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STRATEGY FOR ENTERING THE INTERNATIONAL MARKET

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Abstract

The article says that the development of the world economy is subject to various structural changes. In this regard, the authors point to three interrelated processes of "internationalization", "globalization" and "transnationalization". The authors say that these processes open up many new opportunities for international business development. The authors point out that international business at this stage of economic development is a dynamically developing system that any company can objectively become a participant in, while geographic boundaries will not constitute a barrier to doing business. Thus, the authors conclude that the inevitable problem arises of choosing a model for mastering foreign markets and choosing a strategy for penetrating new markets for their products. The role of strategic marketing in the activities of an international company is especially great. Formation of strategic marketing, the authors argue, occurs under the influence of the growing instability of the external and internal environment of a modern company; the need to improve the quality of goods and services; the impact of scientific and technological progress on production methods, as well as fierce competition at the national and international level. The long-term nature of international business and commercial operations conducted on the world market, the need for marketing research and risk assessment, the costs associated with the organization of a special study and preparation of the company's actions, as well as the constantly changing external environment make the problem of shaping the company's marketing strategies one of the most important components of successful economic development.

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1. Introduction

The relevance of this work lies in the fact that in the context of globalization and internationalization of business an important role is played by foreign economic relations, which capture all aspects of the economic life of the subjects of the world economy, differing in their diversity and scale. Firms now have other requirements for methods and ways of achieving competitive advantages, namely, the issue of the need to find and enter new promising markets abroad, as well as penetration into international business, is increasingly being raised. Thus, companies need to search and analyze forms and methods of economic interaction, solve management problems, develop an effective marketing strategy for entering the international market.

2. Problem Statement

Among the most pressing problems faced by international companies, it is necessary to highlight the problem of enterprise management. For successful operation in the foreign market, as well as to strengthen the competitive position, it is necessary not only to draw up a development plan for the company's international economic activity, but also to pay special attention to strategic management, of which strategic marketing is a part.

For the first time, the definition of a marketing strategy was proposed by Baker (2011), who explained it as a force that has a certain impact on business when introducing the marketing orientation of the company's employees to the way of thinking or the organization's philosophy.

Kotler and Keller (2015) see the essence of strategic marketing in the formula "Segmentation - goal setting - positioning". From this we can conclude that, according to Kotler and Keller (2015), the definition of the main goal of the company, as well as marketing research do not belong to the management part of strategic marketing.

According to the point of view of the Belgian scientist Lambin (2012), strategic marketing is a systematic and continuous analysis of the needs and demands of key consumer groups, as well as the development and production of a product or set of services that provide a company with a sustainable competitive advantage. A western specialist among the most important elements of strategic marketing notes the study of existing needs and the choice of the basic market, market segmentation, macro and microsegmentation, evaluation of attractiveness and competitiveness, the choice of enterprise development strategy. The following are assigned to operational marketing: selection of a target market segment; marketing plan (setting goals, positioning and tactics); complex marketing pressure (product, sales, price, communication); marketing budget; implementation and control of the marketing plan.

Thus, based on the logic of Lambin (2012), we can conclude that strategic marketing, first of all, is an analytical process aimed at a long-term perspective that determines the effectiveness of operational marketing. Operational marketing is often focused on existing markets, the preferential goal of which is to obtain a given volume of sales.

The concept of "strategic marketing" was introduced into the Russian scientific and domestic literature relatively recently, which is connected with the fact that in our country even at the moment there is still no complete understanding of strategic marketing as a management philosophy.

In some sources, strategic marketing is defined as a system of strategic management of production and marketing activities of the company, aimed at maximizing profits, through accounting and active influence on market conditions. Moreover, these scientists attribute strategic marketing to strategic management and consider it an integral part of the latter, which, however, is not covered by the functional or essential content of the latter.

Nozdreva (2016) in her book "Marketing" also gives the following definition: "Strategic marketing is not only determining the general direction of a future-oriented company and reacting to changes in external conditions, but also forming an effective market-oriented organizational and management system and distribution in accordance with this firm's management resources in the long run".

For the first time, strategic marketing views the consumer not as a passive object of influence from the producer, but as an active and full agent of the market with a long-term program of its own activities. (Volovikov, 2011) The manufacturer, according to this theory, is no longer an organization seeking to maximize profit, but an active subject of a market economy, pursuing a new goal – providing the needs of all other related economic entities, but profit is a means of helping solve problems the company. The interaction of the consumer and the manufacturer is considered by strategic marketing as cooperation, carried out on equal terms with regular exchange of information. It is important to note that this direction uses new methods of collecting and analyzing the above information, as well as its use for forecasting needs and consumer behavior, making effective management decisions.

3. Research Questions

Strategic marketing offers the following innovations:

- a new (dynamic) concept for the study of consumer behavior, the difference of which is to focus on the study of the processes of developing a consumption strategy based on the study of consumer psychology;
- the concept of a multi-attribute product on which marketing research and the development of a marketing concept are based.

Strategic marketing explores, summarizes and analyzes the process of interaction between the producer and the consumer, orienting marketing activities to the interests of all interested economic entities (Soloviev, 2011; Sokolova & Bobkova, 2016).

Based on the above, it seems appropriate to note that the most important goal of strategic marketing is to create sustainable competitiveness by orienting and reorienting all sectors of the firm's activities that ensure its development and profitability. In addition, strategic marketing, of course, aims to develop a set of measures to influence the market and respond to its current situation in order to ensure the sale of goods.

The development and adoption of strategic decisions occur in an unstable economic situation. When choosing a strategy for evaluating its effectiveness, uncertainty and risk factors should be taken into account (Khosroeva & Khosroeva, 2015; Khosroeva, 2017). Such a state of affairs can only increase the value of choosing the right marketing strategy for the successful functioning of a company, betraying it as one of

the leading functional strategies of the company's development. After all, firms that successfully apply strategic marketing demonstrate the greatest success in adapting to the market.

According to Sanders & Wrong research, one of the components of the company's success is professional marketing on a regular basis, which involves continuous monitoring of the environment, markets, competitors, continuous strategic planning with the definition of the contribution of each to the overall result (Gavrilenko, 2008).

Strategic marketing is the basis of the company as a whole, taking into account the interests of all market actors in the company's environment. This is explained by the fact that it is based on the results of the analysis and the revealed regularities in changing environmental conditions, as well as taking into account the strengths and weaknesses of the company's activities. Therefore, it is aimed at the preservation and development of the successes already achieved, the identification of new opportunities opening up in the market, the formation and implementation of an enterprise development strategy in the long term.

The explanation of the growing importance of the marketing strategy is related to the fact that this kind of planning provides information, strategic and operational links of the company with the external environment. Strategic marketing, being a new concept of marketing activity with an independently developing research methodology and its own terminological base, determines the functioning of other subsystems of enterprise management. That is why there is a need to use the principles and methods of marketing, mainly strategic marketing.

Special attention is paid to the relationship of management and marketing. These two approaches do not contradict, but only complement each other, however, a clear separation of their tasks is advisable, which allows us to simplify the decision-making process, making it more observable and manageable. Many scientists believe that management includes marketing as an approach that has arisen in connection with the formation of the buyer's market, marketing, in turn, includes management as an active managing component along with market research (Volovikov, 2011). Modern management and marketing are inseparable, interpenetrating concepts that develop each other.

Referring to examples of world practice, according to which companies applying a strategic approach to management, introducing marketing principles into their activities, have greater competitive advantages and achieve higher economic indicators than firms with instant profit. It can be concluded that successful activity in the competition market is possible only with the use of marketing principles, and the proper result can only be achieved by implementing in a single and interconnected strategy an active adaptation to the needs and demand of potential buyers, with a one-time and targeted impact on them.

The need for a marketing strategy is determined by the orientation of the company's activities towards a long-term result, which means mastering market shares, successfully selling products and making a profit. The success or failure of the company depends largely on the marketing decisions it takes and their effectiveness.

Thus, given the fact that strategic marketing is aimed at the formation and implementation of promising goals and objectives of the company's production and sales activities, one cannot overestimate its role in the functioning of domestic enterprises.

4. Purpose of the Study

The purpose of this study is to analyze and compare various strategies for entering companies in foreign markets, studying the process of developing such a strategy and determining its role in the international activities of an enterprise. In connection with the goal, the following tasks were solved: to consider the theoretical aspects of the development of a marketing strategy for entering the company on a foreign market; compare different types of strategies for entering the international market. The subject of the research is the company's strategy of entering the international markets and their main types.

5. Research Methods

Theorists of international management emphasize the fact that international business has hardly reached such a development if it was not based on motivational factors, which they subdivide into “pushing out” factors and “pulling in” factors (Epifantsev, 2007). Factors of “pushing out” arise due to the limited opportunities for doing business in the market of a certain country. The “pulling in” factors are the result of having better conditions for business development outside the country, rather than within it.

Nozdreva (2016) in the book “Marketing” notes as the main marketing strategies for entering the foreign market the following strategies:

- strategy of conquering and expanding foreign markets (“old product - new market”);
- strategy of active expansion (“new product - new market”). (Nozdreva, 2016).

According to R. Korea, any strategy includes five basic elements: market selection, product planning, pricing, a market distribution system, and a marketing mix (as cited in Demchenko, 2012). In turn H. Mühlbacher propose to classify competitive strategies as follows: basic; confrontational; cooperative; innovative; imitation (Mühlbacher, Dahringer, & Leihs, 2015). With more detailed and practical application, some economists identify the following generic international marketing strategies: a strategy suggesting geographic determinism of expansion, using which a company can develop a national, multinational, regional or global strategy, and the second - commodity-market determinism (“local market niche”, “wide product range”) (Mühlbacher et al., 2015). Examples of companies adhering to a global marketing strategy are companies such as Coca-Cola, PepsiCo, Sony, McDonalds, Procter & Gamble and other leading enterprises and TNCs. So, McDonalds experts for all the restaurants of the chain, regardless of the country of location, have developed uniform standards in all areas: starting from cooking methods, ending with the organization of service. The advantages of this approach are in the relationship of market positions, the similarity of market factors, the same composition of consumers and competitors. The second strategy is carried out by Nestle, a practicing wide-range product strategy.

The opinion that companies aimed at international development most often give their preference to the following strategic alternatives is also common: the organization of export-import operations; the establishment of foreign branches, a network of subsidiaries and affiliates; franchise agreements; the establishment of joint ventures; organization of offshore production.

The easiest method of entering the foreign market, entailing the least amount of costs, is considered export-import operations. Export strategy is divided into direct and indirect exports. The essence of this strategy is revealed by analyzing the relationship between export-import activities and the phenomenon of

asymmetry in financial markets, identifying the most effective instruments of foreign economic regulation of the state (Sentiureva, Ulianova, & Gurnina, 2013). Firms usually start their activities in penetrating foreign markets, using indirect exports, through independent intermediaries, to whom property is transferred and all risks occurring when selling goods in foreign markets. Indirect export is extremely economical, since there is no need to create an export department, and it is less risky, since intermediaries act on their own initiative, relying on knowledge of the conjuncture of foreign markets. Direct exports, meanwhile, imply either direct participation in export operations or participation through their own branch abroad.

If the company has a desire to obtain international status, it is necessary to start creating fully or partially controlled foreign related enterprises: branches, subsidiaries, and controlled firms. Creating a new enterprise abroad can be started from scratch, or by partial or full absorption of foreign firms. The absorption of foreign firms in order to transform them into subsidiaries not only accelerates the process of penetration into the foreign market, but also provides a much faster return on the capital used. In addition, it is important to emphasize that this method helps to predict the tactics of competitors, and, as a result, avoid a number of cultural, legal and managerial problems, eliminates the difficulties associated with the development of the management apparatus and brands, established relations with suppliers and consumers. Along with the absorption of foreign companies, other forms are used to penetrate the foreign market, such as interethnic unions, which unite enterprises of several countries (Porter, 2016).

In general, the list of leading Russian firms controlled by foreign investors speaks volumes: more than 30 companies from various countries have sales in Russia exceeding 50 billion rubles.

6. Findings

The formation of a strategy for the enterprise to enter the foreign market is an extremely important process for the company that made this decision. Such a strategy is a relevant and sought-after mechanism to improve the efficiency of the company as a whole. In this regard, the relevance of the topic of this work is determined by the need to improve the theoretical and methodological provisions of strategic management in the development of an action plan for an enterprise that conducts business internationalization, ensuring an effective enterprise development process.

7. Conclusion

In conclusion, it is important to note that when deciding to enter a foreign market, the company is engaged in the formation of a marketing strategy that is beneficial for a particular market. At the same time, the company uses not only traditional marketing, but also a marketing mix, skillfully combining its tools for more advantageous positioning of the company in a particular market. However, taking into account the whole range of available strategic alternatives for international development of companies, whichever company chooses, it should be remembered that an analytical approach requires taking into account various factors affecting the way to enter the international market, among which are political and economic risks, uncertainty of demand, fierce competition and many others. International business operates in completely different cultures, unlike each other, so the same formal parameters of starting a business can produce

completely different results in different cultural environments. This is especially important for Russian business, since the experience of international activities here is limited to a relatively narrow time frame.

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