not demand an additional set of the message if it is the document or other information which contains in the computer or a computer network. E-mail is convenient and for the recipient as it does not need to renew and reprint it. It can use it or in the received look, or to alter in the necessary purposes, without reprinting. Certainly, it not only simplifies procedure of transfer, receiving and information use, but also saves time.

Economy of time first of all it is provided with that information can be transferred in real time. Practically at once, as information is sent, it is already received by the addressee who favorably distinguishes it from communication with the help usual, even the fastest, mails.

E-mail allows sending and receiving the message of a different look: not only text messages, but also files from databases, text files, photos, tables, language and musical messages are typed. In this case information is told in an electronic format that allows the sender and the recipient not to spend time for its additional processing as absent need of introduction of printing information or its transformation into an electronic form. Thus almost instantly it is possible to make some copies of information and in case of requirement to add and dispatch it to the necessary addresses, etc. that considerably simplifies work with materials and documents in the company. Especially it should be noted ease of readdressing and information distribution by means of e-mail.

E-mail allows *excluding mistakes*, possible information at a reprint, and does not demand additional check and a subtraction. Information transfer, by means of e-mail is accurately fixed both at the sender, and at the recipient. In the corresponding directories the number, hour and minute of departure and obtaining information are specified. Besides, if information has not been received by the addressee, it also is fixed as undispached correspondence. All this allows *considering accurately* sent and received mail without additional expenses of time and efforts to its registration. Such form of mail allows carrying out control of correspondence of each employee of firm.

E-mail is now a main type of communication between the companies and between the companies and consumers. In a number of the countries the acts confirming the right to consider digital signatures in commercial documents (contracts, agreements, etc.) which are sent by e-mail, legally competent are already issued, and they are equated to the signature in writing in actual practice. It is also important that use of e-mail does not demand obligatory presence of

the addressee for receiving and the immediate answer as it, for example, occurs during telephone communication.

It is necessary to notice on certain shortcomings, apparently, a modern type of communication - e-mail:

1) there are serious fears in reliability and reliability of information which turns out, for example, the address and/or itself messages can be forged. With such problem urged to fight special programs of an encryption of texts and inclusion that goes to the end of each message of the digital signature, the file;

2) by transfer of electronic messages it is necessary to remember that the system cannot provide their confidentiality and they can be purposely or are casually used in the mercenary and criminal purposes;

3) excessive growth of quantity of information messages which turn out also creates serious difficulties in the company. Superfluous information, so-called information noise, complicates work of the relevant divisions of firm. In this case recommend to establish in computers special programs filters which pass only information caused by special restrictions, sort it according to the installed criteria, and blocking programs, that is what destroy that information which this firm does not want to receive;

4) the simplicity e-mail weakens attention of staff of the company, and correspondence which goes them, can clear be wrong and bring to serious mistakes in work with partners;

5) at all the advantages e-mail cannot and should not replace completely other forms of communication and especially personal contacts in business.

Usually the companies which conduct the international market researches by means of the Internet, have lists of sources of necessary information, and also the list of addresses of mailing of materials to clients of the company that is especially important for mailing of advertisements and other messages. The appropriate computer programs allow tracing, what pages are visited more than others as often on them Internet users come. The expert in marketing conducts statistics of reader's demand and improves forms «giving of» in electronic form. Experts in marketing-researchers receive important information on consumers by means of studying of a flow of visitors on the company and e-mail server. Geographical, demographic, property, psychographic and behavioral characteristics of consumers that helps to segment further the market are traced and to choose a target segment.

Experts in marketing-researchers for collection of information on the Internet use sites of the specialized companies which investigate the markets, firms and consumers of the different countries, sites of the international and government agencies, sites of the rival companies and the partner companies, electronic bureaus of statistical materials, the international and national organizations, newspaper and journal cuttings (Fortune, The Economist, Financial Times, Tendencias de la Conjuncture), sites of research institutes, universities, libraries and t. other. In this case the big help search engines, even

when render the address of object which is studied, is unknown. It is thus important to reveal their hypertext sheaves.

Especially useful catalogues of Internet resources concerning information in the field of the international marketing, studying of interactive materials of specialized agencies which are engaged in market researches and studying of firms and faces of known businessmen and those special directories in a printing and electronic look let out. Moody's first of all concern them «Dun&Breadstreet», «Compass», etc. They for a certain payment give «Who is Who» opportunity to use the databanks which allow to be guided well in a situation with search and a choice of partners in the international business.

Market studying on the Internet is carried out by means of sites of departments of statistics of the relevant structures of the states, for example the Ministries of Economics, the Ministries of Foreign Trade, commercial and industrial chambers, and also the international organizations, and before all the United Nations (Statistical Yearbook, Monthly Bulletin of Statistics, Commodity Trade Statistics, etc.), the international trading associations, the international commercial and industrial chamber and the regional organizations.

The Internet gives the chance to support feedback with clients, buyers and consumers of the company which is provided by means of programs of registration of visitors of a site. The expert in marketing carefully studies, who came on a site of the company, and it used what keywords for search, and also analyzes date, time and the content of inquiry, volume and subject of sent information. Special means allow not only to trace all actions of the visitor of a site of the company, but also to be adjusted on its inquiry. Such approach provides improvement of the Web server of the company and increase of efficiency of marketing work on the international Internet.

Lists of mailing are databases on each addressee and contain rather detailed information on it. If it is the company, in the list there will be included information on the scheme «the reference on firm», that is expanded are given about the company, the management, responsible persons, contact persons and t. other. Thus information departure to all recipients is carried out via the post server of the company which considerably simplifies this work. The companies carry out a subscription to mailing of the materials.

The company operates on the Internet, not only in standby desk marketing research, but also conduct field research, organizing polls using questionnaires and interviews. Interviews may be conducted through the company's mail server in the "send - receive" e-mail, in the form of newsgroups (newsgroup). However, most forms send via e-mail, and information placed on the Web-server with an indication of how page of the form and fill it out. It should be borne in mind that the answers to the questionnaire, hosted by a particular company to be more subjective than the anonymous survey.

Bigger objectivity the questionnaires filled on sites independent of concrete firm, specialized agencies will differ, however it leads to a rise in price

of polling campaign. Use in such purposes of universities is capable to cut expenses considerably.

Behavior etiquette in the Internet and a task to receive reliable and diligent information demand before mailing of questionnaires to find out from addressees, or they agree to participate in this poll, to tell to addressees. Besides, in a number of the countries when collecting the international marketing information on the consumer it is necessary to give it concerning the purposes of collection of information and her use. However in practice it mainly does not adhere, and databases of the international companies contain such volumes of concrete information on consumers that has confidential and personal character that it obviously violates human rights, however to finish such situation happens it is impossible.

Information leaves any sources and is of great value. For example, information which universal trading companies of Japan own, on the value are equated to information bases of the Pentagon or Vatican.

Filling of questionnaires on the Internet is very convenient. Also facilitated processing of the filled questionnaires and ordering of results of poll. Numerous computer programs are developed for carrying out polls on the Web server, and also develop the activity the specialized computer companies from carrying out Web polls and work with focal groups, on the Internet.

Collected information proves administrative decisions of the company internationally and provides high quality of intra firm forecasting and planning. Advantages of information received by means of the Internet, its efficiency, low cost, simplicity of granting, receiving and processing, a wide range of sources is, etc.

The Internet in modern international marketing plays large role in development of communication, marketing, commodity and price policy.

The Internet and communication policy in the international marketing of the company.

Internet and advertising. The companies actively use the Internet for the organization of advertising of the goods. Internet advertising allows capturing practically all globes, thus most accurately defining target audience.

Usually advertising takes place on company Web page, and also uses so-called banners on thematic servers of other companies or their groups and on search servers the address to which leads to transition of the user to a company advertiser site. Thematic servers allow to rent space and to hold on their pages a banner with advertising during special caused and paid time. The search server, besides, can buy search category (subject division) and a search (key) word, and then an advertising banner will be always highlighted, when the user by search will address to the corresponding subject or to the corresponding search word, besides on all corresponding pages.

From advertising on different pages of the Internet specialized Internet networks of advertising agencies with which, as a rule, and sign the relevant

contracts of the company advertisers are engaged in work. Such specialized advertising agencies have the own Web servers are centralized. Some of them offer servers with number of contacts from one to 5 million for a month.

In some cases the company dispatches advertising messages according to special lists of addressees by means of e-mail. Ethically to use the lists, made leaning on consent of addressees to be included in them. It can be membership in club of supporters of the goods of this firm, lists of owners of discount cards of this company, etc. Lists can be on sale, seem and leased however here it is necessary to be very careful not to cause dissatisfaction from addressees of advertising which is dispatched.

The straight line post an e-mail - advertising gives big effect, owing to the addressing and accurate definition of target audience.

The choice of advertising resources on the Internet allows the analysis of degree of an engulfing of target audience, advertising cost, frequency of giving, frequency of contacts and calls of an advertising banner, efficiency of action of advertising. Also possibility for users is considered to disconnect channels of obtaining advertising messages in the feet mode or «without graphics». Behind advertising efficiency on the Internet, overall performance of advertising Internet agencies is watched by agencies and special independent auditing bureaus.

In case of narrow segmentation behind a certain domain name (for example, only jp (Japan), only ua (Ukraine), etc.), behind a certain program browser, on a certain operating system cost of advertising grows, but if the target audience is chosen correctly, it substantially increases efficiency of advertising action.

Quality of Internet advertising in many respects is defined by quality of its banner which invites and interests the user to enter through it on advertising page of the company advertiser. The web server is used also for testing of advertising concepts for stages of their development.

Internet and public relations (PR). Now practically each company has the person on the Internet — Web — the server which consists of several Web — pages where the firm places as in a show-window, a specification on, on the history and achievement, company news, press releases, messages for shareholders, short information on a firm management, on the main experts including in the field of PR, about the sphere of their competence and responsibility, information on the goods novelties, price lists, the specifications given about delivery periods, announcements of sales, financial information, archive of press releases, regular information bulletin etc.

The Internet allows the company to provide short and most popular information in an answering machine mode. Thus the Web server of the company has an orientation not only on potential buyers, but also on the general public therefore it is important to define style and a tonality of messages, features and the content of information filling.

Information which contains data for public relations can be dispatched and by means of e-mail both in the mass plan, and to addresses of the special list of mailing which is more effective.

Some companies create the virtual press center where detailed information on firm contains and where it is possible to enter dialogue with her experts. If the general PR-page of the company has a free access, access to such press center in the majority of the companies limited by the password in exchange for an e-mail address of the user.

Internet and sales promotion. By means of the Internet special messages on actions which are led by the company, from stimulation of sales are dispatched. In the Web-site of the company organizing various competitions and lotteries for buyers of its products in catalogs of electronic stores offer a discount on the price of electronic coupons, premiums, etc.

As ready target audiences in the international marketing on the Internet so-called groups of news, unifying Internet users on interests when they find information necessary to them can act. In this case the expert in marketing can carry out their segmentation and place indirect information corresponding, as a rule, on the firm and its goods with observance of rules in the necessary group (groups) of news which includes potential buyers, and also if it is allowed, press releases, catalogues, price lists, etc. and considerably to increase thus volumes of their sales.

Electronic trade by means of the Internet allows carrying out *direct sale and personal sales*. By some estimates, in 2002 the total amount of sales on the world Internet has made about 350 billion dale whereas in 1997 it equaled only 8 billion dale.

The company opens on the Web server «electronic shop» with a totality of the corresponding operations, including registration of the order and goods payment according to special electronic catalogues. Buyers "come" on page and carry out purchase.

As the important electronic document the form of the order which is developed by the company for sales of the goods not only through electronic networks serves: it can be unpacked, filled by hand and is sent by a P-mail. Special technologies, in particular «electronic baskets», very convenient for sale of the goods by means of the Internet. They facilitate selection of the goods, drawing up of the list of purchases, assume settlement work of the user, automatically calculating goods cost, including delivery, a consumer tax and special discounts, allow to check goods existence on structure, to hand over information in accounts department and department of delivery and many other.

When goods payment from an electronic card of the buyer is made out, to its suggest to check the order, to familiarize with advertising of novelties and so forth.

Thus the company collects information on visitors of this part of the server, on volume and the content of sales, on a route of their movement on

pages of the electronic shop, they visit what pages more often, what information use, as carry out purchases, or there is enough to them information for making decision on goods and its acquisition. Other, also introduces the corresponding amendments, capable to improve work of virtual shop, to enter additional services for buyers.

The company which has opened electronic shop can give information to the client about a course of implementation of its order or by means of e-mail messages, or by granting possibility is independent to trace movement of the ordered goods to the consumer.

By means of the Internet the company can involve visitors of the page in innovative work: not only to state the main wishes concerning goods improvement, but also to participate in development of the new. So the known "diamond" company DeBeers which suggests representing the fan design ideas concerning jewelry, in particular forms of rings, which are studied by specialists of the company and consider when developing new products.

The web server is used also for clarification of the relation of consumers to the goods which are developed, to its packing - thus the goods pass the world previous Internet testing.

The Internet and price policy in the international marketing of the company.

By means of lists of mailing of the company dispatch price lists to the clients. The web server can be involved for studying of the relation of potential consumers to these or those price strategy of the company of rather these goods.

The main objective in the development of international information environment is to firms in the integration and interoperability of systems used. Information technology is likely to increase the effectiveness of marketing research for such activities as production and sales of capital goods, packaged consumer goods and pharmaceuticals, insurance, tourism, banking, wholesale trade, etc.

There are organizational and technical difficulties at goods payment through a network, at identification of the visitor of a site, its signature, legal status, that is there is a task of providing *a legal side* of contracts which are made out by means of the Internet, and their performance. In particular it concerns questions of the taxation of commercial operations on the Internet which while remain free from any fiscal meetings.

Very sharply there is a question of need of increase of degree of reliability and confidentiality of networks of the company, of need of ensuring their reliable *protection against breaking*. The companies actively develop and improve methods of an encryption of information; however 100 % of protection to reach nevertheless it is not possible. Special technical standards for guaranteeing to the companies of the protected delivery of the relevant information are developed.

Following the direction of improving the international information environment - is to increase the transmission speed. Provide high bandwidth information to hundreds or thousands of times called two American projects: Next Generation Internet - NGI and Internet 2.

2.5. What impact does scientific and technological environment have on international marketing?

The technological level at the present stage of development of a civilization is one of the most important indicators of a condition of society and the market. From this point of view the markets differ:

- possibilities of development of new technologies;
- in scales of their use;
- intensity of export import of technologies and hi-tech products;
- levels of progressive social and economic shifts in the organization of production and society which grow out of technological development.

Development of a science, equipment and technologies can make direct impact on foreign economic activity of each firm. This influence can be both positive, and negative. If the firm successfully uses the latest developments of a science and the equipment, new technologies, it positively influences its foreign economic activity. If the firm does not consider change in the scientific and technical environment, its production can be not demanded by buyers. Major factors which define the scientific and technical environment of the international marketing are:

- science and equipment level of development in this country;
- existence of high-technology knowledge-intensive industries;
- level of technological development in separate branches;
- productivity of research and developmental development;
- extent of technical ensuring production;
- level customization.

The most significant factors which make in recent years impact on change of the scientific and technical environment of the international marketing is:

- development of information technologies;
- input of biotechnologies;
- development and introduction in mass production of new technologies.

Development and introduction in mass production of new materials and technologies make essential impact on quality of life of people, their relationship among themselves and with world around. The service of management of the international marketing of firm should trace constantly changes in the scientific and technical environment; analyze possibilities of use of new achievements of science and technology in this branch. It is at the same time necessary to provide sufficient level of financing of research and developmental works that allows

improving in due time the made goods and to deduce them on the foreign markets for the purpose of fuller satisfaction of requirements and needs of consumers of the separate countries [27, p.27].

2.6. What is demographic environment of international marketing?

Each firm comes under influence on its foreign economic activity of demographic factors. It is possible to carry to them:

- numerical structure of separate age groups of the population of this country;
- dynamics of birth rate;
- dynamics of mortality;
- middle age of marriage;
- dynamics of stains;
- average number of children in a family;
- occupation;
- population shift level;
- general educational level of the population and loudspeaker of its change.

To the most important demographic indicators of the international markets of consumers the total of the population and volume of consumption of necessary products for a certain period of time belong the income per capita. Behind their help it is possible to define *market capacity* of the relevant foreign market. Besides, it is necessary to specify that for the differentiated marketing it is not enough to define only to difference between the different domestic markets on the basis of the above-named categories, and it is necessary to prove these differences according to a cultural context. Yes, the international markets differ, for example, not only behind quantity of the population, but also behind age structure. In the countries with the low income from 0 to 14 years it is the share of faces high percent of the population. Yes, nearly a third of the population of China, at the present stage is in age till 14 years [57, p.71]. However, high-income countries such as the USA and Germany have a higher proportion of the elderly population (65 years), which is capable of purchasing. Other important aspect - a different forecast of life expectancy of people depending on the country. In the majority of the countries of the West it approximately an identical indicator: 76 years - in the USA, 77 - Canada, 78 - France, 79 - in Japan. The forecast of life expectancy of the population in the countries which develop, gives much more the lowest indicator: 53 years - to Bangladesh, 51 - in Ethiopia, 49 - in Nigeria and 44 - in Angola [57, p.71].

Besides, between the different international markets it is possible to track differences of rather educational level of consumers. Additional tasks before the international experts in marketing put forward the countries which develop and in which the most part of the population is represented by people with low

educational level. If, for example, the big share of the population is not capable to read advertisements or to understand that is written on a label, or guarantee information on packing, the enterprise is compelled to change the international communicative strategy.

Other important demographic indicator - the income per capita a certain country. In this case it is also not enough to define only international differences, it is necessary to analyze precisely different needs of rather different products for the different countries. As an example, it is possible guide Brazil which behind the income per capita enters into the lower part of a rating of the countries of the world; at the same time concerning purchase of cars it has outstripped many countries. The reason of this discrepancy consists available differences in distribution of profit which compels the countries, especially what develop, to carry out division of the domestic market into two or more separate markets. The disproportion appears first of all that the part of the population has not satisfied the basic needs whereas other part can be set off in target groups of consumers of the goods of luxury group.

Having revealed and having analyzed these factors for everyone separate the countries, it is possible to define extent of influence of each of them on realization of the international marketing by firm and taking into account it to establish the most acceptable ways of development of firm in the future.

2.7. What is natural and geographical environment of international marketing?

Major factors which define the natural and geographical environment of the international marketing are:

- state arrangement;
- climatic conditions and their features;
- state of environment;
- natural features.

Environment preservation becomes especially important factor in recent years. In this regard questions of a rational choice and use of natural resources are actual. The last is predetermined by that:

- deficiency of some types of raw materials is felt;
- constantly the price for energy resources grows;
- environmental pollution grows.

In such conditions the regulating role of state authorities of the separate countries in ensuring rational use and renewal of natural resources constantly amplifies. Thus the most actual environmental problems are:

- use of ecologically safe products for manufacturing of the goods;
- creation of packing which either does not pollute environment, or gives in to complete processing;

- protection of an ozone layer of the earth;
- conservation of energy;
- allocation by the states of more considerable funds for environment pollution abatement.

Above major factors which define the environment of the international marketing are conditionally allocated and considered. Experts in the international marketing should know these factors and consider them in the work with a view of timely identification of existing threats for firm in foreign markets and establishments and uses of marketing possibilities [27, p.28].

Key concepts

Environment of the international marketing, microhabitat of the international marketing, mesoenvironment international marketing, microenvironment international marketing, international economic environment, main indicators of the international economic environment, components of the international economic environment, political environment of the international marketing, legal environment of the international marketing, political risk, legal systems, welfare environment, communications, cultural measurements, ethical standards, professional competence, social competence, subcultures, culture of consumption, lifestyles, information environment of the international marketing, information, Internet, the Extranet, the Intranet, scientific and technical environment of the international marketing, demographic environment of the international marketing, market potential, natural and geographical environment of the international marketing.

Question for self-checking

1. What is the international marketing environment?
2. What factors determine the environment of international marketing?
3. What is the economic environment of international marketing?
4. What are the features of international trade?
5. What is the nature of the balance of payments?
6. What are the features of the foreign trade policy?
7. What are the methods of implementation of foreign policy?
8. How to define the concept of "duty"?
9. What are the features of international investment?
10. As international organizations influence the development of?
11. The information environment of international marketing - internet, extranet, intranet
12. What are the opportunities for international marketing activities adds the use of information systems?
13. How to explain the concept of "informatization"?
14. What are the benefits of using information technology in international marketing activities?

15. What importance is the use of information technology for business activities?
16. What are the features of Internet usage in the international marketing activities?
17. What are the features extranets use in international marketing activities?
18. What are the features of intranet use in international marketing activities?
19. What are the advantages of using e-mail in the international marketing activities?
20. What are the disadvantages of using e-mail in the international marketing activities?
21. What are the features of Internet use in international marketing research?
22. What advantages does the Internet in public relations with existing and potential clients?
23. How is e-commerce?
24. How the Internet helps build and commodity pricing in international marketing activities?
25. What defines political environment of international marketing?
26. How intergovernmental agreements affect international marketing environment?
27. Which sequence studies of political and legal environment?
28. How to determine the legal environment of international marketing?
29. What law can be attributed to national, supranational and international law?
30. How is the regulation of international promotional activities?
31. How to define culture and its main elements?
32. What are the features of the cultural dimensions of E. Laurent?
33. What are the features of the cultural dimensions F. Trompenaars?
34. What are the features of the cultural dimensions H.Hofsted?
35. What are the features of the cultural dimensions of the East for H.Hofstede?
36. What defines cultural component efficiency of business policy?
37. What is the efficacy of intercultural management?
38. What special study of subcultures in international marketing?
39. What is necessary to assess demographics international markets?
40. What are the major differences between countries in business communication?
41. What is necessary to investigate the needs and motivations of consumers?
42. What is cross-cultural analysis in international marketing?

SECTION 3. RESEARCHES OF THE WORLD MARKETS IN INTERNATIONAL MARKETING

3.1. What are the main directions and features, types and stages of international marketing research?

The basic purpose of the international marketing consists in revealing real needs and needs of consumers of goods in the foreign markets and better to provide their satisfaction, than it is done by competitors.

It will be possible to make so only when managers of firm to make the reasonable administrative decisions directed on elimination of problems which don't allow to carry out foreign economic activity up to standard. The reasonable solution of the specified problems also has to provide carrying out market researches. The international market research is studying of some problem in a foreign market and development on this basis of recommendations about providing its effective decision

Beginning studying of foreign markets, it is necessary to consider that the world market includes more than 200 national markets with the features which are a basis for elaboration of strategy of the international marketing.

Without detailed market research, good knowledge of the market it is almost impossible to give the correct assessment to the opportunities as such assessment demands comparison of elements and market requirements to the corresponding parameters of activity of firm.

For deduction and a gain of the positions in the market of a market research have to it is carried out constantly.

So, for example, according to the American association of marketing in the USA market researches regularly carry out about 90% of all industrial companies and services sector firms, in Germany and Great Britain about 80%. Than the major company, that pays more attention it to continuous studying of conditions of realization of the production. In the countries with the developed market economy exist, as a rule, and the specialized research firms which are carrying out on a commercial basis different types of works on studying of the market.

From among the companies interrogated in the USA which are making consumer goods and letting out production of production appointment, 99% of major companies and the same percent for medium-sized enterprises, - respectively 98 and 99%, the pricing analysis - 91 and 90%, forecasting for term more than one year - 96 and 94% were engaged in the sale analysis in measurement of market potential.

In the international marketing the complex accounting of all set of major factors as the general (for example, a condition of an environment of the world commodity market as a whole, a political situation in the world, etc. is necessary). And specific character (feature of regulation in a certain country,

competition level in it, specifics of local demand and requirements of the legislation to these or that of goods characteristics, etc.). This can define success or failure of the exporter in a foreign market. For successful activity it is accepted to use a planning method.

Distinctive feature of the organization of modern business is that the international marketing becomes for many enterprises of the developed countries the most important component of planning, especially strategic. The last is a basis of decision-making on the beginning, expansions and adaptations of foreign engagement; structural, personnel and organizational changes; financings and uses of rules of law of functioning. Good statement of marketing planning defines internal dynamism of firm its ability to fast overcoming of the difficulties arising in the market and rather full use of available opportunities.

Domestic economic science has extensive experience in developing planning problems. However, some preliminary research orientation of the official dogma led to a one-sided. Especially it concerns understanding of interrelation of the plan and the market. Therefore it is necessary to consider the scientific development of planning executed by foreign scientists. Here one of interpretation by Berekoven "Planning in its most general sense represents design in the form of creative activity which is directed on achievement in the future of new situation according to goals. Unlike the forecast of planning bears in itself activity and transformation components. As means of preparation of decisions it demands systematic penetration into the put problem, intending to finish development to such an extent reality at which the purpose can be set is reached in practical activities by the means chosen for this purpose" [33, p.59]

Planning makes sense only at profound knowledge of the environment surrounding the enterprise and a real assessment of own potential by means of which it is supposed to achieve the planned objectives. Otherwise the plan turns into self-deception, is similar on previous the five-year plans any of which wasn't executed.

At conceptual planning crucial importance has duration of a temporary factor. As practice shows, decisions in the international marketing can change and be corrected only in the long-term plan. Therefore the international marketing should be considered first of all as strategic international marketing.

Choosing priorities among planning systems, the enterprises should know accurately that the western experience here is ambiguous. In the European educational literature on business economics until recently the accent became mainly on short-term decisions on the prices and discounts, logistics and policy of communications. It was reflected and in practice. So interviewing of the German businessmen showed that many of them don't work consciously and purposefully over adoption of strategic decisions. They are concerned by mainly operational and tactical problems in the sphere of the international marketing though some of them in process get a strategic importance. Such model of strategic planning received Bottom definition - Up.

Bottom - Up is characterized by that the strategic model gets the independent value as a result of operational and tactical activity. Therefore strategic decisions can be late.

The second model of strategic planning is called as Top - Down. It is applied by often American concerns and Japanese multinational firms. At this system in planning international marketing is from the very beginning preferred as strategy. Operational and tactical decisions should be made within in advance set strategy as its consequence (fig. 3.1).

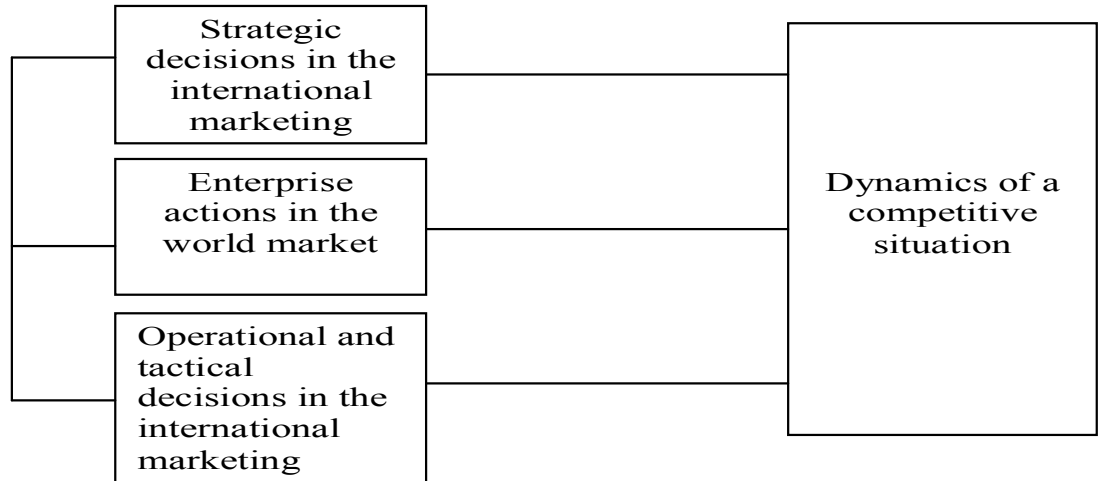


Fig 3.1. The impact of strategic and operational decisions for international business activity

From drawing it is visible that within single levels and on the different horizons of the decisions, made interaction of processes takes place. H.G.Maysner allocates five types in a chain "the decision - action" [59, p.18]:

1. The fundamental strategic decision with direct influence on enterprise actions.
2. Operational and tactical decisions with direct influence on enterprise actions.
3. Direct influence of strategic decisions on quick and tactical.
4. Direct influence of operational and tactical decisions on strategic as a result of the need which has actually developed.
5. The return influence of changes in a competitive situation on strategic, operational and tactical decisions.

Strategic planning assumes well organized system of coordination of plans. It is a question both of coordination of plans among themselves, and of their use in practical work. The need for function of coordination arises on a joint of separate administrative cycles. Essential value has also synergy effect which plays the central role in strategic international marketing. Additional competence of decision-making which arises as result of interaction of the workers providing functioning of various fields of activity of the enterprise means.

In the most general view strategic planning within the international marketing represents formation of the philosophy of the enterprise focused on

the world market. It goes to exempting firm personnel from self-understanding of as especially national education. Without it is impossible to fit organically into the world market, and also to feel and use chances which it provides.

The international planning at the enterprise significantly differs according to the contents and substantially by a technique from activity planning in the national market.

The comparative analysis of the organization of national and international planning shows that they are essential. In table 3.1 [63, p.149] are given results of such research executed by experts of the USA.

In substantial sense strategic planning covers the details connected with action in certain time of marketing strategy. That is a ratio "strategy - the strategic plan", similar to a ratio "the purpose - tasks". Duration of the period on which the strategic plan is formed, depends on many factors. According to its variation can have from one - or two-month term (by the production focused on fashion) till several years.

The strategic plan has to contain the following basic elements:

- Compositions of elements of the marketing, adapted to define the sectors of the market provided for a certain time;
- Resources of the enterprise necessary for realization of an objective on periods;
- Expected results (sale, profit);
- Ways of control and implementation of the plan.

It is expedient to develop the strategic plan in several options, estimating at them respectively the income and expenses, and also the possible periods of compensation of investment expenses if they play large role in these plans. A certain degree can compare activity of marketing planning to actions of the chess player who, preparing for game, analyzes a complex of the possible courses depending on options of logically possible actions of his rival. Compliance with a situation in the market in the course of business activity separate elements of various versions of the plan can be combined and implemented.

In the sciences which subject is planning, it is conventional that starting point of all planned activity - the purpose. Without it doesn't make sense. However until recently our scientists and practices paid the slightest attention to it "the beginnings of all beginnings" in planning. All proceeded from dogma that the prime target of any plan is the satisfaction of constantly growing needs of workers.

In concrete activity the main efforts went to proving and receiving the smaller plan, and respectively and less to make for satisfaction of the same constantly growing needs of workers.

Table 3.1**Distinctions between national and international planning**

National planning	International planning
1	2
1. Only one language and nationality	1. Many languages and nationalities, various sociocultural factors influencing business
2. Rather uniform markets	2. Different types of the markets are fragmentary also
3. Availability of information, certainly exact and simple data acquisition	3. Obtaining information is complicated, usually connected with higher expenses and use of the special personnel
4. Factors of political influence rather insignificant	4. Factors of political influence are numerous and can have crucial importance
5. Relative independence of the government	5. Relative dependence of adoption of administrative decisions on the governments, especially in inclusion questions in national economic planning
6. Influence of the individual enterprises on environment the hardly noticeable	6. The effect of influence of environment on business, distorts the valid situation
7. Chauvinism helps	7. Chauvinism mentions
8. Rather stable situation round the enterprises	8. Numerous situations round the enterprises which can be very unstable (though sometimes and promote high profits)
9. Uniform financing terms	9. Various financing terms which happen are too conservative at emergence of inflationary processes
10. Uniform currency	10. In a complex it is difficult to consider the different currencies, which influence on stability and purchasing power
11. "Rules of the game" are clear and clear	11. "Rules of the game" excellent from accepted in the country, that the difficult to explain change also
12. Management habitual, can assume responsibility and adapt to financial and economic control methods	12. Management most often has autonomous character and is removed from head enterprise

In marketing in general, and in the international marketing in particular, planning is more whole - difficult, many-sided, though already enough deeply developed problem. It isn't excluded that at initial approach it can seem the simple. Really, any businessman calls the purpose providing profit and sale, and also decrease in risk. These purposes really are priority for the enterprise, makes

elements of economic science. However they have so the general character that being guided only by them, it is difficult to operate market activity.

The researchers conducted within business economics, give various classifications of the purposes which can be used according to conditions of activity of firm when planning foreign activity. Thus it is a question of system of the purposes which achievement in a certain sequence and interrelation provide realization of main goals. As show Meffert H. and Altgans of J. the operationalization of the purposes assumes definition them in the foreign market in four parameters: However they have so the general character that being guided only by them, it is difficult to operate market activity.

1. The contents (that has to be reached in the international business?).
2. Volume (in what quantitative expression the result will be given?).
3. Time aspect (when it is necessary to achieve the objectives?).
4. Segment (in what group of the countries the objectives have to be achieved?).

Substantial classification of the purposes can be carried out if for starting point to put a certain approach. Initial it is for this purpose expedient to accept the method, offered the J Is old. It is based on methodology of categories of quantity and quality. Quantitative signs are expressed by indicators of a turn, profit, profitability etc. The prestige, the power, independence belong to the qualitative. These signs can develop and be supplemented, remaining a basis of further justification of system of the purposes.

The second classification is executed Zaydel X. In its three groups of the purposes are put forward. They are systematized under three terminological definitions:

a) the purposes focused on profit; b) purposes of self-insurance upon risks; c) the purposes directed on expansion of influence (expansionist). In expanded form these purposes represent the following list:

- a) the purposes focused on profit:
 - Export provided that in the domestic market production with smaller expenses is possible;
 - Production placement in the favorable countries from the point of view of expenses in case it is impossible to raise the price for increase in a difference between the income and expenses;
 - Increase in the size of a series as a result of realization abroad and receiving by that digressive effect in production, including possibility of reduction of prices;
 - Capital withdrawal in cases of establishment additional import duty for the purpose of alignment of the prices of agricultural production and its transfer to the countries for which the offered product is an innovation;
 - Stabilization of total amount of realization of production by delivery to the large markets in which less sharp is the competition;

b) the purposes connected with self-insurance upon risks:

- Prevention of risk to suffer losses in the country, for example, because of reduction of life cycle of a product;
- The compromise agreement on decrease in a share of the market in the country and competition smoothing's, providing an entry into the foreign markets;
- The introduction in competitive fight abroad to receive for itself benefits in the general competition ("Band Wagon - Effekt");
- Exit to the main consumer abroad. It plays an important role for the enterprises - suppliers and doing the business in a services sector (banks, the insurance companies, advertising and consulting firms);
- Preservation and expansion of the existing market potential abroad (for example, by means of export) by engagement strengthening (for example, using direct investments). This purpose can have character "is compelled", especially in cases when the state policy limits import or it is allowed only in the form of the joint venture (Joint Ventures);

c) the purposes directed on expansion of influence (expansionist):

- participation in the dynamic growth of the foreign markets (geographical diversification);
- Achievement of the objectives of growth which can't be realized at home because of the instruction, containing in laws on competition restriction (for example, in the USA the anti-trust legislation limits enterprise growth within the country, however it is authorized to do it outside the USA);
- Stretching and lengthening of life cycle of a product (stabilization or a tightening of turns after achievement of a phase of saturation by goods in the domestic market).

Between the single purposes of the international marketing there is a multilateral dependence, it needs to be investigated, paying special attention to contradictions and complementarity, mutually strengthening's. Finally each enterprise has to have the system of the purposes constructed according to their hierarchy and dependence.

At creation of the general hierarchy of the purposes of the international marketing it is considered to be that it has to be defined mainly a ratio between economic and psychological factors. Such approach, in our opinion, includes repeated the account as economic factors cause psychological and are shown through them. The preference should be given to group of the purposes on quantitative and qualitative signs, allocating in each group the general for all countries and specific to one country. Thus and the purpose of production it is lawful to purpose of deliveries to consider not as the enterprises derivative of the global purposes, making Meffert and Altgans, and as derivatives from the marketing purposes.

Building a tree is more whole, it is necessary to consider that their general importance and the importance aren't identical to the enterprise. And,

divergences in estimates and preferences, as a rule, the big. The data provided in tab. 3.2, show that the priority is given to the quantitative purposes directed on expansion of the market, obtaining financial benefits (the purposes focused on Cash - flow (balance of all monetary receipts and firm payments during the certain economic period, usually within a year), Break-even (profitable, level at which the income from realization covers expenses).

Table 3.2.

Value of various purposes, provided by the German enterprises at decision-making about export activity [27, p.45]

The focus purposes	% of the enterprises which was allocated by the called purposes
Large database of sales, growth markets of the future	44
Market saturation in your country	25
To increase the employment rate, load capacity	14
Guarantees for sale, spread risk	13
Laying the foundations for prestige	3
Support for profit	1

The qualitative purposes which in research were expressed by questions concerning guarantees, social responsibility, independence, the power, prestige, growth, received less high at all estimates are insignificant.

Among current trends justification of the purposes of marketing moves forward desire of businessmen to unite in them a quantitative orientation of activity. For example, the qualitative purpose on change of situation in area establish a quantitative index of growth of a share of the market, and innovation of production - to number of the registered new patents.

It is lawful to certain degree to tell about specific priorities for marketing for various types of firms. For the enterprises which are letting out production of production appointment, the major marketing purposes connected with a share of profit, efforts of sales agents, development of new production, sale to the main consumers and a pricing policy; for producers of consumer goods - with a profit share, stimulation of sales, development of new production and a pricing policy, services of sales agents and expenses on advertising; for the firms operating in the sphere of service, - with efforts of sales agents, advertising subjects, service of consumers and sales promotion.

Such is the general rule to which conform at a specification of the purposes: it is necessary to formulate not only result which is considered desirable, but also actions which conduct to this result. This way allows to get

rid of daydreaming as it forces to consider not only what needs to be reached but also how to reach substantially. Besides there is a possibility of promotion of various alternatives therefore quite often it is possible to find absolutely unexpected and optimum solutions on efficiency.

The choice of the purposes of marketing should be carried out in direct interrelation with specifics of human psychology. It means that the personnel of the enterprise has to be widely acquainted with them administration, as people work with the maximum productivity and quality, when they have a clear view not only from a position of that it should be made, but also from the point of view of for the sake of what, in what terms at which expenses it is necessary to make. Therefore one of rules of promotion is more whole the following is: staff of firm has to have a clear view of the role in activity of firm and achievement of its long-term and short-term objectives for what have to be as appropriate informed.

The purpose of any international market research is reduction of risk of decisions on the international activity of firm. Minimization of risk is reached on the basis of use of conclusions of the international market research in decision-making. In conclusions of the international market research systematized information on a state and possible options of development of object of research is understood.

The condition of information defines degree of validity of the international marketing decision.

For determination of quality and level of security information for adoption of marketing decisions uses the following criteria [28, p.52]:

- relevance (the substantial importance, information about only concrete object or a research problem);
- accuracy (unambiguity, possibility of accurate differentiation);
- reliability (correctness guarantee, lack of syntactic and technical mistakes);
- clearness (lack of semantic mistakes, coding by an identical character set);
- relevance (timeliness of representation, receiving speed);
- flexibility (opportunity to characterize various aspects of object of research);
- quantity (completeness, sufficiency for adoption of the administrative decision).

As information sources at research of the national markets use:

1. For information on print publications: periodicals (newspapers, magazines, special magazines, economic bulletins);
 - specialized publications (monographs, publications, chambers of commerce and associations of entrepreneurs build trade agreements, market surveys, publications banks, advertising

agencies, some companies build state institutions, reflecting the government's laws and proposals on matters of foreign trade);

- statistical directories, both general and specific nature of individual countries, the UN and various international organizations;
- Information of large brokerage firms; newsletters wire services.

2. Computer data, Internet and so on.

3. Special reference:

- Government agencies and organizations;
- consular staff;
- chambers of commerce;
- associations and federations involved sectors;
- special private news agencies;
- research institutions and companies;
- Credit and background offices.

4. Sociological researches and polls:

- at fairs, exhibitions, the exchanges;
- conferences and symposiums;
- business conversations;
- by phone, the telefax;
- on mailing of address information.

Thus in the course of a market research the complex of questions on which it is necessary to receive answers for justification of actions in the international marketing consists.

The firm, seeks to seize the international market (segment) has to have high rates of production economic activity. Namely:

- lack of arrears suppliers on the credit;
- growth of indicators of efficiency;
- existence of money on the settlement account in sizes, sufficient for prime payments;
- implementation of contractual obligations;
- high level of turnover of means of purpose.

The analysis of results of export activity for the previous period the following indicators are exposed:

- the total amount of sales in monetary units;
- the total amount of sales in physical units;
- ratio of volume of export sales to the total amount of sales;
- the general currency income and expenses;
- percent of the general marketing expenses;
- percent of expenses on separate components of marketing;
- goods advance, including advertising, goods delivery to the consumer;
- aftersales service;

- training;
- sales volume on each of the markets;
- market share;
- unprofitable customers;
- unprofitable markets;
- unprofitable goods.

Low level of export activity the following factors influence:

- limited nomenclature and poor quality of goods;
- low level of market researches;
- untimely entry into the market;
- weak orientation of the enterprise to marketing;
- weak coordination of elements of a complex of marketing;
- high price;
- unsuccessful contracts;
- high level of turnover of means of purpose.

When carrying out market researches it is necessary to concentrate attention on the following directions of researches of the international market:

- goods (the range of goods in the market investigated consumer qualities of goods and goods of competitors, a stage of life cycle of goods, reaction of consumers to goods updating, the factors influencing consumer behavior, quality of goods, a form and color of goods, compliance to qualitative and quantitative requirements of the market etc.)

- the markets (segmentation of the markets on commercial effectiveness and other criteria, part of goods of firm in the market, an environment of each market, possible changes of an environment, real and potential capacity of the markets and their segments, reaction of the market to new goods, factors by which determine demand, the frequency of purchases, testing and trial sales etc.)

- the price (a ratio of the price of goods to the prices of competitors on each of the markets, influence of quality and consumer characteristics on the goods price, inclusion of additional and after-sale services in the goods cost, influence of cost of transportation on goods cost, price policy etc.)

- marketing environment (the accounting of features of political conditions in various countries, the state protection of interests of the foreign companies, features of the social and economic environment of foreign markets of sale of production, geographical, climatic and sociocultural features, possibility of use of local resources etc.)

- competitors (existence and number of competitors on each of goods, the share of the market of each of competitors, the rival goods which are in increased demand, competition price policy, publicity, use competitors, quality of goods of competitors, strong and weaknesses of competitors, quality and service speed etc.)

- system of advance of goods (a corporate style, system of advertising of goods, quality and cost of publicity, efficiency of each of types of advertising how pass selection of mass media etc.)

- aftersales service and PR (organization of exhibitions and fairs, trademark existence, appeal of a label, compliance of actions to language and cultural requirements etc.)

- packing (compliance of color and the maintenance of inscriptions to country consumer requirements, safety of goods from damages by means of packing, simplification of work of sellers thanks to packing, compliance of packing to export requirements, use of packing as advertising etc.)

- commodity distribution network and sale of goods (system of supply of each goods on the market, optimization of the scheme of transportation of goods, optimization of an arrangement of warehouses and shops, capacity of warehouses, direct sales or by means of intermediaries, preparation of documents for sending goods abroad, quality of work of staff of sales department, information existence for intermediaries, stimulation of work of intermediaries etc.)

- complex control of marketing activity (annual planned control, the analysis of the potential markets and their segments, the analysis of sales volumes, the analysis of competitors, the niche analysis in the ratio to competitors, the analysis of the nomenclature of goods in foreign markets, the analysis of a ratio of sales volumes in expenses, consumer qualities, an assessment of the income and expenses on different goods on different the markets, price policy, an assessment of efficiency of advertising activity, an assessment of efficiency of marketing activity as a whole, strategy of conducting marketing activity).

When studying legal system of the country market it must be kept in mind that firms in other country can make the judicial claim for the following questions: product design; quality and safety; name; label; trademark; patent purity; violation of guarantee periods. Legal property of the material objects protected or aren't protected by patents can be used in a certain country without violation of documents of the exclusive right existing in its territory.

So, as practice of market researches of the foreign markets shows, it is necessary to receive answers to the following questions first of all:

1. What market capacity?
2. What capacity of the market?
3. What demand for these goods?
4. Offer of these goods?
5. What availability of the market from the point of view of possibility of realization of a complex of marketing?
6. Which is the competition in the market of these goods?
7. What prospects of development of a foreign market?

8. How is it possible to characterize indicators of macrolevels of the studied market?

Studying answers to the specified questions, it is necessary to reveal at the same time possibilities of firm and to carry out the analysis of these opportunities.

Identification of marketing opportunities of firm is one of the most important problems of realization of the international marketing. Its decision allows to establish a favorable field of activity and to define the most acceptable set of the offered goods called more fully to satisfy established or developed requirement.

Identification of marketing opportunities in foreign markets assumes (fig. 3.2):

- studying of market conditions;
- studying of the marketing environment;
- establishment of potential opportunities of firm.

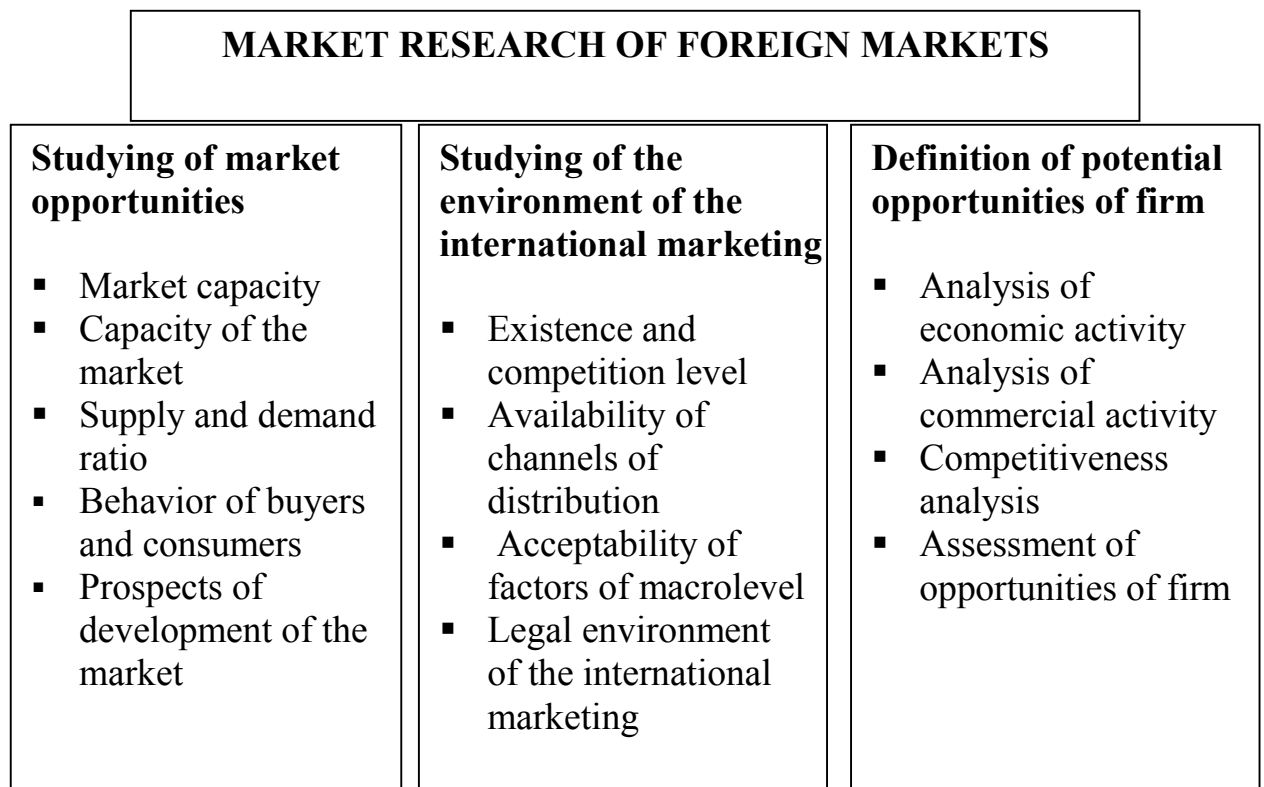


Fig. 3.2. Market research of the foreign market [2, p.99]

Studying of market conditions assumes determination of capacity and capacity of the market of certain regions, the countries and the territory in a section of separate types of production, branches and manufacturing firms. The supply and demand ratio is investigated also; the behavior of consumers of separate types of production taking into account branch accessory and concrete

manufacturing firms is studied. Also possible prospects of development of each foreign market are studied.

Research of the marketing environment assumes first of all studying of competitors and intermediaries, opportunities of an exit to the foreign market taking into account legal base of implementation of foreign economic activity of firm.

At last, studying the foreign market, it is necessary to correlate the prospects opening for firm with possibility of their use in its foreign economic activity. For this purpose it is necessary to carry out the analysis of production and commercial activity of firm, level of competitiveness of production and firm and taking into account it to estimate opportunities in the foreign market that is investigated.

If such analysis is carried out up to standard and are established weak and strengths of firm in this country, and also opportunities and threats in the marketing environment come to light, it allows to construct reasonable strategy of the international marketing which realization in many respects guarantees success of foreign economic activity and determines the profit size that the firm in this market will receive.

Main objective of market researches in the international market is decrease in risks in the course of adoption of commercial decisions. In this regard market research in the international market can be formulated as information system of collecting, registration and the analysis of the obtained data with the purpose of adaptation of firm to requirements of the international market which change.

Area of the appendix of market researches practically it isn't limited, but at the same time the main directions of researches of the international market, used in world practice take place.

Own departments of market researches prefer to have the majority of major foreign companies. Types of the researches conducted by them are very various and have the features. The directions of market researches of the international market can be grouped in blocks:

- Market Research;
- Sales Research;
- Business Economics Research;
- Advertising Research;
- Motivation Research.

Fundamental difference in the market researchers conducted in the country of finding of firm and in foreign countries doesn't exist. At the same time when carrying out the international market research in each of the countries it is necessary to consider specifics peculiar to these country. Besides, it is necessary to consider features of process of the international market research which are caused by distinctions of room and field researches and have the specifics at the solution of specific problems of the international marketing.

In practice of foreign economic activity special significance is attached to the international market researches. Many firms have special departments of market researches. Besides, in the world is more than 5000 various commercial organizations providing services in the field of market researches. The volume of such services annually makes about 20 bln. dollars. USA. The basic rules of carrying out market researches contain in the International code on practical application of market researches, is valid from 1976.

One of the main objectives of carrying out market researches is identification of opportunities of firm to occupy the corresponding niche (the positions) on real sector of the market by a choice and realization of effective marketing strategy, can be reached only by complex research and the analysis of the international market. Practice of application of the international marketing showed that selective use of separate components, for example studying of goods or market forecasting, doesn't give due effect. Only the integrated approach to research of the international market will allow firm to become stronger in the target international market.

International market research is preceded by the analysis of general information about the country of an interesting particular: population; territory sizes; national resource; state system; economy structure; monetary system; socially - cultural features.

Irrespective of scales of market researches it is possible to allocate the following main stages of carrying out any of them:

- 1) definition of the purpose of market research;
- 2) development of the plan of the international market research;
- 3) requirements to information;
- 4) selection and group of sources of information;
- 5) collecting and analysis of secondary information;
- 6) choice of a technique of collecting primary information;
- 7) analysis of data, development of conclusions and recommendations;
- 8) development of instructions for practical use of results of research.

High-quality performance of work on each of the previous stages is pledge of successful passing of the following stage and timely completion of research (achievement of the objectives and problems of market research).

Without accurate and unambiguous the formulation of a problem can't be found acceptable its solution. Therefore it is necessary to formulate first of all a problem and to define tasks which should be solved in the course of implementation of the international market research. At the same time it is necessary to make initial offers on the process of the market research, the necessary expenses expected difficulties. It is expedient to stipulate also time intervals within which it is necessary to formulate and present results of the international market research.

For more accurate formulation of a problem of the international market research and unambiguous statements of tasks it is possible to use consultation

of the specialized marketing organization. Having made such decision, it is necessary to choose that from all possible marketing organizations that will correspond more to a specific objective. Thus it is necessary to consider:

- the directions of marketing activity, this organization carries out;
- presence of experts in the field researches;
- popularity of the organization among experts of the international marketing;
- openness of the organization for mass media and customers of research;
- existence in the organization own technical and the software of market researches;
- level business and communication interaction of the organization with customers.

Proceeding from the purposes of the international market research, it is expedient to make the plan of its carrying out. For this purpose first of all it is necessary to receive answers to the following questions:

1. What and how much information must be obtained to researchers?
2. What are the sources with relevant information?
3. Can be obtained the necessary information in the desk research and field study should be conducted?
4. Who and how to collect the information?
5. How the information collected will be processed and what methods will be used at the same time?
6. What are the financial costs required for international market research and in what time frame it will be done?

Studying answers to the specified questions, it is necessary to establish, whether the firm will be able independently to provide achievement of the formulated purposes of the international market research or it needs to use services of the specialized marketing organizations which will allow receiving more reasonable results of market researches.

Thus it is necessary to consider that connection to market research of the specialized organizations assumes coordination of the formulation of a problem with them, solved tasks and demands drawing up the coordinated plan of carrying out this international market research.

Definition of requirements to information contains a problem of identification of the purposes and tasks. If the marketing specialist (or the customer of research) can accurately formulate the purpose of the forthcoming work, tasks become the certain stages making achievements of the purpose. In this classical approach definition of requirements to information is formed from top to down: the purpose, tasks, the list of necessary indicators and processes that it is necessary to investigate.

In case of need carrying out complex market research (for example, for the purpose of development of the international strategy and the organization of

all components of the international marketing activity) the main objective which breaks up to specific goals, and the last, in turn, - on a task is formulated. In this case definition of requirements to information happens at the same time as from top to down, and from below up.

Process of data collection has the following components:

- inventory database (matching existing secondary information needs identified in the previous step);
- collecting secondary information (databank updating according to certain requirements to information);
- research planning (development of the plan of carrying out field researches for the purpose of obtaining primary information);
- carrying out research (obtaining primary information by means of interview, mailings of questionnaires of supervision, a telephone survey, etc.) [28, p.53].

The international market research can be executed at higher level if at its carrying out to use Internet services. It first of all concerns only such stage of the international market research, as collecting necessary information.

Applying Internet services, it is possible to conduct independent market research, having limited only to information which is available in this network. In some cases it possibly and yields positive result, however it won't correspond to conditions. Using the Internet, the firm can receive the additional information, allowing providing acceptance and implementation of more reasonable marketing decisions, it can be both secondary, and primary information.

As for secondary information, its main source on the Internet is Web - servers. The task consists in finding those from them which represent undoubted interest for this market research. To reveal such servers, it is possible:

- to use the search engines which are available on the Internet and allowing on keywords to find necessary arrays of information;
- to address to Web - catalogs which have the organized thematic structure and carry out function similar to search engines;
- to use "yellow pages", city catalogs and electronic reference books to define the firms, interesting the researcher, to learn addresses of their Web - pages. These resources in fact are the reference books, containing information on firms and their business activity. On these pages it is specified e-mail addresses and Web - pages if those are available for firm;
- to use thematic Web - pages which contain rather wide information in a certain field of knowledge and allow to expand this information at the expense of links to information resources on this subject;
- to use archives of the servers containing as results of market researches, earlier carried out with studied, and saved-up information in the course of obligatory surveys of users of separate Web - the servers, conducted using Internet services.

Except secondary information which is directly in a network, it is possible to receive and primary information that is it is possible to conduct field research. At such research the following methods of collection of information can be used:

- supervision over users of e-mail, social networks and other. Such methods are actively used by owners of search engines that allow providing to the user information and advertising corresponding to his interests.
- to carry out questioning by e-mail with use of lists of mailing of firm;
- to carry out questioning of users of Web - resources (by own efforts or to order similar service);
- to conduct survey of users of servers access to which assumes obligatory registration of his clients. In this case in the questionnaire are added additional interesting the researcher;
- to conduct survey in teleconferences. The researcher should choose conferences interesting him, constantly to watch their work, most to take direct part in them, and also to place appropriate questions on servers of the news, interesting the user information.

Collected by means of stated above and also other methods interesting the researcher, it has to be processed.

Difficult stage is information analysis. Received quantitative and qualitative information is analyzed by means of methods of statistics, econometrics, sociometry, a kvalimetriya, a behaviorism. If received information doesn't correspond to criteria of quality for adoption of marketing decisions (relevance, accuracy, reliability, relevance, etc.), it is necessary to return on the previous stage and to update a databank.

At the last stage the research collective represents results and recommendations (in case of performance of research on the order).

The main results received in the course of performance of the international market research, have to be presented to the firm management for acceptance on their basis of the relevant administrative decisions. Form of such representation can be or a problem summary with the indication of opportunities of its decision, or the developed report about carried out the international market research. Making a detailed report about executed the international market research, the researcher, as a rule, causes:

- research objective, addressing of research, problem which were solved, available restrictions, data on performers;
- research methodology;
- the received results, degree of their reliability;
- conclusions and the recommendations containing specific proposals on the solution of this problem;

- existence of the documents confirming reliability of received results and validity of drawn conclusions and recommendations.

By preparation of the report about carried out international market research should be considered that in the majority his users pay the main attention to presentation represented. Therefore the researcher needs to pay special attention to the solution of this task. It is expedient to it to use, for example, existing possibilities of computer graphics and animation.

If research was conducted by own forces (employees of marketing division), this collective bears responsibility and for final introduction, that is use at adoption of administrative decisions.

Room, or secondary, research assumes studying and synthesis of already available (secondary) information relating to an object of research, and, as a rule, published. Specified information can be partially or is completely received in own country. But the analysis of secondary information abroad is, as a rule, necessary also. Studying of a specific problem also begins with desk research, as a rule. It not always can give the answer to all questions, interesting the researcher and relating to this problem. In the majority the desk research allows to draw a conclusion on expediency of carrying out further field researches only. Thus primary desk research of a problem which exists in the foreign market, is expedient to carry out in own country, and then in case of need this research should be continued in foreign markets. All such researches begin with search and processing of secondary information.

As sources of secondary information when carrying out desk researches the firms given to the internal reporting can be used first of all. Besides, it is possible to examine sources of external data. Them, in particular, treat:

- materials of government bodies of management of the certain countries, ministries and departments;
- publications in the press;
- specialized editions scientifically - the research organizations, higher education institutions, banks, the financial and marketing organizations, and also other structures, containing data concerning foreign economic activity;
- materials of scientific seminars, conferences and symposiums;
- statistical collections as the general, and special character, are published in the certain countries, and also the UN and various international organizations;
- materials of the international exchanges, auctions, auction, and also broker offices, cable and news agencies;
- reports and references of firms concerning foreign economic activity;
- information materials of chambers of commerce, embassies and consulates;

- information on the Internet;
- results of the market researchers conducted earlier.

Such source of information, as the Internet is in recent years of particular importance. Use provides it access to thousands of databases located worldwide and allows receiving various information. However use of the Internet can't replace other sources of secondary information.

Advantages and shortcomings of desk researches. Implementation of desk researches provides to firm a number of advantages in comparison with use of other market researches. These advantages first of all are caused:

- speed of obtaining secondary information;;
- rather low cost of secondary data;
- ease and availability of use of secondary information;
- creation of conditions for effective use of primary information.

Along with advantages of use of secondary information there are also certain shortcomings. For example, this information can be incomplete or outdated, not always it is possible to estimate degree of its reliability. Many of such shortcomings it can be eliminated thanks to carrying out field researches.

Field, or primary, research assumes direct participation of the researcher assembled primary information necessary for it, directly treats a problem which investigates. To receive specified information, the researcher comes into direct contact with possible carriers, using for this purpose various methods of data collection. As methods of collection of information both on internal, and in foreign markets are used:

- poll (individual, mail, on the Internet, by phone);
- supervision (simple, collateral);
- imitation (computer, game);
- experiment (laboratory, field);
- qualitative methods (focus groups, design methods, profound interview).

In all countries irrespective of the fact which from the specified methods are used for collection of information about foreign markets, it is necessary to consider the specific features inherent in specific conditions of the environment of the international marketing.

Poll is the most effective method of collection of information in foreign markets. Its use usually assumes existence of questionnaires with the questions located in a certain order and possible answers to them.

Each of types of poll has both the advantages, and shortcomings. The importance of these types is various for the certain countries. Thus the most difficult when carrying out polls in foreign markets selection formation;

- analysis and interpretation of data;
- drawing up questionnaire.

Selection formation.

To create selection, it is necessary to establish, what number of people and who specifically should be interrogated. Probabilistic methods are for this purpose used probabilistic or not.

At establishment of size of selection in foreign markets the preference is given to statistical methods. Thus each of researchers would like to use the same methods of formation of selection in the different countries. However similar approach not always provides selection representativeness for the different countries.

Drawing up questionnaire.

By drawing up the questionnaire it is very important to formulate a question taking into account specific features of behavior of consumers in the certain countries, definition first of all different degree of sensitivity of the last to the maintenance of some questions. For example, the question of the income size, age of the respondent, about his sexual life, religions can be apprehended far ambiguously. In this regard usually consider the opened and closed questions and answers to them. It means that questions which respondents can set directly in one country, have to take the veiled form for respondents of other countries. By drawing up the questionnaire usually are guided by the following general principles:

- questions have to be concrete, accurate and unambiguous;
- the words used, shouldn't render any influence on respondents;
- the quantity of questions has to be optimum;
- on each of questions the respondent has to be capable to give the reasonable answer;
- each of the questions posed has to be accepted for the respondent.

On the basis of the principles in the formulation of the questionnaire should take into account the level of cultural development in the country and especially one of its elements - the language or languages used. It is especially important for the correct understanding and interpretation sounded or presented in writing questions.

In some countries, there may be used a number of different languages. For example, in Switzerland in certain regions speak German, in others - in French, it is used as well Italian.

The same words can make different sense in the certain countries. For example, in the USA the term "family" is meant as primary cell of society consisting of parents and their children. In Southern Europe and in many countries of Latin America grandfathers and grandmothers, uncles, aunts, cousins and so on can be a part of a family.

Analysis and interpretation of data. After thanks to conducted survey certain data on a problem investigated are received, it is necessary to process, formulate them the received results and to give their interpretation. These results can be not corresponding to reality because of incorrect understanding of the

offered answers researchers. Therefore it is expedient for carrying out researches in foreign markets to involve specialists of local marketing firms. Moreover, separate market researches in foreign markets should be transferred to the research organizations specializing on this aspect.

Together with other methods of collecting primary information in the majority it is applied supervision. It gives the chance to establish in a certain measure that individuals do, is investigated, and however doesn't allow explaining why they make these or those actions. In some cases supervision is the only way, allowing receiving necessary information in the foreign market. At the same time it can be not always used by the researcher. For example, the feeling, the relation or motives of the person don't give in to supervision.

More often observation is made for establishment of actions of consumers in the course of purchase of goods and their consumption. It also is important for establishment of possible influence of marketing on behavior of buyers and consumers.

Depending on participation in supervision process researchers are subdivided into accomplices and simple observers.

In the first case the researcher himself directly participates in this process, and in the second he observes all events from outside. In both cases the researcher can carry out supervision or is opened, or is imperceptible for the buyer. If the researcher chose an open way of supervision, for example, in any shop in Europe, it has to inform the management and the shop personnel on it.

Observation can be made both laboratory, and field way. In the course of its implementation various technical means can be used.

The purpose of the experiments is to establish some causal relationships between input and output parameters that characterize the object under study, by changing the values of output parameters, such as the reduction in sales of the product to increase its prices.

Depending on in what conditions experiment is made, it is considered to be it field or laboratory. Field experiment is made in a usual most widespread condition of the environment of the international marketing. Laboratory experiment carry out in conditions specially created for it. More often experiment as the way of collection of information at field research is used at realization in foreign markets of a trial method of the international marketing (test). In this case the goods as object of research arrive on the market of some country and after that the relation to it of buyers and consumers in the course of purchase and consumption is traced. Information received as a result of it, along with other data, is a peculiar reference point for acceptance by firm of decisions on possible prospects of its activity in the market, investigating.

To simulate real processes and phenomena in foreign markets required the construction and analysis of models describing specific situations in specific countries or regions. Such models can be generally created and analyzed with use of the computer equipment.

Concrete situations can be simulated and by carrying out the corresponding business games. The advantage of the method of simulation, as an experiment, is that it allows you to see the causal connection between the phenomena under study. However, the high costs, complexity, dependence on certain assumptions limit its scope.

Above quantitative methods of obtaining primary information are considered when carrying out field researches. Together with them can be used and qualitative methods.

The main difference of qualitative methods from the quantitative is that they allow carrying out the complex analysis of a studied problem, at a small amount of respondents. At the same time quantitative methods assume existence of considerable number of respondents. Qualitative methods are usually used when it is a question of obtaining primary information which is rather difficult or insufficiently certain that can cause incorrect understanding of single questions respondents. These methods are used also for fuller understanding of the problem, studied creation of reasonable plans of further research.

The main qualitative methods used at carrying out field researches, are: interview of target groups (focus - groups), profound interviews, projective methods.

Interview of target group is informal open discussion of the problem investigated under the direction of the leader. A part of group usually is 10-12 respondents who have been well informed on a condition of the available problem. Such groups can be considered as some kind of source of information which use allows defining a course of further researches reasonably more.

In that case when interview conduct not with separate groups, and on an individual basis, speaks about profound interview.

When using design methods to respondents provide some not quite certain materials for the purpose of receiving from them the corresponding subconscious feelings and installations. If information has very personal character or puts respondents in unacceptable for them situation, to them offer the image some image or the phrase and ask to express opinion of a situation. As a rule, this opinion will design true feeling of respondents as a question isn't put directly.

Use of at the same time qualitative and quantitative methods when carrying out the same field research calls a triangulation. Using quantitative and qualitative methods when carrying out field research, it is possible to receive more reasonable results of the solution of this problem.

However, when carrying out field researches in foreign markets there can be certain problems which are caused by specific features of the certain countries. Such features create certain difficulties for researchers, finds the expression:

- in impossibility to make selection of representatives;
- in inaccessibility of certain respondents;

- in impossibility of providing uniform system of measurement.

In many countries, especially in developing, it isn't possible to make representative selection of respondents. If it also is created, not always it is possible to receive necessary information. The impossibility of obtaining necessary data is caused both inaccessibility of the selected respondents, and their unwillingness to make contact in case of need. The first is caused by that with the selected respondents sometimes it is impossible to carry out necessary communications in view of their continuous employment. The second reason is caused by existence of the corresponding customs and traditions, cultural development in society as a whole. For example, according to cultural traditions of the countries of the Mediterranean coast and the most part of South East Asia it is actually forbidden communication of women with foreigners, there are certain restrictions and for men. Besides, in many countries it isn't accepted to share with researchers about preference to separate types of goods, is very personal.

There are also other restrictions in possible communications of researchers in the certain countries. The important reason causing certain difficulties of carrying out field researches, lack of uniform methods of measurement are. The method, using in one country, can be unacceptable in another. Therefore it is very important to provide acceptable level of reliability and measurement validity. It has to be thus provided both internal, and an external validity. The last is caused by opportunity generalization and distribution of results of field researches in the certain countries on objects which are investigated, in other countries.

3.2. What is international marketing segmentation? What are its approaches, criteria, objectives and conditions?

When developing the concept of marketing for a choice of the foreign market segmentation has basic value. General idea about market segmentation as its distribution by a certain criterion on uniform groups of consumers (market segments) which define sphere of activity and represent a reference point when forming the program of this activity, in principle it can be extended and to the international marketing. Feature here is that act as segments not only certain groups of consumers, but also the markets of the whole countries. Purely abstractly it would be possible to assume that for problems of segmentation it is necessary to investigate the world market as a whole and to define on it areas of the business accepted for the enterprise. Almost such approach happens unacceptable as demands big expenses and a lot of time. Therefore the two-level method at which at the first stage the integrated choice of the markets is carried out is often chosen, and possibilities of the single markets are studied further.

So, in the international marketing the choice of the market is multistage a form of segmentation within which at first segments in a section of the countries are formed, and then differentiation in the chosen countries between various segments of consumers is carried out. In all cases segmentation is carried out according to certain criteria.

Segment of the international market - a group of consumers with similar expectations and requirements for goods, despite cultural and national differences

The international segmentation of the market - process of identification of specific segments of potential consumers in the form of group of the countries or groups of individual buyers with identical characteristics, with a high probability will show similar behavior upon purchase.

Specific form of segmentation of the market is search of own market niche - a narrow segment of the market with accurately limited number of consumers and the range of goods. Essential sign of a market niche is total absence of the competition or its minimum level. Strategy of search of own niche is used, as a rule, by medium-sized and small firms.

Segmentation is a function of strategic marketing because in its process spheres of activity are defined and key factors of success in the chosen markets are identified.

Segmentation of the market isn't end in itself. It represents only certain stage of planning of the international marketing. Therefore segmentation has to be carried out so that at the subsequent stages it became organic part of achievement of the end result. In concrete sense it should be focused first of all on problems of processing of the foreign markets.

The starting point of market segmentation performs selection criteria. Requirements they must meet are different. The most important of these is the need:

- to reveal interrelations in ways of actions of people;
- to be measurable;
- to give the characteristic of degree of stability in time;
- to consider segment claims concerning expediency of development to it marketing policy;
- to allow educations enough big segments (aspect of expenses).

In the process of segmentation must be a sequence of actions, which consists of three stages:

- allocation of groups of consumers on one or several signs and characteristics of their possible quantity;
- determination of the size of a segment and its capacity;
- assessment of efficiency of a segment from them consists in need.

The majority of producers and resellers in the world market are guided by certain groups of consumers (segments of the world market), that is adhere to marketing strategy segmentation contrary to strategy of mass marketing (without

allocation of segments). Thus firms set before themselves definite purposes and control conditions of efficiency of segmentation.

Existence of essential and steady distinctions between consumers it is necessary for real differentiation of the market.

Possibility of monitoring of parameters of a segment - existence of information base for an assessment of the size, dynamics and other indicators and segment characteristics in the future.

Profitability - the segment has to be rather big for providing the normal income of firm.

Availability segment - the possibility of impact on marketing segment, which requires appropriate distribution channels and production capabilities of effective marketing communication process.

Prospects of a segment - the favorable forecast of development of parameters of the segment, received by results of market research.

There are three various approaches to the international segmentation [28, p.46].

1. Identification of segments existing in all or in many countries.

Essence of approach is allocation of universal segments; it is possible only on condition of existence of groups of consumers with identical characteristics. It is possible to carry the small size of a segment to shortcomings of each country and rather big expenses for entry into the market. Among advantages it should be noted stability of image, economy at scales and effects of experience, the total amount of realization.

2. Exit with the same goods on various segments in various countries.

At the heart of this approach need of allocation for each country of various segments which requirements differ from the country to the country lies. As conditions of application adaptation of strategy of sales and the communications, the differentiated expeditious marketing act. It is possible to distinguish possibility of deterioration of image of firm from shortcomings, but adaptation to local conditions arise advantage.

The simplified scheme of segmentation of foreign markets assumes existence of the following four main stages:

- preliminary selection of the countries (markets);
- establishment of the attractive countries;
- identification of target segments;
- establishment of the target market.

At segmentation of foreign markets formation of the general list of the countries which can be investigated further from the point of view of opportunities of an exit of firm on their markets is initial. After definition of such list preliminary selection of the countries is made and then appeal of each of them is estimated. Taking into account the last the countries which are most acceptable for foreign economic activity of firm are chosen. After that it is investigated to use possibility of firm available marketing conditions in the

certain chosen countries and the final choice of foreign markets is defined. In the chosen foreign markets segmentation of consumers by known techniques which are used in domestic market is carried out and is considered in courses of classical marketing.

The approach given above is based on assumptions that in firm a number of the consecutive decisions directed on a choice of the most acceptable segments in foreign markets are accepted. However in real practice quite often the choice of the target market and its separate segments is defined by personal qualities of managers of firm.

We will dwell upon separate stages of segmentation of foreign markets.

Preliminary selection of the foreign markets. At a stage of preliminary selection of the foreign markets it is expedient to capture research wider range of regions and the countries. The procedure of selection used thus, has to be rather simple and be based on the analysis of quite available parameters.

Paramount value at this stage should be given the accounting of possible risks which will be incurred by firm at an entry into the foreign markets. Thus the special attention needs to be paid on political risks. As one of the parameters characterizing risks, is rather often used an index of risks of the business environment. Such index pays off on 15 economic, political and financial factors which values are concluded in the range from 0 to 4. It is expedient to use a general meaning of an index of growth at the level of the general management of firm, conducting thus additional researches, it is necessary to provide at the second stage of segmentation of the foreign markets.

The main result of the first stage is selection of the markets (countries) which are subject to further in-depth study at the following stages.

At each subsequent stage number of parameters of segmentation grow, and information which will use, becomes more detailed and objective.

Selection of the attractive countries (markets). At this stage of segmentation of the foreign markets their selection taking into account a condition of the environment of the international marketing is made. Because key parameters of segmentation of the foreign markets are usually used political, economic, legal, socially - cultural, scientifically - technical, demographic, natural, geographical factors.

Application of any of the possible specified criteria often leads to a choice of one as a rule, the neighboring country. It and is clear, after all in the majority the market of neighboring states is in many respects similar to the market of the country of location of firm. Therefore it is necessary to choose some criteria accepted and important for firm and consistently to select those countries which most fully answer the purposes and problems of activity of firm in foreign markets. Final result of this stage is identification of the countries which are most suitable for the company from the point of view of the environment of the international marketing.

Choice of target segments (countries). The countries chosen at the previous stage can be unsuitable for firm for a number of reasons. For example, market capacity can be insufficiently great, insignificant or even there can be negative dynamics of growth, very strong competition in the market. Therefore it is necessary to conduct market researches of the certain countries and to reveal marketing possibilities of firm on each of foreign markets.

As a result of the researches conducted at this stage the final decision on a choice of the foreign markets (countries) most acceptable for firm is made.

Thus, at the first three stages of segmentation of foreign markets geographical signs are used, namely: at each stage the certain countries with features inherent in them are excluded from consideration. As a result there is the countries which markets are the most attractive to firm and segmentation and demand at the last, fourth stage.

Establishment of the target markets. After the firm chose the concrete country for implementation of the foreign economic activity, it is necessary to carry out segmentation of the market of this country and to define the target market (fig. 3.3). For segmentation variables which, in principle, are used in domestic market can be used. As an example variables which can be applied to segmentation of the market of consumer goods are specified fig. 3.3

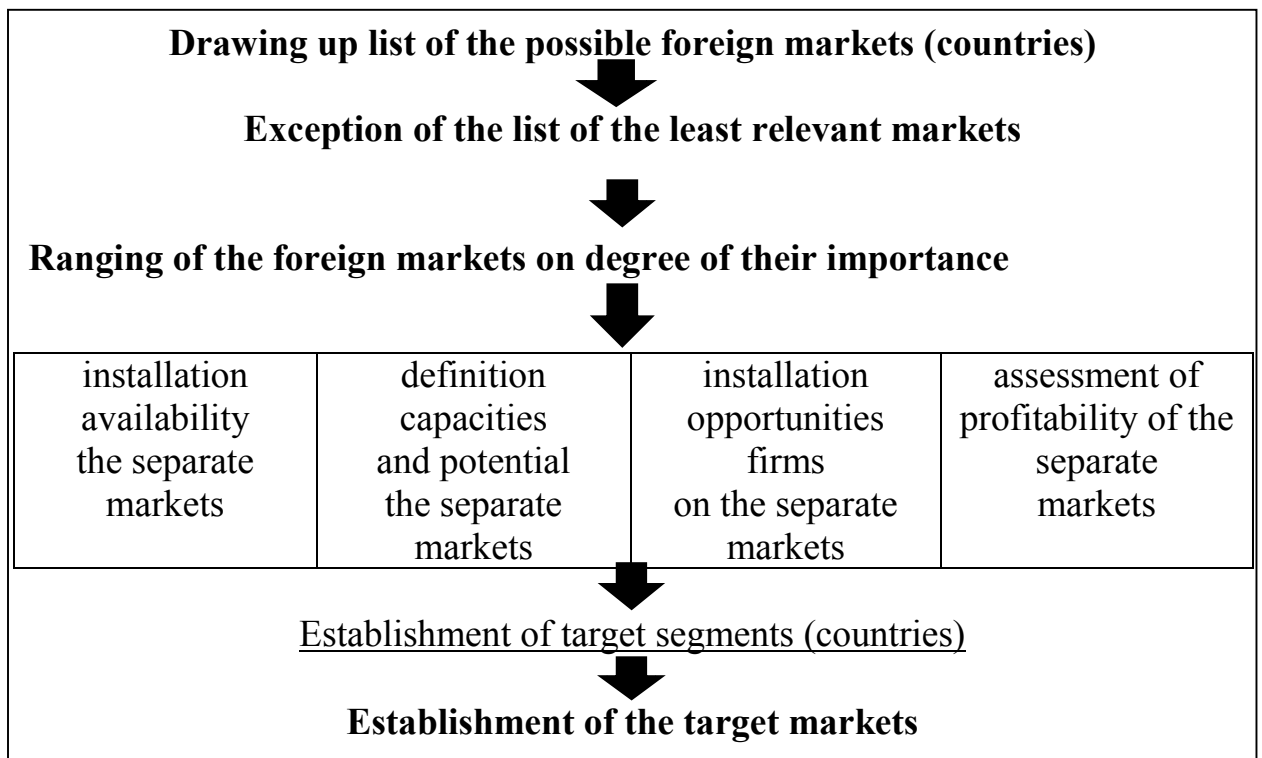


Fig. 3.3. Variables which are applied to segmentation of the market of consumer goods

Proceeding from the corresponding variables, the firm defines subsegment in each concrete country and on the basis of their analysis defines the target subsegment which set defines the target market.

After a choice of the target market in each of the countries it is necessary to make the decision, what goods or services need to be offered firm in the certain countries.

At last, it is expedient to carry out positioning of goods and firm in the target markets.

At the segmentation of the foreign markets focused on formation of groups of the states with close conditions of business, the criteria providing the description of the environment in which it is necessary to carry out the activity are selected. They have to adumbrate also about, whether can find a certain product sale in the market and in what volume. Thus in research has to be involved socially - economic, it is natural - technical, policy - legal, sociocultural and other criteria.

In table 3.3 initial bases of segmentation of the world market on the basis of group of the countries are systematized. It is applied to formation marketing – mix.

Table 3.3

Initial bases of segmentation of the world market, focused on groups of the countries

Criteria of group of the countries	Criteria of group of the countries
The income on one inhabitant in a year	<ol style="list-style-type: none"> 1. It is lower than 200\$ - 33 countries 2. From 200\$ to 499\$ - 42 countries 3. From 400\$ to 1999\$ - 64 countries 4. From 2000\$ to 4999\$ - 29 countries 5. From 5000\$ and it is higher than 19 countries
Social and economic and sociocultural characteristics	<ol style="list-style-type: none"> 1. Least developed countries (LDS) e.g., Upper Volta, Chad 2. Medium developed countries (MDS) 3. Threshold countries (HARDWARE) (the countries, it is accelerated develop), e.g., Mexico, Brazil 4. Developed countries (DC), e.g. Italy, Turkey 5. Super developed countries (SDC), e.g., USA, Sweden, Germany
Condition of development in social and economic and the sociocultural relation	<ol style="list-style-type: none"> 1. Traditional societies 2. Such which are at a stage of acceleration of development 3. Such which are at a stage of economic recovery (take off) 4. Such which are at a maturity stage 5. The mass consumer

table 3.3. continued

Condition of development in political legal relations	<ol style="list-style-type: none"> 1. Almost no class countries (Scandinavian) 2. To the abundance country (to the USA, Germany, Switzerland) 3. To the country in a transitional stage (Italy) 4. Revolutionary countries 5. To the country with the national conflicts (the former Yugoslavia, Russia) 6. Primitive countries of (Uganda) 7. To the country developing professing the principle of a neutrality (Saudi Arabia) 8. To the country with public administration by property and foreign trade (Cuba) 9. Reformist countries (Ukraine, Bulgaria)
Social and economic and sociocultural criteria: 12 criteria, 88 countries; 29 criteria, 91 countries	<ol style="list-style-type: none"> 1. Most highly developed countries (16) 2. Developed countries (13) 3. Semi-developed countries (16) 4. Underdeveloped countries (17) 5. Very underdeveloped countries (26) <p>Cluster that names without binding to the content of criteria of "a condition of economic development"</p>
Social and economic, political and legal criteria	EU (The European community - 28 countries); EFTA (The European association of free trade - 6 countries); GATT (The general agreement on customs tariffs and trade); OECD (The Organization for Economic Cooperation and Development, OECD - 23 countries); The CIS (The union of the Independent States - 11 countries)
Political and legal, sociocultural criteria	Commonwealth of Nation (former colonial area) Communité Francaise (former colonial areas)
Political criteria	<p>The degree of political risk on subjective assessments of data points:</p> <ol style="list-style-type: none"> 1. Minimal risk (0-19 points), Germany (U.S.) 2. Acceptable risk (20-34 points) (Brazil, Hungary) 3. High risk (35-44 points) (Russia, Kazakhstan, Iran) 4. Unacceptable risk (Azerbaijan, the former Yugoslavia)
Geographic socio-cultural criteria	<ol style="list-style-type: none"> 1. Anglo-Saxon Cluster (England, USA, Australia, South Africa) 2. Classic European Cluster (EC country). 3. Iberiyskyy Cluster (Spain, Portugal, Brazil) 4. Nordic Cluster (Denmark, Sweden, Norway, Finland) 5. Japan 6. Eastern Slavic Cluster (Ukraine, Russia, Belarus)

Thus for one criteria basic data contain in official statistics, and in case of use of other criteria market processing is necessary.

Definition of the general typology which characterizes the market of this or that country, defines the following qualitative stage of segmentation. At this stage there is a problem of definition of target group, i.e. potential consumers of production and services. It decides by allocation of two types of the markets in the country: market of consumer goods and market of means of production. Quite often to system of the international marketing the market of public services and the market of services join also.

For segmentation of the market of consumer goods now there are a large number of signs. Selection their relation of the international marketing should be carried out so that they provided deep studying of features of others country. Such approach contains in some works. Their systematization gives the grounds for allocation of two groups of criteria. One of them includes the criteria providing studying and allocation of segments on the basis of direct studying and measurement of market characteristics. The second provides indirect approach.

The criteria providing allocation of segments by direct studying and measurement of market characteristics make such group:

1. Geographical criteria like region, location, climatic features, etc.
2. Socially - demographic and socially - economic criteria: age, sex, housing providing, income, professional group, education level, birthplace, race, nationality, belonging to a certain social circle, social roles, control social mechanisms, etc.
3. The relation of people the maintenance of reviews of production of this view, communication actions, ways and methods of sale, measures in the field of policy of the prices and other.

The last group of criteria demands some more detailed lighting. Although it is listed third on the list, its value does not third, because of its use can "win" buyer impress him. Therefore the specialist in the international marketing has to know a principled stand about production of those who uses such product and those who doesn't use of. It needs to be established irrespective of, whose production is bought or known by the buyer this or competitor company. Respectively it is necessary to establish habits and customs on use of information sources; granting advantages, concerns forms of realization, places, types and methods of implementation of purchases; force of reaction to the prices and quality.

The group of criteria which provides allocation of segments by a method of indirect studying and measurement of market characteristics consists of the following four directions:

1. The main social and psychographic characteristics like feeling of belonging to a certain social class, feeling of the status; role and need understanding; vital style; lines of the personality and quality of character.

2. Proponent qualities of the personality which define in a decisive way probability of decision-making on purchase. Vital feelings concern to them (youth dynamic, conservative, etc.), reference points in life (an orientation on career, orientation to free time, it is expressed it is concerned by health preservation, etc.), motivation structure (aspiration to accessory, safety, self-realization, recognitions, etc.). Other lines are possible also.

3. Setup of the channel of requirement in essential aspects of sale and marketing. For example, features expected and requested; structure of claims, belief; judgments about quality; prejudice ("Quality always costs much! ", "Domestic products - the best! ").

4. Typical personal lines and the principles of behavior reflecting demand for a product including similar products of the competitor, belong to them first of all comparison by which the consumer is guided, making the decision on purchase of these and similar goods of the competitor (the quality, the acceptable price, services); the status of the buyer (such which buys for the first time; the ex-the buyer; potential buyer; the buyer, repeats purchase; regular buyer, etc.) imitations of a choice of the previous buyers (low, average, high); loyalty (confidential relation to councils of the previous buyers and clients: No, low, average, strong, unlimited); condition of knowledge (it isn't known, it is known it is informed, interested, needs, wishes to buy, I decided to buy); installation on single brand of a product (enthusiastically, positively, neutrally, negatively, spitefully, completely I refused).

Activity in the world market assumes inclusion in process of realization of the relevant intermediary firms. Their choice depends on specifics of a made product, and the conditions defining the international activity in personal and others' countries (fig. 3.4). Finally it has to be such export import, wholesale, retail and other intermediaries who at a minimum of intermediate steps allow capturing bigger number of potential consumers for opportunities.

When carrying out researches on segmentation of the market of resellers before form a clear idea about final target groups. The question of trade extra charges which are carried out by each intermediary is essential also the final price could be agreed to end users. Taking into account it segmentation by such major criteria is carried out:

1. Belonging to branch means that pleasure of uniform requirements can in different degree and in different forms to carry out intermediaries who specialize in various spheres of activity. It is natural that their workers can have unequal professional competence to give a product to the consumer. And firms can be perceived by the buyer in the market with the same production differently.
2. Accessory to certain economic level or a trade form. It is a question of wholesale trade, commercial intermediaries, retail trade in such forms, as special retail trade, specialized retail trade, department stores, trading houses, etc.

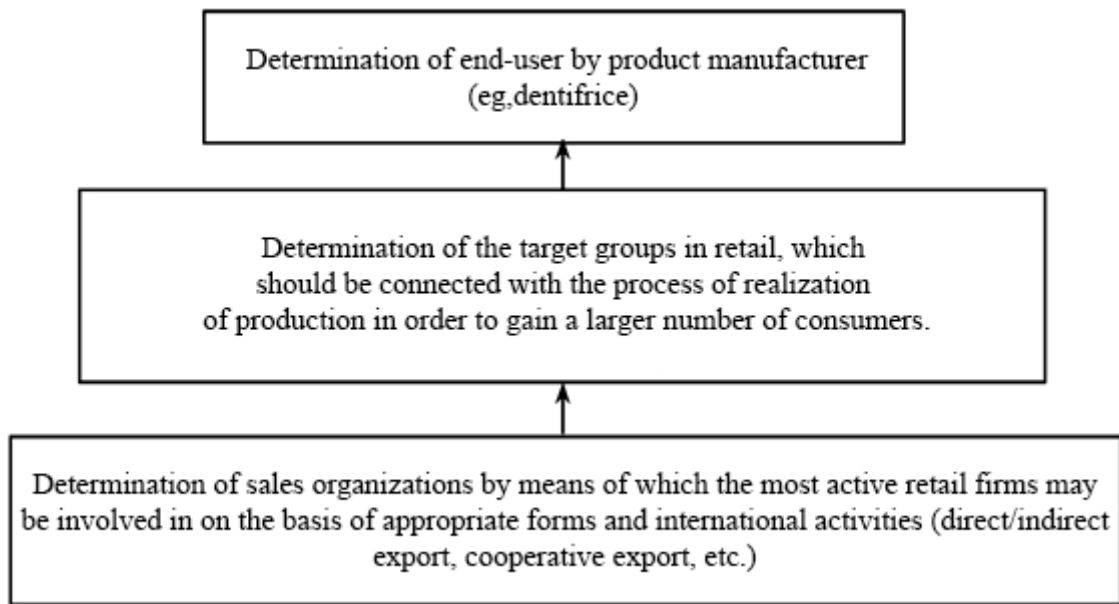


Fig.3.4. Pyramid identifying target groups

3. Geographical criteria, especially proximity to buyers and geographical extent of area of sale of production.

4. Belonging to purchasing cooperation and degree of dependence on suppliers.

5. Ratio which can be between intermediate target groups and final target group. Quantitative and qualitative potential of clients, its opportunities for activation of the following target group is considered.

6. The relation between the enterprise - the producer, the supplying organization and trading company, including their former business partnership, its duration and possibility of improvement.

7. Functions which were carried out by trade enterprise earlier and possibilities of their adaptation to tasks which arise in connection with work in the market with rather new goods and specific, target groups.

8. Decency in questions of calculations and solvency.

9. Subjective factors in the course of commission of the act of a purchase - sales, especially style and methods of activity of heads and management personnel.

The main difference of segmentation of the market of means of production is that much more difficult to structure the decision on purchase here. This feature is caused mainly by that as the buyer the person acts not, and the organization presented by a certain number of persons, competent to make decisions. It is possible to speak about some kind of Buying - Center (the center of purchases). It represents committee on purchases which consists of group of responsible persons of the enterprise or the organizations which are responsible

for operations on purchase of goods and on which in the organization responsibility for acquisition of material values is conferred.

In literature on the international marketing criteria of market segmentation of means of production are quite often represented in the form of empirical approach. So, Valldorf lists a set of the factors relating to a place of the enterprise in system of division of labor, its size, the location and the previous relations with clients [81, p.156 - 157]. Make interest systematization which offered Webster and Windows which was developed in a number of works [82, p.53]. It is based on volume to the link that the decision on acquisition of means of production is influenced by three groups of factors which lie in three planes: the organization, Buying collective - Center and an individual. We will consider from these positions factors of segmentation of the market of the means of production, influencing formation of criteria.

Studying of structure of the market of means of production in organizational aspect allows to reveal possibility of realization and its orientation to branches, the enterprises, spheres of production and administrative levels, and also to carry out a binding to corresponding geographical areas.

Segmentation of the market of means of production for Buying - Center is carried out on the basis of definition of extent of influence of the offer on economic development.

It demands special calculations for which, in turn, good information support is necessary. When in the country the most part of statistical and other information is closed, segmentation by criteria of Buying - Center is inexpedient.

Market segmentation with orientation on individual carriers of decisions is carried out first of all by its binding to those persons in a control system which defines in a decisive way decision-making. For this purpose it is necessary to study features of estimates and granting advantages so-called central, or key, to figures.

The market of public services is characterized by participation of government bodies and the organizations in production system. Widespread form of inclusion of the state capital in expanded commodity production is the announcement of open competitions at placement of orders, the auction or subscriptions to securities.

Segmentation of the market of public services is based on features which are connected with their influence on supply and demand structure. These features are caused considerably by the status of government bodies and partially personal to data of officials, and also existing instructions and instructions. For example, if it is a question of deliveries to hospitals and establishments, it must be kept in mind that in some countries they are carried out by the administrative director. In particular, such order is provided in Germany by the law on financing of the state medical clinics.

Segmentation of the market of public services can with orientation to the countries and products. From structure of specific criteria which can be accepted at segmentation, the following is rather often used:

1. Functions which are carried out at the expense of public means (for example, education, administrative management, protection bodies, etc.).

2. Place in system (national schools, real schools, gymnasiums, higher educational institutions; regional, regional, republican administrative bodies; police, fire brigades, army).

3. Specialization in a certain functional level (a higher educational institution, faculty, chair, discipline; the manager of acts of civil status, the managing director of a cemetery, the head administrative body on supervision of construction, from the road and transport I put the official).

4. Previous relations of purchase and sale.

5. The psychological lines characterizing the partner after negotiations and his installation on the foreign buyer. These criteria can be connected with the person or to be formulated by system.

The market of services in the modern world is internationalized by the accelerated rates. Its segmentation is carried out according to the criteria, the countries which were characterized by feature and services. It can go deep depending on branch, the geographic location, the previous relations of a purchase - sale and by use of psychological criteria.

3.3. What is the positioning in the international markets?

The choice of the country and the target market partially resolves an issue of goods positioning. For its final decision follows in consciousness of potential buyers and consumers to create opinion that the goods offered them possess a number of advantages and advantages in comparison with similar goods of competitors. In other words, the goods are offered; have to associate in consciousness of his consumers with possibility of obtaining certain advantages in the course of its consumption.

So, positioning - development and creation of image of goods so that it took a worthy place which distinguishes it from goods - competitors in consciousness of the buyer.

Goods and services which have no certain positions in consciousness of potential buyers and consumers don't represent for them any interest and hardly can be successful. Therefore one of the main objectives of firm on each of foreign markets is creation in minds of potential buyers of the corresponding opinion on the goods, capable in the course of its consumption to be embodied in a row advantages.

In real practice positioning of goods consists in installation of one or several characteristics (properties) of goods or its brand which use in the course

of the corresponding communications allows providing competitive advantages of goods in minds of consumers. As such characteristics are usually considered:

- benefit the consumer;
- particular way of consumption;
- particular quality of the goods;
- price of the goods;
- others.

The American marketing specialist Bing formulated six alternative types of positioning of brand [28, p.49]:

- the positioning based on quality of goods;
- the positioning, based on advantages or on a solution;
- the positioning, based on special means of use;
- the positioning focused on certain category of consumers;
- positioning of rather competing brand;
- the positioning based on boycott of a certain category.

The main objective of positioning of goods consists in finding one or several characteristic properties, is the fullest corresponding to inquiries of target audience. It is necessary to find a certain niche which could be filled in consciousness of potential buyers and consumers of goods thanking offers of these goods. That to make it, it is necessary:

- to reveal in which of goods characteristics the firm surpasses similar goods of competitors;
- to establish possibilities of goods in a zone of its advantages;
- to develop the fixing program in consciousness of potential buyers and consumers of advantage of these goods over similar goods of competitors.

Before resolving an issue of goods positioning, his producer should define positions of similar goods of competitors, and also to find out position of the firms making these goods. Thus it is possible to use one of the following three possible approaches to positioning: similar, competitive and unique positioning.

At similar positioning the place of goods is determined by analogy to how it is made for the corresponding type of goods of one of competitors. In other words, in consciousness of target audience the image of goods with a similar set of properties and the advantages inherent in goods the favorites of the competitor is created.

At competitive positioning of goods the firm marks out the most advantageous properties or characteristics of goods and starts carrying out necessary measures for a gain of the corresponding positions in the market.

Unique positioning of goods provides the goods creation, not having analogs in foreign markets, for a gain of certain positions in the conditions of lack of the competition.

Process of positioning of goods on each of the target markets includes nine stages.

1. First of all it is necessary to establish, what type of goods and in any foreign market should be positioned. The same type of goods can on - be positioned to a miscellaneous in the different markets.

2. Having chosen a concrete type of goods, it is necessary to find out, what inquiries and requirements of rather these goods and its properties exist in the target market.

3. After that it is necessary to conduct research of competitors in the chosen markets, to study their possibilities of satisfaction of the revealed requirements which have caused existence of a type of goods which was positioned.

4. The main properties of offered goods declared by them allow to reveal and estimate research of competitors and to compare them to properties of these goods.

5. Having defined and having estimated such properties, it is expedient to construct the positioning card.

6. On the basis of the analysis of the card of positioning and taking into account advantage of certain competitors in positions, they hold, the most perspective competitive advantages and positions to goods are established it is offered.

7. After that the properties characterizing goods are formed and presented to target audience and allow winning competitive advantages in minds of consumers.

8. After that carry out monitoring of a position of goods.

9. The final stage is the analysis of provision of goods in the market and research of opportunities it's repositioning.

To provide reasonable positioning of goods, it is necessary to execute, at least, four conditions:

Process of positioning of goods on each of the target markets includes nine stages:

- the idea of positioning has to be accurately expressed for each target market thanks to well clear consumer preferences of goods memorable to the consumer;
- declared advantages have to be plausible for potential consumers;
- characteristics inherent in goods have to differ from similar characteristics of goods of competitors and be of the corresponding consumer value for buyers and consumers;
- existing advantages of goods have to purposefully and are formed consistently in consciousness of consumers.

Especially the importance for perception of goods in foreign markets has a factor of the country of goods' origin that usually accompanies goods the words "it is made in (country)". The accent on the last causes in the buyer

certain associations with high quality of goods, characteristic for producers of the respective country.

For example, high level of household electrical equipment associates with Japanese producers and a high level of quality of cars - with their producers from Germany and the USA.

The established positions of goods in the target market can change that is caused first of all by the changes, constantly occurring in the marketing environment. Therefore it is necessary to exercise control of the provision of goods in the target market and in case of need to carry out goods repositioning

Key concepts

Strategic planning of Bottom - Up, strategic planning of Top - Down, national planning, the international planning, groups is more whole when planning the international activity of firm, the tree is more whole, information selection criteria, sources of information, the direction of research of the international market, market research of the foreign market, the direction of market researches of the international market, sources of primary information, sources of secondary information, desk researches, methods of obtaining information, the international marketing segmentation, a segment of the international market, approaches to segmentation, stages of segmentation of foreign markets, marketing - mix, criteria of segmentation, a pyramid definition of target groups, positioning, approaches to positioning, positioning stages.

Questions for self-checking

1. What requires market research of the international markets?
2. What is the planning in the international marketing?
3. What models of strategic planning?
4. Than differ the international and national planning?
5. In what features of strategic planning consist?
6. What classifications are more whole than strategic planning of the international marketing?
7. What is the tree of the purposes in the international marketing?
8. In what the purpose of the international market research consists?
9. What sources of information use at research of the national markets?
10. Questions should be considered at market research of the international markets?
11. What main directions of market researches?
12. How to define possibilities of firm in foreign markets?
13. What types of market researches in the international markets exist?

14. What stages of market researches exist?
15. How define problems and formulate the purposes of the international market research?
16. How to develop the plan of the international market research?
17. How collect information for research?
18. What is the desk research?
19. What is the field research?
20. What is the supervision in the international market research?
21. How carry out experiment?
22. What is the imitation in the international market research?
23. In what feature of qualitative methods of research consists?
24. What main problems arise when carrying out field researches in foreign markets?
25. What is the international segmentation?
26. What main conditions of segmentation?
27. What approaches to the international segmentation exist?
28. In what features of segmentation of the international markets consist?
29. In what need and problems of positioning of goods and firm in the foreign market consists?
30. What main approaches to goods positioning?
31. What main stages of positioning of goods can be allocated?
32. How to provide reasonable positioning of goods?

PART II. METHODS AND INSTRUMENTS OF THE INTERNATIONAL MARKETING ACTIVITY

SECTION 4. MARKETING STRATEGIES IN FOREIGN MARKETS

4.1. What is the competitiveness of the company and its products in foreign markets?

The competition in the world economy is an economic lever of stimulation of production and improvement of quality of production, its adaptation to needs of the consumers, one of objective operating conditions and firm development on the basis of the international division of labor. The competition is a key link in functioning of all mechanism the market and market economy as a whole. The competition assumes rivalry between separate firms in the target markets. The competition allows creating conditions for:

- emergence of possibility of new competitors;
- emergence of new products and services;
- rivalries of suppliers;
- rivalries of buyers;
- fight between competitors.

The listed conditions allow forming the prices; level of necessary expenses; scales of the investments necessary for advantages over competitors.

Competitiveness is the comparative characteristic of goods and reflects a complex assessment of its consumer and cost qualities reflecting preference of these goods before competitive goods.

The competitive goods are a product with higher value for the consumer in comparison with goods of the competitor.

Competitiveness of the company is its real ability of delivery to the market more demanded consumer of quality production with the best characteristics.

Competitiveness is subdivided into some levels:

- goods (CG);
- producer;
- the branch;
- countries.

We will note that level it is accepted to call three last derivative of CG [18, p.128]

It is necessary to consider that the buyer always chooses from two uniform goods what is cheaper, and from two uniform goods with the identical prices - what consumer properties are higher. Therefore in fight for the buyer the seller (producer) has to either reduce the prices, or increase quality of offered goods.

It should be noted that constant leaders in competitiveness can't be. The competition - process difficult and very dynamic therefore in the market the firm has to prove the leadership almost daily, constantly working over increase of competitiveness of the production.

There is some approaching and methods of an assessment of competitiveness. It is necessary to carry to them:

- the matrix;
- comparative advantages;
- according to the theory of balance of firm and branch;
- on a method of "profiles" and qualities of production;
- on market positions of firm (structural and functional methods).

When using these CG methods it can be considered from three points of view:

- the commercial;
- the standard and legal;
- the technical and economic.

One of widely known methods of an assessment of competitiveness of firms in the international market is the "competitiveness polygon" method based on unified approach to everyone competitor and allows carrying out the comparative analysis of competitiveness. This method was for the first time applied by the Swiss scientists in 1981.

Method essence. Imposing are developed for different firms of the scheme at each other, it is possible to receive so-called radar of competitiveness and visually to see strong and weaknesses of one firm in relation to another. In the course of comparison of the areas forming "radar" of various same goods, it is possible to judge competitive advantages of each of them [3, p.82].

Careful studying of behavior of buyers shows that in the course of comparison and selection wins those goods, at which relation of useful effect (P) to expenses for its acquisition and use (C) maximum in comparison with other similar goods. In the most general view of a condition of competitiveness it is possible to present as follows:

$$CG = (P: C) > \max.$$

For definition of CG of concrete potential export goods it is necessary to compare it to other goods presented in the market that in turn demands additional researches and calculations.

Firms on - to a miscellaneous approach to competitiveness problems, use various principles for creation of the marketing strategy. Even the short review of the main strategy of competitive fight sufficient to be convinced in volume, how real market is far from the simplified picture "front" of the competition on a survival.

There is not so much a "war of all against all" as coexistence and complementarity of different types of firms. In this case, section of markets is not based on monopolistic conspiracy, and the distinction, differentiation niches.

The latter is the desires of firms (because of their adaptability to varying activities in different market conditions) operate only on those segments where they are stronger than the competition. In this regard, the practical importance is the classification of firms by type of competitive strategy developed by a Swiss expert X. Frizevinkelem. Each of these types of strategies focused on different conditions of the economic environment and various resources at the disposal of companies.

Patient (niche) strategy - is typical for firms which are engaged in narrow specialization. It provides production of special, unusual production for a certain (narrow) circle of consumers. Products of patientiv companies are more or less essential for that group of customers. The companies of this kind try to win the maximum share of a small market segment. As a rule, a way and high-quality production they address to those whom standard production doesn't arrange. The essence of this strategy consists not simply in specialization, but also in concentration of efforts on production which is in limited demand.

Patient is trying to avoid direct competition with leading companies. Instead, taking into account the special demands of consumers on the benefits side of the company, which is engaged in their learning and fun? These firms patient called "sly fox" economy [18, p.133].

Kommutant (adaptation) strategy - prevails during normal business locally. Power of small non-specialized enterprises is his best to adjust to meet the small-scale and short-term needs of the individual client. Such more small businesses created each time for this particular case perform a connecting function in the economy. Only commutator subgroups are ready to seize every business opportunity, while other companies follow closely its production profile. However, they also have unique to their advantage. They are easy to go to drastic changes in commercial activities that are incapable of other firms, and increased flexibility becomes a source of strength commutator in the competition.

Adaptation system strategy prevails among new Ukrainian private firms. The commutant companies appear where:

- other enterprises are inefficient;
- places for other competitors aren't present physically;
- other firms don't provide rather individual approach to the client

Commutant received the name "Grey Mice" for the obscurity and mobility [18, p.133].

Eksplerent (pioneer) strategy of competitive fight is used at development new or during radical transformation of old segments of the market. It is a question not about usual improvement of goods, and about quite risky search of new revolutionary ideas.

The main factor of force explerents, are compared to "first signs", it is connected with an advancing of competitors in introduction of basic innovations. Such firm tries to create the new market and to receive as much as

possible benefits from initial individual presence on it. However in pure form to observe pioneer strategy in the business world very difficult because of its brevity. The matter is that by that moment when it is possible to achieve success, such firm reminds group of enthusiasts, than the commercial enterprise rather. And after long-awaited break the need for pioneer strategy disappears: the enterprise is faced by other tasks (share deduction in the market, profitability increases, etc.). Even in a successful case when explorent overcomes all difficulties and it is fixed in the market niche created by it, it is compelled to pass to other type of strategy.

In Ukraine explorents not much, however there are quite good prospects of development of such enterprises.

Violent (power) strategy is characteristic for the firms operating in the sphere of large standard production of goods and services. Violent use the advantages created by large-scale scientific researches, the developed marketing network and large advertising campaigns. Strategy of violent is simple: relying on the force, the firm seeks to dominate in the market, whenever possible forcing out from its competitors thanks to involvement of buyers by comparative low cost and good quality of the products. And, caring of the buyer, she doesn't forget laws of mass demand: the bad or expensive goods of such demand don't generate. Violent Firms divided into several types, the most important of which three were named, remembered: "proud lions", "mighty elephants" and "clumsy hippopotamus" [18, p.134].

"Proud lions" - the first stage in development of huge violent firms. Such firm quickly grows thanks to market success of the production and almost has no side productions; as a rule, heads technical progress in the branch.

"Powerful elephants" - the second stage of development of violent. These firms differ especially large sizes; average on speed, but very steady growth; existence of a network of foreign branches. Under favorable circumstances in such safe condition of firm can be very long time.

"Slow hippopotamus" - a final stage of development of violent. The firm keeps the big sizes, but loses dynamism of development. For it excess expenses of forces in various directions and gradual increase of technical lag are characteristic.

For realization of the perspective purposes set by firm marketing strategy is formulated.

Strategy of the international marketing - specification of marketing part of strategy of firm, represents set of quantitative and quality indicators and the directions of its activity in a foreign market and according to the basic decisions focusing separate actions of marketing on probably fuller realization of strategy of firm.

In this regard the contents and the directions of concrete marketing strategy can be different. Types of marketing strategy of firm on development of the international market

For realization of the perspective purposes set by firm marketing strategy is formulated.

- strategy of coverage of the markets and market segments;
- competitive strategy;
- strategy of an exit to the new market;
- entry into the market strategy with new goods;
- price strategy;
- the marketing strategy used depending on a share in the market, a market demand, commodity policy.

Their contents in many respects depend on this or that general strategy of market activity accepted by firm.

For coordination of marketing strategy in uniform system various classifications are used. One of accepted is multiple-factor classification of market strategy in which the following factors are considered:

- market geography strategy of the local market, the region, domestic market, the foreign market, the mixed market also are respectively allocated;
- the scale of the market and respectively - strategy of the single market, several markets, a common market;
- time of entry into the market and respectively - strategy of the pioneer in the market, the early introduction on the market, the late introduction on the market;
- strategy of investments into marketing and respectively - strategy of small deposits, average deposits, big deposits.

Depending on goals and means of their achievement it is possible to allocate some types market strategy:

- winning strategy or market share;
- innovation strategy;
- strategy of innovative imitation;
- strategy of differentiation of production;
- expectation strategy;
- strategy of decrease in costs of production;
- strategy of an individualization of the consumer..

Strategy gain market share or expand certain parameters by means of manufacture and market introduction of new products, developing new requests in consumer penetration into new fields of application products. Market share of traditional products in an environment where all commodity markets are somehow divided is possible only by leaving the market competitor, the acquisition of its competitor's market share decline under the influence of competition particles competing firms and the like. This is achieved by updating and implementation of new models, the use of both direct and hidden methods of competition.

Strategy of an innovation assumes creation of the products which don't have analogs in the market. Essentially new products focused on new requirements belong to such products first of all.

Strategy of innovative imitation assumes possibility of copying of the innovations developed by competitors, and first of all essentially new ideas put in new production. Such strategy is led by the firms possessing considerable resources and capacities, necessary for fast development and mass release of the copied product and is sold it in those markets, which yet won pioneer firm.

Strategy of differentiation of production assumes modification and improvement of the traditional products released by international firm, due to realization in production of the new technical principles, entering into products of such changes which can cause new requirements or create new spheres of use of goods.

Strategy of decrease in costs of production demands mass introduction of the economic equipment and technologies; control establishments over direct and overhead costs; decrease in expenses for research and development and advertising; creating favorable conditions of access to raw material resources; orientations of distribution system to wide groups of consumers in many national markets.

Strategy of expectation is used when tendencies of development of an environment and consumer demand aren't certain. In these cases the major company prefers to abstain from product introduction on the market and to study actions of the competitor. Possibility of such expectation and the subsequent breakthrough puts major companies in exclusive situation and gives them certain advantages in competitive fight. However, they, as a rule, treat making decisions on innovations very carefully, demanding carrying out comprehensive market researches, perspective calculations of profitability and a controlled share of the market.

Strategy of an individualization of the consumer is widely applied by producers of the equipment of the production appointment focused on individual orders of buyers.

In practical activities the demand which has developed in the market, for the goods (services), let out (realized) by firm, not always corresponds wished its state. To the proof of this state to norm of firm apply the following strategy, depending on a condition of demand and the marketing tasks solved.

Conversion marketing is applied in a situation when overwhelming number of potential buyers in this market pushes away goods irrespective of its quality. Conversion marketing consists in development of such plan of advertising work and advance of goods which would help to create the demand counteracting negative tendencies.

Stimulating marketing is used at the indifferent relation of potential buyers to goods that is offered. The program of stimulating marketing to differ depending on the concrete reasons for which there is no demand for these or those goods.

Developing marketing is applied in the presence of a potential demand which needs to be made real.

It is possible to carry out such "transformation" mainly by creation of the new goods satisfying requirements at qualitatively new level.

The Remarketing is applied to restoration of decreasing demand. The principles of a remarketing consist in search of new opportunities of revival of demand of modernization of goods, addition to its market novelty, reorientation of firm to the new markets, etc.

The Sinkhromarketing is applied for the purpose of stabilization of demand hesitates. Such demand takes place, as a rule, at trade in goods of seasonal consumption, and in a case with production of production appointment - when the need for them changes under the influence of cyclic fluctuation of an environment. The firm applying a sinkhromarketing, consciously puts recurrence of a market demand in the plans and when forecasting tries as it is possible to determine amplitude of fluctuations of demand more precisely.

Supporting marketing is used for stabilization of the demand corresponding to opportunities of firm. For counteraction to negative impacts from competitors the marketing service of firm has to pursue especially attentively policy of the prices, flexible advertising work, systematically and carefully to check expediency of expenses on marketing operations.

The Demarketing is used for decrease in excess demand. The impossibility to satisfy very great demand conducts to negative consequences: emergence of negative emotions which associate with the name and a firm trademark. Proceeding from the demarketing purposes, increase the prices, reduce or in general stop advertising work. In order to avoid loss of clients and a part of profit, in some cases there is true a decision on sale to foreign producers of the license for the right of production of these goods under a trade name of firm - the licensor. In this case model double reduction of volume of possible profit is certainly better, than total absence in this market.

Countermarketing (counteracting marketing) it is applied to the maximum reduction or elimination of irrational demand. Demand is defined as irrational from the point of view of wellbeing of society as a whole and his members at consumption of these or those goods (drugs, alcoholic drinks, tobacco products, etc.). Counteracting marketing is quite often connected with the termination of release of goods, its withdrawal from a distribution network and carrying out the promotional campaign directed against its consumption.

4.2. What forms and methods of entering the international market exist?

The choice of the market and possibility of an exit from it is an essential difference of the international marketing from internal. For this reason the administrative decision on an exit to a certain foreign market can have both positive and negative long-term consequences.

Depending on depth of justification of the administrative decision it is possible to allocate three approaches to a choice of a foreign market [28, p.38].

Subjective approach is based on subjective feelings, expectations, experience of the persons making the decision on an exit to the concrete market.

Discrete approach is based on an assessment of 2-3 most important for firm of indicators of development of the market or other criteria.

The integrated approach assumes a quantitative assessment of each market on system of indicators or deep analytical justification.

The safest is the integrated approach which minimizes risk from an entry of firm into the inadequate market, increases validity of the administrative decision, but also demands considerable costs of carrying out research. Therefore because of limitation of financial resources of firm most often apply discrete approach.

Now there are various ways of advance of production on the international market. Goods advance on the international market is carried out through own distributive network or through widely developed network of intermediaries.

Firms on management of export operations are the independent organizations for export of production, carrying-out rather various companies - client's agency services in development of the cultural relations with foreign countries, international policy, a tax policy and the legislation and assume cares on ensuring export operations of the producer.

Agents on export of goods carry out services and the company in export management, but work in the narrow range of a segment of the market. Their activity has usually nondurable character.

Commission agents carry out orders of the foreign client on purchase of export production.

Dealers in export production carry out services in purchases directly at producers under their name, assuming all risks.

Cooperative exporters are the companies having own developed distributive network on transportation of own goods and rendering logistic services to other firms abroad on a cooperative basis.

Firms on wholesale purchases of cheap goods for export of goods of poor quality specializing on purchases, and also the stocks which have collected as a result of overproduction for their further distribution abroad.

Agents on sale of goods function on a commission basis under the contracts signed for the certain period of time, and don't assume any risks.

Brokers on sale of goods for export carry out intermediary services between the buyer and the seller, work for the fee or commission charges. They, as well as agents on sale of goods, don't bear any risks.

Distributors of export production carry out purchases of goods at the producer with the greatest possible discount and resell, getting profit. Their obligations enter service of buyers by spare parts and details, service on repair and accompanying service of services.

Trading companies of private and state forms of ownership. It must be kept in mind that in a number of foreign countries the state companies is the only means of implementation of business operations. They fill a niche between various types of business activity and local traditional forms of trade [18, p.76 – 78].

Existing ways of an exit of the company on foreign markets usually unite in three groups (fig. 4.1.) :

- export;
- joint business;
- direct investment [2, p.119].

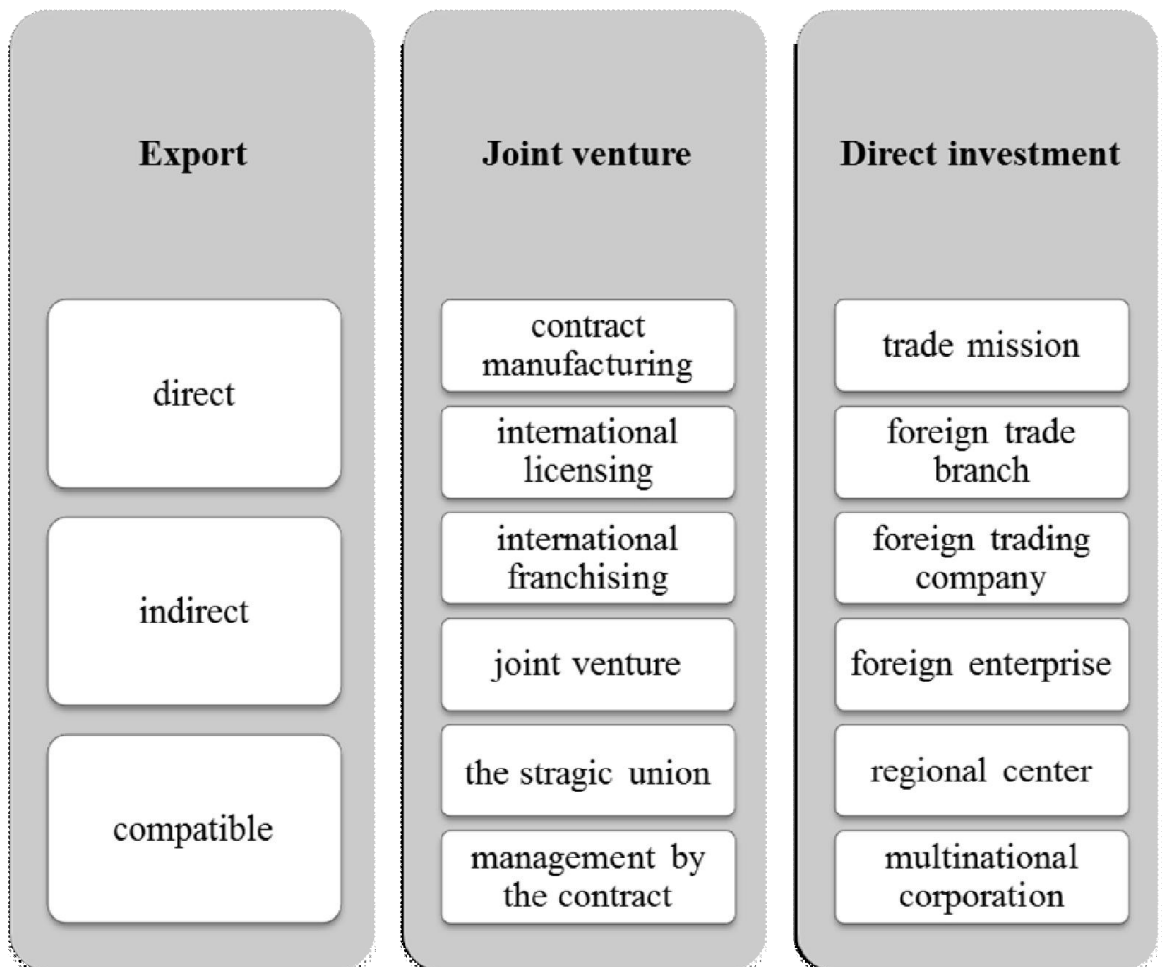


Fig. 4.1. Way out of the foreign market

For each of these groups means exit of firms in foreign markets as their inherent advantages and disadvantages. In carrying out export firm has a high degree of flexibility and a low level of risk. However, she is unable to exercise effective control over the activities in foreign markets. In joint ventures the company has equity participation in an ongoing business; it shares with its partners the risk of entrepreneurship in target markets and jointly holds control. Finally, direct investment by the company retains the right to full ownership structure created by it. It can perform the full control over all areas, including the implementation of international marketing [2, p.119].

The most widespread form of an exit of firm on the international market is export.

Export is an export of goods, works, services, results of intellectual activity, and in particular exclusive rights to them, from the customs territory of the country abroad without obligation about the return import.

Depending on use by firm of intermediaries, allocate: direct, indirect and compatible export.

Direct export assumes export, realization of goods (services) abroad without participation of intermediaries. This type of export is connected with big degree of risk in comparison with indirect export, and organizes generally according to the classical scheme: *direct export* > *structural enterprise division* > *trade missions* > *own sales agents* > *subsidiaries*.

Indirect export is a realization of the goods abroad made in the country through intermediaries (agents, brokers etc.) This type of export accepted generally for the small companies (firms), and also in that case when businessmen in the foreign market have strong no positions.

We will combine export is when two or more producers unite for an entry into the foreign market.

Export is one of the most important strategies of an exit of firms on the foreign market.

The form of joint ventures, unlike export, is based on the partnership, providing creation abroad various commercial production structures operating on the basis of the contract in different forms of maintaining a production activity.

The enterprises of joint possession are created generally for the purpose of decrease in expenses and distribution of commercial risks. The contract on production means that the firm agrees the foreign company made the production in this country. The firm carries out marketing of products and provides administrative experience. In case of the contract on management the firm acts only as the consultant of the foreign companies.

The foreign investor can buy a share in the local enterprise, the local firm can buy a share in already existing local enterprise of the foreign company or both parties can joint efforts create absolutely new enterprise.

As a rule, joint possession is an indispensable condition at which observance the foreign government allows firm on the market of the country.

Direct possession is the full, but also more risky form of attraction to activity in the foreign market. The firm is engaged in production, marketing, etc. in other countries without participation of any partners. Advantages of this form consist in economy of expenses of work and transportation costs, independent definition of long-term prospects of the activity, the best adaptation of goods and marketing plans to local features, possibility of creation of favorable image in the country - to the partner.

International trade in licenses is rather effective form of an exit to the foreign market.

The license in the international practice is permission on the basis of which the owner of an exclusive right to the invention, the trademark, service and other kinds of activity (*licensor*) gives the chance to other person (licensee) for the corresponding remuneration according to the contract to use object of this right or property.

The license agreement is a contract between the parties, extends as well on additional confidential information of special character which call Know - How ("I know as").

Internationally know-how is technology and design secrets that are not protected by patents.

During product delivery know how to be understood:

- different types of production, production lines, plants, seem "turnkey"
- different types of production services (service of services)
- non-productive services;
- intellectual services, inventions, etc.

It should be noted that the transfer of know how - is a type of international trade. According to the source [4, p.102], internationally trading licenses more than 50% of transactions accounted for the transfer of inventions and know-how at the same time, 30% - only on know-how, the last - this is purely patent licenses.

We will note that licenses in the presence of legal protection can be patent and unlicensed.

It is possible to carry to main types of licenses.

- Simple license;
- Exclusive license;
- Full license;
- Sublicenses;
- A license that is returned;
- Cross-license;
- Net license.

Simple licenses keep the right of issue of similar licenses to the third parties, and also the right most to use object of the license in the same territory that doesn't protect the licensee from competitors.

Exclusive licenses provide to the licensee exclusive rights to use of object of this license in the limits stipulated in the agreement, and also the licensor refuses the right of independent use of object for territories of this agreement and providing licenses to the third parties.

The full license in full transfers the rights for the invention for all period of validity of the patent, remained. In practice it is used very seldom as in fact it is similar transfers of rights to the patent.

The sublicense is provided to the third party by the licensee, possessing to the exclusive or full license. It on the volume of the rights corresponds to the simple license, and remuneration for it is distributed between the licensee and the licensor.

The license that is returned to Licensor provides the right to use the facility improvements license additionally established by the licensee.

Cross-licenses enable mutual exchange of rights to use intellectual property.

Net license is subject to transmission neupredmetnenyh information.

We will note that in the course of implementation of transaction of licenses it must be kept in mind always that the license agreement is subject to sale only if the income of the licensor from sale of the license is more, than from other forms of development of the market object of the license, and the profit of the licensee on implementation of the bought license will be higher, than profit of his competitors, even taking into account payment of royalties [4, p.156].

For calculation of the price of the license various calculation procedures are used. We will give one of them as an example.

$$Pl = N * T * B * BL \quad (4.1.)$$

where Pl — settlement price of the license;

N — the average annual volume of output for all period of validity of the agreement;

T — period of validity of the agreement;

B — additional profit of the licensee on implementation of the license;

BL — a share of the licensor in additional profit of the licensee.

One of the most widespread ways of an exit to foreign markets is the franchising. This right to work on behalf of major company (franchisee) which is received by small firm or the business owner (franchiser) in the foreign market as a result of the conclusion of the contract between them. According to such contract of the franchisee transfers generally to the franchiser a right to use his name, a trademark, technology, and also a control system of business (in more detail this form will be considered below).

The international joint ventures (JV) are one of forms of the organization of business activity of two or several firms of the different countries.

The strategic union, as well as joint venture, is one of forms of the organization of partnership between two or several parties. Distinction between joint venture and the strategic union is formal is that the last doesn't provide association of property of partners.

Among own structures created by firm, at an exit to separate foreign markets within direct investment, usually the preference are given:

- to the trade missions;
- to foreign trade branches;
- to foreign trading companies;
- to the foreign enterprises;
- to the regional centers;
- to multinational corporations.

The trade mission is the simplest way of an exit to foreign markets at direct investment. In the international marketing usually allocate two options of such representation. In the first case the sales representative is the worker of the firm, living in the country its location and carries out the activity in the chosen market. It periodically goes to the countries of its direct activity, exercising their control of marketing operations. In the second case the firm uses services of the local sales representative.

Foreign trade the branch is structural division of firm in a concrete foreign market. It in the majority is guided by local managers. The trade personnel of foreign branch also generally are completed at the expense of experts of local population.

The foreign affiliated trading company is own commercial enterprise which is carrying out the activity under the general management of parent firm and according to the local legislation.

The following form is a creation of the foreign enterprise. It is, as a rule, created in rather stable country from the political point of view, and it is supposed that it long time will be present in the chosen market for providing conditions of achievement with firm of its strategic objectives.

Regional center. In recent years there is a globalization of world economy leads to regionalization of the world market. The last predetermines creation by firms of the regional centers. Each such center is subsidiary of firm and its power extends on the certain region including some countries.

Multinational Corporation. The formation of Multinational Corporation began with creation of the international companies. They provided the development thanking: orientations to the differentiated production, commercial and financial activity; to formation of a network of subsidiaries in the foreign markets; to use of cheap labor, inexpensive raw materials, reduction of transportation and other costs as a result of creation of affiliated branches in the countries where these expenses are cheaper.

Very often to list ways of an exit of the companies on the international market it is added also auction trade, the international auction and the international rent.

We will consider them in more detail.

The international commodity auctions are the specially organized markets periodically operating in certain places carry out realization of the goods in advance examined by the buyer which are carrying over the buyer, offered the most favorable price.

We will note that at auctions, unlike exchange trade, only real goods with strictly individual properties and features are on sale: tea, tobacco, flowers, spices, vegetables, fruit, fish, animals, works of art, antiques, furs and other goods.

The auction form of international trade for separate goods is the most important in their realization in the international market. For example, through the international auctions in the USA, Canada and Russia about 80% of all furs goods by these countries, in Sweden and Norway - about 90% are realized.

It should be noted that in practice the so-called Dutch type, or "veiling" at which in the course of the bargaining there is not an increase, and price fall is used also.

For each auction goods historically there were centers of auction trade [3, p.86]. On fur the raw materials in the world are annually carried out more than 150 auctions, New - York, Sankt - Petersburg, London, Oslo, Montreal are considered as the main which centers of carrying out. Among the most important centers of auction trade of tea - London, Colombo, Calcutta, Nairobi (Kenya), Hamburg; spices - Amsterdam, London, Singapore; tobacco - New - York, Amsterdam, Bremen, Lusaka (Zambia); horses - Deauville (France), Moscow (Uspenskoye).

Auctions happen opened and closed.

Open auctions carry out the auction with direct participation of buyers. These auctions specialize on trade in furs, animals, objects of art.

The closed auctions will organize the specialized broker firms which are engaged in resale on the terms of the commission, i.e. sellers and buyers don't participate in such auctions, and their instructions carry out brokers.

The international auction (tender) is a commercial operation, is a method of sale of specific goods by the conclusion of contracts of a purchase - sale or placement of orders on the terms of the buyer. After comparison of the received offers the buyer signs the contract with the seller who offered it goods on the most favorable conditions. The international auction was widely adopted enough in search and selection of contractors for deliveries of cars, the equipment, performance of project and prospecting works, and a construction of roads, bridges, pipelines, other industrial and social facilities. To 80% of the international auction falls to the share of developing countries. In many developing countries, the current legislation obliges importers to buy abroad

goods which cost more certain cost only through the auction. As a whole the state organizations of developing countries, from 20 to 50% of all goods (at cost) which are imported, it is carried out by tendering. Widely apply this form of the country of Latin America, Egypt, India, Pakistan, Iran, etc.

The essence of the international auction consists in the following: the buyers, who have made the decision on placement of orders through the auction, create tender committees which part technical and commercial experts, representatives of administration are. Heads of the organizations which are carrying out purchases are, as a rule, appointed chairmen of tender committees.

The auction happens open (vowels) and closed (secret).

Everyone of firm and the organization participate in the open auction. On them generally place orders for the standard and universal equipment, and also small on volume contract works.

To close the auction certain firms by invitations are attracted. At sealed bids orders for the difficult and unique equipment and similar goods for the enterprises take place.

Timely and reliable providing buyers and sellers are of great importance for successful tendering by necessary information at all stages of tendering.

We will note that the international auction is a little used by the Ukrainian businessmen. The main reasons - absence of professionals of this direction; imperfection legislatively - legal base; fiscal tax policy of the state and other factors.

The international rent is a procedure of granting in temporary use of the goods crossing border of the country of the lessor. Subjects of the international rent the most various goods - technical appointment, the equipment, vehicles, etc. can be production.

Leasing is rather widespread form of the international rent operations (leasing, hiring, and a renting) and assumes granting in temporary use of the goods crossing border of the country of the lessor with possibility of the subsequent acquisition.

There are following types of leasing:

- export leasing;
- import leasing;
- transit leasing;
- returnable leasing;
- leasing of the supplier;
- difficult leasing.

Export leasing is carried out by the leasing firm which is in the country of the producer. The lessee is in other country.

Import leasing means that the leasing firm and the lessee are in one country, and firm - the producer - in another.

At transit leasing all participants leasing operations are in the different countries.

The return leasing provides acquisition by leasing firm at the owner of the equipment, and delivery to it this equipment in rent.

When leasing the supplier the leasing firm acquires production at the producer and leases it to the same producer who in turn hands over production in sublease to the lessee.

Difficult leasing assumes participation in given leasing of several leasing firms located in the different countries.

In the course of the conclusion of the leasing transaction it is necessary to consider positive and negative aspects of leasing operations.

Advantages of leasing:

1) from the tenant it isn't required providing pledge or other guarantees as it occurs in case of the bank credit;

2) the tenant doesn't need to solve problems of realization of the equipment after rent term;

3) the tenant, unlike the owner, can insure himself from the obsolete equipment.

Leasing shortcomings:

1) the tenant can't use fully tax privileges for new investments as isn't the owner of the equipment;

2) after payment of an overall cost of the equipment the tenant can't sell it at the end of use term despite rather high residual price [18, p.86].

4.3. What are international franchising, foreign investment and international factoring in international marketing?

Currently, one of the most effective forms of promotion of products at both the international and national market is franchising.

Recall that franchising is widespread in the United States and Western Europe. Currently are increasingly used among businesses CIS.

The essence of the franchise - a large parent company (franchisor) gives the right of small businesses (franchisees) for a certain time in a certain place to conduct business using its brand, manufacturing technology and know-how in a way that is determined by the terms of the contract.

Typically, the parent firm is committed to staff training, supply of equipment and materials, assists in business organization, establish management systems. The firm, the franchisor provides financial support to its franchisees (right - giving loans or indirectly - in the fiduciary form and guarantees).

The purpose of the franchise - large companies with expansion into new markets with minimum risk.

Example: "McDonald's". The company has more than 10 thousand franchisees worldwide, serving more than 20 million people. By the American

firms it is concluded worldwide more than 20 000 franchising agreements with foreign firms.

Starting quickly do own business the firm by means of franchising can begin the business, and continued support of parent firm allows to overcome quickly the problems arising at the initial stage of creation of the enterprise. Seeking to win and strengthen the positions in the market, firms can go for granting considerable privileges and discounts the franchisee.

We will note that the franchising intensively began the development in the USA after World War II, giving the chance to businessmen to begin the business.

The franchising gained the greatest distribution in retail and wholesale trade, in a services sector, in production of drinks. Restaurants and snack bars, civil engineering firms, services of car service, delivery, grocery shops, and consulting firms are created, providing auditor, legal and other services.

In CIS countries the franchising system first of all appeared in production of drinks (at the end of 70-ies and at the beginning of 80-ies years of the last century in Novorossiysk and Moscow plants on production of Pepsi - Coca were constructed). On the same conditions it is made also the cook - a stake. In fact, it is the international franchising which is caused, among other things, by desire of major companies to minimize risk and the restrictions connected with foreign property and control, to overcome a lack of knowledge of features of the local market.

Activity of franchising is based on the following principles:

- high degree of trust of partners;
- only marketing strategy and price policy of firm;
- joint development of the market;
- mutual support and exchange of information;
- development of an enterprise initiative;
- the general policy on market segments, accustoms;
- forecast of development of system;
- competitive advantage;
- the debugged system of deliveries.

This form of business provides a number of advantages to the parties participating.

It is possible to carry to advantages to the franchiser:

- expansion of a sales market of goods and services;
- control strengthening in the market;
- competition restriction between the franchisee;
- control of quality of business;
- implementation of uniform price policy;
- expansion of the sphere of business;
- providing the stable additional income from granting rights to use the trademark.

There are also a number of advantages to the franchisee from whom it is necessary to distinguish the following:

- independence at decision-making;
- occurrences in ready business;
- possibility of continued support from the franchiser;
- use of the trademark of the company;
- the guaranteed receiving goods and services;
- guarantee for the franchisee of a certain level of security;
- conducting independent financial negotiations;
- expansion of a segment of the market due to popularity of the franchiser;
- decrease in risk of bankruptcy;
- economy of resources and time on advertising;
- the technology of business is fulfilled.

At the same time more effective development of system of franchising in CIS countries is interfered by specific features of development of the market relations, creating certain risks for businessmen, namely:

- incomplete legislatively - regulatory base concerning franchising;
- lack of qualified specialists in franchising;
- lack of modern teaching and education programs;
- regional, territorial and geographical features of the majority of CIS countries;
- imperfection of a tax policy;
- existence of a considerable share of shadow business;
- inflationary processes.

Despite the specified risk factors the real situation of development of franchising in CIS countries has a positive tendency. Intensive development is observed in a services sector.

In the international practice the following directions of franchising gained development: commodity franchising; production franchising; service franchising; franchising business - a format.

The commodity franchising is based on realization of the goods marked by the trademark of the franchiser.

We will note that the franchisee, as a rule, carries out an aftersales service of goods and works according to the following scheme (fig. 4.2.).

The commodity franchising is characteristic for the firms specializing on concrete group of goods, thus the seller will organize sale of goods to concrete firm, it has opportunity to bring the image into accord with image of the producer and thus to be recognized in the target market.

The most striking example of effective work on this scheme the leading foreign company "General Motors" that holds the advanced positions in the world automobile market.

One of the main reasons interfering successful business of businessmen of Ukraine and many other CIS countries, lack of uniform marketing and price strategy in the national market is.

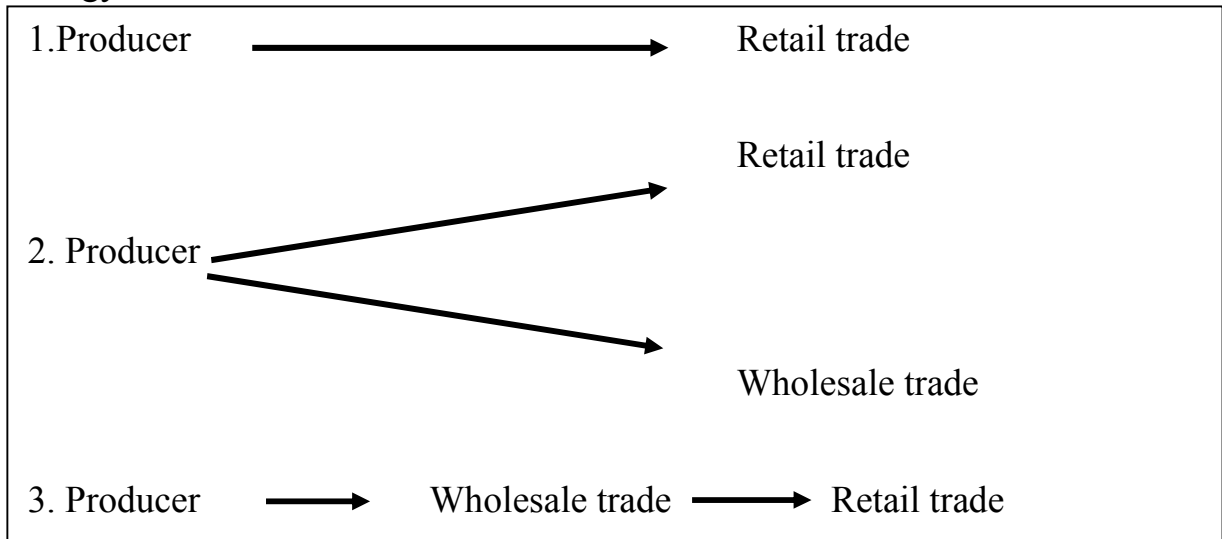


Fig. 4.2. The scheme of the relations at commodity franchising

At a choice of commodity franchising has to be analyzed:

- features of a commodity market and their substitutes;
- goods characteristics;
- life cycle of goods;
- ways of advance of goods;
- advertising and marketing communications;
- pricing policy;
- information on goods quality control at all stages of production and sale of goods.

The production franchising develops by three options (fig. 4.3).

This form is the most effective organization of production of a certain type of production. The essence of production franchising consists in the following. The enterprise holding the patent for the production technology of a finished product carries out providing the final producer with necessary raw materials and transfers the right of use technology.

One of examples of successful use of production franchising is the Braid — Coca company. Characteristic of activity of the company is that a sale subjects the recipe of production and a trademark.

At production franchising the following is analyzed:

- information on a commodity market and their substitutes;
- description of identity of goods;
- characteristic of life cycle of goods;
- data on production of goods and their substitutes;

- requirements to a technological level of production;
- list of requirements to quality of finished goods;
- requirements for packing of finished goods;
- pricing policy;
- perspective distributive distribution systems of production;
- data on goods quality control at a production and sale stage;
- requirements for the service organization.

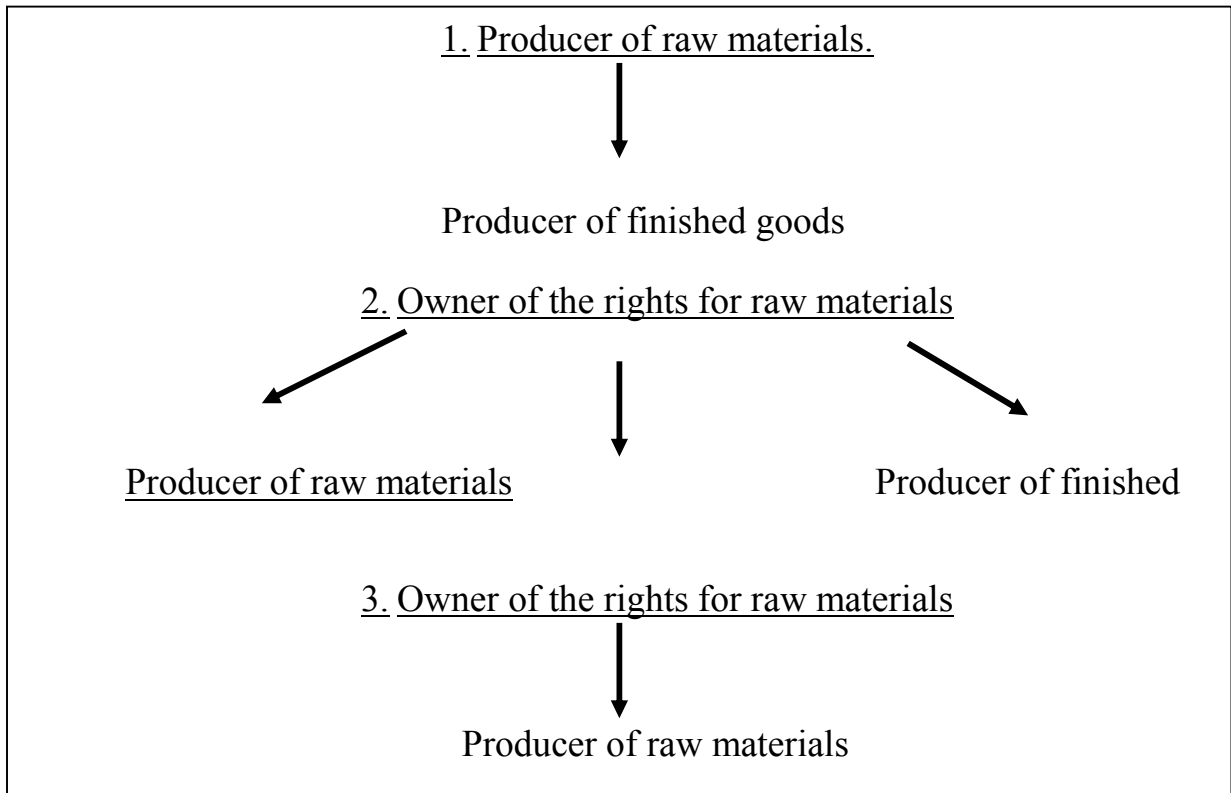


Fig. 4.3. Scheme of the relations of production franchising

The service franchizing takes an average position between commodity and production franchizing (fig. 4.4).

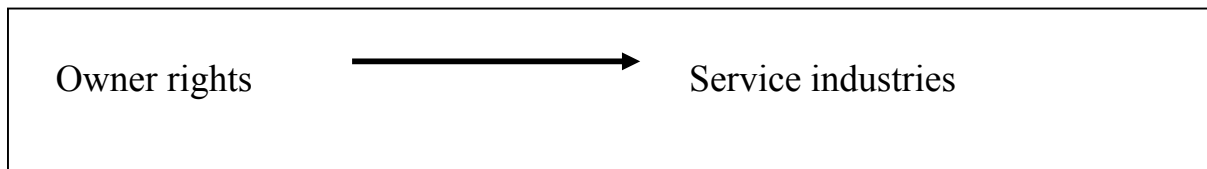


Fig. 4.4. The scheme of the relations at service franchising

This type of franchising represents something average between two types stated above. The sphere of its activity - services and service of services.

The franchisee on contractual conditions buys the right for development of a certain type of service under a trademark of the franchiser.

Examples of service franchising: "McDonalds", Marriott Grand Hotel Company.

The purpose of service franchising - ensuring high level of service due to expansion of a range of services and increase of their quality.

It should be noted that many foreign service companies sell to the Ukrainian and Russian businessmen "franchise" with a set of a complex package of the rights, technologies and various services.

The service franchising in many CIS countries intensively develops in travel business, in the field of real estate, education, etc.

In the analysis of service franchising the following information has to be studied:

- information on the market of the services offered;
- information about system standards;
- analytical data of price policy;
- data on quality control of services.
- marketing activity of the franchisee in the sphere of his influence in the market of services;
- information on competitors, etc.

Franchising of a business format the wide and developed form of the franchising, including all kinds of activity of the franchiser. Covers all activities of the franchiser and as though is the copy and at the same time corporate component of the company.

Characteristic of franchising of a business format is that for its development and introduction big expenses and a considerable period are required.

The franchising of a business format has the features. The parent firm also transfers subsidiary (franchisee) technology of the organization and business that allows it to become part of the corporate system working at a uniform methodological basis with observance of common interests.

This form of franchising allows expanding substantially company business due to high image of firm.

Example: Services sector expansion at gas station (shops, cafe, phone, a restroom, small hotel, etc.).

Summing up the result it is possible to note that the commodity, production and service franchising is a technology of business, and franchising business - a format - business strategy.

It is possible to carry to basic provisions of the franchising contract:

- terms of the contract;
- conditions of payments;
- type of franchising;
- territorial activity;

- control system;
- mutual support and mutual aid of partners;
- conditions of cancellation of the contract.

In the course of preparation and the conclusion of the contract of the party carry especially carefully out justification and a choice of one of types of franchising on the basis of basic market researches.

At a choice firm of a kind of activity of franchising it is expedient to consider foreign experience. Therefore we will provide the main recommendations of foreign experts:

- 1) critical (analytical) relation to franchising;
- 2) objective assessment of expected calculations with involvement of independent experts;
- 3) expert assessment of contracts;
- 4) the analysis and studying of experience of existing contracts;
- 5) the careful analysis of financial conditions of the contractual relations taking into account specifics of franchising;
- 6) studying, the analysis and objective assessment of the franchiser (close attention an order, technology and to requirements to equipment operation in relation to specific conditions of activity of firm);
- 7) the analysis of financial activity of the franchiser, especially for the last period;
- 8) the analysis of protection of the rights of conducting this business in the concrete territory;
- 9) carrying out own objective market researches in all directions of the target market;
- 10) check of registration of commodity brand in the country and patent for goods;
- 11) specification of obligations for types of advertising, publicity expenses from both parties, and also is more whole than visits of the franchiser on firm;
- 12) rendering mutual aid in difficult situations, a swagger - major cases, equipment failure, etc.;

It should be noted that the listed events have to be held without fail to the conclusion of the contractual relations.

The following that it is necessary to consider: it is a role of foreign investments in a gain of the international market.

In foreign investments understand capital investments in different types and forms foreign investors: the state, foreign banks, firms, the companies, funds and individuals in economy of other country. Attraction of financial resources of foreign investors assumes existence of the favorable investment environment (favorable investment climate) in the country to which investments have to go.

The investment environment is set of legal, political, economic and social conditions for implementation of investment activity. It significantly influences level of profitability, risk and liquidity of investments.

Foreign investments can be carried out in different types and forms. And forms of foreign investments it is necessary to carry to the most widespread types:

- creation of joint ventures with individual share of the foreign capital;
- creation of the enterprises, representations and the branches which are completely belonging to foreign investors;
- acquisition in property of the enterprises, buildings, constructions, and also shares in the enterprises, corporations etc.;
- acquisition of bonds, actions and other securities in this or that country;
- granting loans, credits, property, property rights and other;
- acquisition of rights of use by the earth and other natural resources if it isn't limited to the current legislation.

The foreign capital can be attracted in the form of private and state investments, and also in the form of the state and private loans and the credits. Loans and the credits or other forms of the loan capital belong to foreign investments, provided by the international organizations also: International Monetary Fund (IMF), European bank of reconstruction and development (European Reconstruction and Development Bank), London club, Paris Club, etc.

Foreign investments are carried out in the form of direct and portfolio investments.

To direct foreign investments according to the American standards carry investments which provide possession of a package of voting shares of not less than 10% and allow to exercise complete control over enterprise activity. In the USA in public joint-stock companies a package in 10% in the majority is either control, or close to control. We will note that direct foreign investments play a very important role especially for developing countries, for the countries with a transitional economy. At capital placement in the country the foreign companies introduce new technologies, progressive ways and methods of the organization of production in economy and promote a direct entry into the world markets.

In portfolio investments of capital in an action of the foreign enterprises, corporations which don't grant the right of control over them, and also acquisition of bonds and other securities of the foreign state, the international funds, etc. are meant.

Portfolio foreign investments don't assume capture of the management of the companies. The foreign investor at implementation portfolio counts investments on receiving in the future of the stable income in a type of dividends.

Absolutely other situation develops at implementation of direct foreign investments. The country, attracts direct foreign investments has to be guided first of all by interests of economic security of the state. Not incidentally in legislations of many countries of the world restrictions on attraction of direct foreign investments are provided. As a rule, they extend on extracting, industrial branches, power networks, pipelines, telecommunications, and satellite communication.

Alternative option of attraction of the foreign capital in these branches is the foreign credits and loans. In the course of carrying out market reforms in Ukraine it was provided active participation of the foreign capital in privatization. It was for this purpose planned to establish a uniform legal regime for foreign and domestic investors.

However actually these rights were considerably limited and participation of the foreign capital in privatization it was minimum.

To Ukraine the foreign capital is attracted generally in the form of straight lines, portfolio investments, loan capital investments, and also by placement of bonded loans in the international market of the capitals.

Among various forms of foreign investments dominating there are direct investments.

That many large enterprises which are controlled by the foreign capital, carry out investment of the projects belongs to advantages of direct foreign investments, without involving the capital from outside, that is at the expense of own means. Investment resources, thanks to it are released can go to other branches.

The increase in inflow of direct foreign investments in economy of Ukraine directly depends on favorable investment climate. Therefore in process of creating favorable conditions for investment and decrease in risk the volume of foreign investments into all sectors of economy to accrue.

In the course of development of strategy of economic and investment development by the Government of Ukraine the shortcomings connected with direct foreign investments in the Ukrainian economy were revealed among them:

- deformation of branch structure of the direct foreign investments, being expressed in their concentration in raw branches while not enough attention is paid to investment of high-tech, knowledge-intensive industries;
- limitation of a number of the countries - investors, doesn't allow to involve the investment potential of the most perspective companies - investors of other countries;
- unevenness of distribution of streams of direct foreign investments between regions of Ukraine, as a result the majority of subjects of Ukraine appear away from them;

- control of providing economic security of the country, being expressed in discrepancy of interests of the state and the investor focused on unevenness of distribution of streams of direct foreign investments between regions of Ukraine is weakened;
- receiving profit at the minimum primary expenses.

For elimination of these "distortions" by the Government of Ukraine the following actions are planned:

- improvement is standard - legal base in a field of activity of foreign investors taking into account strategic interests of Ukraine;
- stimulation of branch structure of direct foreign investments favorable for Ukraine;
- active participation in the international regulation of direct foreign investments;
- development of policy of attraction of direct foreign investments to regions, including questions of coordination of regulation of direct foreign investments at the state and regional levels.

Within the offered policy it is planned to carry out a complex of the prime measures the most important of which are:

- formulation of the basic principles of policy to attract foreign direct investment;
- development of principles and approaches to stimulate investors;
- development of structural, sectorial, regional, geopolitical priorities of attracting foreign direct investment;
- creation of the system of investment risks;
- legislative support to attract foreign direct investment.

For final making decision on a choice of the scheme of financing the comprehensive assessment of consequences of investment taking into account risk degree is necessary. The assessment of external sources of financing includes the accounting of time of possible using sources, the related expenses and also extent of loss of control over firm.

We will note that to forms of financing of investment projects in the international market carry:

- public financing;;
- debt financing;;
- self-financing;
- credit financing;
- financial leasing;
- the mixed (share) financing.

We will give their short characteristic below.

The state investment is characterized by purpose of use of the budgetary resources. Sources of the budgetary investment are means of the state budget, budgetary funds of local governments.

Budgetary funds are allocated for partial financing of the investment projects which have passed competitive selection, besides this order extends on all investors irrespective of forms of ownership.

- And providing the state support uses the right for participation in competition the projects satisfying to the following criteria:

- The idea of the investment project has to be connected with "growth point" economy;

- The investor is obliged to make not less than 20% of own investments (the share capital, depreciation, profit) in implementation of the project;

- The project payback period, and also term of delivery of "turnkey" object shouldn't exceed two years;

- The coefficient of absolute elimination is established not less than 0,33;

- As a part of the investment project have to be business - the plan and the conclusion of the state environmental assessment.

Projects, documents to competitive selection on the importance are subdivided into categories. In category A include projects on production, has no foreign analogs and it is protected by the corresponding patents, in category B - projects on production of export goods of non-oil branches at the level of the international standards, best-selling in the world market. Projects belong to category B on the production, replacing import and have lower prices in comparison with production imported. The category G is presented by projects on the production, having term in domestic market.

The share of the state support of projects is differentiated depending on their categories (% of project cost) [3, p.94]:

for category A — 50%;

for category B — 40%;

for category C — 30%;

for category D — 20%.

Funds of the state budget are allocated on a returnable basis or by acquisition of part of actions in joint-stock company that is created. It doesn't exclude irrevocable financing of the projects connected with development of essentially new directions in production, with implementation of conversion, reverse, ecological orders.

Widespread method of financing of investment projects is debt financing.

The main sources of debt financing are:

- long-term credits of commercial banks;
- governmental subsidies;
- mortgage loans;
- private placement of debts;
- incorporating.

The long-term loans are granted by usually commercial banks in the form of bank loans. For their receiving in bank the following documents are provided:

- business project plan;
- the balance sheet for the last reporting period;
- profit and loss report.

In case of the positive solution of a question on crediting between the borrower and the creditor the credit agreement in which are defined an order of granting, registrations and repayments of the long-term credits is signed.

It must be kept in mind that the current legislation of Ukraine determined procedures by the conclusion and execution of credit agreements. To them carry:

1. Credit agreements have to be signed only in writing; non-compliance with this rule conducts to invalidity of the contract, its negligibility.

2. The creditor has the right to refuse from the borrower provided by the credit agreement of the credit in whole or in part in the presence of the circumstances, testifying that the sum provided to the borrower won't be returned in time.

3. At violation by the borrower provided by the credit agreement of a duty of target use of the credit the creditor has the right to refuse further crediting of the borrower under the contract.

4. The borrower has the right to refuse the credit in whole or in part, having notified on it the creditor to the term of its granting established by the contract if other isn't provided by the law.

The large credits are given parts in the terms provided by the contract. Such way of crediting carries the name of a credit line.

Payment of loan percent and a commission for granting the credit which is defined in the credit agreement as percent from the credit sum demand from borrowers of bank. The long-term credits can be given not only commercial, but also savings banks. Carrying out crediting of large-scale projects, commercial banks a priority give usually to the projects providing modernization and modernization of productions which already work, without additional capital construction in large volumes. Therefore they practically don't grant the loans connected with financing of introduction of essentially new technological development.

One of sources of debt financing of investment projects are governmental subsidies.

In many countries the state agencies which task is the assessment and selection of offers on the planned researches for financing are created. Agencies develop subjects and publish announcements of the interest in certain researches and development. The enterprises send the offers which then are estimated to agencies and at the positive decision subsidies are provided.

One of sources of financing of investment projects is private placement of debts which can be carried out in such forms as:

- debts with warrants;
- subordinate convertible bonds.

Debts with warrants are obligations to return to the creditor a certain sum of money through the term stipulated in advance with the coordinated award.

Warrants in this case are the annex to a security in the form of the design contract providing to the owner of a security of the right and a privilege - purchase of actions of the enterprise for the fixed price.

Subordynar convertible bonds are a special type of debts. They are repaid before all obligations under stocks, but after other types of debts: on the bank credits, taxes. Therefore, holders of ordinary shares are entitled to receive funds only after the fulfillment of obligations to holders of subordynar convertible bonds.

The incorporating as a method of financing of investment projects is used usually at the initial stage of their development. For this purpose the open subscription to actions created, for legal entities and individuals appears. The share capital of the enterprise is formed due to issue and sale of shares on securities market.

The issued stocks can be exclusive and ordinary.

Advantage of incorporating is that the main volume of financial and other resources in the form of the equipment, technologies, rights to use national natural resources and another arrives at the beginning of project implementation. Thanks to it the saved-up sums of money allow to transfer repayment of claim debt to later terms.

The following form is self-financing.

We will note that in market conditions of self-financing represents the most reliable way of implementation of investment projects. So, investment activity can be financed by subjects due to formation of own investment funds. Financial resources and intraeconomic reserves are sources of investment funds: profit, depreciation charges, monetary accumulation and savings of citizens and legal entities, means of insurance in the form of compensation of losses from accidents, natural disasters and other means.

Having found financial independence and independence, the enterprises can resolve an issue of distribution of the net profit which has remained after payment of taxes in the budget and implementation of other debts. Nobody has the right to interfere with process of distribution and use of net profit.

The net profit the enterprise is got can go for financing of the works connected with reconstruction, modernization and modernization of capacities, carrying out scientific researches, improvement of quality of production, etc.

From net profit expenses on social needs of the enterprise are covered: awards, extra charges to pensions, payments of dividends on stocks, financial support in which there is a requirement, payment of housing and other.

Net profit is paid fines for non-compliance: non-compliance with environmental protection, illegal profits, breach of sanitation and others.

For carrying out of debt operations of the operations connected with possible losses, at the enterprises is created a financial reserve in the form of risk fund. Its size has to be not less than 15% of authorized capital. Annual assignments of 5% of net profit of the enterprise are a source of replenishment of reserve fund.

The reserve fund is used not only on compensation of losses, but also on filling of shortage or a gain of own current assets, expansions of production and its modernization, improvement cultural - living conditions of workers, etc.

A certain part of profit can be directed on rendering the sponsor's help and other purposes. In market conditions maintenance of high competitiveness of the enterprise is its strategic objective. Therefore the profit has to promote realization. Preceding from it the priority at distribution of profit has to be given to production development that will promote in the long term to the solution of social problems of the enterprise.

Except profit, as the most important source of self-financing of the enterprise depreciation charges act. Fixed assets in the course of their operation gradually wear out physically and become outdated morally, that is losing the initial parameters. The cost of their wear is repaid by means of depreciation charge, joins in costs of production, and after realization of production arrives to the enterprise in a monetary form. However the fixed business assets don't demand compensation of their natural form after each production cycle. As a result at the enterprise free funds which can collect or be used on expansion of production and its modernization are formed. Depreciation charges are made according to the certain norms, the norms which have received the name of depreciation.

Except profit and depreciation charges of the enterprise, for self-financing can use to sale of part of the assets, attract other investors on the basis of individual share.

Credit financing.

As the main forms of credit financing the investment credits of banks and target bonded loans act.

The investment credits of banks act as one of the most effective forms of external financing of investment projects when the companies can't provide their realization at the expense of own means and issue of securities. Appeal of this form speaks, first of all:

- possibility of development of the flexible scheme of financing;
- lack of the expenses connected with registration and placement of securities;
- use of effect of a financial leverage that allows to increase profitability of own capital depending on a ratio of own and loan

capital in structure of capital investments and the cost of borrowed funds;

- reduction of taxable profit due to reference of percentage payments on the expenses included in prime cost.

The investment credits are, as a rule, so-so - and long-term. The term of attraction of the investment credit is comparable to terms of implementation of the investment project. Thus the investment credit can provide existence of a grace period, i.e. the period of a delay of repayment of a principal debt. Such condition facilitates credit service, but increases its cost as percentage payments are estimated from an outstanding amount of debt.

Target bonded loans represent release by the enterprise - the initiator of the draft of corporate bonds, means from which placement are intended for financing of a certain investment project. Release and placement of corporate bonds gives the chance to raise funds for financing of investment projects on favorable conditions in comparison with the bank credit:

- mortgage providing necessary for banks isn't necessary;
- the enterprise - the issuer has opportunity to attract the considerable volume of means on a long-term basis at the smaller cost of loan, thus it gets direct access to resources of small investors;
- repayments of a principal debt on bonds, unlike the traditional bank credit, occurs, as a rule, upon termination of loan circulation period that does possible debt service at the expense of the income generated by the project;
- the prospectus of the issue of bonds contains only the general description of the investment project that excludes need of representation to creditors of the detailed business plan of the investment project;
- the enterprise - the issuer isn't obliged to provide to each of potential buyers of bonds internal financial information, except that that the report on a course of implementation of the investment project contains in a prospectus of the issue, and also;
- in case of the possible complications connected with implementation of the investment project the enterprise - the issuer can carry out repayment of own bonds, and the price of repayment can be less than sums received at primary placement of bonds;
- owing to dissociation of holders of bonds the probability of intervention of creditors in internal activity of the enterprise is minimized;
- the enterprise - the issuer has an opportunity of operational management of debt.

At the same time attraction of financial resources by release of a target bonded loan shows a number of requirements to the company - the issuer. First of all, the company - the issuer has to have a steady financial state, the

reasonable and rational internal business plan of the investment project, incur the expenses connected with issue and placement of bonds. As a rule, for passing of difficult procedure of issue of bonds of the company resort to services of professional participants of securities market - investment companies and banks, expenses on which fee reach 1-4% of face value of release of large volumes of a bonded loan. Besides, at issue of bonds which are, as well as actions, issue securities, issuers pay duty on the state registration of this release.

Leasing.

Leasing is a complex of the property relations arising by transfer of object of leasing (personal and real estate) in temporary use on the basis of its acquisition and delivery in long-term rent. Leasing is a type of investment activity at which the lessor (lessor) under the contract of financial rent (leasing) undertakes to acquire in property at a certain seller and to provide it to the tenant (lessee) for a payment in temporary use.

Features of leasing operations in comparison with traditional rent consist in the following:

- the object of the transaction gets out the lessee, instead of the lessor who acquires the equipment at own expense;
- leasing term, as a rule, is less than a term of physical wear of the equipment;
- upon termination of contract action the lessee can continue rent on a preferential rate or acquire rented property at residual cost;
- as the lessor the credit and financial institute - the leasing company, bank usually acts.

Leasing has signs both production investment, and the credit. Its dual nature is that, on the one hand, it is a peculiar investment of the capital as assumes investment of capital in material property for the purpose of obtaining the income, and with another - keeps lines of the credit (it is provided on the basis of availability at a price, urgency, recoverability).

Acting as a kind of the credit in fixed capital, leasing at the same time differs from traditional crediting. Usually leasing consider as a form of financing of acquisition (using) of the personal and real estate, alternative the bank credit. Advantages of leasing before crediting consist in the following:

- the company - the lessee can receive property in leasing for implementation of the investment project without preliminary accumulation of a certain sum of own means and attraction of other external sources;
- leasing can be the only method of financing of the investment projects realized by the companies, have no credit history and sufficient assets for ensuring pledge, and also the companies which are in a difficult financial position;

- registration of leasing doesn't demand such guarantees, as receiving the bank credit as providing the leasing transaction is the property taken in leasing;
- use of leasing increases commercial effectiveness of the investment project, in particular, at the expense of tax benefits and application of the accelerated depreciation, and also reduction in cost of some works connected with acquisition of property (for example, participation in pre-sale preparation of the equipment, quality control, installation of equipment, consulting, coordinating and information services, etc.)
- leasing payments differ considerable flexibility, they usually are established taking into account real opportunities and features of the specific lessee;
- if the bank credit for acquisition of the equipment is given usually of 50-80% of its cost, leasing provides full financing of capital expenditure, and doesn't demand the immediate beginning of payments of leasing payments.

Project financing.

In project finance refers to the financing of investment projects, characterized by a special way to ensure return on investment, which is based on the quality of the investment project, the income that receives an undertaking or business that restricted in the future. The specific mechanism of project finance including analysis of technical and economic characteristics of the project and assessment of associated risks and return on investment basis are revenues remaining after covering all costs.

Feature of this form of financing is also possibility of combination of different types of the capital: bank, commercial, state, international. Unlike traditional business deal risk dispersal between participants of the investment project can be carried out.

The project financing is characterized by wide structure of creditors that causes possibility of the organization of the consortia which interests represent, as a rule, the largest financial institutions - agent banks. Financings of capital-intensive projects it is connected with the increased risks. As a rule, possibilities of separate banks in crediting of such projects are limited, and they seldom assume risks of their financing. Working within a control system of risks, banks seek to diversify risks of the investment portfolios, using various organizational schemes within which decrease in risks is reached by their distribution between banks.

We will dwell upon an essence of factoring service. First of all we will give treatment to the basic concepts of factoring.

Factoring - a transaction whereby the factor (Bank) is financing the seller under assignment a monetary claims (receivables) on the terms and in the manner specified by the agreement and supplementary agreements thereto, and provides other services seller, namely:

- accounting of current state of monetary requirements to debtors and control of timeliness of their payment (administrative management by receivables);
- other financial services related to monetary claims that were the subject of assignment.

It is possible to distinguish from advantages to the seller:

- instant receiving the most part of payment;
- guarantees of full repayment of debt;
- decrease in expenses on maintaining accounts.

The seller for receiving financing concedes to factor monetary requirements; there is a granting by the seller of goods, performance by it of works or rendering services to the third parties (debtors). Financings - granting by a factor to the seller of money on account of monetary requirements of the seller to debtors. Financing is carried out in an order and on the conditions provided by the present contract and additional agreements to it.

Financing limit - the maximum sum of the financing, paid by a factor to the seller. Limits of financing are set on debtors (group of debtors) and the seller.

The unused part of the financing limit - the size equal to a difference between a limit of financing and the sum of financing actually provided to the seller.

The contract - means the purchase contract - sales of goods, performance of work or rendering services between the seller and the debtor.

The delay of payment of the buyer for the put goods or the rendered services involves in most cases a lack of the current assets necessary for purchase of raw materials, calculations with suppliers, expansion of the range and sales markets. Thus granting or increase in a delay of payment is serious competitive advantage in the market and at times and the only argument for work with the buyer.

We will note that factoring service is that service which most fully satisfies need of the supplier of goods and services for current assets.

World renowned many companies (such, as Parmalat, Acer, etc.) Use for the development factoring service as the main tool. Thus the scheme of work is rather simple. Right after obtaining documents on the deliveries, the payment registered with a delay, the bank pays to the supplier from 60 to 85% of the sum of the put goods or the rendered service. The buyer transfers money for deliveries to special suspense account of Bank. The bank repays financing is paid to the supplier, holds the commission, and the rest of payment transfers into the settlement account of the supplier.

Financing of deliveries of goods when factoring provides that immediately after delivery the bank pays to the seller as financing considerable part of the sum of delivery. In the different countries of the world the amount of early payment makes from 60 to 90% of the delivery sum.

The rest (the sum of delivery minus the sum of financing minus the bank commission) is paid to the seller in day of receipt of money from the debtor.

It should be noted that during service it can be financed deliveries to any, even the most insignificant sum.

As factoring is the long-term program of financing of working capital, the contract of factoring service is signed for an indefinite term and will work as much as long while both parties are satisfied with mutual cooperation.

For the supplier factoring favorably differs from the credit. At factoring service there is no need for providing and registration of a large number of documents. It is necessary to report only buyers about change of requisites for payment of deliveries. The credit provides its return by the supplier to a certain term for what it is necessary to make considerable efforts on accumulation of money. Factoring means financing repayment at the expense of the means arriving from buyers means acceptance of funds for the real term of the commodity credit. The supplier receives money in necessary quantity and for necessary term. Besides, repayment of the credit doesn't guarantee receiving new, and factoring service has continuous character.

In addition, bank employees accompany factoring receivables finance management, allowing the supplier to reduce the cost of work in direct control of the timing of payment of supplies, payment reminders to customers, reporting and analysis, etc. Each supplier has their personal manager. In addition, the supplier has the opportunity to monitor the financing (payments) buyers as arrears and so on. using a software system health monitoring supplies, which the bank sets a supplier for free [6, p.119].

Thus, factoring service acts as complex service, allows the supplier to concentrate the attention on primary activity, without turning on the problems connected with shortage of money.

At factoring service limits on the seller and debtors (buyers) are, as a rule, set.

At the time of the conclusion of the General agreement with the seller on it set a financing limit, proceeding from the analysis of a financial state and solvency which is carried out according to financial statements of the seller. Thus limits of financing of debtors are set from 60 to 85% of the sum of each delivery, but no more than 10% of the limit set on the seller.

On condition of accumulation of credit history by debtors (not less than four paid deliveries) their limits of financing depending on the sums of deliveries (the limit of financing of the debtor is set depending on the amount of deliveries to its address, but no more than 10% of the sum of a limit of the seller) and terms of their payments (the percent of payment of deliveries is

corrected) are corrected. At big delays the limit on the debtor is closed to improvement of indicators. Maximum delays of payment are determined by the last by the 6th delivery or delivery for the last 2 calendar months.

So factoring - a range of financial services provided by banks to customers in exchange for the assignment of receivables.

The main differences of factoring service and credit customer service are given in table 4.1.

Figure 4.1.

Comparative characteristic of factoring and credit service

CREDIT	FACTORING
1	2
The credit comes back to bank the borrower	Factoring financing has to be extinguished from the means paid by debtors of the client
The loan is granted for the fixed term	Factoring financing is paid for the term of the actual delay of payment
The credit is paid in the day caused by the credit agreement	Factoring financing is paid in day of delivery of goods
The loan is usually granted on the security	For factoring financing it isn't required any providing
The loan is granted for the sum stipulated in advance	The amount of the actual financing isn't limited and it can increase under a condition to growth of sales volumes of the client
The credit is repaid in day that is caused in advance	Factoring financing is repaid in day of the actual payment by the debtor of goods was put
For receiving the credit it is necessary to make out a large number of documents	Factoring financing is paid automatically when providing the consignment note and the invoice
Repayment of the credit doesn't guarantee receiving the new	Factoring financing proceeds is termless
Expenses on payment of percent on the bank credit are carried on prime cost within a rate of refinancing of securities of Ukraine	The factoring commission completely carries expenses on prime cost

Key concepts

The international competitiveness, competitive goods, competitiveness of the company, methods of an assessment of competitiveness, strategy of competitive fight, "Boston Consulting Group, marketing strategy on

development of the international market, the conversion marketing stimulating marketing, developing marketing, a remarketing, the sinkhromarketing supporting marketing, the demarketing, counteracting marketing, approaches to a choice of a foreign market, ways of an exit of the company on a foreign market, export, joint ventures, leasing, the international franchising, foreign investments, the international factoring.

Questions for self-checking

1. What is the competition in the world economy?
2. What makes the concept of competitiveness and competitive product?
3. What are the approaches and methods for assessing competitiveness?
4. What are the strategies of competition?
5. What is the essence of product policy in the international market?
6. What is "Boston Consulting Group"?
7. What are the strategies of contemporary international commodity marketing?
8. What are the different types of marketing strategies for international market?
9. What are the strategies of market activity?
10. What are the marketing strategies that depend on the state of demand?
11. What is the brand and its role in promoting a product on the international market?
12. Forms and methods of entering the international market
13. What are the different approaches to the selection of foreign markets?
14. What are the ways to promote the product on the international market?
15. What are the features of exports as a form of access to the international market?
16. What are the features of joint ventures as a form of access to the international market?
17. What are the features of direct ownership as a form of access to the international market?
18. What is leasing?
20. What is the nature of international franchising?
21. What are the principles and advantages of international franchising?
22. What are the contractual terms of the parties when buying a franchise?
23. What is the nature of overseas investment?

22. What are the types, forms of foreign investment, and what is their role in the development of the international market?
23. What are the different forms of financing investment projects?
24. What is the nature and the need for international factoring?
25. What is the essence of funding supply of goods when factoring services?
26. What is factoring different from a loan?
27. What is the essence patient strategy?
28. What is the essence komutant strategy?
29. What is the essence eksplerent strategy?
30. What is the essence violent strategy?

SECTION 5. COMMODITY POLICY IN INTERNATIONAL MARKETING

5.1. What are international commodity policy and the main product of modern international marketing strategy?

In the foreign markets the requirements to same goods considerably differ for each of the countries. These distinctions are largely determined by the existing level of socio-economic development of each country and the characteristic of it as a cultural environment. In this regard, a major commercial policy on foreign markets is to ensure that the goods offered diverse requirements of foreign markets. To ensure such compliance within commercial policy should make informed management decisions whose implementation allows you to create the necessary goods in foreign markets (export goods) that has rates [27, p.83].

As of the export of goods can be viewed any product in the form of a physical object, services or ideas represented in foreign markets for the sale or exchange [2, p.47]. This product should be the trademarks (range of products), the most suitable for customers design, packaging and labeling. Equally important in foreign markets should be given before-sales and after-sales service. Consequently, the exports goods shall be appointed for a specific target audience and fully comply with its terms.

All this is possible when a product can be characterized by a set of individual indicators rather attractive for potential buyers and customers (Figure 5.1.).

Each of these factors affects to some extent the degree of satisfaction of the consumers of the product.

Functionality of the product.

Goods manufactured and offered by the external markets must meet all basic functional requirements. If it is, such as a car, its use should provide a comfortable movement of passengers without any problems in the operation of the driver.

Product design and fashion influence.

Design affects both the aesthetic appearance of products, and is important in terms of weight, dimensions, repairs, etc., including economic and requirements. Equally important is the influence of fashion, the importance of which is growing.

Economic and technical level of the product.

Higher levels of economic goods also extend the circle of possible benefits and advantages to the consumer. Besides implementing it new science and technology is an important factor in ensuring efficient business activities in foreign markets.

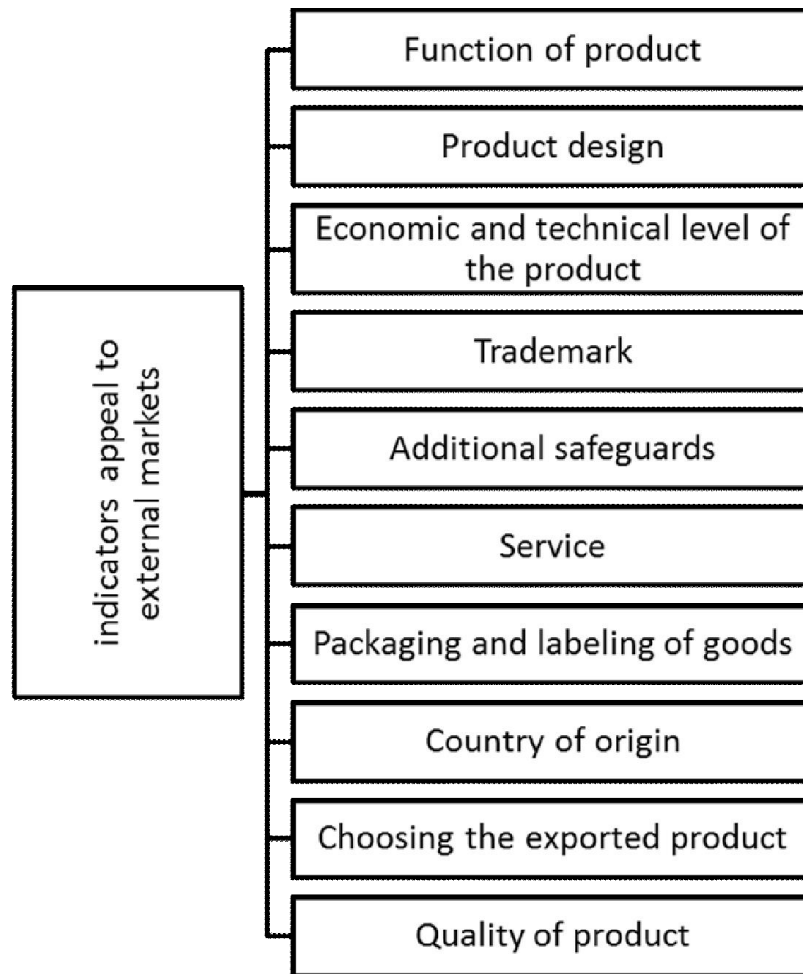


Fig. 5.1. Indicators appeal to external markets

Trademark.

The presence of well-known trade mark (brand) to reach a middleman, customers or buyers for the goods reach their continuing commitment to the brand.

In this case, the constant improvement of functional and emotional advantages of brand is particularly important for the company because it allows new customers to attract all goods previously preferred to like products of competitors.

Additional warranty.

Providing additional security becomes a major factor in the successful implementation of commercial policy on foreign markets. This is especially true of durable goods, and above all, machine tools, automobiles, various household appliances, and service products for industrial purposes. In all such goods number of additional safeguards is constantly expanding, and the validity of guarantees increased.

Service.

Relatively new factor fullest satisfaction of customers is to provide additional services to the buyer of the goods. It is meant primarily to provide

information, counseling, transportation, credit and financial and insurance services. To these services include and maintenance of machinery, equipment, and various household appliances at the end of the warranty period of normal operation. Note that the said servicing is very important to the consumer. It is also important for the producers as the latter quickly obtain information about the actual operation of equipment, reliability, maintainability, ease of maintenance, which is the basis for further improvement.

Packaging and labeling of goods.

Important factors that affect the needs of consumers are the packaging and labeling. Packaging should be how to ensure safety of products during transportation, storage and consumption, and be a means of moving goods to market. A necessary part of any package is labeled, and in some cases have a special printing of product information, which is placed on the packaging or contained in a separate inserts. This information contains warnings about possible negative effects caused by the consumption of this product. Indicate the features of consumption goods, and other information is provided for legislation that exists in local sales of goods.

Country of origin.

An important psychological factor that influences buyers and consumers is a country of origin. Each country has its own reputation as a manufacturer of a product, which has a number of attractive properties. For example, it is believed that the best cars produced in Japan and Germany, and TV - in the USA, Korea, Japan and Germany.

Choosing the exported product.

Variation with the above characteristics of export goods from country to country target market and allow you to make it more attractive to potential customers. Thus, the following approaches:

- main characteristics of the product adapted to individual foreign markets;
- main characteristics of standardized goods and foreign markets offer a standardized product;
- for individual countries develop new products.

The above characteristics define the export product quality. Providing high quality product is a determining factor in the effective implementation of business activities in foreign markets, as a consequence of objective necessity of human needs. At first it was about the feasibility of establishing high-quality products and technology, the need for highly skilled personnel and today is important and to ensure a high quality of life. Any firm that does not pay much attention to quality cannot effectively ensure their business in foreign markets.

The essence of quality goods.

There are quite a lot of different definitions of "quality". This is understandable, as the term is used very broadly to the various areas of our life. Meanwhile, most often in practice some companies use this term is given in the

International Standard ISO 8402 version 1994 According to this standard, quality is defined as the set of properties of an object related to its ability to meet established and projected needs. Here, the object is meant everything that can be individually examined and described. In particular, the object can be an activity or a process, product, organization, system, or any combination of them.

Formulated above definition as a slightly modified version of the ISO 9000, adopted in 2000 According to the latest standards of quality describes how a set of characteristics of their product meets certain requirements.

The term "quality" is somewhat expanded in the so-called "philosophy of Total Quality Management» (Total Quality Management) (Fig. 5.2.), which is a new general method for organizing the continuous quality improvement of all organizational processes, production and service. This approach has been implemented in 60 years in Japan and the U.S. practice of award-winning companies that have achieved the highest product quality.

The main idea of TQM is that the company needs to work not only on product quality but also on the quality of work in the company, including staff.

Regarding the quality of export goods can be characterized by the presence of a set of properties that determine the ability of the product to meet the specific needs according to his purpose. Obviously, these characteristics must guarantee the safety of the product during its use by man, and they define a set of use- value, relevant inquiries of potential consumers.

One of the most important directions of commercial policy of the company in the international market is a commodity strategy.



Fig. 5.2. Pyramid of quality

The firm, which proceeds to the selection of a strategy for products in the international market for goods and services, it becomes a dilemma preferred over other options, such as:

- Buy information about new products or services provided by external sources under a contract or license;
- Invent (develop) a new product or service;
- Improve the design and external appearance of the goods that are produced (earned);
- Attract other partners to develop new products.

Regardless of whether a new product is designed for indoor or outdoor market, its creation and organization of production due to the need to meet the needs of existing and potential customers that have changed or re- emerged. These changes largely determine the degree of novelty goods. The new product can be a product modification that was made before, and being innovative product.

In theory, international marketing often as new product considered [6, p.134]:

- modified product company within the commodity classification of products manufactured;
- a new product for the company;
- a new product to its country of origin;
- new product for specific foreign markets;
- new product for the world market.

Each of these commodities has a different degree of novelty (Figure 5.3).

The highest level of innovation inherent in the product, new to the world market. In the new international marketing generally considered withdrawn on foreign markets original products and improved products and established brands if consumers perceive them as completely new or products with unique properties.

The new product can be developed either by the producer, or it can be obtained through the transfer to other firms. Such a transfer can be affected through the acquisition of a patent or license the product, the absorption of another company or the conclusion of the franchise agreement.

Often new products are created by companies to developing countries. Typically, development of new products involved large multinational corporations.

Creating and by establishing production of such goods, they first remove them to the markets of developed countries, and markets in developing countries.

Creation and development of a new product requires a significant investment. Such costs are greater, the higher the level of novelty goods. However, the cost of creating new products is fully justified because the company provided extensive marketing opportunities.

In some firms, the process of development and commercial development of new products has its own specific characteristics. These features are most characteristic of the new products that come from different countries.

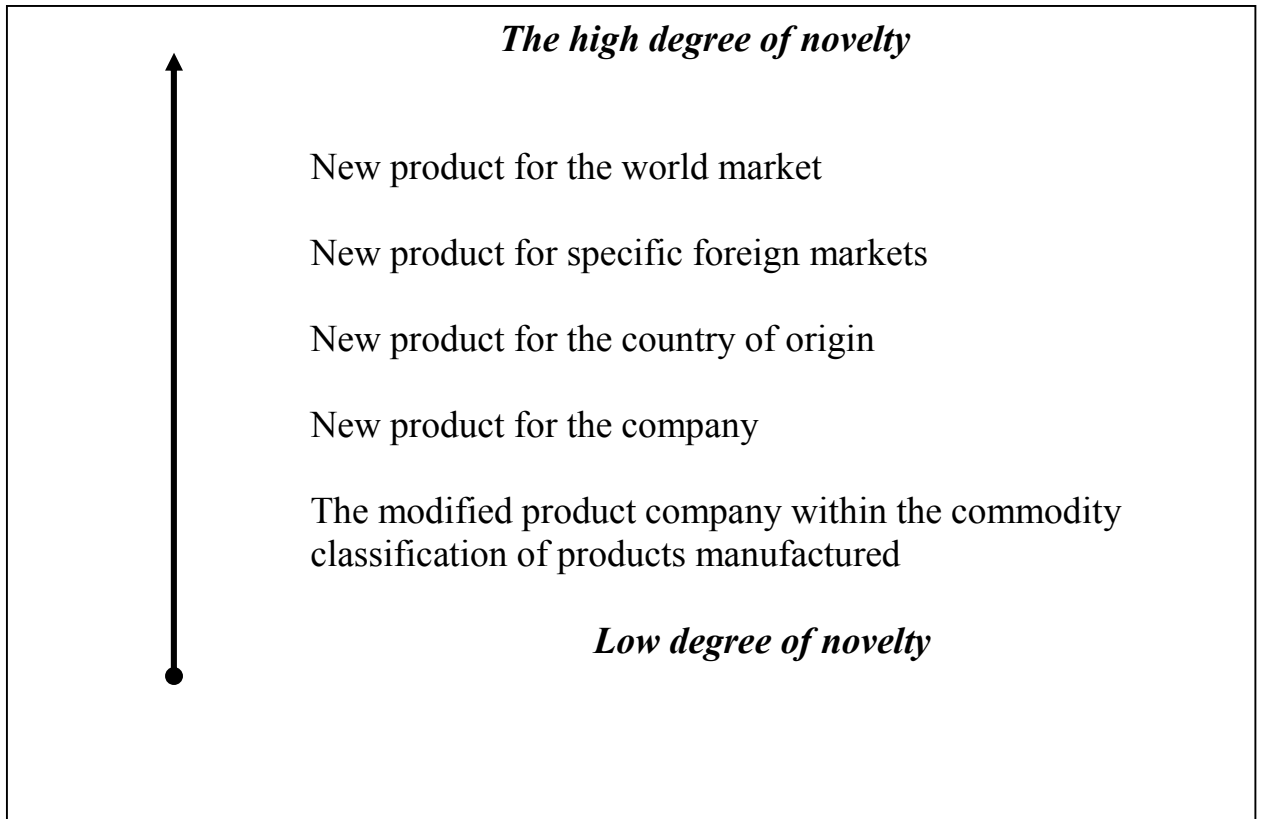


Fig.5.3. The degree of novelty of product

Despite these differences, generally considered the seven stages of development, production and commercial development of new products in foreign markets (Figure 5.4).

The greatest difficulty in developing a new product to foreign markets is the formation of ideas submitted. These ideas form the much more difficult for foreign markets than it can be made for the domestic market. In this case, the higher the degree of novelty goods, the deeper study of the environment of international marketing should be done. As already mentioned, the process of developing a new product for foreign markets, and especially for the global market is more time consuming and requires considerable financial costs, which are not always justified. In this regard, it is important for the development stage of a new product to analyze and evaluate the potential costs and determine the profitability of a new product.

There are two main approaches to solving this problem: how European and Japanese firms.

The approach of European firms to develop a new product.

European firms usually first develop and produce a prototype product, and then determine its cost.



Fig. 5.4. The process of developing a new product

With this in mind, using the method of obtaining profit target, set the base price and assessed the possibility of selling the product at that price. If at this price cannot be provided with the necessary product sales, either revised as appropriate design changes to reduce the price of the goods, or are authorized decision not to develop its production.

The approach of Japanese companies to develop a new product easier. At the initial stage of developing a new product they install it possible range of prices to meet the needs of consumers and their requirements for quality goods. On this basis, determine the volume of sales and profit potential. If the eligibility of the last set allowable costs for industrial and commercial development of the product, its distribution. To these have been acceptable to the company; often require numerous talks with various departments of the company and its agents. The approach in the development and commercialization of new products that use Japanese firms enables development in a shorter time. With this new product, which is displayed on the target market, the previously identified requirements of users and has a very reasonable price? This approach allows for an efficient business in an ever increasingly competitive in foreign markets. First of all it concerns the producers of technologically sophisticated products.

Note that the duration of the development and formulation of new products into production is steadily declining. This is especially true for products such as computers, televisions, automobiles, and consumer electronics.

Studies conducted in foreign markets, show that higher levels of novelty product characteristic and a higher risk of possible rejection of the product target market. Approximately 80% of all consumer goods, which first appear on the market, are not interested in their customers and consumers. For capital goods and services in accordance with the figure at 30 and 20%. Despite this, in many cases the risk is justified. After 90% growth in sales of consumer goods in the markets of developed countries account for new products.

Analyzing the reasons for the failure of new products in foreign markets, usually distinguished such of them as:

- not fully understand the needs and requirements of users of the target market;
- incorrect positioning of the product;
- unsatisfactory quality due to production and financial problems of the company;
- reduction in product life cycle;
- insufficient account of current competition.
- exploring the reasons for the success of certain goods in foreign markets, usually as the main factors that determine it singled out:
 - high level of competitiveness of the goods;
 - understanding of consumer behavior by the target market;
 - implementation of high-level international marketing;
 - high degree of synergy development, industrial and commercial development of the product.

All these factors are controlled for the firm. Therefore, the success of firms in international markets depends primarily on the firm, and the first of its managerial staff that can perform up to standard management and efficient use of international marketing.

Note that not all firms find it appropriate to offer some foreign markets new products. Some of the companies adhere to the maximum standardization of products they offer, while others consider it necessary to adapt the product that is offered to the specific conditions of the country and target market.

Standardization of the product involves the manufacture and sale in foreign markets the same goods in the domestic market. However, none of the main characteristics of the goods is not subject to any significant changes or adaptation to a particular foreign market. This approach is commonly used company engaged in sporadic sales of their products in foreign markets as well as global companies offering consumer products every day.

It should be noted that many of the goods that are produced do not require any of their adaptation to specific countries or markets and may be regarded as

standardized. These products, in particular, some consumer products, such as cameras or camcorders, and capital goods: machines chip.

Standardization of product is widely used by such famous companies as «Phillips» and «Sony», which is the world's leading consumer electronics. The market restaurant business, this approach partially implements firm «McDonald's».

Feasibility of standardization of goods due to a number of factors, the main ones are:

- reduce costs, to manufacture and sell the product despite the increase in mass manufacturing of products;
- reduce the cost of physical distribution of goods to foreign markets;
- reduce marketing costs through standardization possible set of international marketing;
- creation of favorable conditions for continuous and efficient supply of components and nodes of their consumers in different countries;
- develop adherence to consumer goods and means of consumption;
- facilitate the management of production and sale of goods.

With the use of positive factors standardization of goods can note some negative consequences of this approach. The main of them can be considered the fact that, making standardization of the product, the company cannot always accommodate all needs of specific customer's individual countries and target markets, and therefore cannot fully utilize their marketing opportunities.

If the firm together with the offer of the same goods in foreign markets and uses the same set of its progress, while talking about a *double standardization*. Examples of firms using this approach in foreign markets may be widely known company «McDonald's» and «Coca-Cola».

Will the firm offer to foreign markets standardized product depends on several factors, primarily on what the international marketing strategy firm sells that particular product offers, at any stage of the life cycle of this product is, and what degree of uniformity needs and requirements of potential users. Considering these and other factors, the firm can make the final decision on the standardization of the product. Thus paramount given consumer marketing research and target market analysis of product life cycle.

As for the product life cycle, it is like in the domestic market in each of the foreign markets involves four stages: introduction, growth, maturity and decline. However, many companies initially derive their goods to domestic markets. I just gained some experience in it; they come with their goods in the most attractive foreign markets [28, p.78].

However, the theory of product life cycle in international marketing shows that across countries while the same product at different stages of the life cycle, as the country's innovators, who for some time were the only exporters to the world market, are net importers and countries followers of importers exporters in turn, taking place in the market of innovators.

Standardization of the product at the stage of its implementation on the target market is irrelevant. You should not do this and at the second stage of the life cycle - the growth stage. However, at this stage it is necessary to choose a base model or kind of merchandise that can be standardized at the stage of maturity. As a result, the maturity stage creates a standardized product with its specific range of products that offer a basic model of the product and its modification.

Following the mandatory requirements and preserving the benefits of standardization, while at the same time the product can be adapted by its differentiation to the ever changing needs of consumers. This combination of standardization and adaptation is a fundamental principle of the sale of commodity policy in international marketing.

Adaptation involves changing product specifications products according to specific country conditions and preferences, prevailing in the target market. There may also be taken into account religious beliefs or existing prejudices. Usually considered several levels of adaptation goods. The company may, for example, to tailor a specific product model for Western European or American market for the China market or a particular province.

The degree of adaptation of the product for some countries also varies. For example, the firm «Kraft General Foods» British offers coffee with milk, black coffee producing French and Latin Americans offers coffee with chicory.

The ability to adapt products to the conditions of individual countries and markets is determined by several factors, the main ones are:

- the need for a fuller account of the specific customers' individual countries and target markets;
- feasibility of bringing product quality in line with the purchasing power of consumers;
- the need to modify the product in order to meet the possibility of its effective use;
- feasibility of establishing the most appropriate system service.

The above factors are not mandatory for producers. Of course, it is desirable to consider them, but he cannot do. However in some cases, other commodity will be required to adapt their products to the conventions of the country for the successful functioning of the market.

In a number of countries have their own specific requirements for the product, the implementation of which is impossible without appropriate adaptation of goods. These requirements are defined:

- a legislative framework that sets specific standards for products, such as setting limits pollution by road;
- existing procedures;
- feasibility of the production or assembly of goods in certain countries, due to customs and tax policies of the importing (that

such a policy choice and determines the following methods of entering foreign markets and requires standard solutions);

- lack of technical capacity to use the product;
- climatic conditions (eg, severe climatic conditions of some northern regions, determine the specific requirements for clothes and shoes).

The above factors may cause changes in the very different characteristics of the goods in adapting to the conditions of each country.

The same product can be uneven and functionality to meet different needs. For example a bicycle, which is widely used in many countries, in some countries there is a vehicle and the other is used as a sports tool. Policies promotion of the product, as the bike has to be adapted according to the requirements that a product must meet. In this case it is a dual adaptation.

There is also a need to adapt the communication policy to the conditions of individual countries, which is primarily due to the differences in socio-economic and cultural development.

Commodity contemporary international marketing strategies used in the practice of international firms can be presented in summary form the following list:

- The strategy of "simple extension";
- Adaptation production strategy;
- The strategy of «reverse expansion»;
- Strategy for new inventions.

The strategy of "simple extension" - the company uses the same commodity for domestic and foreign market. This simple approach minimizes costs if the company can sell products abroad without changes in design, composition, packaging, etc. Companies such as «Coca-Cola» and «PepsiCo», using this strategy.

Strategy adaptation of products most commonly used in international marketing. This company comes from the fact that not necessarily creates new products, but rather makes small changes to products that are produced to meet the requirements of foreign customers.

Strategy "back extension" - focus on company developing countries, producing a simpler product than that sold in the domestic market.

Strategy for new inventions - the most risky and expensive plan, as the company develops new products to their markets on the basis of their specificity. But this approach has considerable potential for profit, and in some cases - and global recognition.

Active product policy most companies leads to the fact that every year the market there are millions of products, new products. However, only some of them are gaining market.

One of the most important conditions for market penetration and expansion of sales in foreign markets is its high international competitiveness.

Competitiveness of export goods is defined as a set of consumer goods and cost characteristics, and the level of reputation vendors formed and the nature of interpersonal relations partner, causing the advantage of this product over other similar products in a highly competitive.

Competitiveness - a concept clearly correlated with a particular country, target markets and future sales, which can be determined only by comparing products competing with each other.

A number of parameters are compared to characterize the competitiveness of export goods, depending on the type and complexity of the product in technical and operational relationships, and the required accuracy of assessment, purpose of the study and other factors. However, considering the often competitive goods in foreign markets, taking into account its characteristics such as [21, p.501]:

- magnitude of the cost of the consumer for the purchase and consumption of goods;
- ability of the product to meet the needs of specific customers according to its functional purpose;
- degree of conformity of the goods to the international standards and requirements of regulations adopted in the importing country;
- level of service.

These specifications are different can be perceived in some countries. And they are not always taken into account when choosing the criteria for assessing the competitiveness of exports. Economist's individual countries take different approaches to the formation of criteria for evaluating the competitiveness of the goods. Each purchaser of the goods is essentially their criteria for evaluating the competitiveness of the goods. There can be "absolute" competitive or uncompetitive product: the two were related to the target market and time, as well as various factors that influence the market. There is no doubt that raising the competitiveness of the product can be achieved by improving its quality, which finds its expression in achieving compliance with the maximum value of consumer and product characteristics needs of customers and consumers.

In theory, international marketing with the competitiveness of the goods and the importance given to the competitiveness of firms and the competitiveness of the country of origin.

Under competitive firms understood the actual and the potential of its ability to create and market products and provide services to some characteristics fully meet the needs of consumers than similar competitors' products and services.

To evaluate the competitiveness of firms typically use features such as:

- ability to implement effective industrial, commercial, and marketing activities;
- high reputation in the business world;
- stable financial position;

- availability of effective research base;
- ability to perform at a high level of innovation;
- skilled managers capable of taking and ensure the implementation of sound management decisions;
- ability to respond quickly to changing marketing environment occurring in foreign markets.
- in assessing the competitiveness of the country of origin is usually taken into account such factors as:
 - state of socio- economic and political situation in the country;
 - state of the economy and its growth;
 - involvement of the state in global integration processes;
 - use of scientific and technical progress in the production of goods and services;
 - level of the various standards, including international ones;
 - cost of production of certain goods and services provided;
 - availability of qualified personnel, their production capacity and quality of work.

Considering the competitive product, company and country of origin, it should be noted that paramount in terms of international marketing has competitive goods. In this case, the main factor that determines the level of competitiveness of goods in foreign markets is its quality. Hit the goods owned and low competitiveness.

5.2. What is the essence of product policy in the global market?

Implementation of product strategy largely depends on the chosen rationally assortment policy of the firm.

Product policy includes a set of product groups, species and varieties of products, the most promising for the successful promotion of the goods and ensures competitiveness in the international market.

Product policy provides for determining the origin of goods sold: goods produced by the company or have been purchased from outside.

Wide range of products offered by the company significantly strengthens its market position and expanding sales. The marketing concept involves the production of a wide range of products, which includes optimal products that are in various stages of the life cycle, but also on the market.

It is obvious that there are no uniform guidelines regarding the number, types and modifications of products produced and sold. But at the same time, experience shows that the greatest result in international business achieved provided the parallel promotion of different product groups in the market.

Among the commodity groups may be distinguished:

- main (products that generate income to the company and are in the growth stage);
- maintenance (goods, stabilizing sales revenue and are at the stage of maturity);
- strategic (goods are to ensure future profits of the company);
- tactical (products that stimulate sales of the main product groups and are generally at the stage of growth and maturity).

In real business firms in foreign markets very few who are the target market only one product. Typically, each firm produces and sells a number of products on a single foreign market, and provides some services. All these goods and services defines commodity nomenclature firm. With this product portfolio is defined as the set of all product lines of products manufactured by the company, to sell them in foreign markets.

With the formation of product lines in foreign markets accounted for two groups of factors: internal and external. The internal factors include the production capacity of the company, highly qualified personnel, the ability to use the know-how, the cost of production. Among the external factors influencing the product range is usually considered legal restrictions on the supply of goods to individual foreign markets, the level of competition that exists in these markets, development of and access to distribution channels, the social and cultural development of individual countries.

The above factors to consider when forming product range for each foreign market. This should ensure optimization product lines based on possible changes in the marketing environment in the future. Namely, it is advisable to take into account possible changes in consumer preferences of individual customers, prospects equipment and production technology, changes in product life cycles, the appropriateness of withdrawing from the production of old products and develop new ones. Note the most appropriate time to bring new products to foreign markets, the feasibility of entering new foreign markets. All of the other factors must be analyzed and taken into account in the management of product range. Thus the possibility of product lines should be considered in the long term, which should find its reflection in strategic international marketing plan, part of which is the economic portfolio, the content of which determines the totality of all goods and services produced and offered for sale in foreign markets.

Product policy includes:

- define a set of product groups (species, subspecies, marks)
- optimal ratio of base models and their modifications;
- establishing presence in the market value of products at different stages of the life cycle.

Manage product range on foreign markets - which means each target market offer a range of products that fully satisfy the customers in terms of its breadth, richness, depth and harmony.

Under the "width" of the commodity nomenclature understand the total number of product lines of products manufactured by or sold.

"Saturation" describes the quantity of the commodity nomenclature of certain products.

Under the "depth" of the commodity nomenclature understand packaging options within product groups.

"Harmonization" product development - a set of proximity between products of different product lines from the position of use, requirements for organization of production, distribution channels and so on [13, p.153].

Deciding the breadth, depth, richness and harmony of product lines, we should continuously assess the conformity of products being offered, consumer needs of each foreign market and thereby ensure better meet those needs.

By creating a new product, the firm organizes its production and sale. First, the product is manufactured in small batches and in limited amount proposed target market. In addition, each company wants its product has been universally recognized, and the demand for it continued as long as possible. At the same time everyone knows that the goods are not sold forever. Everyone understands that the time will come when the product will be discontinued and terminated its sale. However, the company's management believes that the time spent on the commodity market, that product life cycle will be prolonged and the firm will be able to fully compensate all its costs associated with the development, production and sale of goods.

The life cycle of a product can be considered on the basis of the goods in the domestic and foreign markets at all. In this case, talk about the global product life cycle.

Of course, we can analyze the product life cycle in relation to specific countries, regions, integration groupings and so on.

Each product on a single foreign market is presented in the form of one or more product groups, each of which includes a range of products, or, as they are commonly called, marks. In this regard, the life cycle is usually considered in relation to one type of product, its product line and its range of products and brands. It may also be considered in relation to the life cycle of the industry.

But often explored life cycles of certain products and their brands. The life cycle of a particular type of product is quite long and its main part is the stage of maturity. At the same time, the life cycle of the brand is less lengthy, although the curve is characterized by a typical product life cycle.

Deriving goods to foreign markets, keep in mind that while it is recognized in some countries are different. In some countries sales could grow rapidly, while in other countries it is already beginning to decline. This means that the product life cycle in different countries varies. Thus one and the same

product may be in different stages of its life cycle in some countries. For example, as a result of anti-smoking campaigns ever conducted in the early 90's cigarette consumption in some countries, including the United States significantly decreased. While in most European countries, Japan, CIS tobacco remained the same, and in some countries even increased.

Consumption of natural cosmetics by women in countries such as France or Hungary, at the stage of maturity due to cultural traditions that have developed. While in most other European countries, where women later realized the need of such care for themselves is at the growth stage.

At what stage of the product life cycle in a given country depends on several factors, the main ones are [3, p.148]:

- level of economic development;
- existing level of competition;
- degree of saturation of the target market;
- features of consumption goods;
- existing national customs.

The target markets of the industrialized countries the product life cycle is usually much shorter than the markets of developing countries. However there is a general tendency to reduce the length of the life cycle of the product and its gradual alignment for individual countries.

Global life cycle largely depends on how the company performs its access to foreign markets. There are several approaches are possible, but often deals with two of them. In the first approach, the company aims to go out with their goods at the same time appealing to all her foreign markets, while in the second approach, firms prefer to gradually develop some foreign markets.

1. Simultaneous access to foreign markets.

If a company goes in sync with their goods in several markets, while the life cycle of the product in each country will be at approximately the same stage. Of course, can be described as the life cycles of most goods. In reality, the length and intensity of the individual stages of transition from one phase to another are significant differences depending on the specific product and target market.

Note that in a globalizing world economy is increasingly possible to identify different segments of consumers in different countries, which are inherent to similar requirements in relation to a particular product. Therefore, many companies prefer to proceed simultaneously with their goods to markets in several countries. For example, the company Microsoft, creating a software product is Windows, immediately offered it to all overseas market.

2. Sequential access to foreign markets.

Many companies initially derive their goods on the domestic market, and only then consistently deliver them on foreign markets. Thus, generally, do firms with limited financial resources, as well as firms with little experience of the foreign markets or supplying sophisticated products. In this case, the global

product life cycle is characterized by the fact that the same product may be in different countries at different stages of its life cycle. The latter fact can be used by firms to continue global product life cycle.

Firms selected countries take different approaches to the concept of the life cycle of their products in foreign markets. In particular, U.S. firms, implementing the concept of global product life cycle, consistently engaged in the following activities:

- first derive a new product to the U.S. market and making sure that it is in demand in the domestic market are starting to export goods in the most attractive for foreign firms;
- received confirmation of the current demand for the product, its production is organized in foreign countries in terms of licensing or joint production;
- produced in foreign countries begin production exported to other countries, including the United States;
- gradually increasing competition for markets selling goods in connection with the ever-growing number of manufacturers of this product. This continues as long as there is no decision on the removal of goods from production.

The approach is typical for many companies in other countries, particularly in Europe. Some specificity inherent in Japanese firms, as more is said below. Note only that, realizing the concept of the product life cycle in foreign markets, the company regardless of the country it is located shall take into account the potential of its product in each of the foreign markets.

Considering the role and importance of the concept of the product life cycle in foreign markets, one should not exaggerate its importance. Keep in mind that it has limited use and is not always appropriate to follow its classical postulates.

Of particular importance is the use of the concept of product life cycle provides Japanese firms. They provide a number of measures to extend the global product life cycle:

- creating a new product, the firm begins to sell it domestically. It quickly generates demand setting is typically high for using marketing tools provides market share and high returns;
- the emergence of analog products manufacturing competitors, the firm increases competition in the domestic market, achieving sustainable conservation position in the market;
- reaching saturation phase in the life cycle of a product on the Japanese market, the company begins to display goods on foreign markets. Often the product simultaneously displayed on all the attractive foreign markets. Sometimes preferred initially developed countries and, in the end, countries with low levels of development;
- sometime in foreign markets appear goods -analogues produced by local firms. Competition is heating up, and Japanese firms to ensure

suitable position in foreign markets most used tools of international marketing;

- as the local firms because of favorable business environment itself provide a competitive advantage relative to Japanese companies create their own past and are compatible with local producers of the company;
- further increased competition in foreign markets leads to a significant reduction in production costs associated companies.

As a result, the cost per unit of product produced by subsidiaries in foreign countries, less than the cost of the goods manufactured in Japan. So begins the export of goods manufactured subsidiaries, Japan. The latter, as a rule, products that require significant labor, material and energy costs.

The approach to implementing the concept of international product life cycle allows Japanese firms to obtain the maximum profit from the sale of the product before it is removed from the production and sale.

Note that some Japanese firms are also other approaches to implementing the concept of international product life cycle. Some are implementing so-called anticipatory view of the product life cycle. In this case, the firm initially gave the new product to foreign markets, and only then begins to develop the Japanese market.

In assortment policy in tough competition come first different marketing tools. One of them - a branding, the other - it's their own brand names.

Well-known trademark that has long-term benefits of buying competing products on the market, considered to be the brand.

Brand (mark) - an image of the brand of the product or service selected by the buyer of competing products, which is associated in the minds of the buyer as corporate identity.

Corporate Identity creates a positive consumer image of the company and includes the trademark (brand), company logo, corporate power, corporate font, color, details of the company and its advertising slogan.

Brand in the minds of consumers is associated with confidence in the high quality goods. Therefore, its presence allows the buyer to accelerate the selection of goods and a decision on its purchase.

The process of creating a brand is considered to be branding.

Branding originated in the USA in the 30's XX century in the companies «Procter & Gamble», «General Foods» and other companies. Branding by using targeted techniques, methods and techniques that enable brand designed to bring buyers in order to bring to his mind the image of the product, as well as help in the perception of positive characteristics of the goods by the buyer. In this regard, branding helps the customer to choose the product.

In different countries the branding process consists in different ways, illustrating the ranking lists of the most popular brands.

Note the main characteristics of the brand:

- online identity, brand meaning, perception of buyers emerging advertising (Brand Image);
- emotional associations that arise in customers and potential customers (Brand Attributes);
- language or the language of the brand mark (Brand Name);
- brand set of attributes that characterize his identity (Brand Identity);
- whether the brand in consumers (Brand Power);
- cost parameters (Brand Value);
- degree of advancement of the brand (Brand Development Index).
- the characteristics of the brand unplug the main components of branding:
 - language of the trademark;
 - visual image of the trademark in the perception of the buyer;
 - main content of a trade mark;
 - individuality of the trademark, determined the population of its features;
 - rating for the trademark to customers;
 - functional and emotional associations existing and potential buyers of the goods in respect of a trade mark;
 - degree of perception of the trademark;
 - cost parameters of trademark.

Need some differences from other products through various signs, which provide product manufacturers or merchants, dates back to antiquity. So the ancient Romans, Greeks and Egyptians used the existing labels to indicate the place of origin. Around 4000 BC Assyria and Babylon masters punched in stone buildings built their decals that can be considered precursors to modern trademarks. The first official trademark has become a trademark Brewing Company «Bass», created in 1777 trademark was registered under the Law on Trademarks, adopted in the UK in 1862, this trademark was a red triangle. It exists to the present and has long been a brand.

Of course, not everyone gets the trademark brand. Requires a large and versatile robot make Trademarks used brand. At the same time as a trademark can be any kind of title, sign, symbol, picture or combination thereof, used to refer to the company and products that distinguish them from goods of competitors.

According to one view trademarks identified with the term "trademark". Under the second, the trade mark - a mark or part of it, provided legal protection. No matter which of these two terms used shall have in mind that each of them is intended to identify the goods and services of one or more vendors and allows distinguishing them from the goods and services of competitors.

Every commodity must first decide whether he will use for their trademark goods or not. The answer to this question is determined by comparing the costs for the creation and use of the trademark and of revenue that can be obtained through its use.

Suppose that this balance is quite satisfied us and she made a decision on the feasibility of using the trademark. Making decision on the use of the trademark commodity can:

- create your own trademark;
- transfer goods to an intermediary who promote a product using your product (trade) mark;
- sell some goods with its own trademark and the rest of the goods pass to intermediaries who sell these products using their trade (trade) marks;
- sell goods with two or more well-known trademarks.

In real life, using all of the above options. The use of a particular variant is largely determined by the specifics of each country.

Many products are not trademarks. These products, in particular, some consumer goods. This, for example, sugar, salt, pork and so on. Capital goods do not always have the trademark. For example, metal, cement.

If a company does not use the trademark, it must lower the cost of production of goods and its promotion. However, in this case it loses its products different from other similar products that are in the target market.

Own a trademark of producers allows the latter is more profitable to sell their products, to provide a strong position in the target market, build commitment to the product. At the same time, the presence of a trade mark can be a trouble in the sale of company products through retailers.

Trademarks are widely used trading companies in many countries. In particular, these brands most often used in the UK. Widely known retail chain that country «Mark & Spencer» sells its products only under its own brand. At the same time, in countries such as Spain or Portugal, the proportion of goods is trademarks in the total turnover of these countries do not exceed 10%.

Using a trading firm their brands improve their reputation in the minds of consumers and allows them to get more profit. In some cases, use only brands advisable producers. This primarily applies to small and medium firms in which sufficient funds to ensure the effective use of their trade marks [16, p.514].

The multiplicity of the trademark.

In many cases, firms cooperate to use their trademarks. The cooperation of two or more well-known trademarks assumes conservation of each. The latter is achieved through the conclusion of agreements on the use of several trademarks. The basis for the conclusion of such agreements is that each of the parties to the agreement hoping for an opportunity to improve their business through joint efforts.

One trademark.

Based on individual country market, the firm can use for their products only trademark. This approach can form in the mind of consumers that products meet certain standards of the company and have the same high enough quality. The implementation of this approach provides the maximum effect of the buyer. If the market of the country is heterogeneous and includes a number of target segments, the company is advisable to use several trademarks.

Local and global trademark.

Firms in foreign markets can use both local and global (universal) trademark. The use of global trademarks justified when the product has a high image and corresponds to a high quality. Examples of global trademarks may be trademarks such as «Coca-Cola», «Lipton», «Palmolive», and «Visa».

Studies conducted in recent years show that many firms and, above all, multinational corporations prefer to use in some countries local trademarks. Thus on the same target market can be offered products that have different marks. Due to differences in national preferences and attitudes of the population of some countries, the importance of the use of global trademarks continually decreases. Therefore, before each firm dilemma which part of a trade mark and how to change and what part to preserve and standardize based on national circumstances of each country.

The legal protection of a trade mark can be provided both within the country and in foreign countries. Under the current rules of international firms that conduct their business in foreign markets must register their trademarks in those countries where such activities are carried out. Legal protection of trademarks is provided in more than 160 countries, besides more than 90 countries with a legal framework that determines the possibility of registration and use of trademarks.

To ensure the protection of the trademark in most countries it is quite register with the appropriate state agencies. In some countries (eg the UK) together with the registration of a trademark must use it, make a few sales.

Internationally, the rights of trademark owners due to a number of international agreements and conventions. Latest mostly forms part of existing national legislation in the field of trademark and in case of conflict with the intrastate regulations take precedence validity. For the first time internationally trademark owner's rights were due to adopted in 1883 Paris Convention for the Protection of Industrial Property. Were later adopted by the Madrid Agreement Concerning the International Registration of Marks (1891), the Vienna agreement on the Registration of Marks (1973), Nice Agreement Concerning the International Classification of Goods and Services for the purpose of the Registration of Marks (1957) and other agreements signed within the World Intellectual Property Organization (WIPO) and under its auspices.

Among all the conventions, treaties and agreements adopted and subsequently modified, the most important are the Paris Convention for the

Protection of Industrial Property of 28 September 1979, the Madrid Agreement Concerning the International Registration of Marks, revised in 1979. Patent Cooperation Treaty in the version of 3 February 1984.

According to the Madrid Agreement trademark registered in one of the countries that signed the Madrid Convention, it is through the World Intellectual Property Organization to log on to all other countries - members of the agreement provided that he is fit for registration and its registration does not oppose the existing provisions of trademark in those countries.

Each firm is interested in registering your trademark. First, the price of the goods with the trademark, 10-40 % higher compared to the price of similar products that do not have such a sign; Secondly, the owner of a trademark may allow other companies to use it, getting it for a substantial amount. Thus, the trademark «Coca-Cola» estimated at 16 billion USD.

Warning marking.

As an additional measure aimed at protecting the rights of the owner, the possibility of using the warning labeling that characterizes the degree of protection of the trademark.

Can be used symbol «TM » (Not yet approved), whose presence indicates that the registration of the trade mark application, but the trademark has not been registered. If the trademark is registered, it is commonly used notation «R» (Registered Tm approved). It is the simplest and most commonly used enough. Appearance and shape precautionary labeling chooses the owner of the trademark. Together with the above specified marks for example, he may simply indicate «registered trademark."

In recent years, many companies pay special attention to the creation of visual and semantic unity of goods and services, the entire output of firm information, its interior and exterior design. So, they want to create their corporate identity that distinguishes the company and its products from competitors and their products. Typically, a corporate identity is defined as a set of color, graphic, verbal, printing, design permanent elements designed to create a single image of all products firm, firm, and initial information from it.

As objects of corporate identity can be:

- packing of goods;
- business documents;
- different folders and directories;
- interior company;
- shoes;
- different souvenirs;
- corporate transport;
- exhibit exhibition, shopping halls, shop windows;
- attributes of corporate culture.

Along with the listed objects corporate identity may be others. Often they are defined in the so -called standard of corporate identity. This standard is

mandatory for all employees that are directly related to the creation and formation of corporate identity.

The main *elements of corporate identity* are:

- trademark (trademark);
- logo;
- slogan (brand slogan);
- signature block;
- corporate color;
- proprietary set of fonts;
- designer constants.

Trademark and brand name. The main role in the formation of corporate identity belongs trademark. It defines the attitude of consumers to the product. The presence of corporate identity reinforces the possibility of goods being recognized, at times to distinguish the genuine article from the fake.

Logo is specially designed original images of full or abbreviated name of the company (perhaps as a single product or group of products).

Slogan. Along with trademark and logo of corporate identity can be a slogan. Slogan - is the motto of the company. It can be registered as the property of the company, and as a trademark. Examples of slogans can bring motto

- company «Philips» - «Let's change lives for the better»;
- company «Tefal» - «You always think of us».

Signature block. Usually trademarks, logos and other inscriptions are combined in a graphical composition called branded unit. Other titles may be postal and bank details of the company, various inscriptions explanations and various graphic and decorative objects. The presence of these components of corporate power is not required. In a corporate unit may include only some of them.

Corporate color. Along with graphic symbols for different product groups or divisions of the firm can use corporate colors. In this case, the use of different colors facilitates the perception of information enhances the emotional impact on consumers and consumer goods. Classic examples of color identification and firms may be:

- White and black - the company «Adidas»;
- red and yellow - the company «McDonald's».

Signature set of fonts. Like the colors, essential for the formation of corporate identity is the use of a special set of fonts. These fonts are used for the image of the trademark, and other brand names as well as some songs that define and emphasize the authenticity of the goods offered.

As a *firm constants* usually act circuit layout advertisements sizes, different logos of the company, presentation illustrations and other elements which strictly adheres to the firm.

Thus corporate identity is a unique form of communication through which the firm affects buyers. Consumers who purchased at least once goods (services)

firms and has received positive emotions from consuming them seeing her firm attributes, wants to make repeat purchases.

However, many experts in the field of corporate identity believe that it is an integral part of the branding of the company.

In developing the product policy approach is an important combination in the nomenclature of the production range of different products in terms of their profitability. Have become very popular Boston matrix product range, developed by «Boston Consulting Group» (BCG), the use of which requires consideration of the actual and potential market segmentation, competitive elements, various aspects of the profitability of a combination of goods and services.

The firm simultaneously sells in the market the following product groups:

1) "difficult children" or "cat" - goods that are entering the market and require significant investment, because even though their sales are growing, they do not give the company significant gains;

2) the "stars" - goods that are in demand, which is growing rapidly, which may already be partially or completely cover the costs of their production and sales;

3) "milked cow" - products that actively sold in the market and give the company a substantial profit. With the proceeds from sales of this commodity group partially funded other product groups;

4) "losers" or "dog, which kicked" - products that are no longer of high demand and have no obvious prospects. They are subject to a gradual withdrawal from the market, although the appropriateness of special recognition by marketing activities on the "implementation" of this group of products "dog" may move to another, more promising product groups.

5.3. How does packaging, service, and quality control of products look like?

The same product can have multiple levels of packaging. In this package, the use of which is intended to ensure the proper level of loading and unloading of goods, their storage and transportation, is considered to be a transport package or container.

Packaging of goods should reflect:

- harmony with packaging design by commodity;
- requirements of the target market and the corporate identity of the company;
- match the packaging standards adopted specific national (international) market;
- matching the size and color of packaging, location, size, design and content of product labels and the number of goods that are placed in a single packaging unit.

An important requirement for the development of the package is its absolute and relative value with respect to the product itself.

Functions of packaging in foreign markets largely similar to those functions whose implementation is provided in the domestic market (Fig. 5.5.).

The main ones - the following:

- maintaining consumer characteristics of goods;
- protection product from possible damage during transportation;

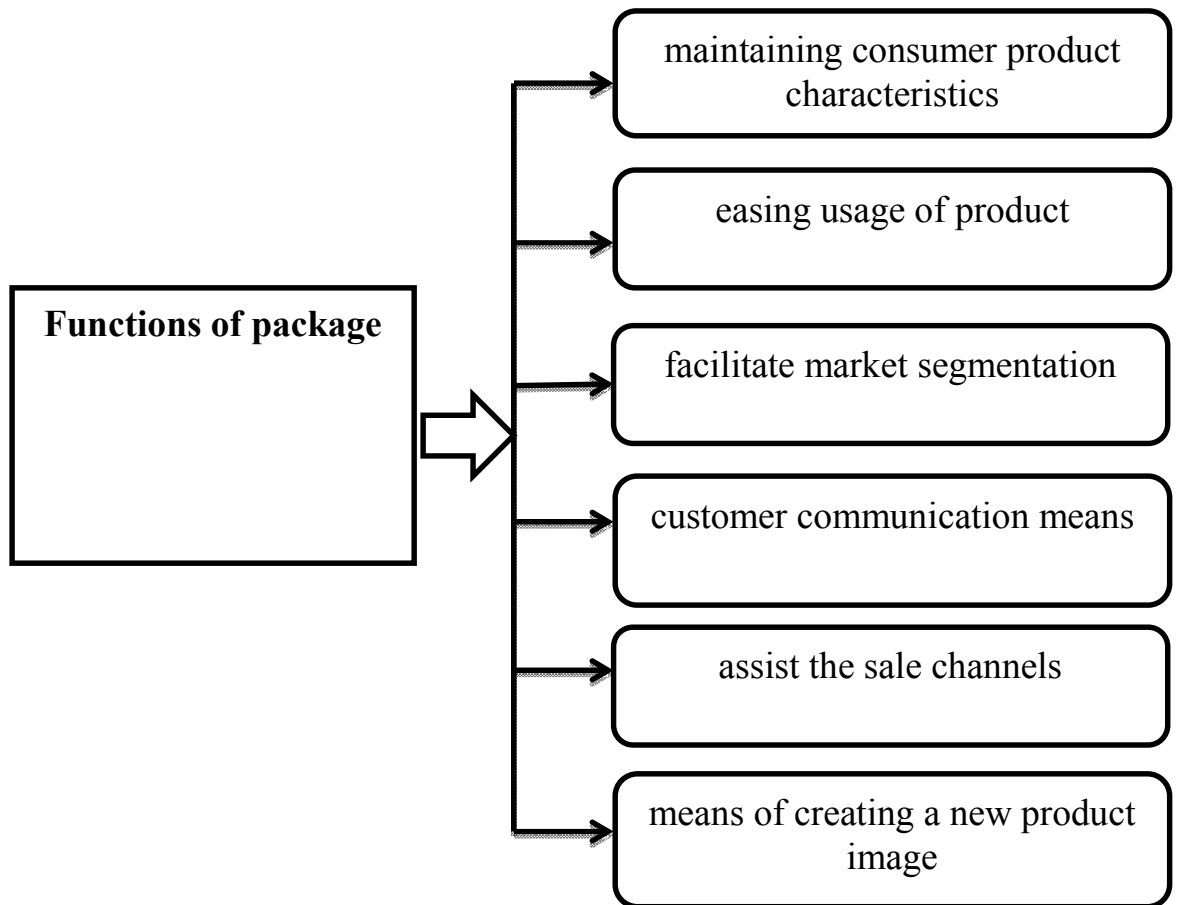


Fig. 5.5. The main functions of packaging

- creation and amenities moving consumer goods;
- formation most suitable units sold (by weight and volume) for its sale;
- for communication during the sale and consumption of goods.

The implementation of specified functions has its own specifics for each foreign market, which is determined by a number of factors that directly influence the creation and use of packaging.

The main factors to consider when creating and using packaging in foreign markets are:

- compliance with the requirements of consumer pack size of individual countries;
- availability with respect to local custom packaging design;
- existing legal requirements in the package;
- the need for compliance with the cost of packaging the purchasing power of consumer goods;
- feasibility of establishing the conditions under which goods will be recognizable to its potential buyers;
- opportunity perception packing of goods through educational and cultural level of users.

In some countries it is important to pack size product. This primarily applies to consumer goods. For developed countries, as a rule, these products should have a big package, while for developing countries, would be best to have a small enough package for low prices, due to insufficiently high purchasing power of consumers in these countries.

It should be noted that all foreign markets have their own ideas about the shape and size of the goods. Such perceptions were formed due to consumer preferences and experiences of individual consumption goods in each country. Change these advantages tricky. Therefore, based on specific foreign markets, we should examine existing practices in sales and consumption of goods and to ensure effective business activities where possible to take into account the shape and size of the goods offered.

The study, conducted at the same time, show that for most food packaging importance track whose contents are intended for single use by one person.

Of course, this package is more expensive than most in terms of the unit, but its use provides some convenience for consumers and makes the involvement of foreign trade turnover increasing number of ready -to-eat foods. It is assumed that the most appropriate packaging for solid food product packaging is a mass of 100 g, and for liquid products such packaging is 250 ml.

Packing of goods used in foreign markets must conform to local customs with respect to its design. Size, shape, material, color, text, text and other images directly influence the buyer, making him a definite relation to the goods. Particularly important are the linguistic characteristics of the country's perception. For example, in Japan and the Middle East, white is associated with mourning. Naturally, when you make a color pack in these countries should use minimal or no use.

Regarding the language of the country in which the company conducts its business, it should be considered for phonetic, orthographic, morphological and semantic levels.

Also, countries with low incomes important to the cost of packaging. If purchasing power is quite low, it is advisable to use a cheaper package. In

making this decision, we must consider in this destination of the goods, and consumer behavior of the target market.

For many products, and especially for consumer goods, it is advisable to have a standard package. The presence of the latter allows recognizing the product no matter what country it is sold. Examples of products that use this package may serve chocolate «Milka», drink «Coca-Cola». Consumers just one glance at the appropriate packaging to be sure that the product is familiar to him, if they were already ate it. This is especially important for travelers who do not always know the language of the host country.

Through the supply and sale of goods in foreign markets, keep in mind that in many developing countries, not all potential buyers and consumers of goods can read. Therefore, along with the text on the packaging of the goods it is advisable to place appropriate signs, the presence of which allows customers to make each of the relevant conclusions of destination of the goods and can use it.

In almost all countries there is a legal framework that defines the basic requirements for packaging. As a rule, provided compliance with national, regional and international standards for packaging. The highest requirements for packaging products placed in industrialized countries. Still, maybe even more stringent requirements exist in the EU. In these countries implemented jointly approved by Council Directive «on packaging and waste of it», according to which set rules and regulations are consistent packaging and labeling.

Having last harmonizing national standards creation and use of packaging. According to this directive, in particular for packaging food products provided that:

- into the packaging material must include a minimum amount of harmful substances;
- volume and weight of packaging should be minimal to ensure the safety and security of goods and consumption;
- physical properties of the product and packaging design should be suitable for use, and after the expiration of consumption goods are its main constituents valuable components can be pulled out for recycling.

From the above it follows that in the EU; special attention is paid to the non-observance of environmental standards for packaging. In the coming years in EU countries hope to reach a 90% recycling of packaging used by weight not less than 60% utilization of individual components of the raw materials that make up its membership.

Marking the foreign market is text shorthand or pattern stamped on the package and (or) goods, and other aids designed to identify the product or its properties, to bring to the consumer information producers (artists), the quantitative and qualitative characteristics of the goods.

Marking takes informative, identifying, emotional and motivational functions. Its carriers are labels, inserts, labels, tags, stamps, seals, test strips, price lists, trade or cashier's checks.

The use of labeling presupposes the existence in many countries of information allows potential customers to get acquainted with the individual characteristics of the competitiveness of the goods. For example, according to the Japanese «Act on electrical goods, household and control materials for their production of «foreign product manufacturer is obliged to put on a special product labeling, confirming its safety.

The main carriers of marking labels and tags. They must conform to the historical, cultural and socio-economic traditions of individual countries. The label must comply with national and international standards. First, you must consider the official language (or languages), which should be included on the labels. In some countries forbidden to sell products without a label in the national language. For example, in Switzerland labeling usually contains information in three languages: German, French and Italian. Norway is possible languages Norwegian, Swedish, Danish and English. Using a language acceptable to inform potential buyers and consumers of goods usually placed on the label information that allows you to:

- set the country producer, manufacturer name, and basic ingredients and components of the product;
- identify the shelf life of the product and its quality characteristics (eg, grade);
- correctly consume the product;
- avoid the negative consequences of improper product use.

At the same time usually given on labels placed signs that highlight specific product characteristics that make it a product of high quality. In this case, each label is adapted to the specific conditions of the country and target market.

Requirements for labeling in the EU countries have their specificity and in recent years have intensified. Other particularly true for food. For such products the label should include the uniform for the following required information such as:

- name of product;
- net weight;
- ingredient composition of the goods;
- acceptable shelf life of the product;
- the name of the manufacturer or supplier;
- country of origin.

Along with the above details are mandatory indication cipher Party particular product and price. Having cipher consignment allows, if necessary, quickly remove it from the market.

Mandatory an indication calories (energy value), and the chemical composition of certain foodstuffs.

These data should be objective and not mislead consumer's goods. Labeling that does not meet the specified requirements; do not allow the owners to sell the goods in the EU.

The world community is developed and coordinated a number of rules and regulations of packaging and labeling. Among these agreements are usually distinguished:

- international agreement on the transport of dangerous goods (ATR);
- International Maritime Code for Dangerous Goods (IMDG);
- international agreement on labeling dangerous goods transported by air (JATA).

In many countries, especially in EU countries are widely used so-called eco-label goods. Its main purpose is to encourage the production and consumption of environmentally friendly products. The latter include products that have minimal environmental damage. In assessing such damage is usually taken into account:

- availability of waste during production;
- levels of water pollution;
- degree of air pollution;
- levels of soil contamination and the possibility of erosion;
- presence of noise;
- degree of consumption of natural resources;
- the amount of energy consumed.

Analysis of these factors suggests the possibility of environmental labeling. In this case, the labeling applies to all companies that are directly involved in production, engaged in the supply of raw materials, components and so on.

First eco-label was used in Germany in 1978 while preserving the environment involved separate groups of enthusiastic environmentalists. Now is an organized movement of environmentalists around the world, bringing together environmental organizations in many countries. Cooperation with firms such organizations allows you to create a positive image of the company and its ability to develop and implement environmentally sound solutions.

Making purchases, each of us has repeatedly drawn attention to the labeling of products that contain mostly black-and- white or color images, consisting of bars and spaces of varying widths and their corresponding letters and numbers. This is a bar code that contains information about the country of origin of the company and its product.

Thanks barcoding each product is assigned a unique, one that is not repeated anywhere in the world code, the uniqueness of which can be used not only to obtain information about the manufacturer, but also as a basis for accounting for movement inside the factory inside storages, inside shops. This is

the primary basis for accounting, analysis and planning of production and sale of goods and services both in the domestic and foreign markets [16, p.418].

In the world there are more than 50 different systems barcoding. However, the most preferred code created by the European Association of heading numbering, - EAN (European Article Numbering), which was established in 1977 after joining the non-European countries EAN at its base was established International Association of coding with headquarters in Brussels.

The basis of the established system of bar code EAN entrusted developed in the early 1970s in the U.S. and Canada approaches to using Universal Product Code UPC (Universal Product Code). These codes are used in the present. They contain 8 or 12 digits. In addition, the digital part of the code begins with a zero, and the first and last digits made under section touch "beginning" and "end" code.

Each of these codes is a combination of bars and spaces of varying widths. In addition, the narrowest bar or space is set to a certain standard, according to which all other spaces in a different number of times larger than the original. Each digit corresponds to a combination of two bars and two spaces.

Created EAN bar code can be:

- 13 -bit, that contains 13 digits (EAN- 13);
- 8 -bit (EAN- 8);
- 14 -bit (EAN- 14).

Each of said bar code has a corresponding scope. Bar code EAN- 13 is part of the labeling or packaging of the goods, if there is space for its placement. If the dimensions of the product do not allow placing the barcode EAN- 13, is used barcode EAN- 8. This bar code, in particular, can be seen on the packaging of chocolate bars Mars, gum Dirol.

Barcodes EAN-13 and EAN-8 can be used for intra goals. In this case, the barcode EAN-8 starts at zero, and EAN-13 - with two. The structure of EAN- 13 and EAN-8 the first three digits indicate the country of origin. These figures are published by the Association EAN, and country-specific color ranges relevant codes and in other countries indicated three digits or two digits code. Countries with two digits code have the right to supplement its third digit.

According to the rules of foreign operations that have developed, the presence of the bar code is a prerequisite for the implementation of export supply. Goods that have no bar code cannot be accepted trading company. The latter is the fact that the lack of bar-code does not allow for an appropriate level to manage the movement of goods, which implies:

- automatic identification of goods;
- automated accounting and inventory control;
- Operational Traffic Control product;
- highest level of customer service culture;
- Providing market research information.

Using a bar code on the packaging or label has become a prerequisite for the implementation of foreign trade. In this application the barcode is economically justified if it has at least 85% of the goods offered.

Barcode is widely used in many countries. This code is in the U.S. with about 90% of all goods produced in Germany - about 80%, and in France - more than 70%.

Ensuring a high level of service is one of the basic conditions for the effective implementation of business activities in foreign markets. To reach this level, it is necessary first of all identify the optimal set of services that should be kept in each of the foreign markets, establish who will provide these services and to organize the effective work of the relevant services to provide specified services.

Regarding the set of services, its optimal composition varies for individual countries depends on several factors, among which are usually distinguished tradition of consumption goods, the prevailing level of consumer culture, their purchasing power.

Despite the differences in the required set of services, often considered that for each of the firm must anticipate the possibility of providing such services as:

- transportation and installation of the product;
- Training and consulting staff of the importer;
- Maintenance and repair of the goods;
- warranty service;
- fuel processing of goods;
- other services.

By selling their products to foreign countries, each firm must consider how these products can be delivered to the buyer and the latter will be able to arrange a proper level of consumption. This is especially true for products for industrial purposes, and above all machines, machine tools, various equipment. For such products it may happen that the transportation, installation and organization of consumption are crucial when deciding on a purchase. Therefore, companies need to pay attention to these factors and thus participate directly in resolving such problems. It should be borne in mind that in some countries there are special consortia of suppliers, subcontractors, installation firms that have qualified specialists able to provide the appropriate level of transportation and installation of products.

Many firms in foreign markets are paying special attention to training and counseling personnel importer. The level of service is different for individual countries, depending on the qualifications of the personnel to be used. In some countries, conducted full training, while others - the company is limited to advice on specific issues.

Depending on the level of provision of training and consulting firm staff its activities in this area. In some countries it sends its specialists for consultation and training importer from other countries takes professionals for their training. In a third country training is a specially designed program by which, of course, is costly. However, these costs are fully recovered. Thanks to them, increasing the company's image provides a higher level of competitiveness of goods and firms in foreign markets.

During maintenance product usually refers to various kinds of inspection of goods that have been sold and consumed, carrying out maintenance work, replacement of individual components, parts and assemblies. Such inspection and repair of the goods, and combinations thereof are held in accordance with the specific terms of consumption goods due to the beginning or the last maintenance.

To ensure timely and quality maintenance requires appropriate spare parts and materials. Recent involves the creation of product formulations, which could store everything you need for maintenance and repair of the product. Typically, such compositions are kept only those parts, components and other products that are used most often. Everything you need comes from the central warehouse in the exporting country, where there is always a certain stock of necessary parts, components, materials, and other products.

In considering the maintenance and repair of the goods, each firm should decide how it will be organized. There are three main options:

- Search intermediaries who already have a base to provide services, which are taking on the responsibility for maintenance and repair Products Company;
- Creating its own database service customers in different countries;
- Search intermediaries for maintenance and repair of goods firms in some countries and creating its own database service in other countries.

The most important options for maintenance and repair of goods in foreign markets, very often used are the creation of service stations and various workshops. Their main task is to provide the appropriate level of warranty and after-sales service to consumers of the product.

Warranty includes the entire set of operations that must be performed to ensure the proper level of consumption goods during the period of the given commodity producer warranty. These obligations can be both short-term (including a few days or several months) and long term (extending to several years).

Duration of warranty depends on the type of product and the country of consumption. Because goods manufacturer should identify for each country the most appropriate amount of warranty and develop the most appropriate option for its implementation.

In many countries, the importance given to the processing of goods that has failed or has been consumed. When processing is meant first of all waste

products. When it comes to machines, machine tools and other equipment (such as barbecue equipment), the processing involves the dismantling and removal of equipment in its country of origin with a view to resale or disposal. The equipment can also be disposed of in the country of consumption, or in a third country.

The need for processing of goods caused in many countries. These laws are different for individual countries and tend to change frequently enough. Therefore, companies operating in foreign markets should provide the possibility of processing of goods consumed in different countries, defining who will do it. Dispose of product that does not meet the requirements, as well as that which has been consumed should be made as soon as seems appropriate. This approach will enhance the competitiveness of firms in foreign markets [3, p.146].

In fact, each country has developed some idea of the level of service in some areas. This or a higher level of service to be followed and foreign companies entering the market of the country. Because each firm with possible services, which have been discussed above, it is necessary to clarify feasibility of providing additional services.

These services may include, for example, the sale of goods by installments, loan and leasing. Recruitment and scope of additional services, of course, is different for individual countries depend primarily on the type of product, and behaviors of consumers in the target market. Significant impact on the range of additional services the company provides and interest in a particular foreign market.

The level of service is often used as one of the characteristics of product positioning in foreign markets. This applies to both consumer goods and capital goods durables.

Along the same as the quality of goods is a determining factor in ensuring competitive advantage of firms in foreign markets is paramount to build an effective quality management system.

Current approaches to quality management fully reflected in the work of the American scientist Williams Edwards Deming. His philosophy is based on a comprehensive concept of quality and understanding of the nature of its variability, due to constant changes in consumer needs.

The theory of total quality W. Deming charged 14 principles:

1) constancy of purpose that requires regular, continuous improvement of product quality, services of the company;

2) a new philosophy, which is based on the perception of the need for substantial fundamental change in the firm and assumes leadership in the implementation of management changes;

3) depending on the mass expulsion of control as a means of achieving quality by «embedding «the quality of the product;

4) failure of procurement practices at a cheap price, which means exclusion from a number of suppliers of the same product who failed to provide the appropriate level of quality of its products;

5) The improvement of every process by finding and solving these problems;

6) introduction to the practice of the company mandatory training and retraining as an integral part of quality;

7) a leadership that involves building a human resources management system, which ensures it more efficient;

8) eliminate fear by promoting effective bilateral ties and other means to eradicate various fears and hostility within the firm for the purpose of efficient operation of each of the employees;

9) the elimination of barriers between departments. Research workers, sales and production departments must work as a team, to foresee problems occur in the production and use of products and services;

10) rejection of empty slogans and appeals that require employees defect-free work, a new level of productivity and so on., but say nothing about how to achieve the desired results;

11) removing arbitrarily established standards and objectives that exist in individual job descriptions and standards, although unsubstantiated and require replacement with a view to continuous improvement of quality and productivity;

12) removing barriers that deprive people of professional pride. These barriers should be removed for both the administration and employees, and for staff workers. It is necessary to identify and remove barriers that impede the work of managers and workers, depriving them of opportunities to be proud of their results;

13) encourage the pursuit of education and improvement, which requires a corresponding program of education and self- support for all employees;

14) the availability of the change, allowing anyone who is working to achieve positive change, the management company to coordinate these changes.

W. Deming formulated postulates form the basis of an effective quality system. According to them, any job is a process in which people transform obtained from the suppliers of raw materials into products that will be offered to the consumer. As a result of doing business, a system of components, which is the objective of increasing consumer expectations. To implement the latter, it is necessary to continuously improve the system as a whole.

In this case, managers must understand the nature of the variations and the logical result of - Control processes, not people. In this regard, W. Deming proposed a systematic approach to quality management, which is known as the "Deming Cycle" or PDCA.

In accordance with the basic elements of the management cycle is:

P - the development plan or standards to achieve goals (setting goals and deciding on necessary changes);

D - implementation of the plan or performance standard (for change);

C - change, analysis of results (test);

A - the necessary reforms if the results do not meet planned in the beginning, or standardization actions in case of success.

W. Deming management philosophy is based on a comprehensive concept of quality and understanding the nature of variability. His approach, as well as contemporary views on the problem of quality management focused on the consumer.

Along with W. Deming significant contribution to the further development of the theory and practice of quality management has also another American scientist J. Juran.

He was one of the first to formulate a comprehensive approach to ensure the necessary level of quality in the company, calling it a Company-Wide-Quality Control (Quality Management within the company), in contrast to the W.E. Deming, who proposed the PDCA (plan, do, check, act), J. Juran formulated the so-called triad quality - Plan, supervise, improve. J. Juran believed that quality management includes three qualities -oriented processes:

- quality planning;
- quality control;
- quality improvement.

According to J. Juran defined processes ensure continuous formation and improve product quality. In accordance with that approach, he built a model of the firm's quality, called " Spirals Juran."

Model J. Juran quality system covers all stages of the quality and provides for continuous quality improvement at each subsequent spiral.

The essence of total quality management (TQM - Total quality management) displays a triangle B. Joyner. He identifies three basic postulates underlying TQM. First, the firm must be obsessed with quality, i.e. the primary and long-term goal is to achieve a high level of quality.

Second, the required level of quality is achieved through the implementation of a scientific approach that allows making informed management decisions.

And, thirdly, the staff of the company is to be a team, each member of which recognizes their contribution to achieving quality results of the company as a whole.

In the current practice of many firms, there are different approaches to the definition of total quality management. Without going into detail on these approaches, we note that such management occurs when Management Company directs all its efforts and the efforts of all team members to achieve the long-term fullest satisfaction of consumer's goods in the interests of the company and society at large. Total Quality Management includes both quality control and quality assurance, and policy in the field of planning and quality improvement.

The concept of total quality management TQM on the following basic tenets:

- fundamental principle of quality is the man who is regarded as a person of action and harmonious development of which depends the welfare of the company;
- success reaching those firms whose operation is based on the performance of individual teams;
- interest of each person in the results of its operations and the entire team as a whole depends on the overall success;
- quality management covers all areas of the company;
- to ensure high quality should not eliminate certain defects and eliminate the causes that originate them.

By TQM firms came as a result of the progressive development of the theory and practice of quality management. At each subsequent stage, there were all new developments, the existing concepts of quality management developed earlier.

Can identify the following main stages of the quality management system, such as:

- check quality;
- quality control;
- quality assurance;
- Total Quality Management.

The main provisions of TQM is reflected in the standards of ISO 9000 in the edition 2000

With the development of human society, people wanted to learn the most successful results of their work with a view to their possible repetition. This always led to the need for uniform rules, regulations and performance in relation to specific products, processes and services. Activities aimed at the development and installation requirements, rules, regulations, specifications, providing optimum degree of ordering in a certain area by establishing provisions for common and repeated use relatively real potential or existing species and the results of work, known as standardization of quality. These requirements, rules, regulations and specifications are specified in some regulations (ND), which is a direct result of the standardization of quality.

Normative documents - a document that sets out the rules, general principles or characteristics that are related to different activities or their results. Normative documents covering different concepts, including such concepts as quality standard.

The first five international standards ISO 9000 (ISO 9000, ISO 9001, ISO 9002, ISO 9003, ISO 9004) have been prepared and adopted in 1987, was created at the same time as a glossary of terms and their definitions (ISO 8402).

The immediate development of standards dealt specifically designed as part of the International Organization for Standardization (ISO) Technical

Committee "Quality management and quality assurance." The main task of this committee was the standardization and harmonization of the fundamental principles in the creation and operation of quality management systems. In his work, Technical Committee took into account the experience of standardization and application of quality assurance systems at national level.

International Organization for Standardization take into account the possibility of a new version of the ISO 9000, published in 2000 in comparison with the old version to the new version of standards introduced a number of changes which should allow firms to provide the highest level of quality through the development of existing quality systems. It is to develop new versions of the ISO 9000:2000 series was publishing guidance materials that enable companies of all activities to establish and ensure the effective functioning of the quality system.

The fourth version of the standard was published disconnected in 2005, was released standard ISO 9000-2005, in 2008 and 2009 - the standards ISO 9001 and 9004. Despite a full review of version 2000 which was expected, the Technical Committee decided to limit the correction of minor corrections inaccuracies and discrepancies. The reasons for the rejection of significant changes and delays in the release of the new versions were named desire to extend the existing certificates in organizations (i.e., to maintain the status quo in the certification business).

ISO 9000, adopted more than 190 countries around the world as a national, can be applied to any business, regardless of size, ownership and business scope.

Installation of a new version of the ISO 9000 requires continuous improvement of quality in order to better meet the needs of both consumers and other stakeholders. This gives confidence both inside the firm and consumers that products produced meet the necessary requirements. Obviously, the latter will occur if the quality system designed and introduced functions according to these standards.

With the introduction of the ISO 9000 series was created by a single regulatory framework of certification. Based on this framework in the following years was achieved widespread application of these standards by individual firms and certification of quality systems to meet him. A number of countries have a quality system certified for compliance with the international standard ISO 9000, reached 190. As a result of these standards are the most popular. They have the highest rating. Based on the ISO 9000 formed a modern approach to the creation of quality systems.

They are adaptable to different industries and areas. The development of international cooperation and trade led to the need to harmonize standards in force in some states with internationally recognized standards. Such harmonization is needed primarily for products and activities which are carried on exports and imports. It is advisable and in those types of products and

services on which is export and import operations are not carried out, but they may in the future.

Through the harmonization of standards, it should be borne in mind that in some countries the requirements of national standards more stringent than the requirements for products and services provided for in international and regional standards. Therefore, carrying out the harmonization of national standards and the standards of individual firms should take into account the requirements of national standards leading foreign countries, standards requirements of companies, scientific, technical and professional associations.

In cases where the provisions of the standards established by the firm shall be established and continuously improved by studying the experience of effective activity as leading companies in the industry to which the firm and the experience of the successful functioning of other sectors on a global scale, then say the company benchmarking scores.

The term "benchmarking" is known to be one of the tools indicated improvement activities. The name of the method comes from the English word «bench» (level) and «mark» (mark).

Some authors [66, p.47] defines benchmarking as a continuous process of matching products, services and experience in relation to the strongest competitors or companies that are recognized leaders. At the same standard as conventional cleat cannot be fixed, it must conform to changing external conditions and opportunities of the company.

It is believed that the first benchmarking was carried out by «Xerox» 80-ies of the last century. During these years the company «Xerox» essentially lost its position in the global market of copy machines and began to actively seek out the reasons for this situation. She has studied and analyzed the experience of entrepreneurship market leaders of their industry experience and efficient functioning of firms in other industries. On this basis, made by appropriate conclusions and proposals whose implementation has allowed the company «Xerox» reduce production costs by 50%, and the development of new models of copiers declined by almost 70%.

Together with the firm «Xerox» and widely used benchmarking companies such as «Motorola», «Samsung», «IBM» and other well -known companies. Using benchmarking, companies constantly compare their performance with similar results of the leading companies in the world and on this basis to give their assessment and develop and implement various measures to ensure their more effective entrepreneurship.

Benchmarking the system is closed loop and is divided into certain stages. Benchmarking is an object of knowledge, information, best practices, and their preparation and the active use for competitive advantage - its main purpose.

The main stages of benchmarking are presented in fig. 5.6.

In determining and analyzing the benchmarking object can be selected processes, products or services of the organization. At this stage it is important to understand how much effort and resources the organization is willing to spend on the benchmarking process - whether it is a one-time event or benchmarking becomes constant practice of the organization. As the main characteristics, which will be benchmarking can be important consumer properties of a product, service or process quality parameters. It is important to team building benchmarking, it is better to include experts from different parts of the organization to be able to more widely and objectively evaluate their capabilities as processes (products, services) and processes (products and services) benchmarking partners. As partners may make the organization - leaders who have achieved success.

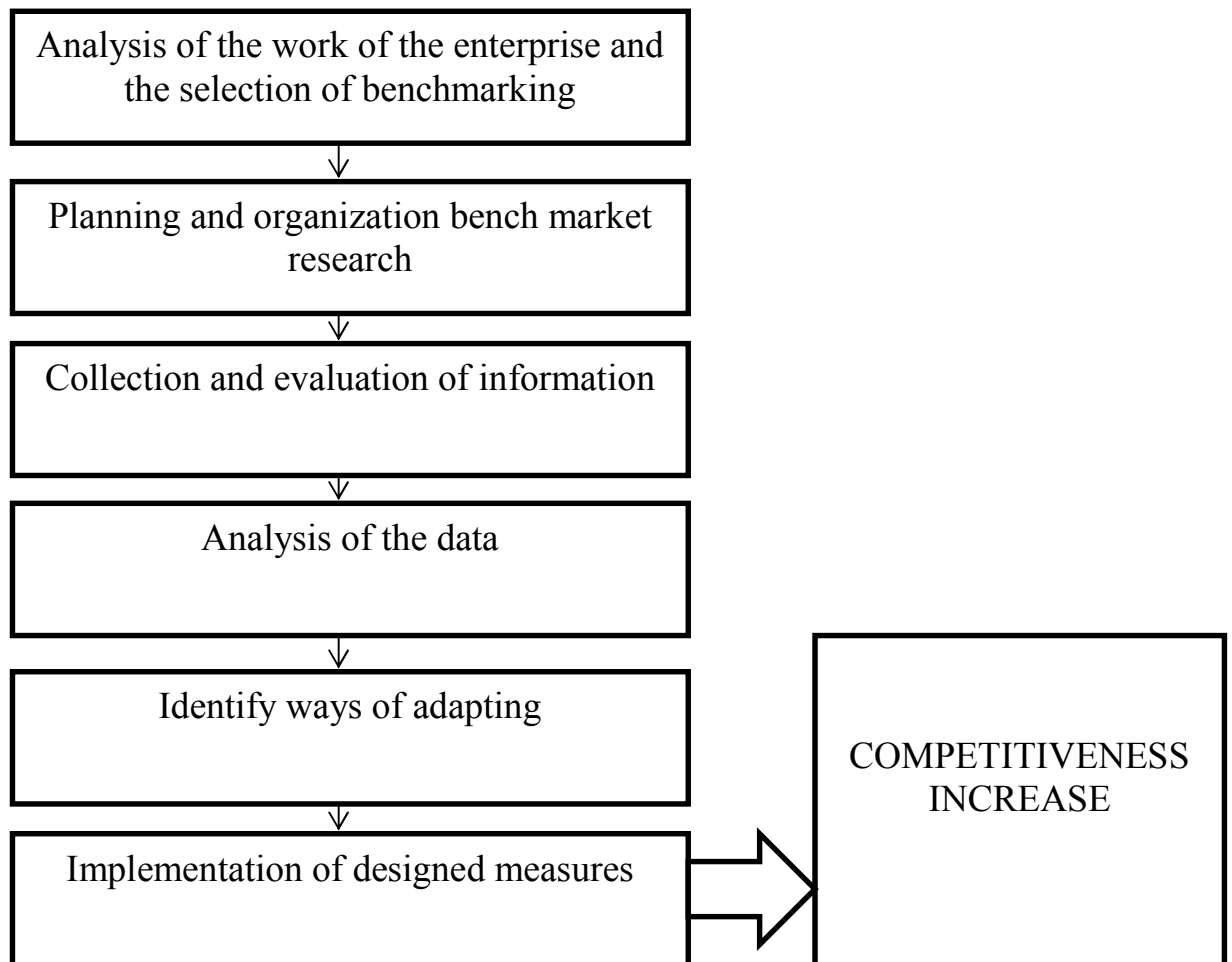


Fig. 5.6. The general scheme of benchmarking

If you're an internal benchmarking, the following partners are contiguous units, processes or products. To make a comparison may be required to present this information in the same form as it appears within the organization. For

example, if you compare the technical specifications of the product, the different manufacturers set these characteristics may vary. Specifications must be brought to a common base. Evaluation can be done by various methods, which allow us to estimate the gap between the work of their own organization and its partner benchmarking. After comparison and analysis determine the necessary changes: it may be a change in process management, etc. organizational system. Then, the implementation of planned change and continuous control over the changes in the organization. After reaching the set targets and implementation plans decision on repetition cycle and implementation of all phases of benchmarking to new conditions.

In carrying out the specified steps, you should always identify successes leading businesses and adapt them to the conditions of the company, achieving higher results of its operations.

Depending on the benchmarking comparison sites can be divided into several types:

Internal benchmarking - in this type of the comparison process (products and services) within the organization. As a comparison of selected objects are close or similar processes (products, services). When an internal benchmarking fairly easy to collect data, but limited opportunities for comparison.

Competitive benchmarking - the comparison is made with direct competitors (for products or services) that work locally, regionally or internationally. Functional benchmarking - compare their own organization processes with similar processes of other organizations.

Synthesis benchmarking - for this type of benchmarking selected organizations that have the best in its segment processes and approaches. Such organizations openly publish information about the activity. These processes and approaches chosen to study and compare the ones that is most suitable for the purposes of the company. Then they adapted to the conditions of their organization.

Key Concepts

Exports, attractiveness goods in foreign markets, pyramid quality competitiveness of export goods, product standardization, standardization double product, product adaptation, double adaptation, the degree of novelty of the product, the process of developing a new product assortment policy, management product range in foreign markets, life cycle, trademark, brand name, corporate identity, packaging, product, product labeling, product maintenance, general theory as W. Deming, "Spiral Juran", Total quality management, benchmarking, benchmarking stages, types benchmarking.

Question for self-control

1. What is the specificity of commercial policy in foreign markets?
2. What is an export product?
3. What is meant by the competitiveness of export goods?
4. What is meant by competitive firms?
5. What is meant by competitive countries of origin?
6. What is the nature and necessity of standardization of goods?
7. What are the benefits of standardizing product?
8. What are the possibilities for standardization of goods in foreign markets?
9. What are the nature and the need to adapt the product?
10. What is the nature and necessity of the formation of a new product?
11. What is included in the process of developing a new product?
12. The essence of product policy in the global market
13. How is product portfolio in foreign markets?
14. What are the features of the life cycle of products in foreign markets?
15. What is the difference between a trademark and brand name?
16. What are the features of the use of a trade mark?
17. What is corporate identity?
18. What are the main functions of packaging in foreign markets?
19. What does the labeling?
20. What role does the barcode?
21. What is referred to service in commodity policy?
22. What is the content of the transportation and installation of the product?
23. What is the effect of maintenance, repair and warranty products in international marketing?
24. What is referred to services and product positioning?
25. What is the essence of the theory W. Deming, a modern approach to quality management?
26. What is the nature of spiral J. Juran, a modern approach to quality management?
27. What is the essence of total quality management (TQM), a modern approach to quality management?
28. What is the essence of standardization quality?
29. What are the international standards ISO 9000?
30. What is the benchmarking?
31. What are the stages of benchmarking?
32. What are the different types of benchmarking?

SECTION 6. PRICING IN INTERNATIONAL MARKETING

6.1. What is the role of prices in international marketing?

Pricing policy is an important tool for achieving strategic goals by marketing and management decisions in the marketing and manufacturing of products such important parameters defining entrepreneurship as sales, profits, and market share. Even a small change in the price immediately and significantly affect the financial and other terms of business firms.

Pricing policy takes an international marketing company an important place mainly in the event that:

- buyer is more responsive to prices than the means of sales promotion;
- complicated by differences in commodity policy and policy formation channels goods movement;
- life cycle, approached the stage of maturity;
- there is a high degree of dependence of sales on the requirements of customers with respect to price;
- firm has little experience from the former line of commodity prices and / or the company was faced with the need to build a new system of price levels for their products;
- competing firms simultaneously develop the same and new product expected to come with him to the market with little difference in the time and so on.

In this case, price competition, i.e. the price reduction can create significant competitive advantage in the global market and ensure the success of business of the company as a whole.

Quite often the policy of low prices in the world use the company for the first time the foreign markets and put in the head angle task in gaining market share, securing their goods to market and profit in the long view and prospective aspect.

Among the many data on the state of the world market, the price is the most important indicator. Free price in the international market is characterized as consumer demand and offer manufacturers of products allows for the balance of supply and demand. International price - the value that is rapidly changing. This fact should be taken into account in the research process and choosing an appropriate pricing policy for the company and continually evaluate its effectiveness.

Pricing in international markets has some differences from the process of setting prices in domestic markets. The essence and purpose of pricing policy in international marketing is to build flexible price goods according to customers' requirements, which are constantly changing, which would ensure competitiveness and a stable position in the market of this product.

Price in the international market is formed in several stages based on the so-called «cascade» the cost of the export product (fig.6.1.).

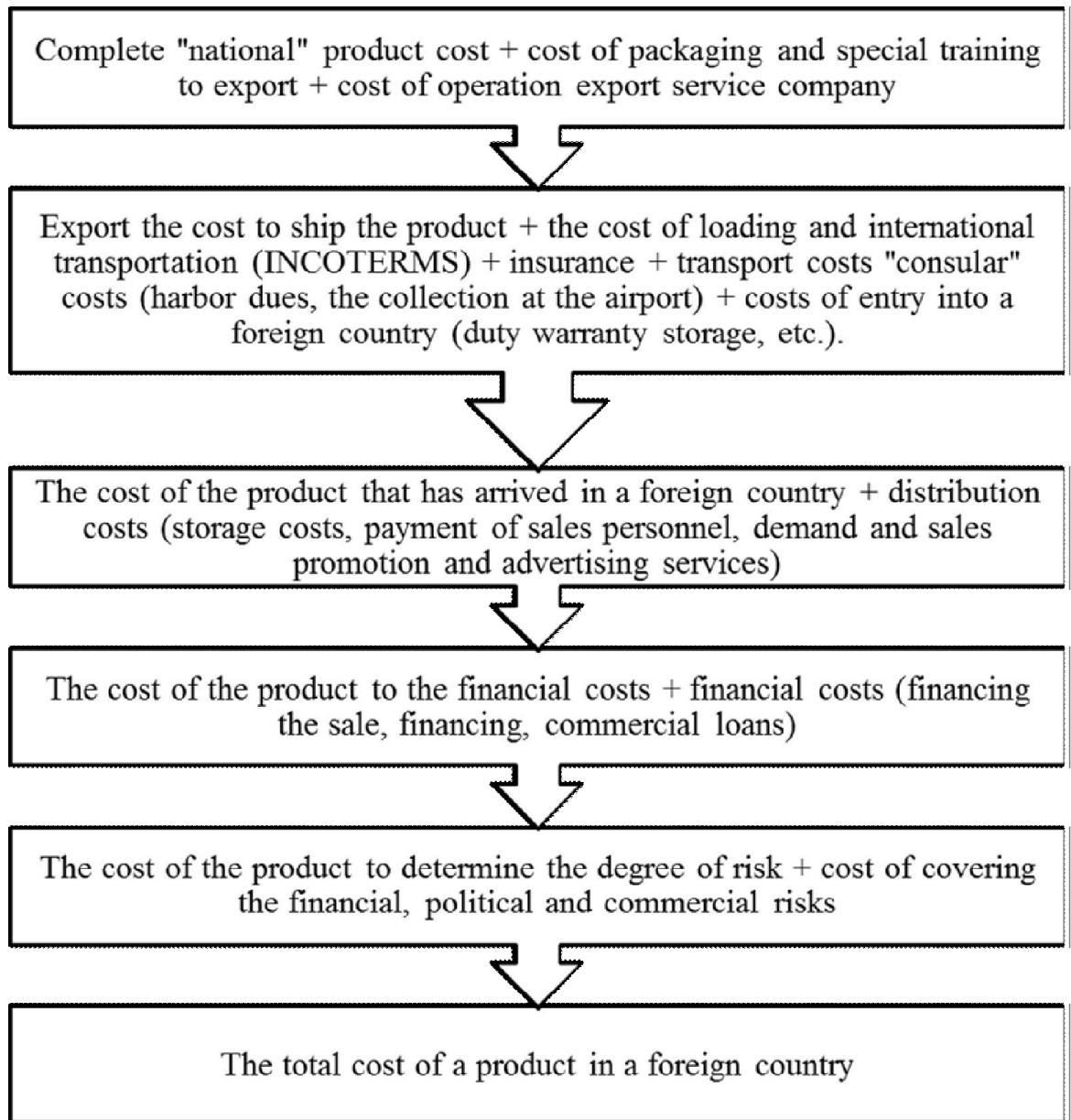


Fig. 6.1. Formation of prices on the international market [9, p.56]

Note that the necessary and obvious condition for the successful operation of the company in the international market is to develop effectively grounded flexible pricing policy.

The process of pricing in world markets has certain laws. In this regard, have developed various types of prices and price indices.

6.2. What is price system? How does its classification look like?

In the practice of international marketing in the trade use many kinds of prices associated with the various features of the sale of goods (services).

All prices are subject to availability of intermediaries on the path from producer to consumer are divided into:

- producer prices;
- wholesale prices;
- retail prices.

Prices in the transition from producer to wholesale prices and retail prices continue to rise due to the mark-ups that cover the cost of wholesale and retail units.

Costs of sales links, including advertising costs for consumer packaged goods, are on average about 70 % of the products based on the number of intermediaries, various bonuses and discounts.

At the same time, the market of machinery and equipment for production purposes is characterized by direct connections. Operating in the market as domestic and export prices depending on where the product is sold - in domestic or foreign markets.

In foreign trade activities, the following types of prices.

Reference prices are one of the regulators.

Specific reference prices among occupied by the so -called official selling prices for oil set by OPEC.

A variety of reference price is *the price indicator* that is calculated on the basis of already committed transactions during the past period and used in practice as indicators of the level and dynamics of world prices.

They catalogs, price lists and brochures used in commercial practice in the markets ferrous metals, coal, some types of road construction equipment, machine tools, household electrical and electronic equipment, a simple energy-power equipment, automobiles, industrial consumer goods. They presented a short product description and a few defining characteristics (such as capacity, performance, etc.). Further details will be sent as necessary for special requests or are in the feasibility directories, catalogs, newsletters enclosed. They are the base price lists at the conclusion of operations depending on the commercial and technical conditions of the transaction.

Stock prices are calculated and published in an official stock quotes. Exchange rates for individual product groups are the main basis for determining the price of international commodity agreements.

Prices proposals set manufacturers without the consent of the consumers and communicate with other essential conditions of operation (basic terms and conditions of supply, the currency for payment).

Bid prices are calculated mainly according to the type of product, as well as short-and long-term trends in the market on the basis of production costs (full, medium, straight, standard and marginal).

Bid prices are not readily available to the buyer, that is especially true for the offer (proposal), directed by the manufacturer or intermediary at the request of specific customers. Unlike a hotel, bearing the individual, there are deals that are distributed to a wide range of buyers.

Auction prices specific to specialized forms of trade, based on the issuance of orders: the supply of goods, delivery of contracts for the production of certain types of work in terms of what was previously announced in a special document (bidding). These prices are applied to complex and capital-intensive production engineering, which has a pronounced individual quality characteristics and are used in a wide nomenclature of machinery and equipment. They also operate on the license and a variety of engineering and consulting services (such as " engineering ").

International Commodity Prices auctions operate on specially organized for a specified period of target markets, which was due in advance on the maximum price that was proposed previously for the buyer to inspect the consignment (lot). These prices are distributed mainly in the production of agriculture and forestry, fishing and some other products (fur, furs, precious and semi-precious stones, etc.).

Prices are determined by auction only for inventory. Operations speculative nature, not related to the transfer of goods at international auctions is performed. Prices are set auctions for goods that were produced at a given time, which increases the role of seasonal factors in their emergence and change.

On the specifics of pricing auctions compared to the prices of trades affect differences in the nature of competition in these markets.

Dumping prices - artificially low international commodity prices. They pursue the purpose of ousting competitors from the same field of activity in the global market. Dumping is an aggressive form of competition in order to strengthen its position in the global market.

To adjust the anti-dumping actions developed and used Anti-Dumping Code in the WTO. In case of complaints regarding dumping as the main criterion lay dumping comparative evaluation of domestic and export prices and procedure proceedings.

It should be noted that the foreign pricing, occupy a prominent position as other prices:

- free prices;
- bid price;
- asking price;
- cost of production;
- market price;
- basic price;

- transaction (invoice) price;
- fixed price;
- mobile price;
- price that slides (fluid);
- nominal price;
- unit price;
- reference price.

Let us give a brief description of the above prices:

1. *Available prices* are set by firms on their own or on a contractual basis, taking into account supply and demand of goods and services.

2. *Bid price* - this is the actual price of goods, purchases and sales are carried out in a buyer's market; is lower than the market value of the goods.

3. *Asking price* is set based on the actual price of the goods, the operation of which is on sale in a market seller. Beneficial encourages the development of production of goods.

4. *Production price* determined by the cost of production and the average return on all investment assets.

5. *Market price* - monetary expression of value of goods sold on the market; The actual price at which the purchase and sale.

6. *Basic price* - agreed between buyer and seller price of goods of a certain quality and variety.

7. *Contracted (invoice) price* - selling price that is indicated in all documents related to the contract. Expressed in the currency of the exporter, importer or a third country.

Depending on the method of fixation distinguish the following types of prices:

8. *Fixed price* - installed permanently at the time of signing the contract and not subject to change during the term of its validity.

9. *Sliding price* - recorded at the conclusion of the contract, but may be reviewed in the next period in case of changes in the market and fixed in the contract conditions.

10. *The price that slides (fluid)* - calculated at the time of execution of the contract by the contracting view, the basic rates to reflect changes in the cost of production.

11. *Nominal price* - the price published in price lists and directories. It is also called a stock exchange quotation price for the goods on which day quotes not made deals.

12. *The share price* - the average price of a unit or units of commodity use value, a statistical indicator of prices in international trade. UN Office statistics published annually by 33 rows of export unit prices.

13. *The reference price* - the price that reflects the level of actual transactions concluded at any time and used in negotiations to determine the basic price.

In the process of price formation must be remembered that the validity of the bid, timely adjustments largely depends on the professionalism of price experts set discounts and allowances.

All the many marketing situations that necessitate the formation of a new pricing policy or change existing can be classified in several types (Table 6.1.).

Table 6.1.

The choice of prices depending on the situation

Type of the situation	Product pricing decisions
<ul style="list-style-type: none"> • Derivation of a new product to old market • Derivation of a new product to a new market for the company • Output of goods that are sold at the old market, a new market for the company 	Installing the original price
<ul style="list-style-type: none"> • Preparation of a single contract for the supply of goods (services) 	Installing a single price
<ul style="list-style-type: none"> • Change in demand • Change in production and marketing costs • Carrying out specific actions to support demand • Change in overall economic conditions (inflation, currency fluctuations, etc.) 	Pricing on the initiative of enterprises
<ul style="list-style-type: none"> • Actions of competitors • Performance management of public 	Pricing pressure competitors or government

6.3. What are marketing pricing factors?

Pricing is one of the main places in the international marketing of the company. First of all, the firm should determine what benefits it can give its future products to customers and evaluate these benefits amount sufficient to cover the costs of development, production and bringing products to the end user. And then this superiority complex, presented in the product should be recognized as a potential consumer value equivalent in terms of usefulness of the product, that sum of money which he offered to pay. This purpose of marketing is to provide a combination of quality product, its price and advertising organization that would provide maximum product attractiveness in the eyes of the consumer, while maintaining fixed rate of return campaign. But put a price on a product is not as easy it is influenced by several factors, which the firm cannot be ignored, but rather to develop a strategy before pricing, the firm must analyze all factors that influence the decision [7, p.97].

The formation of commodity prices in the international market affected by the following factors:

- rate of the world economy;
- social cost of production;
- market conditions;
- competition;
- product quality;
- relationships with customers and suppliers;
- volumes and basic conditions of supply;
- payment terms;
- the monetary sector;
- variable exchange rates.

More advanced classification factors of pricing in the international marketing can be represented as follows:

1. *In content factors:*

- technical;
- economic;
- social;
- psychological or affect the price sensitivity of the consumer;
- organizational;
- political.

2. In the field of display factor (Fig. 6.1.):

- external;
- inside.

3. The degree of influence on pricing:

- main (demand, costs, competition)
- additional (market share, service, government regulation, the number and level of distribution channels).

4. The form factor of display:

- innovative factors;
- uniform and standardized.

5. Depending on the stage of the life cycle of the facility:

- Strategic Marketing;
- R &D;
- production and consumption.

Thus, the formation of prices in the international market affects a wide variety of factors.

Leading corporations in the world at present, instead of segmenting the market moving to a single global market with standardized, relatively inexpensive high-quality products, which are no restrictions on the volume. Additional tools relevance factor is the relationship between price and product

competitiveness. Analysis of trends in these relationships shows that increasing the competitiveness of the goods by one unit, it requires an increase in the price of the two units. In practice, pricing more factors is taken into account the sensitivity of consumers to the price of the goods.

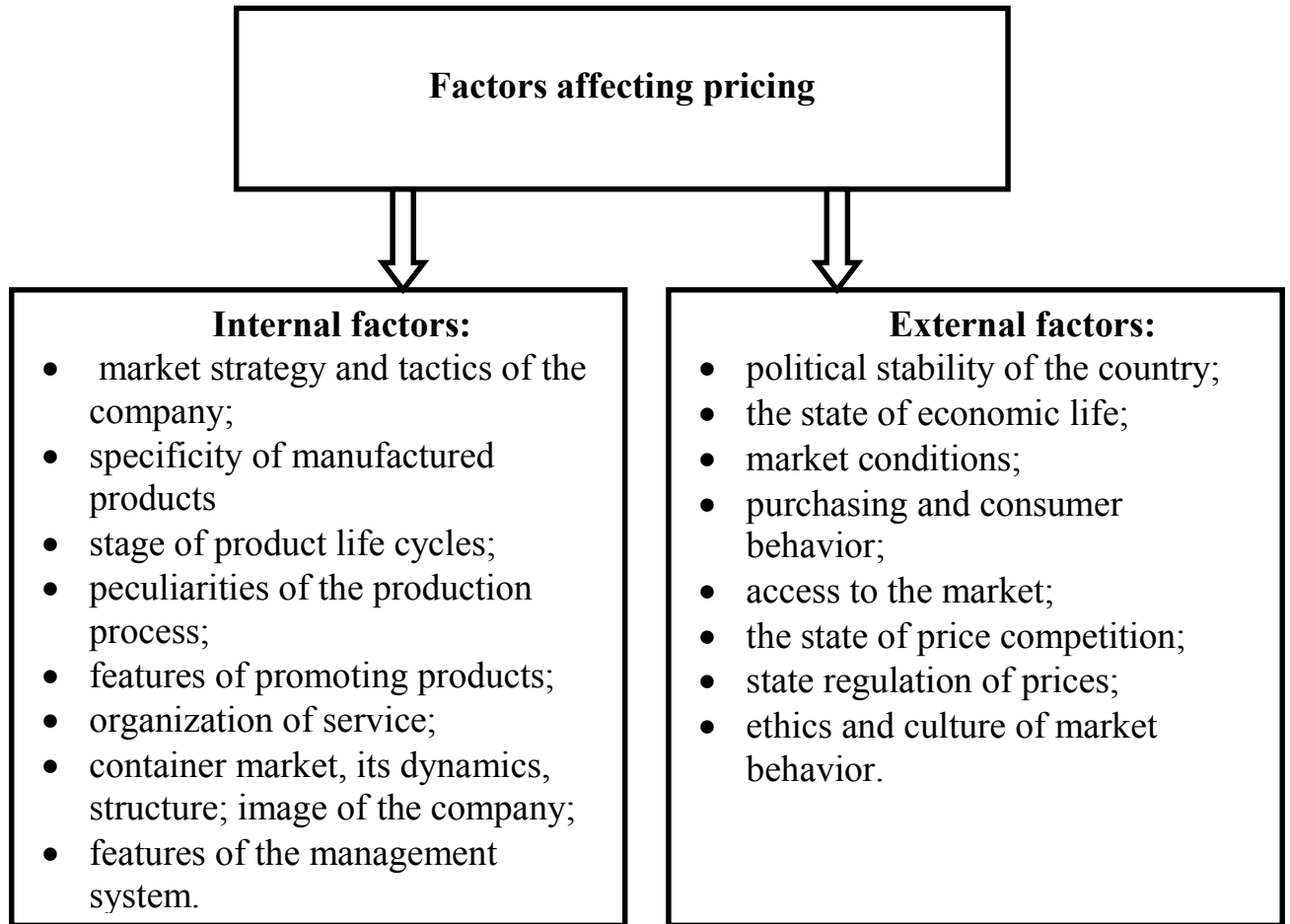


Fig.6.1. Factors affecting pricing

Price competition - a type of competition through changes in commodity prices. The main condition for the successful conduct of the competition via prices - focus on demand. Given the role of non-price competition prices are not reduced, but the fore the unique properties of the product, its technical reliability and quality. That is, instead of lowering prices, capable to attract new customers and increase the competitiveness of the goods.

There is the concept of intra-industry competition. Interindustry competition - a competition between enterprises - monopolists by the scope of the most profitable investment. This type of competition exists between interchangeable and complementary and industries. An example of inter-industry competition can be a struggle between coal and oil monopolies between producers of aluminum and tin, between air, road and rail.

Intra competition - a competition in the field of equity for the largest market share and obtain the greatest profit. This competition is inherent competition between large monopolistic enterprises and firms of outsiders.

In terms of marketing analysis of the competitive environment in which the firm operates. Depending on who controls the price, there are three types of competitive environments.

Environment, where prices are controlled by market is highly competitive, and the similarity of goods and services. It is important to set a firm price for the high prices alienate customers, and low prices did not provide conditions for the firm. At this stage it is important not to allow the market «price war.»

Environment, prices of which are controlled by different limited competition, differences in goods and services. In these circumstances, firms are easier to operate and obtain high returns for their products apart from the competition. At high and low prices of firms are buyers in the market, and the choice depends on the price of the chosen strategy and target market.

Environment, where prices are controlled by the government extends to transportation, communications, utilities, a number of food products.

The main criterion for the classification of types of markets is the degree of competition that makes a significant difference in the process of price formation.

The market of free competition. The outward signs of free market competition are:

1) for the supply of goods, prices are equal to the demand for these products, so that the whole sum of the prices in the market offer price is equal to demand. However, prices are free and some are in motion;

2) the presence of a stock of goods, and spare capacity that ensure smooth trade;

3) lack of queues specific to the scarce market. The deficit is eliminated by the regulatory function of prices (by raising prices to a level that balances demand);

4) change in price directly affects the supply and demand, and vice versa, changing demand or supply lead to changes in prices (price elasticity, demand and supply);

5) increase (decrease) in the price of any goods leads to a decrease (increase) in prices of other goods (negative cross- elasticity);

6) increase (decrease) in the price of any goods causes an increase (decrease) in the price of goods that are extensively used in its production or are complementary to it (negative cross- elasticity);

7) free entry and exit into the market as producers (sellers) and consumers in the market (buyers);

8) at a price set by the market, but there is complete freedom of competition, as the manufacturer chooses the desired output.

Rates are influenced by supply and demand tend to uniform prices for a particular product in a given place and at a fixed point in time, there is a single price set by the market and the price adjusts to market actors.

This situation in economic theory called Pareto optimality. Pareto optimum exists when there is a distribution of resources and finished products in which there is a distribution option that improves the position of one contractor and does not worsen the situation of others.

The market of free competition is characterized by three conditions: presence of many firms, when none of them have little impact on current prices, since each of them is a small market share; uniformity and interchangeability of competing products; absence of price limits.

Under conditions of free competition, the demand for goods depends entirely on price. The fact that the market appears many companies and none of them controls a very prominent market share. Therefore, the expansion of production companies are generally price does not change. Dependence of demand and price is shown that the price reduction will help increase demand. If the supply of goods increases, the price will decrease, and this will affect all companies regardless of market volume of their production.

Thus, in conditions of free competition, no company in the market play in pricing any significant role, and the prices formed under the influence of supply and demand.

Monopolistic competition market consists of a large number of companies that offer their products at prices that vary in a large range. Goods are not interchangeable and differ from each other not only by physical characteristics, quality, design, and benefits with respect to consumers. Distinctions justify a wide range of prices. The market of monopolistic competition has three features:

- intense competition between firms;
- differentiation of products produced by competing firms due to differences in consumer characteristics, and through the provision of additional services dissimilar;
- ease penetration.

Feature of marketing in these circumstances is to identify the specific needs of different market segments. An important role is played by advertising, attribution goods brand names (strategy marks), personal improvement products. Under monopolistic competition, the firm creates a price for their products, given the structure of consumer demand for mounted competitors and their costs of production.

The focus on the markets of monopolistic competition, product differentiation. The benefits that consumers prefer brand, can get higher returns on average. In this case, we are talking about market power, which makes it possible to set prices higher than the competition. Greater market power in differentiated products.

Market power is measured coefficient of market power, defined as the ratio of the coefficient margins for the brand to the average market value of this ratio:

The coefficient of market power - factor margins for brands/average coefficient margins for the market.

The coefficient margins for brands are given by:

$$\text{Margin ratio} = E / 1 + E \text{ (6.1).}$$

The optimal price mark is calculated as follows:

$$\text{Popt} = \text{Direct costs per unit of output} * \text{Coefficient margins}$$

$$\text{Popt} = B * E / 1 + E \text{ (6.2).}$$

where Popt - optimal price;

B - direct costs per unit of output;

E - price elasticity.

Oligopolistic market competition occurs between some large firms, whose products can be both homogeneous and interchangeable (steel, clothing, plastics), and different from each other (electrical, automobiles). In these new firms to enter the market is extremely difficult. In these circumstances, every market participant is flexible marketing activities of competitors and carefully refers to price changes.

Market pure monopoly.

The market is dominated by pure monopoly only one seller. It can be a private company or public organization. Using state monopoly, can dramatically increase the consumption goods those groups who will not be able to buy it at full price (set price below cost), and conversely, the price is set high in order to limit the consumption of the product.

Featuring freedom pricing, the firm determines the optimal level of prices based on the demand for their products.

You can make brief conclusions on the impact of competition on pricing in different competitive situations: independent firm pricing in a monopoly - great in an oligopoly and monopolistic competition - partial, but in terms of pure competition - is minimal.

The basic meaning of the pricing policy in international marketing is that the proposed product was set such prices that would promptly meet the objective requirements of the changing situation in its market segment, and on this basis to conduct an appropriate adjustment behavior of firms in the market.

Note that the main directions in the study of world market prices is the definition of the price level at this time to reflect changes during the period and the forecasting of major trends and patterns of price changes for the future. In this regard, in order to identify and understand the changes necessary to know

the state of affairs not only on a particular market, the prices of which are analyzed, but the basic laws of neighboring markets and market conditions.

These conditions allow to take into account how inflation, competition, degree of capacity utilization and other factors affecting the price.

The calculation of the forecast data - the process is complex and time-consuming, as in the present conditions of constituent's demand trends are changing rapidly because of the many factors that determine the price dynamics in the past and in the future.

Due to the fact that in the preparation of forecasts using firms that often hide reliable data on their production bottlenecks or creating the most advanced products, for this reason the information even by the most modern methods of questioning cannot be considered accurate and complete, which often leads to a distorted forecast.

For forecast data successfully using different forecasting methods. This - extrapolation, expert assessments, economic-mathematical methods and various combinations thereof [16, p.421].

Extrapolation methods allow for compilation of statistical series key indicators that characterize the state of the market for the last time. Also use them to analyze the underlying causes that determined the trends and market growth rates in the past. Based on this analysis consist statistical series on the projection period.

There are also different ways of carrying on past trends forecasted period. Attention is drawn to the fact that the terms of the forecast period will never fully recreate the conditions of the previous period, which limits the use of such extrapolation in economic forecasting.

In this regard, a significant spread extrapolation, which involves adjusting the figures for previous periods, taking into account the variation of the impact of the factors determining the dynamics and the price level in the past, as well as the possibilities of new factors.

Methods of peer reviews based on the use of experience, knowledge and intuition of experts, taking into account key market trends for the last time. Analyzing with the actual situation at the moment, experts make their assessment of the prospects for the future.

Expert judgment methods can be obtained as a result of the exchange of views between multiple specialists and the development of the basis of a single assessment and treatment by expert assessments by independent experts who do not communicate with each other. In this connection it may be noted the method of «brainstorming» when the weather is developed collectively by a group of experts. In addition, based on polls written a number of experts turn Estimate each specialist. In this case precluded discussions and exchange of views between the experts and the results of polls are processed on the basis of scoring expertise of each expert.

To assess prices in the international market and is widely used *economic-mathematical methods*. Based on data for the past number of years made up mathematical models that reflect a less complex functional relationship between price and other opportunistic commodity market performance.

6.4. What are global prices?

Pricing in international markets has some differences from the process of setting prices in domestic markets. First of all, pricing depends on the level of world prices. The world price is the monetary expression of the international value of the goods that are sold in the course of international trade.

International value - is socially necessary costs of production of goods in global average standard production environment and the world's average labor productivity. It is influenced by the conditions of production in countries that are major suppliers of certain goods in the world market.

The basis of the formation of international value of the goods on the principle of absolute and relative (comparative) advantage.

The principle of absolute advantages based on the use of natural advantages which are countries in the production of certain goods and services. Specializing in the production, which they have absolute advantage and exchanging excessive production with each country receiving more than if they tried to produce everything you need for yourself.

The principle of comparative advantage of David Ricardo is based on the fact that each country is profitable to produce and export those goods, the manufacture of which it has advantages in production costs. David Ricardo proved that in any country there will always be a commodity, whose production will be profitable at the current cost ratio than the production of other goods. This principle is fundamental in setting world prices and the implementation of foreign trade operations. According to him, formed the lower boundary of the global prices.

It is also worth noting that the analysis of the dynamics of world prices and determining their level uses a series of price indices, including:

- performance contract prices;
- indicators stock quotes;
- performance reference price;
- indicators of price indices;
- price list of indicators;
- indicators of price lists;
- proposal offer index.

Let us give them a brief description.

Performance *contract prices* reflect the actual level of prices for goods of a certain quality under appropriate conditions of supply and payment. However,

for details of contract prices are not easy, as they generally constitute trade secrets. Sometimes the data contract, including foreign trade, published in the press, professional journals, but without specifying the many significant details of the transaction (for example, quality indicators, etc.).

In terms of *stock quotes* reflect the prices of goods traded on commodity exchanges.

Stock quotes - this is for real contracts made on uniform provisions concerning the quality, scope and duration of supply, the currency of payment. They exchange goods sensitive to changes in market conditions, influenced by speculation and other random factors.

Indicators for determining *reference prices* published by the sellers of commodities and their associations, they do not reflect the real level of contract prices, which are different from the magnitude of the discounts offered by sellers to buyers. The size of discount depends on the situation, the relationship with the buyer, the nature of the operation. When deterioration discounts tend to grow, while improving - are reduced. Unlike the stock quote reference prices published less frequently, their accuracy as an indicator of the actual level of prices much lower.

Price index - comparative indicators that reflect the dynamics of prices, but give an idea of their level. In many countries, public statistics published indices of domestic and foreign prices of individual products and product groups. Price indices are always given with an indication of the base year of the index is assumed to be 100.

Price index, which is an important indicator allows identifying the main trends in the movement of prices and is widely used in the analysis and forecast conditions. With the price index can also determine the level of prices for individual products using both absolute figures - contract pricing, offers. Thus, it is possible to "pull» the data on the absolute value of the prices that were, say, a year or two years ago to date.

The need for indexes for these purposes has arisen in connection with fluctuations in inflation, which leads to rapid aging information on real prices.

Price lists are indexes of prices of manufactures consumer and industrial purposes and essentially similar reference prices of commodities; they reflect the real market price formed on each point behind their dynamics. Contract prices are different from the sticker on the size of discounts, the value of which can vary greatly depending on the supply and demand relationship of the seller and the buyer.

Prices proposals. Recall that at the request of a buyer interested in purchasing the product, direct sales offer for sale, which contains the terms of delivery, payment and prices offered.

Prices are adjusted proposals in the negotiations with the buyer, who usually gets off. Thus, the bid prices are different from the contract price. However, for many goods, especially machinery and equipment for proposals

essentially the only source of information on prices in the market. They generally offers more accurately reflect the level of real prices over sticker and reference prices, since their establishment sells considers the state of demand, especially the buyer, the specific conditions of the transaction.

Note the features of the formation of world prices. Note that world commodity prices reflect the following product characteristics:

- conditions of supply;
- delivery time;
- origin;
- quality indicators;
- packaging.

Keep in mind that the world is a metropolis for trade relations market participants regulated world price that meets members of the international market.

World prices - is essential for exporters or importers or for major world trade center's belonging to the usual large separate regular transactions with payment in freely convertible currency.

In this regard, the formation and movement of prices on the world market is based on variations of world prices on domestic prices in different countries.

World market prices based on the cost of the leading exporting countries in the world market.

Prices national markets based on the intrinsic value and reflect the costs of domestic producers.

Prices of international trade also differ from the internal volume through various international and domestic markets, the conditions of their operation, and other pricing factors.

Prices are based on actual transactions of real market prices of contracts and financial instruments. Reliability and receipt of data operations is complicated due to commercial confidentiality contracts. These prices are divided into current prices and prices of long-term contracts, which are widely used in international trade.

The difference of world and domestic prices by an average of about 30%.

6.5. What are pricing strategies in global markets?

An effective pricing strategy is to be the company's more than a response to changing market conditions. Any pricing decision must reflect, first, the fundamental pricing strategy, and secondly, market segmentation, and thirdly, the elasticity of the market in the fourth, costs, fifthly, a potential competitor, as the knowledge of its competitors allows companies with a high degree of probability to predict their responses are taken into account when developing pricing strategies, sixth, competence management company.

The international pricing exists a sequence of marketing activities (Figure 6.2). [28, p.143].

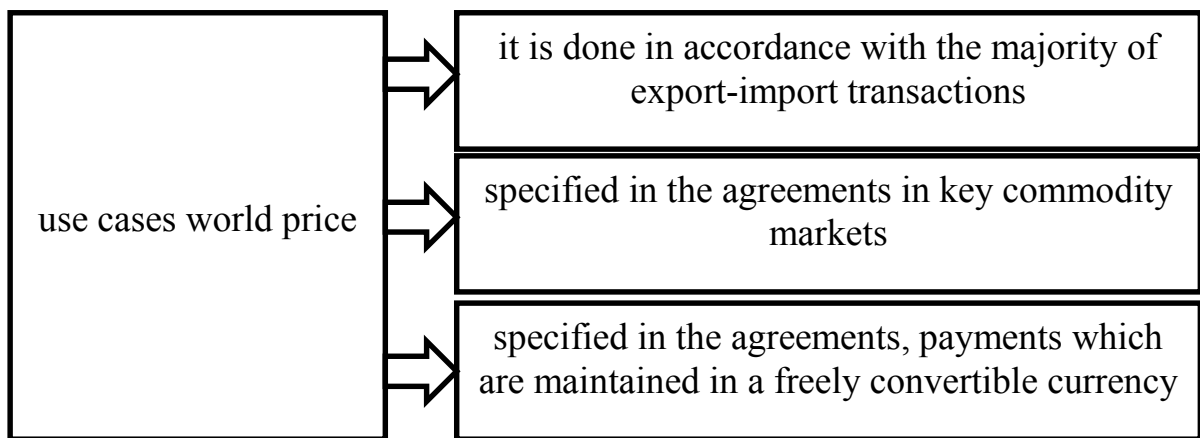


Fig 6.2. The main uses of the world price

At all stages of this process affects the totality of the factors that determine long-term solutions to prices.

Only the professionalism, detailed research and study of the international market will allow the company to choose the most effective pricing strategy that ensures the success of the product on the international market with the greatest benefit for them.

Pricing strategy should contribute to the achievement of certain objectives of the enterprise, which are divided into three groups:

- financial, based on income (maximum income, receipt of satisfactory or determinable income, fast cash withdrawal, etc.);
- sales based on the goals of intensification or ekstensification sales (increase sales, maximize market share, effective implementation of a new product, etc.);
- situational, based on the goals of preserving or creating more suitable for businesses operating conditions (to prevent unwanted actions of the government of the country, the host minimization of the competitors, encouraging interested participants distribution channels, price stabilization).

Below are the basic pricing strategies used in international marketing, and given their brief description (Figure 6.4.).

The strategy of "*skimming*" - the sale of goods at high prices. This strategy is appropriate for products, innovations, patents. This type of strategy provides a quick return on investment, and the greatest effect will be provided for products and markets sufficiently low elasticity of demand on prices. It is used mostly when there is a slight excess of demand over supply and the firm may take a monopolistic position in the production and sale of this product.

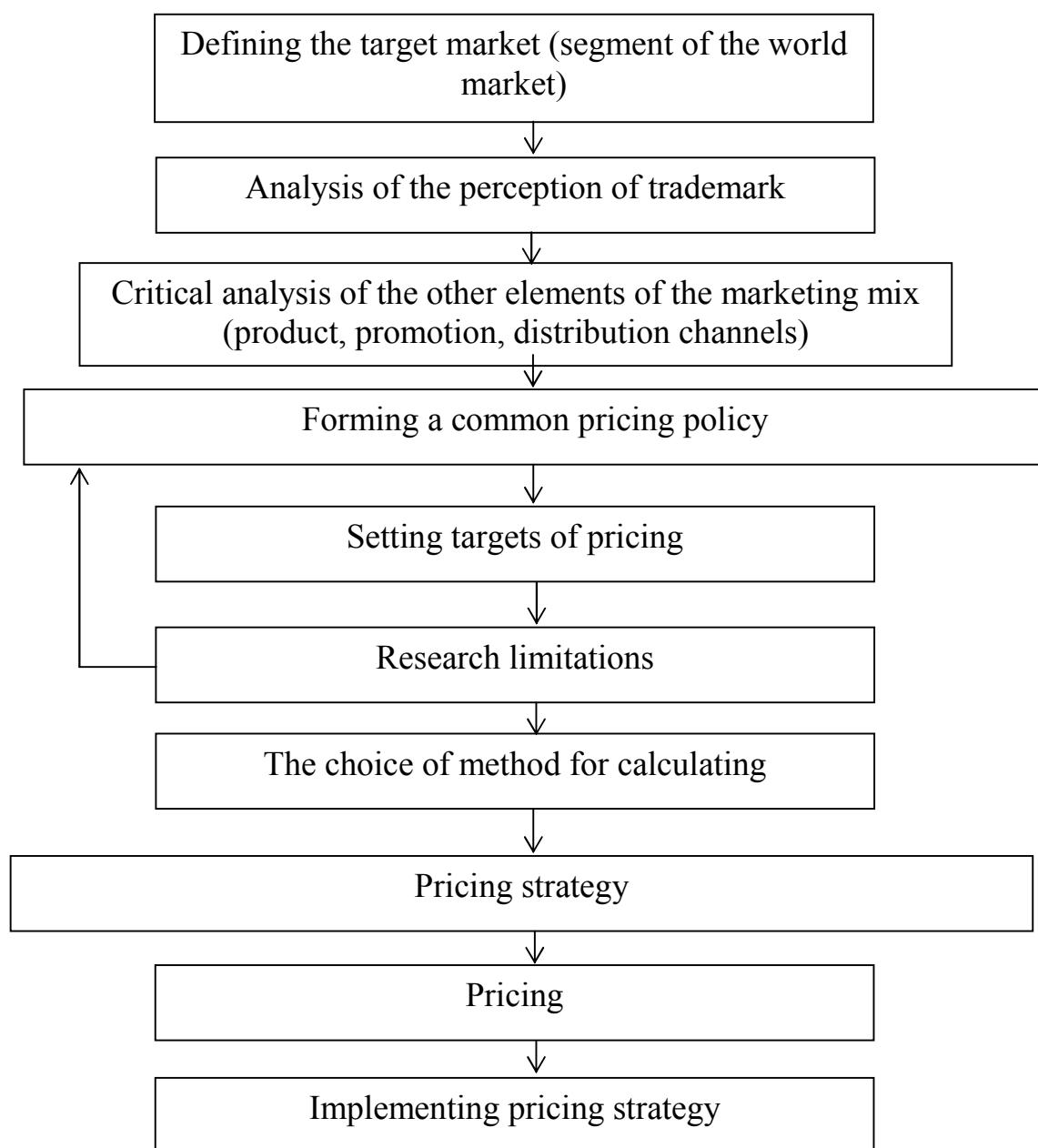


Fig. 6.3. Sequence pricing in international marketing

The strategy of "*low price*" strategy or "*breakthrough*" - the original sale of goods at low prices to stimulate demand, the displacement of competitive products and conquering the mass market.

Mainly used for goods with low elasticity of demand. The use of modern conditions is difficult because of barriers to increase prices is reason for not concluding the transaction. So now more often used a modified form of this strategy: low prices allow firms to "break" the market, but they continue to rise, and supported.

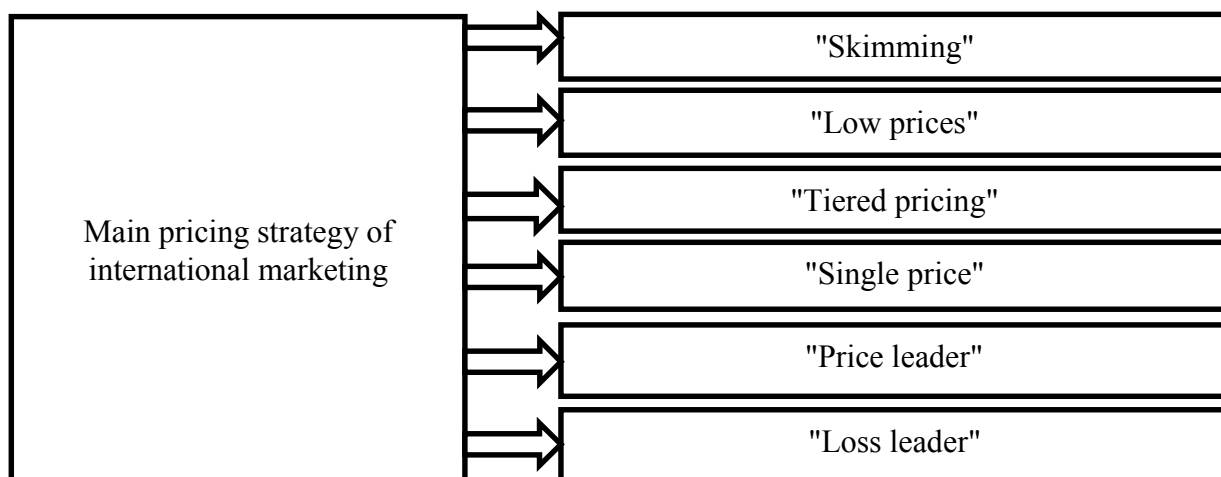


Fig. 6.4. The basic strategy of international marketing

Achieve profit possible through mass sales. It is necessary that the elasticity of demand was high, and there was a specific product to reduce costs of production and circulation per unit in accordance with an increase in its production and marketing.

The strategy of *"tiered pricing"* stimulates or inhibits the process of selling different products in different markets, «encouraging " or «punishing «of different customers. Has been applied in commercial practice firms that establish the scale of possible discounts and surcharges to average prices for different markets, segments and customers. Its varieties are the strategies and discriminatory preferential prices.

Strategy *"uniform pricing"* is used mainly in the sale of goods catalogs, samples, through distribution channels of trade. Most applications found in the formation of a circle of regular customers.

Strategy *"price leader"* carries *"bind"* their prices to the level of traffic and the nature of the price of a particular product company leader, recognized in the market, or making a tacit agreement with the leader in this market segment or that in the event of a change it adjusts for firm prices for their goods. It is overwhelming for companies that do not have the ability or desire to pursue their own development of pricing strategy. The disadvantage of this strategy - a high level of risk as limited activity firm.

The strategy of *"loss leader"* (stimulating complex sales). The essence of this strategy is as follows. Goods leader sold at low prices and other products supplied and possessing novelty, offered at prices that include monopoly profits. As a result, the firm receives a profit target. This type of strategy used in the last stage of the product life cycle, when the use of other types of strategies virtually impossible or ineffective.

The price policy of the company in the international market is crucial for decisions on capturing new markets or maintaining existing ones. However, note that pricing strategies are effective for new entrants to the market are not as old-timers to market as goals, resources, consumer perception of prices, the degree

of competition, cost structure, price structure, legal restrictions, public relations, new and old different market participants. There are pricing strategies are most effective for novice companies and oldest market participants.

New businesses often face the problem of changing buying habits. Hotel rates are inextricably linked to the consumer value of a product or service, so depending on the quality of the goods or services the price of firm's beginner can be both above and below the analog competitor, having strong, well-established links with the market. In markets with highly competitive company willing beginners underestimate their prices relative to prices oldest market participants to capture greater market share. It is therefore no accident, as practice shows, the most popular pricing strategies among firm's beginners is the strategy of low prices. This strategy works best when consumers have the opportunity to compare the goods or services. Conservatism and inertia of consumers, however, help company's discerned market. To avoid tension and risk when changing providers or the rapid increase in their numbers, consumers prefer the old companies that occupy a strong position in the market. If the veteran is not a monopoly, it does everything it can to impede consumers compare prices of competing companies. The most striking illustration of this is the market of home appliances, similar to the situation in the market of household chemicals, where customers are extremely price sensitive.

Worldwide experience also shows that the double pricing tariff setting enables companies to get more income than when you install one price on their product or service, but do not forget that to use dual pricing company requires a certain power over the market. Every year the number of firms that successfully uses a dual pricing. For example, telephone companies set as a fixed monthly subscription and pay per minute calls.

World practice shows that the smaller the company's impact on the market, the less it can hinder the process of comparing prices, so the more simple pricing such a firm should use. In markets with strong competition usually relatively few companies are able to use flat-rate fees. In addition, the company as a leader in one market, such as regional, can take a modest position in another market, it is an obstacle to the development of effective global pricing strategy because the price structure should be flexible and adaptive, and that is able to vary according to the actual state of the company in a given market.

In developing tactical pricing decisions of firms are often used and discounts, but do not always take into account the fact that the use of discounts associated with significant risks. An example is the strategy of major American cigarette manufacturers, wholesalers who offered a significant discount on the products. As a result, it turned out that end-users do not receive the expected benefits of lower prices as wholesalers taking advantage of discounts not lowered prices to retailers who buy products from them. As a result of this ill-conceived pricing tactics end users did not notice any change in prices, and the

producer has incurred significant losses, in addition, he had not managed to increase its market share.

Key Concepts

International price factors of pricing in the foreign market, the stages of pricing in the international market, forecasting methods, types of prices, factors of marketing pricing cascade export product cost, types of markets in the degree of competition in the world market price, types of pricing strategies.

Question for self-control

1. What is the price formation and price policy?
2. Forecast how the process data in the study of world market prices?
3. What are the types of prices on the world market?
4. What is a "cascade of cost"?
5. Which are the different types of markets in the degree of competition?
6. How is the formation of world prices?
7. Which are the different types and features of the creation of international prices?
8. Which price indices are used to analyze the dynamics of world prices?
9. What are the features of the formation of world prices?
10. Which types of prices are in foreign economic activity?
11. Which kind of world prices in addition to affecting foreign trade pricing?
12. What is the sequence of pricing in international marketing?
13. What are the pricing strategies in global markets?
14. What objectives contribute the enterprise pricing strategy?
15. Which is the role of additional factors of pricing in international marketing?
16. Which groups of factors affect pricing in the international market?
17. Formed as the market price of free competition?
18. How is the price of monopoly market?
19. Which price trends oligopolistic market?
20. How are the weather changes in prices on the world market?
21. The competition affects pricing in the international market?
22. Which are the different methods of forecasting prices?

SECTION 7. WAYS TO PROMOTE PRODUCTS ON THE FOREIGN MARKET

7.1. What are international channels of product distribution?

Set of firms, and also the certain natural persons assuming the property right or promote goods transfer on a way of movement of goods from the producer to the consumer, forms the distribution channel. How many and what channels of distribution the concrete firm should choose, depends on many factors on the basis of which analysis it is possible to choose the most acceptable channels.

About such factors it will be told below in more detail. We will notice only that the distribution channel in a concrete foreign market includes separate firms and natural persons both on internal, and in a concrete foreign market. Channels of the distribution, considered in the international marketing, are various, and management of them is more difficult.

Thus, as well as in domestic market, the main objective of management of distribution channels in foreign markets is ensuring delivery of necessary goods in the set place and suitable time at the minimum costs of creation and functioning of channels of distribution.

Carrying out policy of distribution in foreign markets, the firm can:

1. directly itself to sell goods abroad both to end users, and intermediaries;
2. to sell goods to intermediaries in domestic market which, in turn, to resell these goods in the foreign market;
3. to make goods abroad and to sell them independently or by means of intermediaries in the country of origin, and also in the third countries.

The firm will choose from the specified options, depends on many factors, and first of all on the purposes of activity of firm, its sizes and a type of goods. These factors are outstanding at creation of system of distribution. The system of distribution can refer to the main objectives:

- ensuring access to the foreign markets;
- definition is more whole than activity in foreign markets;
- studying and the analysis of the major factors defining policy of distribution;
- definition of structure of distribution;
- identification of the most acceptable channels of distribution;
- creation of the mechanism of effective functioning of channels of distribution.

Along with the specified factors the firm has to consider and other factors which aren't depending directly on it or its goods. Such factors treat existence and possibilities of use of channels distributions in the certain countries;

possible sales volume in the target markets; presence of the personnel; possible expenses etc.

It is necessary to consider that in some countries it is expedient to firm most to sell the goods, in other countries it is necessary to organize own production, and in the third countries it is necessary to use services of sales agents. Other options are possible also.

Irrespective of a goods origin place it has to be in due time delivered from the producer to the consumer in necessary quantity and in the set place. Thus if the firm makes goods in one of the countries abroad and in this country it sells, it can construct system of distribution of goods taking into account distribution system which developed in the market of this country and is regulated by the existing legislation. In all other cases it is necessary to have the channels of distribution which are switching on in a general view separate structures which belong to the different countries.

It is necessary to consider that each country has the unique system of distribution without which specifics of functioning it can't be adjusted effective sales of goods. Distinctions in existing systems of distribution in the certain countries can become essential. In particular, a role of the main links of channels of distribution - the enterprises of wholesale and retail trade - different for many countries. It, for example, belongs to Great Britain, France, Germany, and Italy. For France and Italy the longest channels of distribution which are switching on of wholesalers are peculiar.

Quite difficult structure of channels of distribution in Japan. For its existence of considerable number of multilevel channels and a large number of various intermediaries is characteristic. Between separate links of channels of distribution there are rather strong communications, arises one of obstacles for creation of channels of distribution at entry into the market of Japan of foreign firms.

Despite distinction of systems of distribution in the certain countries, each channel of distribution in foreign markets has to be complete and include all way of movement of goods from the producer to the consumer. This rule belongs both to goods export, and to its production at subsidiaries.

Forming a distribution channel, you must define the functions that perform some of its components.

These functions can be realized in various activities and are caused:

- property transfer of rights;
- physical movement of goods;
- reception and processing of orders from buyers and consumers;
- financial security of commercial activity;
- implementation of communications.

Realization of the activity stated above demands presence of the corresponding natural and legal entities, capable to accept and carry out reasonable administrative decisions within the competences. The number of

such persons defines level of the channel of distribution.

Direct distribution. The minimum level of the channel of distribution is considered zero level. Such level of the channel of distribution takes place when the producer sells the goods directly to their consumer. In this case also say that direct division is used.

Sale of goods to governmental, state and other official organizations, sale of expensive production of production appointment to her users, and also extra store and firm trade in consumer goods in their direct producers can be examples of direct distribution gasoline sale at the gas stations belonging to the oil processing enterprises.

Indirect division. If the producer in the course of sale of the goods uses intermediaries then indirect division is realized.

Level of the channel of distribution, is used, and depends on a type of goods. So, for example, selling perishable goods, it is necessary to give preference to direct channels of distribution. For rather expensive goods it is expedient to have channels of distribution of lower level, than for enough cheap goods. For the goods demanding regular service, it is also expedient to have channels of the lowest level. Choosing channels of distribution of the lowest level, the producer assumes performance of separate functions of intermediaries which are realized by intermediaries in channels of higher level.

The most difficult structure of channels of distribution is characteristic for consumer goods. It is caused by that buyers of such goods in the majority are numerous. They are, as a rule, dispersed geographically and buy goods in insignificant quantities. Thus intensity of use of consumer goods in the different countries isn't identical and in many respects depends on influence of social and cultural factors. Places of acquisition of goods in the certain countries, and also behavior of buyers and consumers differ also. However in general view channels of distribution of consumer goods, are more often used in foreign markets is [16 p. 537]:

- 1) THE PRODUCER - THE CONSUMER;
- 2) The producer - the wholesale dealer in the country of goods' origin - the wholesale dealer in the country of sale of goods - the retail dealer in the country of sale of goods - the CONSUMER;
- 3) The producer - the intermediary the exporter - the intermediary the importer - the wholesale dealer in the country of sale of goods - the retail dealer in the country of sale of goods - the CONSUMER;
- 4) THE PRODUCER - THE INTERMEDIARY THE EXPORTER - THE INTERMEDIARY THE IMPORTER - THE RETAIL DEALER IN THE COUNTRY OF SALE OF GOODS - THE CONSUMER;
- 5) The producer - the sales agent in the country of goods' origin - the intermediary the importer - the wholesale dealer in the country of sale of goods - the retail dealer in the country of sale of goods - the CONSUMER;

- 6) The producer - the sales agent in the country of goods' origin - the intermediary the importer - the retail dealer in the country of sale of goods - the CONSUMER;
- 7) The producer - the retail dealer in the country of sale of goods - the CONSUMER.

From the aforesaid it is visible that the simplest channel of distribution of consumer goods in foreign markets the channel of zero level. In this case the producer itself sells the goods. In all other cases the producer uses intermediaries who can be located as in the country of goods' origin or in the sale country, and in both countries.

At creation of channels of distribution of goods of production appointment especially the importance has the cost of transportation and production warehousing. In this regard for many such types of production direct division is realized, i.e. the producer himself sells the goods to the consumer (user). Heavy and bulky goods, in particular, belong to such goods. Their movement demands considerable transportation costs, firms seek to minimize, using channels of the lowest levels. For this purpose production deliveries to limited number of buyers are quite often carried out by trucks or containers.

Direct distribution of the most appropriate and most cost-justified use for complex technical products, the production and consumption which requires cooperation producer and consumer. It is justified for investment goods and some types of raw materials.

In a general view it is possible to present the following channels of distribution of goods of production appointment [16, p.539]:

- 1) The producer - the USER;
- 2) The producer - the export intermediary - the USER;
- 3) THE PRODUCER - THE INTERMEDIARY THE EXPORTER - THE DISTRIBUTOR (AGENT) - THE USER;
- 4) The producer - the intermediary the importer - the distributor (agent) - the USER;
- 5) The producer - the intermediary the exporter - the intermediary the importer - the wholesale dealer - the distributor (agent) - the USER
- 6) The producer - the intermediary the exporter - the intermediary the importer - the USER.

When there are a considerable number of consumers (users) or when they are removed from each other, for simplification of process of distribution intermediary's exporters and importers, and also distributors and sales agents are usually used.

The nature of services demands direct contact between those people who provide them, and that who buys these services. Such specifics cause that fact that in most cases services are on sale directly their producers.

However in some cases for sale of services sales agents or brokers [16 p.542] can be attracted:

- 1) THE PRODUCER - THE CONSUMER;
- 2) The producer - the sales agent in the appointment country - the CONSUMER;
- 3) The producer - the sales agent in the country of origin - the sales agent in the appointment country - the CONSUMER.

In particular, many tourist organizations involve sales agents for sale of separate rounds. Insurance companies also use insurance agents for the conclusion of contracts for rendering the corresponding services.

Sales agents as in the country in which there is the firm providing services and in the country of consumption of this service can be thus used.

7.2. What criteria of selection of product distribution channel can be distinguished?

Having defined possible channels of distribution which the producer can use at sale of the goods in foreign markets, he should choose among them are most acceptable. In other words it is necessary to establish, how many and what channels it is necessary to use to provide effective sales of goods in foreign markets.

Forming distribution channels in foreign markets a producer has to consider a number of factors:

- need of existence of sufficient number of places of the sale, allowing to make goods available to potential buyers;
- expediency of granting to the consumer of necessary services;
- need of implementation of acceptable control of activity of channels of distribution;
- expediency of timely delivery of goods in places of their consumption;
- need of ensuring stability of system of distribution;
- possibility of use by a producer of limited resources for creation and functioning of channels of distribution etc.

As a result, the final selection of channel allocation commodity producer depends on the ratio between the costs which it has implementing this policy and the distribution of income received in this. Such ratio first of all depends on degree so-called "market coverage" and opportunities of control of activity of channels of distribution.

The specified factors, and also stability of channels of distribution in foreign markets directly influence the volume of sold goods, and consequently, and profit. Therefore at an assessment of alternative channels of distribution define the following factors:

- market coverage;

- possibilities of control of activity of channels of distribution;
- the expenses caused by creation and functioning of channels of distribution;
- stability of channels of distribution.

One of the main questions on which the producer has to give the reasonable answer, consists in how to make goods available to all potential buyers and consumers of each foreign market.

The last is characterized by the term "market coverage" and assumes the accounting of geographical placement of people of possible sales volume, and also existence of necessary service. Thus depending on what number of intermediaries participates in providing necessary level of coverage of this foreign market, speak about (fig. 7.1.):

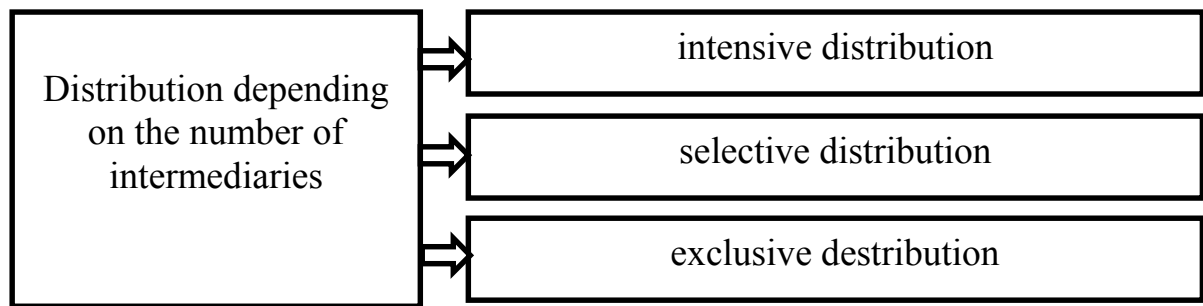


Fig. 7.1. Distribution depending on number of intermediaries

Intensive distribution of goods assumes existence of considerable number both separate types of intermediaries, and intermediaries of this look in each foreign market. In other words, the producer for sale of the goods seeks to use the greatest possible number of the most different channels of distribution to provide broad coverage of the market and considerable sales volume. It is in such a way considered it expedient to sell goods of daily demand, different types of raw materials, and also service which don't demand considerable expenses.

Growth of the sales volumes caused by high level of coverage of this foreign market is, certainly, a positive factor. At the same time intensive distribution of goods has also some shortcomings.

In particular, the firm risks to lose control of marketing activity of certain canals of distribution, and also not always can provide up to standard image of the trademark.

At selective distribution the producer uses not channels of distribution all possible and available to it in foreign markets, and only some of them. So usually producers of goods of the preliminary choice, separate prestigious goods and goods of passive demand arrive. In particular, some models of cars, fashionable models of clothes, the furniture, separate types of production of production appointment so are on sale.

Making the decision on selective distribution in this foreign market, the producer chooses certain canals of distribution, considering such factors (fig. 7.2)

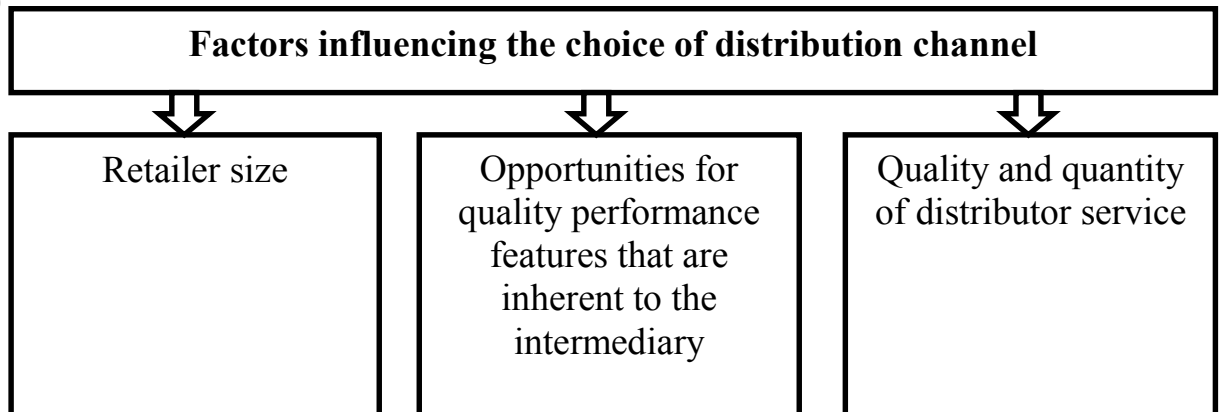


Fig. 7.2. The factors influencing a choice of the channel of distribution by a producer

Choosing only certain canals of distribution, the producer consciously limits availability of goods to potential buyers. As a result it cannot reach necessary level of coverage of the market that can lead to losses of certain potential buyers. At the same time he considers that possible losses can be compensated for the account of closer cooperation with intermediaries and cut in expenditure on distribution policy.

It should be noted that in certain cases use of selective distribution by a compulsory measure and is caused by a variety of reasons, in particular refusal of certain intermediaries of creation of the respective canals of distribution. For example, the retail dealer can refuse goods sale, has limited demand if the right of exclusive sale of goods in some region isn't provided to it.

At exclusive distribution one of intermediaries acquires an exclusive right to sale of some trademark in the concrete region or the certain country. In this case the intermediary, as a rule, undertakes not to sell similar competing goods of other producers.

Exclusive distribution is used more often by producers who want to emphasize exclusiveness of the goods, high level of their quality and maintenance. So, for example, separate models of fashionable clothes and footwear, prestigious cars are on sale.

Exclusive distribution in this foreign market has the same advantages and shortcomings, and selective distribution. Only now these advantages and shortcomings more expressed.

As control of activity of the channel of distribution understand possibility of a producer to have impact on decisions and actions of other participants of the channel. In foreign markets such control has especially importance. It is caused by desire of each producer to create widely known brand in the world market and to maintain the corresponding image of goods and firm in universal scale.

If the firm wants to provide complete control of activity of channels of distribution, she should create own system of distribution. Certainly, creation of each own channel of distribution demands considerable expenses; however use of such channels allows to provide complete control of sale of goods.

The producer should define necessary level of control of each of channels of distribution of these goods. At establishment of such level the producer should consider the legislative base regulating activity of foreign firms and intermediaries in each foreign market practice of use of channels of distribution, there is on it, and also an importance of this foreign market for a producer.

The expenses caused by policy of distribution in foreign markets, include:

- the expenses caused by creation and development of channels of distribution;
- expenses necessary for effective functioning of channels of distribution.

Not every company can take care of all the expenses provided for the establishment and operation of distribution channels in foreign markets. First of all, this cannot afford to small firms. These firms are, however, a number of large companies that require agents who are able to assume the related costs in respect of certain functions distribution policy.

The distribution channel, is created in a foreign market, has to possess a certain necessary stability in implementation of business activity by it.

The last can be provided with a reasonable choice of intermediaries in foreign markets which would be capable to function quite effectively in the conditions of change of exchange rates, strengthening of customs control, restriction of opportunities of use of currency, and also other negative changes, occurring in economic and policy - the legal environment of the concrete foreign market.

Carrying out direct division, the producer itself sells the goods to consumers (final buyers) in the foreign markets.

Carrying out direct division, a producer:

- studies features of foreign markets more fully, revealing and considering specifics of inquiries of specific consumers;
- in due time reveals and eliminates defects of production and commercial activity, improving both goods, and forms of its sale;
- reduces risk and dependence of commercial activity on insufficiently effective work of intermediaries.

All producers as, however, and to realize direct division in this foreign market can use the specified advantages, certainly, not. Not always there are sufficient financial resources for implementation up to standard direct sales. Quite often in the company there are no the highly qualified specialists capable effectively to carry out direct division in foreign markets.

Carrying out direct division in the chosen foreign market, the producer compares the expenses on creation and functioning of system of distribution to

gained income and establishes influence of direct distribution on efficiency of business activity.

For this purpose he analyzes, in what degree of a straight line distribution:

- allows to provide in the long term lower costs of commodity unit sale, than expenses at goods sale with use of intermediaries;
- allows to increase goods sales volume thanks to providing higher level of realization of the international marketing;
- allows to receive timely and full information on a condition of a separate foreign market and prospect of its development;
- allows improving service of consumers of goods.

Practice of implementation of foreign economic activity shows that the more the target market is concentrated, it is easier to carry out direct division. It is expedient to use such distribution and when the insignificant number of buyers buys a large number of goods.

Use of direct sales can be compelled for a producer if intermediaries refuse participation in indirect distribution of goods. In this case the firm can create own service of sales, having completed it with the personnel, capable to carry out commercial activity in foreign markets.

Eventually the firm gives preference to such way of distribution of goods which allows at limited financial and human resources to gain considerable income from sale of these goods.

For implementation of direct distribution the producer will organize effective functioning of the power structures, urged to provide necessary the offer of goods in foreign markets, their sale and service of consumers. For the solution of these tasks:

- the export departments of firm which are responsible for all stages of movement of goods from a producer to foreign consumer (the final buyer) are created);
- direct contacts with potential buyers of goods through own export offices, direct-sales representatives and the Internet are carried out;
- trade branches (firms) abroad are created;
- the trade missions in the certain countries open;
- own enterprises abroad, carrying-out production and commercial activity are created;
- multinational corporations are created;
- it is carried out firm and extra store trade.

At the same time use of direct channels of distribution in foreign markets didn't gain a little essential development. It is caused by that upon transition of the company to direct sales its expenses caused by functioning of system of distribution, significantly increase. Even the large companies which have achieved success in the USA, Japan, England, France and other economically developed states, use a straight line distribution only in the certain countries for

which considerable sales volumes of goods is a stable source of receiving accepted for a producer of profit.

For using of indirect distribution variety of reasons. First, for implementation of only direct sales in foreign markets in a producer not always there are necessary financial and human resources.

Secondly, if such resources also are present, it is, as a rule, more expedient to enclose them in production, instead of in the address.

Thirdly that is very important, the producer can specialize on production and spray the resources on functions quite peculiar to it.

Fourthly, using intermediaries in foreign markets, it is possible to provide to firm considerable advantages in comparison with creation of own structures abroad.

Whereas in each case the factors described above and other commodity decides to intermediaries in commercial activities, thereby realizing indirect distribution.

In foreign markets intermediaries can carry out the most various functions caused as by movement of goods in space and in time, property right change, and realization of the international marketing.

More often intermediaries realize such functions, as:

- researches of real needs and needs for concrete goods;
- completions of goods according to requirements of buyers of the target market;
- formation of the trade range according to the revealed requirements and wishes;
- selection, sorting and formation of the most acceptable for buyers and consumers of parties of deliveries of goods;
- pricing for goods;
- physical movement of goods (including transportation, warehousing and storage);
- advance of goods on the target market;
- distribution of the risks connected with possible losses in the course of delivery and sale of goods;
- establishment and maintenance of contacts with existing and potential consumers of goods.

Some intermediaries can carry out all from the listed above functions, and can only partially. Realization and others above not stated functions is thus possible. For example, insurance of goods or service of consumers.

In foreign markets there are a considerable number of the intermediaries which names, and also functions, they carry out, aren't always treated unambiguously. Most often it is a question of such intermediaries, as:

- wholesale dealers;
- retail dealers;
- wholesale and retail dealers;

- export houses;
- international trading companies;
- distributors;
- dealers;
- commission merchants;
- agents;
- brokers;
- commission agents;
- attorneys.

There are given below their detailed characteristic.

The wholesale dealer buys goods from the producer and resells it to other intermediaries. Firms of retail trade and the enterprises making finished goods usually act as the last, but can be and the wholesale enterprises. In this case the wholesaler acquires the property right to goods and resells it to other participant of the channel of distribution, is used.

Having paid the cost of goods it to the owner, the wholesaler seeks to resell it at higher price to get the maximum profit.

Forms of the organization of wholesale trade in the world market rather various. From them first of all distinguish:

- the direct wholesale trade, carrying out a producer;
- wholesale trade through independent commercial structures;
- wholesale trade at the international exchanges;
- auction wholesale trade;
- wholesale trade at fairs;
- trade at wholesale fairs.

Features of the organization of wholesale trade. The number of wholesale companies, and also number of operations which they make, is unequal for the different countries. For example, in Finland wholesale trade most, and the main part of wholesales is the share of four wholesale companies. Thus most the KESCO major company controls about 20% of the market of wholesales. At the same time in India there are some thousands of wholesale companies serving thousands small retail dealers. Existence of small wholesale companies it is characteristic and for Japan. About a half of all wholesale companies of this country in the staff no more than four workers. On the number of wholesale companies Japan can be correlated to the USA.

Distinctions in the organization of wholesale trade in the different countries cause also differentiation of the functions realized by wholesale companies. In this regard allocate wholesale companies with full service and wholesale companies with limited service. Wholesale companies with full service carry out all complexes of the main functions, wholesale trade realizes. They can be engaged in realization as wide range of goods, well the specialized enterprises focused on rather narrow range of goods [2, p.126].

From wholesale companies with limited service usually distinguish:

- the enterprises working with a method of self-service “cash - and – carry” that assumes a choice the buyer of goods in a warehouse, its cash payment and delivery at the destination;
- the enterprises of so-called shelf trade (rack jobber), serving primarily retail. They supply a limited range and determine the order of teamwork, including agreement on the risks of business activities;
- the enterprises of the direct deliveries which are carrying out purchase of goods at the producer also deliver directly to the consumer on the basis of orders of the enterprises of wholesale and retail trade;
- the small wholesale enterprises which are carrying out resale of goods of the limited range in small lots.

Retail dealers sell goods and render services to final buyers who acquire goods for their consumption. Thus can consume goods as the buyer, and someone another to whom on it the right will be transferred.

Specificity retailers. The retail dealer carries out the activity on its own behalf and at own expense. Getting the rights for goods, he sells to its price established to them. Reward which it earns thus, it is equal to a trade margin which turns out as a difference between the goods buying price the retail dealer and at the price of his resale.

Major retailers. The presence of retailers, their composition and level of development are different for each country.

Retail trade has the features in each of the countries. These features are caused by a culture level of development, state of the economy, a geographical position of the state, its historical way of development. The main distinctive features of retail trade of the certain countries are the quantitative structure of the enterprises and their sizes. If in certain industrialized countries the tendency to creation of major trading companies takes place, appears self-service shops more and more, in other countries rather large number of the small retail enterprises remains. The last is characteristic for Japan, France, and Belgium. If in the USA and Germany 6 shops are the share of 1000 inhabitants of these countries, in Japan - 13, in France - 11.

At a large number of retail trade the average of the employees occupied in them remains small. So, in Japan and France on the average 3,7 persons are the share of one enterprise of retail trade, in Belgium, South Korea and Turkey respectively 1,5; 1,7 and 1,8 employees. In Great Britain, Austria and Sweden these figures are respectively equal 7,8; 6,6 and 4,2 people.

The main tendency of development it is wholesale - retail trade in recent years there was a creation of the large enterprises. This tendency was caused by need of the offer of a bigger variety of goods at lower prices thanks to increase of overall performance of trade enterprises. As a result considerable part of

foodstuff, sold consumers began to buy in supermarkets and hypermarkets. The tendency to emergence of large shops led to that there were fewer shops in a residence and works. As a result of it practice when the majority of buyers became more rare extended to buy the main foodstuff necessary for them, but in large numbers.

The changes which have happened in structure of a distribution network in the last decades are characterized:

- increase in the number of outlets that have large volumes of trade;
- increasing number of these types of commercial enterprises like supermarkets, and the emergence of network organizations (retail chains);
- increase the value of one-time purchase at reducing the number of visits to retail outlets;
- improving the quality of customer service shopping.

Supermarkets and the hypermarkets holding leading position in structure of a distribution network became the main types of shops. So, at the beginning of the current century in Poland worked 67 hypermarkets and more than 800 supermarkets offering the range to 50 thousand names.

According to forecasts in the next years in the largest cities of Poland 170 hypermarkets with a floor space from 8 to 18 thousand sq.m will work. In the Czech Republic where serious transformations of trade began in 1997, at the beginning of our century there were 80 hypermarkets at the population in 10 million people.

The considerable part of commodity turnover falls to the share of large shops. So, the share of supermarkets makes about 75% of internal commodity turnover of the USA. In the European countries the share of supermarkets in commodity turnover is lower. It reaches 45%, and hypermarkets of-34%.

The standard supermarket offers the widest range of goods (to 10 thousand positions), satisfying more fully needs of buyers. The following principles are the basis for formation of its range:

- the goods shouldn't be too expensive (as his potential consumer doesn't wish to incur unreasonably essential monetary expenses)
- the goods have to be really qualitative on the main consumer properties, for them the consumer gives the money equivalent to the sum of product cost and normal remuneration of the seller;
- the consumer wishes to get not simply a set of goods of certain properties, but also a peculiar guarantee of their quality and the fact of confirmation of the social status (he is ready to pay extra fee for it to the seller).

Large, appeared with the nonfood range, offering foodstuff as the additional range, received the hypermarket name. The modern hypermarket belongs to large trade enterprises. It serves buyers on floor spaces to 10 thousand sq.

Together with creation and development of large shops in recent years it is possible to note significant increase in popularity of distribution networks.

Such networks for the first time appeared in Holland in 30 -ies of the XX century. One of the first Spar networks united small little shops from 30 to 100 sq.m in the structure. Creation of the conditions allowing successfully competing with the large enterprises of retail trade was a main objective of association of little shops. Now "Spar" is one of leading world networks. It unites more than 15 thousand various shops. Annually they serve more than 8 million buyers. Such networks created many multinational companies which are carrying out global retail trade. As an example of such networks it is possible to call Body Shop (Great Britain), Benetton (Italy), IKEA (Sweden), Auchan (France), Stockman (Sweden), McDonald's (USA).

Large types of shops almost always won competitive fight against traditional small shops. While they had weak rivals, they avoided the direct competition among themselves, however considerable scope of construction of shops led to that the market soon was saturated. Extensive development of a distribution network it was impossible. In these conditions competitive fight between supermarkets, hypermarkets, shopping centers began.

To stand in this fight, and also in response to changes in all areas of life, types and types of shops continue to change, get new forms.

In system of distribution of goods in foreign markets distribution channels which structure included export houses. The export house - rather broad concept, is ambiguously treated in the certain countries.

In a broader sense the export house is considered as the wholesale dealer in the country of goods' origin, carries out the activity in foreign markets. He acts as the principal (owner) in transaction, buying and selling goods on its own behalf and at own expense. The export house in narrower sense can be considered as the representative house or the house, buys. It can carry out function of the export agent of the producer also.

The representative house is the principal. It finances operation, assuming risk for the short-term credit, for what the buyer pays to it commission charges.

The house getting or orders acts on behalf of the foreign buyer and according to his instructions or specifications carry out the corresponding purchases.

The international trading companies have the most various forms of implementation of their activity and are engaged both wholesale, and retail trade. They have the same advantages and shortcomings, and export houses.

However scales were more than activity incomparably.

The basic wholesale dealers on cross-border markets were independent trade firms. Such firms differently were called in the separate countries. More often they named distributors or dealers. In England and Sweden they named trade merchants, in Germany - trade businessmen.

Distributors, as a rule, was given the exclusive or overwhelming rights to purchasing or resale of the goods to territories of the given region or a target market. Such rights were caused in the special agreement that consisted between the principal and the distributor. The distributor received the profit for the account of resale of the goods at the price that exceeded expenses per unit of the goods which was causing it by purchasing and sale.

Mutual relations of the distributor with the owner of the goods were under construction as the relation of the principal to the principal. Thus the majority of distributors got the necessary help and support of the principal in promotion of the goods on the market.

Distributors performed the entrepreneurial activity in the core on a commodity market of production appointment. They could perform wholesale trade, offer as broad range of goods, and to resell the limit range, implement selective or exclusive distribution of the goods. They, as a rule, represented a commodity producer on all questions concerning sale and consumption of the goods, include and field service.

The dealer are one of intermediaries who was special widely used in a foreign market. The role and the importance however are more hits it are treated ambiguously. In practice it are reduced to that the dealer any intermediary who had established are considered and maintained close economic connections with a commodity producer. Thus the legal and functional basis of such communications is not considered.

At the same time in the classical theory of marketing it is considered to be the dealer any intermediary who performed home shopping service on its own behalf and at own expense.

Intermediaries who performed the activity on a consignment basis, it is accepted to name *consignees*.

According to consignment terms, the goods who acted on railroad trains of the seller consignee, remained a property of the owner (consignee) to them to sale to the consumer. Consignees with own warehouses, called *stockiest*.

Selling products gradually consignee pays the sum of money due to the consignor. If commodity items have not been sold in the terms not in the contract they could be returned to the consignor. Thus the consignee left to itself commission fee who compensated it the incurred expenses and made profit who suited it. Consignees could sometimes offer the owner of the goods the credit, provide delivery to the goods. They provide goods warehousing and storage. At infringement of conditions of the contract who could lead to negative influence on the income of the consignor, consignees born responsibility for possible losses.

On a consignment basis in foreign markets the different machine-building goods, separate kinds of machine tools, engines, and also day-to-day goods usual are on sale.

In many countries, and first of all in the Western Europe and the USA,

considerable distribution had receive use of intermediaries which agents had receive the name. Such intermediaries concerned both separate persons, and different firms and the organizations that represented interests of the seller or the buyer and promoted realization of operations or performed them from another's name and for another's account.

Agents done not buy the goods and done not resell them. They was only representatives of the principal (the owner of the goods) or the buyer who determined the basic sales terms, including a price level and terms of payment. There was following kinds of agents:

- agents of manufacturers;
- authorized agents from sales;
- purchasing agents.

The agent of manufacturers represented interests one, two or more manufacturers of the goods who done not compete among themselves. Each of commodity producers entered into the agency agreement who determined conditions of supply and sale of the goods, field service, and also an earned commission. Attraction of such agents special reasonably when sale of the goods behind catalogues or patterns are performs. Us them, the agent collected orders for commodity items and transferred them to the principal who already delivered the goods directly to the consumer.

Authorized agents from sales acquired the right to sale on behalf of a commodity producer of all nomenclature of goods which are issued of They carried out functions of original sales force of a commodity producer, influence substantially commodity price, conditions was more its than supply, sale and field service.

Purchasing agents was representatives of the buyer and from his name and at his expense bought the necessary goods. They received the goods, checked it quality, warehoused, stored and delivered it to the destination.

The broker the agent who erected the seller and the buyer usual are considered, but directly participation in the perform operations did not accept. It had no right to the goods, did not participate in financing of operations and did not bear any risks.

As the broker could act both separate persons, and determined firm. Such structures extended in many countries of Europe. For example, in Great Britain trade in raw, and in particular wood, are perform in the core with attraction of broker firms.

For his services brokers receive a commission covering their expenses and income-dependent in each case on the competence of the brokerage firm, its position in the business world and activity. Commission brokerage firm pays one who immediately turned to her with a request to provide the necessary services.

In practice of intermediary activity in the world market of considerable enough distribution had acquire use *of commission agents*. They found sellers

and buyers of the goods and performed operations on its own behalf and for another's account. And buyers it are accepted to name sellers *commitments*. In contracts that consisted with commitments, on supply of the goods, were cause, usual, obligations of commission agents both all basic requirements and conditions of operations who were perform. If these conditions were by the commission agent it bore responsibility for possible losses of the commitment.

Commission agents had the right of physical possession the goods. They delivered the goods on a target market and sold it at the acceptable price. From the receive revenue commission agents withdrawn the sum of the expenses and commission fee, and an amount of money who remaining, transferred to the owner of the goods. The commission agent could be both wholesale, and the retail dealer.

The believe persons was legal bodies who performed the activity on the basis of agreements who consisted, with several commodity producers of goods which did not compete among themselves. They had no property right to the goods and done not bear responsibility for possible risks of an entrepreneurial activity. Attorneys performed operations for and on behalf of commodity producers on the basis of powers who was g them, the orders cause in agreements.

7.3. What are managing channels of product distribution in foreign markets?

Ha specify possible structures of distribution channels, the commodity producer should choose as most acceptable of available in it the order of channels, and to provide effective functioning are more there.

The last are reach first of all thanks to estimation, the control, the analysis, motivation and adjustment of activity of each of distribution channels.

It is possible to carry to the basic functions of management by distribution channels:

- research and choice of most acceptable intermediaries;
- control of activity of distribution channels;
- analysis of activity of distribution channels;
- motivation of effective activity of distribution channels;
- Adjustment of activity of distribution channels.

Let's stop more in details on each of these functions.

At this stage of administrative process the commodity producer knew, what level it will use channels and the task consisted in reveal participants of such channels most acceptable for it.

For example, if the commodity producer had decide that it the distribution channel in the select foreign market should include the distributor the task consisted in a choice among possible potential distributors of the best commodity producer with positions.

Choose the best possible mediator is not difficult, to put criteria for their evaluation and the rule for the generalized indicator on this website distribution channel. These criteria depend on the type of product, and defined in each case producer (seller) [16, p.541].

For example, if the firm produced pack-up consumer goods it is considered that to it a trace of prime value to give to such criteria of selection of the distributor, as:

- knowledge of the market;
- financial firmness;
- level of professionalism in realization of international marketing;
- general reputation and image;
- capability to provide the correspond sales volume of the goods.

If the firm produced the goods of production appointment it is considered that most acceptable criteria of a choice of the distributor were:

- knowledge of consumers;
- level of technical knowledge of the personnel;
- compatibility of the goods with range whom the distributor already offered;
- level of technical equipment;
- capability on due levels to organize service.

Ha select most acceptable criteria and ha specify on the basis of a generalize indicator of possible intermediaries, the commodity producer signed with them correspond agreements (contracts) on distribution.

In each such contract the plan sales volume and term during whom this indicator (volume) it will be reach usual made a reservation.

Carefully select channel members of distribution, the commodity producer reduced the importance of control for it activity. However the control are necessary, and carrying out on due levels are more it's allowed to reveal and eliminate in due time available lacks and problems and to provide more effective activity of distribution channels.

It are obvious that the control of activity of distribution channels can be perform when there are a kit of control indicators which characterized activity of each distribution channel. Such kit of indicators is stipulate in agreements that consisted, between the owner of the goods and intermediaries and, as a rule, it determined:

- sales volume during the determined period;
- rates of increase of sales;
- introduction in the market of the new goods;
- service level of buyers;
- Accomplishment of the cause obligations.

As a result of the control comparison of actual results of work of intermediaries with the indicators cause in conclude agreements are conduct,

and there was available deviations that was a basis for the analysis of activity of intermediaries.

Ha establish a deviation of actual results of activity of the intermediary from plan, it are necessary to find out the reasons on which these deviations have been admit.

In certain cases economic downturn, or an aggravation of competitive struggle, or any others not dependent on activity of the intermediary, factors could be such reasons, for example.

Availability of the specify factors not always allowed to carry out of the obligations cause in agreements. At the same time at constant unsatisfactory results of activity of the intermediary the agreement with it could be review or, even, cancel.

That activity of a distribution channel in a foreign market was effective, it is necessary to motivate work of intermediaries constantly. Such motivation could be reach as thanks to stimulate factors, and to an establishment and development of partner relations.

The different incentive events concerned stimulate factors, urge to interest intermediaries in them participation at sale of the g goods. Most widespread from such events are:

- granting of exclusive rights on sale of the goods on a target market or in the determined regional market;
- establishment of discounts for payment by cash;
- granting of quantitative discounts for great volumes of the goods which was b;
- compatible promotion of the goods on the market.

In case of unsatisfactory performance agent provided him discounts or preferential rights may be reduced or even eliminated. Can be reduced and the volume of deliveries or even halted deliveries.

Along with stimulating factors on the effectiveness of intermediaries directly affected by the partnerships that have developed between them and the producers. In the presence of such relations channel members of distribution in the best way allocated among themselves necessary types of activity and provided peak efficiency of a distribution channel as a whole.

In the course of functioning of distribution channels in foreign markets there could be conflicts both in separate distribution channels, and between separate distribution channels. In the first case spoken about vertical conflicts and in second it is a question of horizontal conflicts.

The main causes of conflicts are emerging:

- inevitable collision of interests of separate participants of distribution channels, each of which aspired to get the maximum profit from the activity;
- inconsistency in work of separate participants of distribution channels;

- low level of work of separate channel members of distribution;
- compulsion from distribution one of channel members in relation to another are more it's to the participant;
- personal conflicts between managers of different distribution channels.

Consider specify, and also other origins of conflicts in distribution channels in foreign markets, it are necessary to provide in good time possibility them occurrences and to develop the mechanism of consideration and elimination of conflicts. The last are substantially reach thanks to creation and functioning of vertical and horizontal marketing systems.

For the further increase of efficiency of systems of distribution of the goods in foreign markets integration of all links of system of distribution had great value. Such integration found the expression in creation of vertical and horizontal marketing systems.

In vertical marketing systems the commodity producer and other participants of distribution channels in foreign markets coordinated all efforts to realization of an effective policy of distribution, act as a unit. Thus depending on degree of interaction of participants of distribution channels considered three kinds of vertical marketing systems:

- corporate vertical marketing systems;
- controlled vertical marketing systems;
- contractual vertical marketing systems.

Creation of vertical marketing systems in foreign markets allowed cutting considerably the expenses cause by functioning of systems of distribution.

This fully uses the experience and knowledge of commercial personnel and significantly reduced conflicts between different stakeholder's distribution channels.

All policy of distribution in foreign markets is in corporate marketing systems under the control one of participants of the g system which is more it's the owner. The last could be both a commodity producer, and one of intermediaries. For example, the shoe firm "Bato" owned and managed the whole network of the shops had the wholesale bases and participated in other distribution channels in many countries. The Danish trading company C&A had own production and the wholesale base serve a network are more it's than retail sales outlets in many foreign markets.

In controlled vertical marketing systems integration of distribution channels in foreign markets are provide thanks to high reputation of the owner of trademark or the capability at high level are more it's to perform a business activity. Thus, if in corporate vertical marketing systems coordinated policy of distribution took place thanks to availability of the unique owner of such system in controlled vertical marketing systems such policy are provide one of participants of system which owned sufficient possibilities for creation of conditions of cooperation in distribution channels in foreign markets.

Possibilities of such influence could own both a commodity producer, and the wholesale or retail dealer. As an example of controlled vertical marketing system in foreign markets the system of distribution create by widely known firm Procter Gamble could serve.

On the basis of the conclusion and accomplishment of agreements on compatible realization of a policy of distribution in foreign markets participants of contractual vertical marketing systems built the activity. Independent firms who was a part of such systems, considered that coordination them teamwork allowed them to perform more effective entrepreneurial activity.

Usual considered the following three kinds of contractual vertical marketing systems in foreign markets (fig. 7.3.)

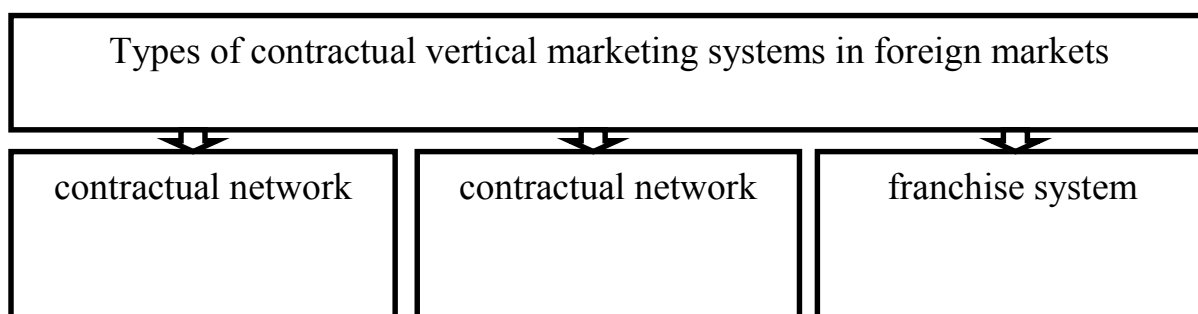


Fig. 7.3. Kinds of contractual vertical marketing systems in foreign markets of sale

Thus, *contractual networks* operate under control of the wholesaler that contracts signed with small retailers to ensure effective sales of goods; *cooperatives retailers* - an association of some independent retailers; *franchise systems* operate on the basis of contracts concluded between the franchisor and franchisee.

The most widespread among these three contractual vertical marketing systems in foreign markets got a franchise system.

In foreign markets two or several independent firms who united on a temporary or constant basis for realization of a compatible policy of distribution could create horizontal marketing system.

As the form of the specify consolidation could be, for example, association or cooperation management enterprise. Availability of such consolidations allowed transferring those separate functions of a policy of distribution in foreign markets who was implementing in a centralized order.

Creation of horizontal marketing systems in foreign markets allowed commodity producers to cut expenses on a policy of distribution. Besides they got access to the new information and technologies. At the expense of use of distribution channels of other firms there were favorable possibilities of an exit on new foreign markets.

Horizontal marketing systems were widely applied by commodity producers of different industries. Such systems, for example, used widely known automobile firms of Toyota and General Motors.

The international auctions is a commercial form of competitive events designed to provide a firm purchase necessary goods or perform certain operations while maintaining specified quality requirements, terms and cost of goods (works).

The international auctions had received considerable distribution to time of search and a choice of suppliers of machines and the equipment, computers, spare parts, contractors on building of the industrial enterprises, bridges, iron and highways, pipelines, port constructions, power stations, other industrial and social targets.

Firms who had made the decision on carrying out of the international auctions (tenders), created the tender committees which chairmen, as a rule, appointed heads of firms who performed tender purchases.

Corresponding experts, and also representatives of administration of firm entered into a railroad train of tender committees. After decision-making on carrying out of the international auctions it is necessary to inform them potential participants on a venue of the auctions, about the necessary goods or kinds of works. In this connection it is necessary to be specific, whether there will be auctions open or close.

At open tendering to them to participation was invited all was interest at sale of the goods of firm. At such auctions in the core orders for the standard and universal equipment, and also the order for accomplishment small on amount of works taken place.

When bidding closed their participation is allowed only individuals with the image of reliable suppliers or contractors of the company. Solely such firms and sent invitations to participate in international fairs are held. In the closed international trade mainly in contracting complex and unique equipment, placed an order for construction companies and perform other complex systems work.

For potential international trading developed and sent to the so-called tender offer, which express conditions, place and time of the auction, the basic requirements asked for goods or work performed, the timing of the order, form of payment and other terms and conditions due to the sale of and consumption goods.

Taking into account requirements of tender offers sellers of the goods or possible contractors of works represented the specific proposals (offers) to determined date.

Has collected all offers, tender committee them studied and chose most acceptable offer. With the owner of such offer the contract on supply of the cause goods or accomplishment of a necessary complex of works also consisted.

The international auctions businessmen of the different countries widely used. In many countries who developed, the exist legislation allowed to perform

purchases in foreign markets of the commodity items which cost exceeded determined size only at the international auctions. Approximately from 20 to 50 % the goods who were b, on off-shore markets by the state organizations of the countries that developed, it is necessary on the goods acquire at the international auctions.

The precondition of successful participation of firm in the international auctions are the capability are more it's to offer the goods who met requirements of the tender offer at the price of more low price of the goods offer by competitors.

For this purpose the firm who participated in the international auctions, should know well a condition of the world market of the goods who are expos on the auctions, and are prove to position both the goods, and firm.

International auctions was specially organize auctions who acted during in good time cause time and in determined places on whom sale of the goods in good time inspect by the buyer are conduct. Thus the goods carried over the buyer who had offer most heavy price.

Auction trade could be both wholesale, and retail. In all cases the organization supposed it:

- survey of the goods by potential buyers;
- direct tendering during which, thanks to a competition for the right of purchasing of the goods, present buyers provided the greatest profit to the seller;
- registration and accomplishment of the agreements reach during auctions.

At auctions the real goods, with unique properties and characteristics was on sale only. As such goods were usual offer: furs, vegetables, fruit, tea, tobacco, art items, subjects of antiques, an item from precious metals, horses.

The goods at auctions could sell as direct the owner, and from his name the intermediary organization who specialized on trade in the correspond goods are more there. In this connection spoken about open and private auctions. At open auctions direct participation in them are accept by buyers.

More often on open auctions such goods, as furs, horses, subjects of art was on sale.

On private auctions directly buyers and sellers done not participate. On them to the order of operation from purchasing sale plenipotentiaries performed them.

For commodity items auctions was the basic form sale in the world market are more there. Yes, in particular, in Norway through international auctions it are implement nearby 95 % all furs which was on sale in the country. In the USA, Canada and Russia approximately 80 % all furs which was on sale in the countries, also it are implement through international auctions.

In the practice of international trade centers historically auction sales of certain products.

Thus, the main centers of auction sales of fur and fur are: St. Petersburg, London, Oslo, New York, Montreal. The major auction center sales horses were France (Deauville) and Moscow (Uspenske). The main trade tea auction center is London, Colombo, Calcutta, Hamburg.

With development of modern technologies process of carrying out of auctions are improve and there were, in particular, a possibility of carrying out them in a network the Internet. Us the Internet, sellers placed the goods on sites and will organize them auction sale to consumers who was in the different countries of the world.

International exchanges are *market structures*, operation of which is intended to provide contracts of sale. They have legal personality, organizing trade, which is in the form of *explicit public auction* held by certain rules within the prescribed time and in a predetermined place. Operations that were performing at stock exchanges could not consist from them a name.

Agreements at a stock exchange were conclude by brokers who were representatives of the buyer and the seller. Brokers spoken on behalf a name and at the expense of the clients. On behalf of the clients they also concluded contracts, received for this determined compensation (margin).

By the time of the conclusion of contracts brokers gathered in specially t-away place who are called as an exchange ring or an exchange hole Ha discuss and ha specific most acceptable price sales terms, brokers concluded contracts on behalf of the clients.

Trade in an exchange hole is le during strictly determined time which named exchange session. As a rule, it are time it are agreed between stock exchanges who was in the different countries and performed exchange trading by the correspond goods.

At the international stock exchanges the standardize rules of conducting trade concerning in good time cause exchange goods, determined procedures of accomplishment of orders, a procedure of payments on operations who was perform, as a rule, acted, etc.

In respect of commodities, the time of the birth of exchanges as the primary exchange goods performed pepper. This was due to the fact that he is quite homogeneous and one sample can be judged on the whole consignment. These products include spices and who later also became of commodities. Develop exchange trading by the similar goods; the basic requirements to them have been gradually formulated. They, in particular, provided the following:

- the goods was produced by many manufacturers in great enough volume and intended for purchases by considerable number of buyers;
- the goods could be describe to determined kits of parameters who allowed to specify it quantity, to establish a degree of quality, to reveal possibilities of warehousing, storage and transportation;
- the products of one product line have interchangeability;

- the goods was not inclined to a fast obsolescence;
- the price for the goods are form under the influence of a real ratio between supply and demand;
- the goods may be offered for sale in a particular its quantitative value - as a lot.

On a share of exchange trading dropped out nearby 20 % all international trade. Each stock exchange had the right to establish the inventory which was object of the exchange auction.

However stock exchanges considered practice of exchange trading and were limit in the core to only those goods who met the requirements of exchange trading. It about 70 different goods whom, in particular, concerned:

- nonferrous metals (copper, tin, zinc, lead, nickel, aluminum) and precious metals (silver, gold, platinum);
- grain (wheat, corn, oats, barley, rye, rice);
- oil seed (linseed and cotton seed, soya beans, soya oil, meal);
- textile goods (clap, jute, wool, natural and artificial silk, yarn, flax);
- articles of food (sugar, coffee, cocoa beans, meat, vegetable oils, spices);
- oil and oil products;
- rubber, saw-timbers, plywood.

Depending on what goods was present at the international stock exchange, all stock exchanges subdivided on universal and specialized. At *universal* stock exchanges trade in the diverse goods are le, and for *specialized* exchanges characteristic commodity specialization who tended to constant are more it's to deepening. Most large universal stock exchanges were the American stock exchanges of Chicago Board of Trade and New York Commodity Exchange, and also an English stock exchange of London Commodity Exchange.

Most large specialized exchanges concerned: English stock exchange of wool, American stock exchange of wheat, Japanese stock exchanges of sugar, rubber and leguminous.

Practically all basic international stock exchanges were concentrating in the USA, England and Japan. At a stock exchange of these countries it is necessary nearby 90 % all world to turnover of exchange trading.

Carrying out on them the electronic auctions who last years had ha wide development becoming the integral component of the majority of the international stock exchanges.

Whatever distribution channels in foreign markets has not chosen commodity, it shall decide how will be his physical movement of goods to the consumer. Such moving of the goods in foreign markets should be organized properly and practically to perform timely delivery of the necessary goods from the manufacturer to the consumer.

It are accepted to name the specific moving of the goods *physical distribution*, and administrative tasks who arisen thus, it is considered to be tasks

of the international logistics.

The basic tasks of the international logistics were:

- forecasting of possible sales of the goods in the future;
- forming and handling of orders;
- organization of transport flows;
- organization of warehousing and stock holding;
- inventory management.

The decision behind each of the list tasks are and implement at a correspond stage of physical distribution.

These tasks should be considered as a component of managerial process by movement of the goods in foreign markets.

That the commodity producer were able consider in due time possible changes of sales volumes it the goods in the long term, it should have the reasonable forecast of change of requirements for the goods in the future. Such forecast allowed a commodity producer to supervise a flow of the goods, in due time produced and ship them in such quantity who are more complete than all met requirements of each foreign market.

Forming and handling of orders supposed accomplishment of variety of the actions cause by receipt and handling of orders, realization of calculations and supply of the goods. Such activity, in particular, supposed:

- credit check of clients;
- justification of expediency of realization of operation;
- preparation and registration of accompanying documents;
- search of the necessary goods;
- inventory analysis;
- preparation of the goods for supply;
- Reception of the goods.

On transporting the basic expenses cause by physical distribution of the goods in foreign markets had. The select method of transportation directly influenced size of trade inventories which was create, cost of the goods, field service of buyers and consumers.

Select vehicles it are necessary to consider first of all, what types of transport was accessible to moving of the goods. Among the last it are necessary to choose the most acceptable. As criteria of a choice were usual consider:

- distance to the destination;
- cost of transportation of a unit of cargo;
- frequency of transportations;
- reliability of transportations;
- value of cargo who are transport.

Most fast type of transport is air transport. This and the most expensive transport. Most reliable pipeline and it are considered the most accessible motor transport. Behind capability to transport different kinds of cargoes a priority had a sailing charter. Such transport is also the cheapest.

The motor transport is the most accessible transport from the point of view of a choice of a route and time of moving of cargo. It are us for transportation practically all goods. Most effective when moving cargoes on the small distances, special valuable. However supply of the goods by motor transport on long distances which demanded numerous crossing of frontiers, reduced its appeal as to means of transportation of the goods by foreign markets. Done not promote it to use and water obstacles.

The sailing charter is the basic means of transportation of cargoes on foreign markets. Such type of transport, remain cheap enough, it are us first of all for transportation of grain, oil, coal, potash salts and other cargoes of considerable volume. However to this type of transport peculiar lacks. Time of transportation of cargoes are long enough, besides possibilities of use of a sailing charter was very inclined to influence of weather conditions.

Transportation by a sailing charter are supposed usual by uses of additional other types of transport that are cause by necessity of delivery of cargoes to ports of departure and from ports of arrival to the destination of cargoes.

The railway transportation is convenient enough means of transportation of the goods on long distances a land. Last years the urgency of use of railway transportation had special gr thanks to a wide circulation of container transportations. In containers transported articles of food, tobacco, tea, building materials, office equipment, aluminum, auto details, tires, a paper, the machine-building equipment, goods of petro chemistry and other kinds of the goods.

Use of containers gave the chance to combine different types of transport at the least cost and duration cargo and discharging.

Appeal of railway transportation had gr last year's thanks to high-speed trains for freight traffic. Such trains were widely us in the USA, Europe, and Japan. They speed reached more than 300 km / r that allowed delivering for short time intervals cargo in necessary destinations.

The importance of air transport constantly grew in international transportation. Though costs of such transportations and a high, considerable part of cargoes that was transport industrially by developed countries, was necessary on air transport. With it use transported first of all the high-valuable goods, and also the goods for which the ship time had paramount value.

Most modern kind of vehicles is pipeline transport. With it the help performed transporting of oil, natural gas, water, a coal pulp. Thus transporting by the pipeline managed more cheaply, than the railway, but is slightly more expensive, than water.

For many goods necessary placing and storage during some time on railroad trains are more there. Together with placing and storage quite often necessary realization of other operations, the goods cause to the further moving's and preparation are more there to approbation and consumption by buyers according to them concrete inquiries.

In world practice warehousing are us two kinds of syllables. These are railroad trains of general using and private railroad trains. The railroad train of general using is us first of all by firms who produced the seasonal goods demand on which are cyclic. Such railroad trains was leas them by users.

Private railroad trains usual belonged to manufacturers, wholesale sellers, and also trade networks.

At a choice of a place of warehousing of the goods was usual consider a site the consumers exist and predicted requirements for the goods, a necessary service level of consumers of the goods.

The purpose of the required inventory in foreign markets is to ensure uninterrupted supply of goods to customers designed to timely and fully meet the needs that exist in them. To implement the latter is necessary to determine the optimal amount of supply of each product and to identify the time of such supply.

To establish optimum volume of the order of the goods and frequency of the order of the goods correspond to it did not cause special difficulties if it is a question of the goods who had proof demand. Tooth-paste, the deodorants, commodity consumer goods, for example, concerned such goods.

At the same time to establish optimum stocks for the goods that had unpredictable demand, difficult enough, and at times and it are impossible. It, in particular, concerned fashionable clothes, the footwear, different accessories. In such cases the minimum stocks, and orders for them replenishment was create moved on the basis of careful tracing of demand who developed.

It are necessary to notice that inventory management of the goods in foreign markets could be us them by owners with a view of protection of rate fluctuations of currencies or inflation.

Use of services of the Internet allowed as to improve exist system of distribution by development of traditional distribution channels, and to create essentially new distribution channels.

As the last the channels which availability are cause by creation of so-called virtual structures acted. For such structures there is a virtual point of presence where interaction of the seller and buyers are performing. This point could be on some Web - servers in the Internet and to be determined set of Web - pages, and could be present completely by the server. Taking into account it there will be further a speech about Web - the server.

Web - the server could be creating as directly by commodity producer, and other participants of distribution channels who were us. The following variants were thus possible:

- The Internet are us only for informing on the goods;
- The Internet are apply only by a commodity producer to sale of the goods;
- The Internet are us only by intermediaries for sale of the goods;
- The Internet served for sale of the goods as a commodity

producer, and other participants of the create distribution channels.

Separate commodity producers do not consider it necessary to perform independently sale of the goods through the Internet, consider that this most they could create conflict situations in distribution channels that they used. Such firms do not sell the goods who produced, in a network and do not allow to do it them to intermediaries.

Use of the Internet in this case are reduce *to informing of potential buyers on the goods* who are the precondition for realization of communications between consumers of the goods and participants are more their than distribution channels.

Some commodity producers considered that *sale of the goods through the Internet* they should perform only own personnel. As a rule, such firms after the termination of sometime interval was convincing that such approach are not always defensible. Experience of direct sales testified to it through the Internet of variety of widely known firms, for example Sony and Compaq. In carrying out its own selling products online company faced several challenges created conflicts in distribution channels they use.

Some commodity producers considered reasonable to refuse from direct sales of the goods through the Internet, has such possibility *to intermediaries*.

It usual took place when the intermediary acquired an exclusive right on sale of the goods on some target market or in the correspond geographical region.

In this case any references to Web - a site of a commodity producer anyhow led to the regional intermediary. It not always is positively perceive by potential buyers and could negatively be designate at a break-even sales level.

In the absence of an exclusive right on sale of the goods by the intermediary on a target market or in the geographical region of granting of exclusive rights to sale of the goods by intermediaries through the Internet could lead to strengthening of a competition that often created conflicts undesirable to a commodity producer.

Many commodity producers considered that through the Internet they could sell the goods independently and give such possibility them to intermediaries. In this case commodity trade became more transparent, and eventually more effective sale will perform the one who will work at more high level.

7.4. How do international marketing communications look like?

The international marketing communications was cause by necessity of promotion of the goods on foreign markets. Result realization is more their creation of an attractive image of the goods and firm with a view of prompting of potential buyers to realization of purchasing is.

Promotion of the goods on a concrete foreign market are provide thanks to realization of marketing communications between a commodity producer and target audience with a view of achievement of behavior of such audience acceptable for a commodity producer.

Any marketing communications supposed availability of a source of the message, target audience and media of exchange the information.

As a source the message (or a communicator) acted determined firm who performed necessary communications. It determined the whole communications, developed messages and coded them for transfer of possible target audience in a concrete foreign market. Thus the coding could be charge both to correspond division of firm, and the determined independent intermediary. The message in code is necessary to target audience in the select foreign market. Message transfer is as a result performing. Typically, there are several similar messages belonging to different smartphones that compete with each other. This creates certain obstacles in the transmission of such messages are called noise.

Upon notification communicator, communicators (consumer) spend decoding messages. This process supposed:

- acquaintance with the message (awareness);
- interpretation and estimation (understanding) of the message;
- preserving in memories (storing) of the message.

Thanks to decoding of the message the consumer received some perception of object that had been described. Unconditionally, the communicator would like, that it are perception answering the purposes of communications. As far as it answered them, the communicator and aspired to estimate thanks to feedback. Thus one of approaches of an estimation of efficiency of communications which are us more often, there are an establishment of degree of awareness, understanding and storing of messages who had been transfer.

As the basic tools of a policy of promotion of the goods in foreign markets the same means of communications, as on a domestic market though the last and had the specificity was us in essence. The basic tools of promotion of the goods in foreign markets concerned (fig. 7.4.).

International advertising, sales promotion, public relations and personal sales formed a so-called complex of communications or a complex of promotion of the goods in foreign markets. The importance of each of elements of a complex of communications and degree are more it's than use different for the separate countries that are determined by a number of factors, characteristic for each of the countries.

Except the list basic tools of promotion of the goods in foreign markets often enough possibilities of use of communications independently was consider during carrying out of the international exhibitions and trade fairs.

Each of tools of a policy of promotion of the goods in a separate foreign market had the degree of the importance and made unequal impact on efficiency of realization of such policy.

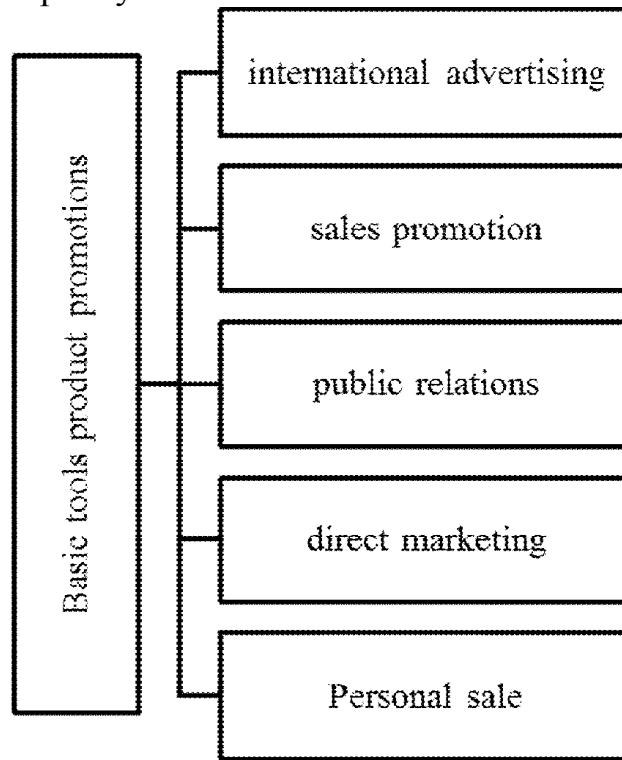


Fig. 7.4. The basic tools of promotion of the goods in foreign markets

It is caused by a number of factors, basic of which are:

- the purposes of activity of firm in the country in general and realizations of international marketing in particular;
- availability of resources and possibility are more than use;
- condition of a target market;
- kind of the offer goods;
- stage of a commodity lifecycle;
- degree of participation of intermediaries in promotion of the goods on a target market.

As the purposes of promotion of the goods in foreign markets there could be diversified resulting effects whom the firm on a target market of this or that country wanted to reach. For example, provision of awareness on mark of the goods, creation of motives who induced to approbation of the goods or initiates of realization of repeated purchasing.

Select one from specific or any other purpose of promotion of the goods in a concrete foreign market, the firm left with that its achievement should to affect definitely the consumer and to induce it to realization of purchasing. If the mark of the goods appeared for the first time in the market of the concrete country it is necessary to provide awareness of potential buyers and to install the

positive relation to it. With that end in view more reasonable than all to use advertising.

If potential buyers were acquaint with trademark and the firm wanted to increase sales volumes in the short-term period it should prefer sales promotion.

Select this or that tool of promotion of the goods on foreign markets, the firm, unconditionally, should consider the financial resources which availability presumed or not to allow to use the correspond tool.

For determination of a total sum of expenses on realization of a policy of promotion of the goods on each of foreign markets, and also for an establishment of expenses on use of separate tools there were some methods.

As a rule, identical methods were us both in the first, and in a second case. Among these methods in practical activities more often firms used:

- method of computation taking into account available means;
- method of the fix percent;
- method of competitive parity;
- method of a maximum yield;
- method of conformity to the purposes and tasks of firm.

Select most acceptable method, it is possible to calculate expenses on a policy of promotion of the goods in a cut of the separate countries. Knowing the budget, you can choose the most appropriate product promotion policy in view of the cost of individual instruments.

Yes, at the sufficient budget it is possible to prefer more expensive tool of promotion of the goods - TV spots. And at exist restrictions on financial resources it are possible to use sheaves with the public which done not demand heavy expenses.

Most reasonable use of this or that tool of promotion of the goods depended on a condition of each target market. If the target market consisted of a small number of consumers of the goods it are more reasonable than all to use personal selling's. In the presence of a great number of potential consumers of the goods it is necessary to prefer advertising.

Kind of the goods. For promotion of consumer goods of daily demand in foreign markets advertising and sales promotion had the greatest importance. In the market of several consumers of expensive difficult goods it is reasonable to give advantage to personal selling. For the goods of production appointment personal selling and sales promotions had paramount value. As to services firms that given them, prime value given to personal selling.

As it were already underline, the same goods at the same time could be at different stages of life cycle in the separate countries. According to it in each of the countries it are necessary to prefer correspond tools of a policy of promotion of the goods. At a stage of deducing of the goods on a target market for effective promotion public sheaves had the greatest importance advertising, in the core informative, and. Advertising stored the importance at a stage of growth, thus special value explanatory advertising here had.

At a maturity stage paramount values was acquire by sales promotion, and international advertising are us only for a reminder on existence of the g goods. And, at last, at a stage of recession the greatest value had sales promotion, public relations practically was not us, the minimum of attention are g to a personal selling and for a reminder on existence of the g goods advertising are us.

In the activity in foreign markets of firm used two approaches concerning influence on desk jobbers for the purpose of promotion of the goods on foreign markets.

At the first approach - so-called attraction of consumers to the goods (or pulling of the goods) - the firm focused events concerning promotion of the goods that was conduct by it, on the buyer. Among the specific events the firm preferred advertising and stimulation of buyers. The last formed demand for the goods, "extend" it from distribution channels. The firm considered that at such approach could push desk jobbers to trade it the goods.

At the second approach the firm preferred stimulation of desk jobbers for the purpose of prompting them to buy and sell it the goods. Perform stimulations of desk jobbers and sales personnel, and also participate in promotion campaigns, the firm "pushed" the goods through a distribution channel to an ultimate consumer.

The basic difference between two specific approaches of firm to promotion of the goods on foreign markets consisted that in the first case firm paramount value gave to stimulation of buyers, and in second - to stimulation of desk jobbers. The problem consisted in specific an optimum ratio of means which was allocated, for stimulation of desk jobbers and buyers.

The most frequent paramount value to pushing through of the goods on the market is g by manufacturers of the goods of production appointment. They influenced buyers through intermediaries or by means of own sales personnel.

It are a lot of enough known firms who offered widely known trademarks, considered that they should not be engaged in pushing through of the goods on foreign markets. Such thought quite often are erroneous.

Perform a policy of promotion in foreign markets, it are necessary to establish, first of all, what tools of promotion of the goods was more reasonable than all for us in each of the countries and what expenses thus should be provide. As it were already underline above, for each of the countries the importance of separate tools of promotion different and depended on earlier consider factors. All such factors are necessary to analyses and make correspond administrative decisions [16. p.673]

Decision-making process included:

- the establishment are more whole than promotion of the goods in foreign markets;
- the analysis of factors which influenced a policy of promotion of the goods on target markets;

- determination of the importance of separate tools of promotion of the goods;
- folding of the estimate of expenses on a policy of promotion of the goods in a cut of the separate countries and tools;
- realization of a policy of promotion of the goods in foreign markets;
- estimation and the analysis of efficiency of realization of a policy of promotion of the goods in the separate countries.

Hence, first of all, it is necessary to generate the whole promotions of the goods for each foreign market. Then it is necessary to estimate factors who could affect possibility of use of separate tools of promotion of the goods in each of the countries.

Taking into account the last it are necessary to specify the importance of each of the select tools and to establish necessary expenses on separate tools and on a policy of promotion of the goods in a cut of the separate countries.

Implementing the policy of promotion, it is necessary to evaluate its performance and accordingly make certain management decisions designed to ensure a higher level of effectiveness of policy sales promotion on each foreign market.

International advertising are determined as the paid form of impersonal representation of the goods, idea or service in a foreign market. It left from a commodity producer or from the desk jobber.

As the tool of a policy of promotion of the goods advertising had special great value for promotion in a foreign market of consumer goods. It is cause by what bought such goods a considerable quantity of light buyers, and advertising allowed performing with them necessary communications. At a small amount of buyers as occurred in the market of the enterprises, to international advertising such crucial role in promotion of the goods are t away not. In this case advantage is g to personal sales.

The basic tasks of international advertising left the rule of "AIDA» formulate by Levis. Four degrees of perception of advertising was put in a basis of this rule: attention (Attention), interest (Interest), desire (Desire), action (Action). According to the g rule it is usual as the basic tasks of international advertising considered:

- provision of awareness on the goods;
- informing of potential buyers on the goods, are more its properties and advantages;
- prompting of potential consumers of the goods to realization of purchasing;
- the reminder on the goods, are more it's a place of sale.

Let's notice that the majority of promotion campaigns in foreign markets concerned not directly the most goods, and to it to concrete trademark. Besides,

international advertising of firm, and also trade advertising compatible with trade bodies could be conduct.

Realization of advertising in foreign markets is realization of international marketing one of most challenges. It are cause by that there was considerable differences between the separate countries in realization of advertising activity who essentially influenced possibilities. Such differences were determined first of all:

- level of development of culture;
- use of language;
- state of the economy;
- the exist legislation;
- availability of means of distribution of international advertising;
- level of a competition that had developed.

The level of culture has a direct impact on people's lives. It defines the views, norms and values that brought the family, school, religion and other social institutions. All it found the expression first of all in the volume, what goods in the g country turned out the correspond target audience, what value are g to the goods in the course of consumption. Therefore for each foreign market it are necessary to select the best (most interesting) variant of a slogan, it are necessary to find correspond style, tone, words and the form are more its than an embodiment in real circulation. It are necessary to pick up also most correspond words, to create correspond illustrations, symbols, to select colors and shades. In other words, such stylistic, graphical and color scores who will answer in the best way to achievement of the formulate purposes of advertising activity in each of the countries was necessary.

It are necessary to consider that the slogan or text advertising which are effective use under conditions of one language, could absolutely unacceptable be while translating more its other language. For example, a slogan «You wanted to avoid confusion - use Parker Pens» in Latin America had been translated as «You wanted to avoid pregnancy - use Parker Pens». It is obvious that such transfer were not absolutely successful. It are possible to result and other examples who shown that names of trademarks slogans and different advertising appeals who was us on domestic markets, could not be purely formally translated by other languages. All of them should be adapt for real conditions of each concrete country.

Different level of economic development of the separate countries determined ambiguous purchasing capacity of the population, are more their unequal security the goods and services. As consequence of it, unequal availability of separate means of distribution of international advertising.

For example, in some countries that developed, various strata of society could be cover only by broadcasting whereas the television is inaccessible. As in industrially developed countries of a wide circulation had acquire the Internet, at

the same time in a number of other countries it the appendix it are impossible, or it are limit.

In many countries there is a legislative base that regulated advertising activity. According to such laws in the separate countries there were different restrictions on the maintenance of advertising messages, uses of language. There were also restrictions on advertising of commodity items, for example, in Holland, Italy, Finland, Germany the limit advertising of alcoholic beverage items. Was specific and other restrictions was in a greater degree peculiar industrially to developed countries. It are cause by that in many countries who developed, advertising activity yet had not reach high level it development.

As the level of development of a competition in the separate countries are not identical and in the market of each of the countries there was some firms who performed characteristic for them a policy of promotion of the goods each of firms could face sooner or later with necessity of adaptation of the policy of promotion of the goods to concrete conditions of a competitive environment.

Means of distribution of international advertising different for the separate countries. In industrially developed countries all classical vehicles for advertising (television, radio, magazines, newspapers), as a rule, was present. At the same time degree of availability are not always sufficient, besides quite often it are limit by the exist legislation.

Factors, who determined specificity of advertising activity in the separate countries, created determined problems to commodity producers and desk jobbers at it realization.

These problems concerned first of all:

- creation of the reasonable advertising message;
- election of most acceptable means of distribution of international advertising;
- to choice of most acceptable promotion agency.

The decision of the specific problems can be simplify substantially if on due levels to use possibilities of standardization and adaptation of advertising activity to conditions of the separate countries, and also to provide an optimum combination of standardization and adaptation.

Complete standardization of international advertising for different countries is virtually impossible even that will not make linguistic differences. So, speaking of standardization of international advertising, we are usually talking about the overall creative idea, the existence of general advertisements, means of distributing advertising and general approach to the implementation of promotional activities.

Major factors who determined expediency of standardization of international advertising, usual was considered:

- availability of target segments of the market in the separate countries who had identical or similar inquiries in relation to the goods;

- identical or similar positioning of the goods in the separate countries;
- creation of unique image of the goods and firm in all foreign markets on whom the firm worked;
- simplification of managerial process by advertising activity in foreign markets thanks to centralization of such management;
- reducing of expenses on international advertising.

Standardization of international advertising supposed the big identity of tastes and advantages of consumers of the goods in the different countries. It is reasonable in that case when during advertising of the goods it is possible to use unique symbols and insults. Gold arches of McDonald's, the cowboy of Marlboro and a bottle of Coca-Cola was examples of universal symbols who used firms for reflexing of gross requirements accordingly in industry fast a food, cigarettes and soft drinks.

Realization of international advertising in the markets of the several countries demanded observance of a determined ratio between standardization of advertising activity and are more its adaptation to local conditions of each concrete country.

Standardization of international advertising are desirable for each firm which worked in foreign markets, however there are a determined risk that identity of tastes and advantages of consumers of the different countries thus will not be consider. Therefore the majority of firms which standardization of international advertising preferred, tried to adapt somehow at least it for local conditions.

As major factors that determined expediency of adaptation of international advertising to conditions of each concrete country was usual consider:

- expediency of more complete accounting of features and inquiries of consumers of the goods in the different countries;
- different positioning of the goods on target markets of the separate countries;
- different conditions and methods of consumption of the goods in the separate countries;
- legal restrictions on advertising activity in the separate countries;
- the finding of the goods at different stages are more its than life cycle in the separate countries;
- availability of essential differences in structure and possibilities of use of means of distribution of international advertising in each of the countries.

Consider possibilities of standardization or adaptation of international advertising, it are necessary to consider first of all a kind of the goods, conformity to requirements one of these approaches are more its. Thus, the only advertising for all foreign markets electrical appliance for boiling water may be perfectly acceptable, since the need for hot water in all countries is the same. At

the same time use of unique international advertising for foodstuff are problematic that are caused by customs who have developed, and different levels of culture of the separate people. For this reason many firms for the one goods aspired to use the standardized international advertising for possibilities, and for others - adapted it according to each of the countries.

Process of realization of advertising activity in foreign markets is a rare occurrence of the promotion of the goods considered above process. It included the same basic stages, only now they the politicians of promotion of the goods concretize rather concrete tool in foreign markets - international advertising.

Realization of advertising activity of firm in foreign markets supposed participation of the extraneous enterprises and the organizations and, in particular, promotion agencies. Process of realization of advertising activity in foreign markets contained five stages, on each of which we will stop more in details.

1. Revealing of target audience. Perform the foreign trade activities and implement international marketing, the majority of firms considered as the best to conduct segmentation of foreign markets and to determine target segments.

Identification of target segments is the first step of positioning the product, which in turn directly affects the content of advertisements. Thus, the advertisements in foreign markets make a stronger impact on potential consumers of the goods, if the content will focus on a specific target audience.

Therefore the first stage of realization of international advertising also are revealing of target audience.

2. Formulation of the purposes of international advertising. Main objectives of advertising activity remained in essence identical to the different countries. It first of all a growth in volumes of sales of the goods to consumers already exist by are more its, and also attraction to realization of purchasing of the goods of new buyers.

3. Establishment of the advertising budget. During the justification of the budget on the international advertising action it are possible to use the same methods of an establishment of financial expenses, as at determination of expenses on all policy of promotion of the goods of what it was a question above.

At the same time more often expenses on advertising activity in the separate countries was determined with use:

- to method of the fix percent;
- to method of competitive parity;
- to method of conformity to the purposes and tasks of firm.

Each of the specific methods had both the advantages, and lacks. The majority of firms preferred a method of conformity to the purposes and tasks of firm in each foreign market. At the same time separate firms considered that for them completely an acceptable method of the fix percent whom they completely successfully and used.

Thus values of percent from sales volume which was established, was different for the separate markets, and at their determination of firm used the flexible approach.

Note that international advertising budget is an integral part of the overall cost estimate provided by the policy of moving goods in foreign markets, which should be considered in the practice of each firm.

At the stage of realization of international advertising it is a question of creation of unique messages for each foreign market, capable to affect to the greatest degree on behavior of consumers in the separate countries. Development of such messages should be performing simultaneously with election of most acceptable means their distribution. In the decision of these tasks promotion agencies could render to firms considerable aid.

At development of advertising messages it is necessary to consider possibilities of standardization and adaptation of international advertising of what it was a question earlier more in details.

Perform advertising activity in foreign markets, firms faced with a lot of the problems which decisions could be taken thanks to attraction of highly skilled specialists, as a rule, advertisers absent in staff. These professionals, in particular, may include interpreters, photographers, music video director, designers, drafters advertising appeals to foreign markets.

In case of absence of the specific specialists, and in the core large firms had them, the advertiser is forced to use services of promotion agencies. Thus, of course, there is a question which services of promotion agency to it should use.

First, the advertiser could use services of national promotion agency which worked in foreign markets that interested firm. Secondly, the advertiser could address to large international promotion agency that had the foreign branches in those countries where the firm performed the foreign trade activities. Thirdly, the advertiser could address to promotion agencies of the separate countries who worked in the market of the states.

Each of such variants had both the advantages, and lacks. Analyze them, the firm first of all considered:

- kind of the goods who will be advertised;
- degree of standardization and adaptation of international advertising in terms of individual countries are provided;
- condition of target audience.

If the firm saw off international advertising of the standardized goods and thus adhered to standardization of advertising activity it is reasonable to it to address to services of the international promotion agency. Services of such agency should use and when the firm worked in the several countries, and if the target audience contained big enough segments. At insignificant target segments it is necessary to give advantage to services of local promotion agencies.

Simultaneously with development of advertising messages it is necessary to make the decision on a choice of most acceptable means of them

distribution, and also to reveal concrete data carriers by means of whom advertising messages will be prove to target audiences.

Select means of distribution of advertising messages, it is necessary to consider:

- condition of a target market who included demographic, psychological and welfare characteristics of consumers;
- differences was more whole than advertising activity in the separate countries;
- different efficiency of means of distribution of advertising appeals in each of the countries.

Choosing one or the other means of *dissemination of advertising messages* on foreign markets, firms generally prefer: to television;

- radio;
- to newspapers;
- to magazines;
- cinema;
- to external advertising.

Television. The basic means of distribution of advertising messages in many markets are the television. This most expensive means, however he allowed to cover the large national markets and to transfer the develop messages in necessary color and a soundtrack, to present the goods in kind most attractive to target audience.

In the majority of the countries did not cause special difficulties of placing of advertising messages on television. Together with national television broadcasting stations, as a rule, there was local television broadcasting stations. Using the latest can cover certain geographic markets and ensure selectivity with respect to the target audiences.

At the same time the television is one of means of distribution of the information most under control to state which limited possibilities it uses in the separate countries.

Radio. Radio as means of distribution of advertising messages in foreign markets owned property of flexibility, cover different target audiences. It allowed filling local or regional admissions at realization of advertising at national level.

Newspapers. Practically in all countries there is an access of the population to daily newspapers. As a rule, there were national and local newspapers. Besides separate national newspapers extended in many countries. In daily newspapers different advertising messages of product offering was contain, are more there to the price, about sales promotion.

In newspapers essential enough significance are attach to placing of advertising messages by many firms. It is cause first of all by that:

- active readers business newspapers was, as a rule, well-to-do persons and consequently, had the higher purchasing capacity;

- newspapers allowed to influence more purposefully potential buyers of the goods at regional level;
- cost of advertising messages in newspapers is enough number.

Magazines. Magazines as means of distribution of advertising messages in foreign markets had more narrow reader's audience. They may be sectorial and inter-sectorial and involve readers as separate and several countries. The basic advantages of magazines as means of distribution of advertising messages were:

- recurrence of use of magazine who gave the chance to read the same advertising message some times to many readers;
- possibility of attraction of attention to the goods thanks to colorful illustrations and appreciable titles;
- selectivity girth target audiences based on their interests and demographic characteristics;
- possibility of flexible positioning both consumer goods, and goods of production appointment.

Degree of the importance of magazines as carriers of advertising messages unequal for the separate countries. For example, in Italy magazines was one of the basic vehicles for advertising whereas in Austria it took away a small part.

Cinema. In the separate countries display of commercials that demonstrations of films preceded becoming important means of distribution of advertising messages. Such means are more acceptable than all for those countries, where high enough level of visiting of cinemas per capita. It, in particular, is characteristic for India and many countries of Asia.

External advertising. In the separate countries, for example in Romania, China, France, external advertising are special effective. Such advertising usual took place along brisk highways, in places of accumulation of people, and also on transport. The basic carriers of such advertising were different boards, posters and signboards. There are also electrified gases or fluorescent light panels. Different boards of the non-standard size and the forms ma behind the special order was us also.

All specific carriers of external advertising should draw attention an appreciable illustration and the successful motto as the advertising message should be prove to receivers within two-three seconds.

The importance of external advertising constantly grew that the finding of people on the journey are cause at times that increased every year. At the same time in the separate countries there were legislative restrictions on placing of external advertising.

To each of means of distribution of international advertising was peculiar both the advantages, and lacks. To choose most acceptable from them and first of all what provided the maximum grasp of target audience and necessary influence on target audience under condition of acceptable assignments for one advertising contact, - one of the basic tasks of workers of service of international

marketing. Analyze, what means of distribution of the information was more reasonable than all for us, it are necessary to consider:

- specificity of the goods that are advertises. For example, the fashionable lady's wear are more reasonable than all for advertise in magazines, and services of travel companies - by means of radio;
- favor of target audience to correspond means of distribution of the information. The target audience who consisted of fans of sports, will look most likely sports programs on television;
- specificity of circulation. For example, if it is a question of the message who should be proved in short terms to target audience then radio or newspapers are more reasonable than all to use;
- cost. The most expensive means of distribution of the information — television whereas cheaply enough it are possible to perform advertising activity, us newspapers and radio.

Taking into account specific above factors the advertiser selected means of distribution of international advertising most acceptable for it.

The estimation of efficiency of international advertising are closing stage realization are more its. To state such estimation it is much more difficult, than to specify efficiency of advertising activity on a domestic market. It spoke remoteness of separate foreign markets and complication of process of information gathering about perceptions of advertising messages and are more their influence on sales volume of the goods.

For determination of efficiency of international advertising different polls and methods of testing and first of all more often was us:

- tests for a cognizance and storing of advertising messages;
- poll, concerning thoughts and relations to advertising messages;
- tests for verbal associations;
- tests, poll about image of firm;
- questionnaires about quality and efficiency of advertising messages.

Certainly, more reasonable estimation of efficiency of international advertising are the establishment influence on a growth in volumes of sales of the goods in each concrete foreign market are more its. But to make it, as well as in case of an estimation of efficiency of use of other tools of a policy of promotion of the goods in foreign markets, it is almost impossible.

Key concepts

The international distribution channels of goods, levels of distribution channels, criteria of a choice of a distribution channel, «grasp of the market», wholesale trade, home shopping service, desk jobbers, functions of management by distribution channels, vertical marketing system, horizontal marketing

system, the international logistics, the international marketing communications, tools of promotion of the goods in foreign markets, international advertising.

Question for self-control

1. What is the essence of the policy of distribution in foreign markets?
2. What is the specificity distribution policy in foreign markets?
3. How to determine the level of the distribution channel?
4. What are the distribution channels of consumer goods?
5. What are the channels of distribution of capital goods?
6. What are the channels of distribution services?
7. Criteria for selection of distribution channel output
8. What is the specificity of direct sales?
9. Is it appropriate to use intermediaries?
10. What are the main functions of intermediaries?
11. What is the essence of managing distribution channels?
12. What is vertical marketing distribution system?
13. What is a corporate vertical marketing distribution system?
14. What is vertical marketing-driven distribution system?
15. What is a contractual vertical marketing distribution system?
16. What is the horizontal marketing distribution system?
17. What are the main objectives of international logistics?
18. What are the features of storage?
19. What is the specificity of inventory management?
20. What are the opportunities of e-commerce?
21. What is the essence of marketing communications in foreign markets?
22. What are the basic tools of sales promotion?
23. What is the essence of international advertising?
24. What are the main tasks of the international advertising?
25. What are the special features of international advertising?
28. What are the differences between means of distributing international advertising?
29. What are the main problems of international advertising?
30. What is the standardization of international advertising?
31. When the required adaptation of international advertising?
32. How is the implementation of promotional activities in foreign markets?
33. What are the features of the development of the advertising message?
34. How to choose an advertising agency?
35. How to choose the means of dissemination of advertisements?
36. What are the selection criteria means of distributing international advertising?
37. How to assess the effectiveness of international advertising?

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Appendix

Symbolic of colors in different countries of the world

Country	Color					
	Black	White	Red	Green	Blue	Yellow
Austria	mourning	chastity	fury, love, passion, fire	hope	devotion	jealousy
Brazil	mourning, death, sacrament	freedom, purity	warmth, passion, hatred, fire, fury, violence	hope, freedom, immaturity, illness	calmness, coldness, indifference	joy, sunshine, happiness, jealousy, disease
Denmark	mourning, experiences	chastity, purity	love, danger, fire	hope, illness	quality	danger, falsehood, envy
Finland	experiences, jealousy	chastity, purity	fury, love, passion, fire	hope	hunger, lack of money, chastity	Does not matter
France	experiences, jealousy, pessimism	purity, youth	rage, fever, pleasure, shyness	youth, fear	angry, fear	illness
Italy	depression	chastity, fear, unsuccessfulness, love affair	fury, danger, fire	youth, lack of money, depressive anger	fear	angry
Pakistan	mourning, feebleness	mourning, elegant, judiciousness	fury, consent to the marriage (for women)	happiness, eternal life		lack of money
Portugal	mourning, experiences, hunger	freedom, innocence, purity	eternal blood, passion, fire	hope, envy	jealousy, difficulties	chastity, fatigue, anger
Sweden	depression, experiences	kind	anger, fire, rage	jealousy, ignorance	cold, gullibility	despair, anguish
Switzerland	pessimism	purity, innocence	anger, fire	illness, immaturity	anger, rage, love affairs	jealousy

Source: Wilkes M.W. Farbe kann verkaufen helfen / M.W. Wilkes // Marketing Journal. – 1977. – № 2. – S. 112, S. 115.