

# **METHODICAL GUIDELINES FOR PREPARATION TO PRACTICALS BY STUDENTS ON THE SUBJECT "INTERNATIONAL MANAGEMENT AND MARKETING"**

## **CONTENTS AND TASKS OF THE COURSE.**

The educational subject is theoretical and practical basis of total knowledge and skills that form profile of the specialist in the area of foreign economic activity management.

**The aim of teaching the subject** is forming theoretical and practical knowledge in the sphere of international management and international marketing activity, essential for achieving commercial goals in international business.

**Tasks of studying** the educational subject are:

- forming of overall considerations about specifics of international management and international marketing;
- mastering category terms that are used in international management and performing international marketing activity;
- formation of knowledge on theoretical basis of international environmental management and international marketing environment analysis, evaluating its attractiveness for foreign economic activity;
- assimilation of marketing and processing information methods in international activities;
- identifying main components and features of developing marketing policy on international markets, in particular EU markets;
- forms of co-operation of business-partners in the foreign trade markets;
- studying features of organization of communicative politics on international markets;
- revealing features of forming marketing commodity politics on international markets;
- studying features of realization of various international marketing strategies;
- understanding specifics of sale communicative politics on international markets;
- acquisition of skills in forming international marketing politics of enterprise in conditions of deepening European integration processes;
- creation of foundation for using obtained theoretical knowledge in practical activity.

## **MODULE № 1. THEORETICAL AND METHODOLOGICAL BASES OF INTERNATIONAL MANAGEMENT AND MARKETING**

### **1.1. Theoretical foundations of international management. marketing as a tool of international management. Marketing as a tool of international management**

**Purpose of the class** is to study theoretical foundations of international management. marketing as a tool of international management, to analyse features of marketing as a tool of international management, to study elements of international marketing complex.

#### **Discussion questions:**

1. Prerequisites of international management development.
2. The essence, objectives and concepts of international management.
3. Cross-cultural management and its characteristics.
4. Features of international marketing as managerial activity.
5. International marketing development factors.
6. Multinational and global marketing.
7. Levels of internationalization of marketing activities: internal marketing, export marketing, transnational marketing, multinational and global marketing.
8. The elements of international marketing complex.

#### **Case study “The Role of the International Manager”**

#### **1) Why are there International Managers?**

They perform the same tasks as “domestic” managers, but on a larger scale.

Every manager is an international manager to a certain extent.

## 2) What do they do?

- To coordinate activities and resources of a company or entity across international boundaries.
- To represent a company or entity overseas in: – Purchasing – Sales – Production – Logistics – Human Resources

Resources

• Acting as an interface between the company home office and the overseas market (company branches, factories, sales and distribution networks, purchasing and supply networks and other entities).

## 3) Where do they work?

### Various Models of International Management

- Representative in an overseas subsidiary

Working in: Production / Service performance: dealing with local own company staff and external suppliers to operate a factory, obtain materials, ship products and materials. Sales / Marketing / Liaison: Dealing with local own company staff and external vendors to sell company products and services, or maintain relations in-country.

- Project manager at head office working on international operations
- Independent contractor

Working in: Production / Service performance / Sales / Marketing: : dealing with in-country company staff and suppliers to manage operations on behalf of the company. Consulting.

- Start-up / Small company

### **What skills are needed?**

- Communicative and Persuasive skills (переконання)
- Analytical / complex problem solving skills
- Organizational skills
- Leadership skills

Have a clear understanding of the • current situation, • goals • threats and opportunities, • and how achievement is measured.

• Who can be an International Manager?

• The Future of International Management

### **Identifying International Executives**

End-State Dimensions	Sample Items
1. Sensitivity to cultural differences	When working with people from other cultures, works hard to understand their perspective.
2. Business knowledge	Has a solid understanding of the company's products and services.
3. Courage to take a stand	Is willing to take a stand on issues.
4. Brings out the best in people	Has a special talent for dealing with people.
5. Acts with integrity	Can be depended on to tell the truth regardless of circumstances.
6. Is insightful	Is good at identifying the most important part of a complex problem.
7. Is committed to success	Clearly demonstrates commitment to seeing the organization succeed.
8. Takes risks	Takes personal as well as business risks.
Learning-Oriented Dimensions	Sample Items
1. Uses feedback	Has changed as a result of feedback.
2. Is culturally adventurous	Enjoys the challenge of working in countries other than his or her own.
3. Seeks opportunities to learn	Takes advantage of opportunities to do new things.
4. Is open to criticism	Does not appear brittle—as if criticism might cause him or her to break.
5. Seeks feedback	Pursues feedback even when others are reluctant to give it.
6. Is flexible	Doesn't get so invested in things that he or she cannot change when something doesn't work.

## 1.2. International marketing researches. International marketing environment

**Purpose of the class** – to study features of conducting international marketing researches on the enterprise, to master tools to analyse macro- and macro marketing environment.

### Discussion questions:

1. Organization of international marketing researches on the enterprise.
2. Sources of obtaining information about international market.
3. Marketing research process.
4. Types of international marketing researches
5. Key indicators of market research benefit
6. Core principles of internet marketing research
7. The concept of international marketing environment, its contents and components.
8. Microenvironment of international marketing.
9. The structure of international marketing macroenvironment.

### Case study

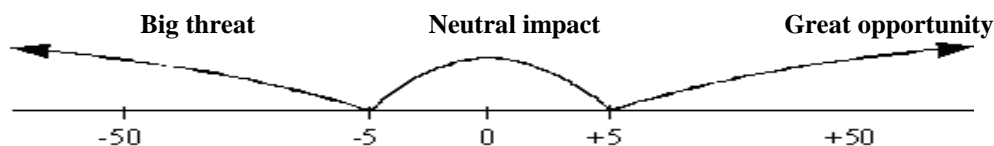
Analyze the impact of international marketing environment factors on the activities of the specific enterprise and evaluate them on a scale F. Hedouri.

Make a conclusion on possible strategic and tactic marketing actions towards the development of the enterprise.

**Table 1**

**Assessing the impact of external factors on the activities of the enterprise**

No	International marketing environment factors	k, the importance of the influence of external factors (from +5 to -5)	Y, values of the influence of external factors on the activities of the enterprise (from 50 to -50)	$Bz = k*Y$ , an indicator of the impact of external factors on the activities of the enterprise
1.	Economic	+ 1		
2.	Political	+2		
3.	Technological	+4		
4.	Competitive	+ 1		
5.	International	+3		
6.	Social	+ 1		



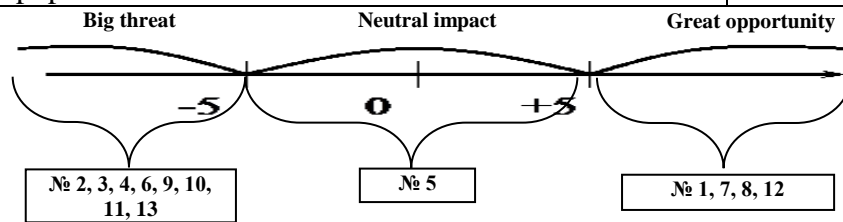
**Fig. 1. Scale for the assessment of opportunities and threats in the international marketing environment by F. Hedouri**

**Table 2**

**Assessing the impact of external factors on the activities of the “Arterium” corporation**

No	Factors of the external impact	k*	Y**	$B_3 = k \times Y$
1	The level of STP	+5	+5	+25
2	The impact of inflation	+4	-20	-80
3	The stability of the national currency	+4	-15	-60
4	The legislation of the country market	+2	-10	-20
5	Attitude of different population groups to the corporation	+1	+4	+4
6	Ability of market penetration	+2	-15	-30

7	The distribution of segments	+2	+10	+20
8	Prospects of market development	+5	+20	+100
9	Income of the consumer	+4	-20	-80
10	Educational level	+2	-10	-20
11	State regulation of the pharmaceutical market	+3	-10	-30
12	The volume of financing the health care system	+1	+20	+20
13	The population	+3	-10	-30



SNW-analysis of the internal environment of the "Arterium" Corporation

Scope	Factors of internal environment of the corporation	Qualitative assessment of factors		
		S	N	W
Personnel	Competence of human resources	x		
	HR policy		x	
	Motivation of work performance	x		
	Employee turnover		x	
	Leadership style			x
Marketing and logistics	Pricing policy			x
	Market share			x
	The life cycle of products	x		
	Image and reputation	x		
	Channels of distribution	x		
	The range of goods	x		
	General organization		x	
	The level of logistical support		x	
	Distribution policy	x		
Trading policy		x		
Organization of general management	The organizational structure		x	
	Information and communication system of the enterprise		x	
	The organizational culture and corporate ethics of the corporation	x		
	Social responsibility	x		
	Business planning system		x	
Production and innovation	Cost of raw materials			x
	Relations with suppliers		x	
	Location of production facilities	x		
	Monitoring the production process		x	
	The quality of product	x		
	Production potential	x		
	State of equipment		x	
	Research and developments	x		
	Innovations	x		
Patents	x			
Finances	Financial stability of the corporation			x
	Control and accounting of costs		x	
	Paying taxes	x		
	The cost of capital			x
	The level of debt			x

	Financial dependence			x
	Profitability		x	

## Test tasks

### 1.3. Segmentation and selection of foreign target market. Positioning in the international market

The purpose of the class is to study features of Segmentation, Targeting, and Positioning in the international market.

#### Discussion questions:

1. The essence of Segmentation, Targeting, and Positioning (STP).
2. Background and objectives of international market segmentation.
3. Requirements for effective segmentation.
4. The essence of target marketing. Criteria of selection a viable target market.
5. The main approaches to target marketing and target-market strategies.
6. Positioning in the international market.

## Case study

### Example of How to Select a Target Market

Using the list of evaluation/assessment points, let's review how a firm would evaluate three different market segments. For this example, we will use a manufacturer of sports shoes who has identified four market segments.

MARKET SEGMENT	DESCRIPTION OF THE SEGMENT
Elites	These are professional sports people or consumers who compete in sports at a top level. There are after the latest technology and features in a sports shoe for specifically designed for their chosen sport.
Keeping fit	Note: This is the firm's current target market. This segment consists of consumers who regularly exercise or play sports at a social level. They want a good quality shoe that provides reasonably good value.
Daily comfort	These are people who wear sports shoes on an everyday basis, simply because they are comfortable. They do not generally participate in sports. They sports shoes for walking, going to the shops, around the house, and so on. They are interested in the comfortable shoes at a fair price.
Fashion	This group of consumers is very interested in the fashion elements of sports shoes. They generally do not participate in regular sports, but do like shoes that have an unusual design, color, features and so on. They wear the shoes as part of their fashion and dress sense.

As noted above, the firm currently targets the 'keeping fit' market segment. This means that they have three additional market segments to evaluate and consider. Using the assessment criteria outlined in the above section, these three potential markets will be explored, as shown in the following table.

SEGMENT ASSESSMENT FACTOR	ELITES SEGMENT	DAILY COMFORT SEGMENT	FASHION SEGMENT
<b>Financial Issues</b>			
Segment size	Likely to be a relatively small segment	Would be the largest segment of the three under consideration	Probably a small to medium-sized segment
	<i>Rating: Poor</i>	<i>Rating: Good</i>	<i>Rating: Fair</i>
Segment growth rate	Would be a fairly stable segment with limited growth prospects	Would be a mature market as well	Probably has reasonable growth prospects
	<i>Rating: Poor</i>	<i>Rating: Poor</i>	<i>Rating: Good</i>
Profit margins	Higher profit margins are likely, as consumers would not be	Moderate profit margins, as significant competition exist,	Likely to have higher profit margins, as price is a minor

	overly price sensitive	with a reasonable number of budget offerings	attribute in the purchase decision
	<i>Rating: Good</i>	<i>Rating: Poor</i>	<i>Rating: Good</i>
<b>Structural Attractiveness</b>			
Competitors	Would have a number of specialist competitors, who would have a strong brand and loyal customers	This segment would be targeted by an array of competition including many indirect competitors	Fairly competitive segment as well, mainly from traditional fashion shoe providers
	<i>Rating: Poor</i>	<i>Rating: Poor</i>	<i>Rating: Poor</i>
Distribution channels	Would have a good degree of channel overlap with current target market, but would need to access some specialty retailers	Would be able to meet this shopping preferences of some of the target market, it would probably have to move into Department stores and discount stores to a large extent	May have some exposure to the target market, but would have to look at more fashion oriented stores
	<i>Rating: Good</i>	<i>Rating: Fair</i>	<i>Rating: Poor</i>
	<b>ELITES SEGMENT</b>	<b>DAILY COMFORT SEGMENT</b>	<b>FASHION SEGMENT</b>
<b>Strategic Direction</b>			
Strategy	Would assume that the brand reputation of competing in this target market would align to strategy	Probably a relatively easy market development approach for the firm	Is a move into an unrelated market segment and may not be part of their core strategy
	<i>Rating: Good</i>	<i>Rating: Good</i>	<i>Rating: Poor</i>
Goals	Would assume that they have growth goals and enhancing the credibility of their brand	Would assume growth goals, but they may be concerned about being seen as a generalist shoe	Access to the target market would help the company grow, but it is quite divergent from their current operations
	<i>Rating: Good</i>	<i>Rating: Good</i>	<i>Rating: Fair</i>
<b>Marketing Expertise</b>			
Resources	Would require is new products to be designed and developed, so a reasonable level of cost	Could market to this segment with your existing product range and some existing retailers, so relatively low-cost	Would require new products, potentially new designers in the firm, and the establishment of new distribution channels so relatively high-cost
	<i>Rating: Fair</i>	<i>Rating: Good</i>	<i>Rating: Poor</i>
Capability	May be concerned whether they have the technical ability to produce a range of elite sports shoes	Minor concern of the challenge of accessing department stores and discount channels	The major skill set challenge here is their ability to produce fashionable designs on a regular basis
	<i>Rating: Poor</i>	<i>Rating: Good</i>	<i>Rating: Poor</i>
Role of brand	Brand reputation is important and they will be competing against established specialists. They may have trouble in gaining credibility with some of the target market audience	Their existing brand would be easily leveraged into this more general market, but there is a concern that their existing brand equity may be eroded in their traditional target market	Leveraging the brand into a fashion segment may dilute the value of their existing brand equity, or alternatively they would need to build a new brand for this segment
	<i>Rating: Fair</i>	<i>Rating: Fair</i>	<i>Rating: Poor</i>
<b>Opportunity Cost</b>			
Growth options	As little is known about the other growth prospects, we would need make the assumption, across the three market segments, that a market development approach is the best choice at this stage for the firm		
	<i>Rating: Good</i>	<i>Rating: Good</i>	<i>Rating: Good</i>

<b>OVERALL ASSESSMENT</b>	<i>Rating: Fair-Good</i>	<i>Rating: Good</i>	<i>Rating: Poor</i>
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The overall assessment at the bottom of the table has been based upon a simple review of each assessment rating. In real life, organizations are likely to have weightings each of these assessment items, which means, that depending upon their current position, some assessment items might be considered more important others. In particular strategic and financial issues are often highly regarded by organizations.

However, as you can see, at the end of this evaluation process, we have a fairly objective assessment of each of three market segments. In this case (based on the information presented), the firm would most likely select the 'daily comfort' segment to become their next target market. They may also select the 'elite' segment as another target market (perhaps now or in the future). And finally, it is likely that the organization would rule out competing in the fashion/sports shoe market at this time, (however, they may revisit that decision sometime in the future).

#### **1.4. Models of entering foreign markets by enterprise**

**The purpose of the class** is to study benefits and shortcomings of models of entering foreign markets by the enterprise.

##### **Discussion questions:**

1. Factors affecting the foreign market entry mode decision.
2. Organizational forms of entering foreign markets by enterprise, their motives, advantages and disadvantages.

## Case study

Give the characteristic of main motives of licensing as the form of entering foreign markets by Hewlett-Packard.

As one of the world's largest IT companies, HP uses its brand licensing program to extend and enrich the digital experience of HP's customers, with consumer offerings that span computing, printing, digital photography, digital entertainment, and mobile devices. HP sees new consumer electronics products and accessories for the computer, printing, and gaming markets as the key drivers of brand licensing growth. Its partnership with International Paper for the management and distribution of HP paper and other printable media remains highly successful, while PC devices and accessories, removable and optical storage, and carrying cases continue to play an important role in HP's overall brand licensing strategy.

### Test tasks

## MODULE # 2. “ADAPTATION OF MODERN EUROPEAN CONCEPTS OF MANAGEMENT AND MARKETING TO MARKET CONDITIONS OF UKRAINE”

### 2.1. Product policy on the global and the EU markets.

**The purpose of the class** is to

#### Discussion questions:

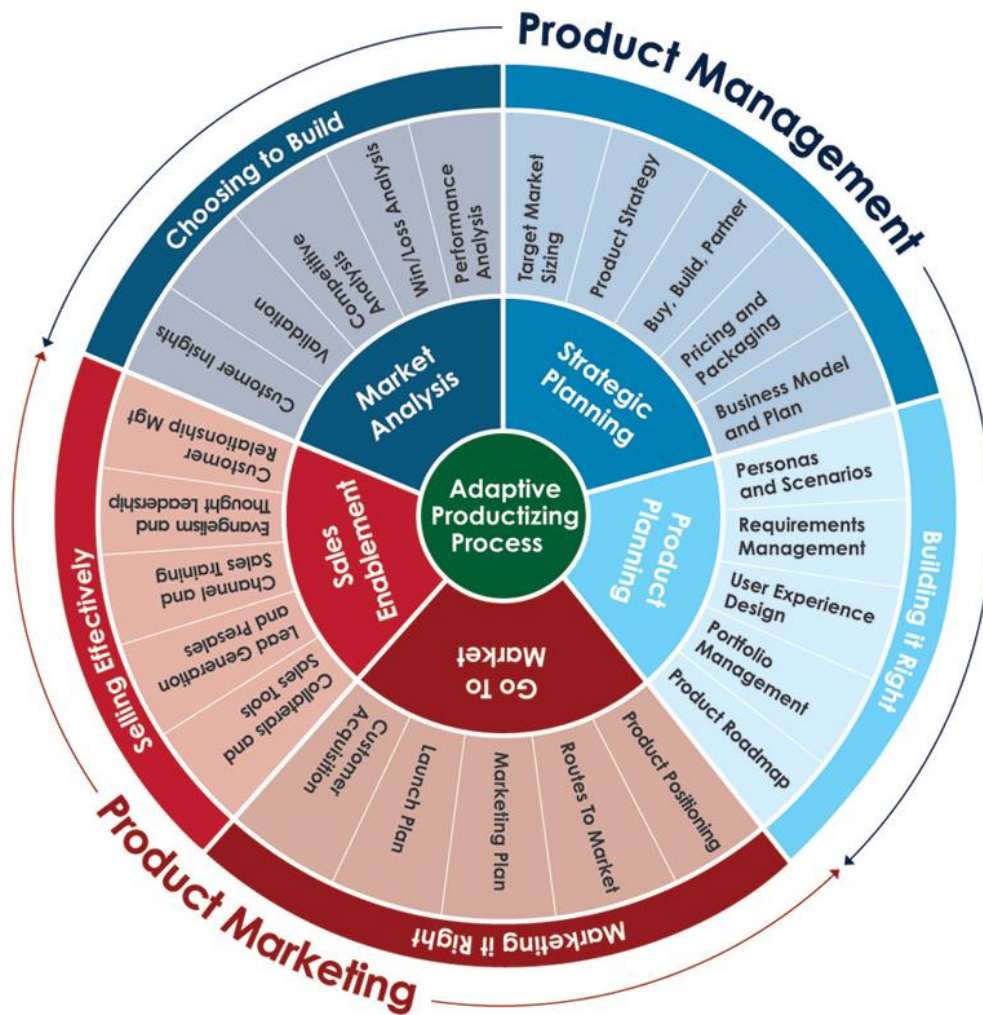
1. The essence of a product. Product mix. Product Packaging and Labeling.
2. The product life cycle in international marketing.
3. Product management.
4. International product strategies. New product development, product adaptation, product standardization and product differentiation.
5. The essence, elements, types and roles of a brand in international marketing.
6. Assessment of importance of the brand to company success.
7. Brand positioning.

### Case study

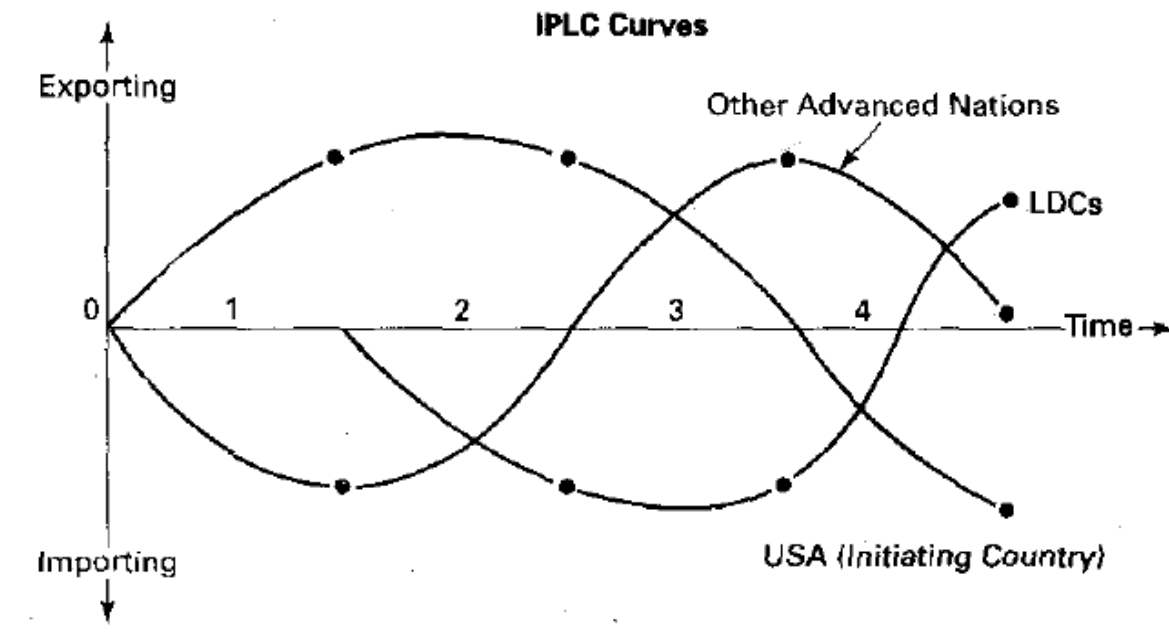
Determine the type of product and features of international production policy, branding on the given example:

- organic cosmetics
- economy class cars
- audio and video accessories
- office furniture
- non-alcoholic beverages
- home textiles
- stationery
- clothing for men, women, kids
- tourism services
- chocolate confectionery
- women's shoes
- milk products (milk powder, yogurt, etc.)
- textile machines.





**International Product life cycle**

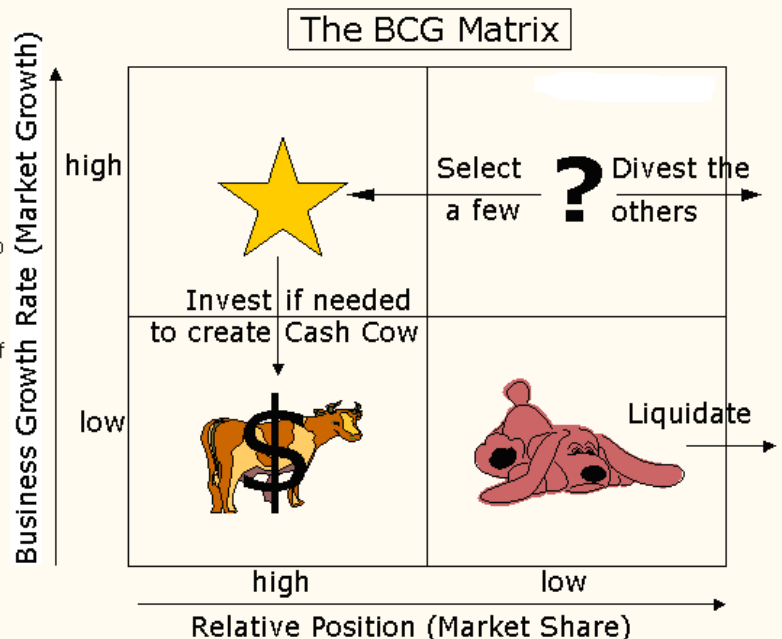


stage	Import/Export	Target Market	Competitors	Production Costs
(0) local innovation	none	USA	few: local firms	initially high
(1) overseas innovation	increasing export	USA & advanced nations	few: local firms	decline owing to economies of scale
(2) maturity	stable export	advanced nations & LDCs	advanced nations	stable
(3) worldwide imitation	declining export	LDCs	advanced nations	increase owing to lower economies of scale
(4) reversal	increasing import	USA	advanced nations & LDCs	increase owing

### THE FOUR SEGMENTS OF THE BCG MATRIX

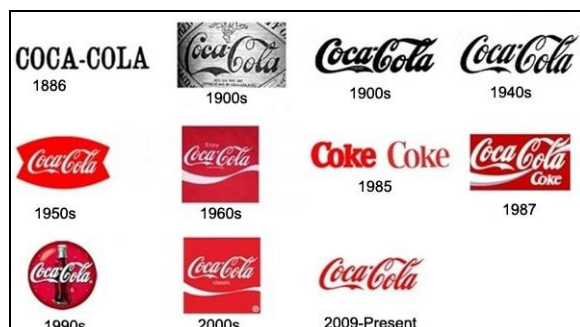
Placing products in the BCG matrix provides 4 categories in a portfolio of a company.

- **Stars** (high growth, high market share)
  - Stars are using large amounts of cash. Stars are leaders in the business. Therefore they should also generate large amounts of cash.
  - Stars are frequently roughly in balance on net cash flow. However if needed any attempt should be made to hold your market share in Stars, because the rewards will be Cash Cows if market share is kept.
- **Cash Cows** (low growth, high market share)
  - Profits and cash generation should be high. Because of the low growth, investments which are needed should be low.
  - Cash Cows are often the stars of yesterday and they are the foundation of a company.
- **Dogs** (low growth, low market share)
  - Avoid and minimize the number of Dogs in a company.
  - Watch out for expensive 'rescue plans'.
  - Dogs must deliver cash, otherwise they must be liquidated.
- **Question Marks** (high growth, low market share)
  - Question Marks have the worst cash characteristics of all, because they have high cash demands and generate low returns, because of their low market share.
  - If the market share remains unchanged, Question Marks will simply absorb great amounts of cash.
  - Either invest heavily, or sell off, or invest nothing and generate any cash that you can.



## REBRANDING

Rebranding occurs when a business or organization decides to change a significant element of the brand. Such a change could be very obvious like a new brand name or logo, or it might be more delicate such as a slight shift in messaging to better communicate a more relevant brand promise.





### **BRAND FAILURES:**

When you're globalizing a brand, it's always a good idea to check whether your name, logo, or tag line means something different in the regions where you're expanding. Here are the worst examples that neglected this crucial marketing step:

1. **Braniff International** translated a slogan advertising its finely upholstered with leather seats "Fly in Leather" into Spanish as "Fly Naked."
2. **Claïrol** launched a curling iron (щипці для завивки) called "Mist Stick" in Germany even though "mist" (туман) is German slang for manure (гній).
3. **Coca-Cola's** brand name, when first marketed in China, was sometimes translated as "Bite The Wax Tadpole" (Укуси воскового пуголовка).
4. **Coors** translated its slogan for beer, "Turn It Loose" (Дай волю! Звільни себе!), into Spanish, where it is a colloquial term for having diarrhea.
5. **Electrolux** at one time marketed its vacuum cleaners in the U.S. with the tag line: "Nothing sucks like an Electrolux."
6. **Gerber** marketed baby food in Africa with a cute baby on the label without knowing that, in Ethiopia, for example, products usually have pictures on the label of what's inside since many consumers can't read.
7. **KFC** made Chinese consumers a bit apprehensive when "finger licking good" was translated as "eat your fingers off."
8. **Mercedes-Benz** entered the Chinese market under the brand name "Bensi," which means "rush to die."
9. **Nike** had to recall thousands of products when a decoration intended to resemble fire on the back of the shoes resembled the Arabic word for Allah.
10. **Parker Pen**, when expanding into Mexico, mistranslated "It won't leak in your pocket and embarrass you" into "It won't leak in your pocket and make you pregnant."
11. **Paxam**, an Iranian consumer goods company, markets laundry soap using the Farsi word for "snow", resulting in packages labeled "Barf Soap" (блювотне мило).
12. **Pepsi's** slogan "Pepsi Brings You Back to Life" was debuted in China as "Pepsi brings your ancestors back from the grave".

### **Test tasks**

## 2.2. Pricing policy in the international marketing system

**The purpose of the class** is to consider different pricing strategies on international markets.

### Discussion questions:

1. Meaning of international pricing and formation of pricing policies on foreign markets.
2. Factors affecting the decision-making in pricing on international markets.
3. International pricing strategies.

### Case study

*IKEA* is known globally for its low prices and innovatively designed furniture. In China, however, it faced peculiar problems. Its **low-price strategy created confusion among aspirational Chinese consumers** while local competitors copied its designs. This case study analyses how *IKEA* adapted its strategies to expand and become profitable in China. It also assesses some lessons the company learnt in China that might be useful in India, where it plans to **open its first store by 2014 and 25 stores in 10 to 15 years**.

In 1998, Swedish furniture giant *IKEA* started its retail operations in China. To meet local laws, it **formed a joint venture**. The venture served as a good platform to test the market, understand local needs, and adapt its strategies accordingly. It understood early on that Chinese apartments were small and customers required functional, modular solutions. The store layouts reflected the typical sizes of apartments and also included a balcony.

**IKEA had faced similar problems** previously when it entered the US. The company initially tried to replicate its existing business model and products in the US. But it had to customize its products based on local needs. American customers demanded bigger beds and bigger closets. *IKEA* had to make a number of changes to its marketing strategy in the US. The challenges it faced in China, however, were far bigger than the ones in the US.

As the company opened more stores from Beijing to Shanghai, the company's revenue grew rapidly. In 2004, for instance, its China revenue jumped 40% from the year before. But there was a problem – its local stores were not profitable.

*IKEA* identified the strategic challenges and made attempts to overcome them. One of the main problems for *IKEA* was that its prices, considered low in Europe and North America, were higher than the average in China.

*IKEA* built a number of factories in China and increased local sourcing of materials. While globally 30% of *IKEA*'s range comes from China, about 65% of the volume sales in the country come from local sourcing. These local factories resolved the problem of high import taxes in China. The company also started performing local quality inspections closer to manufacturing to save on repair costs.

Since 2000, *IKEA* has cut its prices by more than 60%. For instance, the price of its "Lack" table has dropped to 39 yuan (less than five euros at current exchange rates) from 120 yuan when *IKEA* first came to the Chinese market. The company plans to reduce prices further, helped by mass production and trimming supply chain costs.

The main problem for *IKEA* was that its prices, considered low in Europe and the US, were higher than the average in China.

The company realized this and started **targeting the young middle-class population**. This category of customers has relatively higher incomes, is better educated and is more aware of western styles. Targeting this segment helped *IKEA* project itself as an aspirational western brand. This was a massive change in strategy, as *IKEA* was targeting the mass market in other parts of the world.

*IKEA* also had to tweak its marketing strategy. In most markets, the company uses its product catalogue as a major marketing tool. In China, however, the catalogue provided opportunities for competitors to imitate the company's products. Indeed, local competitors copied *IKEA*'s designs and then offered similar products at lower prices. *IKEA* decided not to react, as it realized Chinese laws were not strong enough to deter such activities.

Instead, the company is **using Chinese social media and micro-blogging website Weibo to target the urban youth.**

IKEA also adjusted its store location strategy. In Europe and the US, where most customers use personal vehicles, IKEA stores are usually located in the suburbs. In China, however, most customers use public transportation. So the company **set up its outlets on the outskirts of cities which are connected by rail and metro networks.**

The China expansion came at a cost. Since 1999, IKEA has been working on becoming more eco-friendly. It has been charging for plastic bags, asking suppliers for green products, and increasing the use of renewable energy in its stores. All this proved difficult to implement in China. **Price-sensitive Chinese consumers seem to be annoyed when asked to pay extra for plastic bags and they did not want to bring their own shopping bags.** Also, a majority of suppliers in China did not have the necessary technologies to provide green products that met IKEA's standards. Helping them adopt new technologies meant higher cost, which would hurt business. IKEA decided to stick with low prices to remain in business.

As IKEA prepares **to enter India**, its China experiences will come in handy. It understood that in emerging markets, global brands may not replicate their success using a low-price strategy. There always will be local manufacturers who will have a lower cost structure.

It is more important what customers think about the company rather than the other way around.

IKEA wanted to be known as a low-price provider of durable furniture, while Chinese consumers looked at IKEA as an aspirational brand. It is likely that Indian consumers will also look at IKEA in a similar way. The company also learnt that **emerging economies are not ready for environment-friendly practices, especially if they result in higher prices.** IKEA, famous for its flat-pack furniture which consumers have to assemble themselves, realised that understanding the local culture is important – **Chinese people hate the do-it-yourself concept** and Indians likely do so even more.

IKEA may face some India-specific challenges such as varying laws in different states ruled by different political parties. This could make its operations, especially distribution and logistics, a bit challenging. IKEA already has had to wait a long time to get permission to open stores in India. The delay in policy-making at the state level could be even longer.

Indian customer preferences and economic environment are similar to the Chinese market.

IKEA will likely have hopes of attracting India's urban middle-class buyers who are keen on decorating their homes with stylish international brands. The company has learnt that doing business in emerging markets is a different ball game for a multinational company. IKEA did well to adapt in China, although it took numerous changes to its strategies and more than 12 years for the company to become profitable in the Asian nation.

## Test tasks



## 2.3. International marketing communications: European and international experience

**The purpose of the class** is to study European and international experience in international marketing communications.

### Discussion questions:

1. International communication process.
2. Integrated marketing communications.
3. Peculiarities of product promotion on the foreign market.
4. Overcoming barriers in international communications.

### Important Measures to Overcome the Barriers of Communication

#### (1) Clarify Ideas before Communication:

The person sending the communication should be very clear in his mind about what he wants to say. He should know the objective of his message and, therefore, he should arrange his thoughts in a proper order.

#### (2) Communicate According to the Need of the Receiver:

The sender of the communication should prepare the structure of the message not according to his own level or ability but he should keep in mind

the level, understanding or the environment of the receiver.

#### (3) Consult Others before Communication:

At the time of planning the communication, suggestions should be invited from all the persons concerned. Its main advantage will be that all those people who are consulted at the time of preparing the communication plan will contribute to the success of the communication system.

#### (4) Be Aware of Language, Tone and Content of Message:

The sender should take care of the fact that the message should be framed in clear and beautiful language. The tone of the message should not injure the feelings of the receiver. As far as possible the contents of the message should be brief and excessive use of technical words should be avoided.

#### (5) Convey Things of Help and Value to the Listener:

The subject matter of the message should be helpful to the receiver. The need and interest of the receiver should specially be kept in mind. Communication is more effective in such a situation.

#### (6) Ensure Proper Feedback:

The purpose of feedback is to find out whether the receiver has properly understood the meaning of the information received. In the face-to-face communication, the reaction on the face of the receiver can be understood.

But in case of written communication or some other sort of communications some proper method of feedback should be adopted by the sender.

#### (7) Consistency of Message:



The information sent to the receiver should not be self-contradictory. It should be in accordance with the objectives, policies, programmes and techniques of the organisation. When a new message has to be sent in place of the old one, it should always make a mention of the change otherwise it can create some doubts.

**(8) Follow up Communication:**

In order to make communication effective the management should regularly try to know the weaknesses of the communication system. In this context effort can be made to know whether to lay more stress upon the formal or the informal communication would be appropriate.

Similarly, suggestions can be invited in respect of the medium of communication (oral, written and gestural) to know as to which medium would be more effective and appropriate.

**(9) Be a Good Listener:**

It is the essence of communication that both the sender and the receiver should be good listeners. Both should listen to the each other's point of view with attention, patience and positive attitude. A sender can receive much relevant information by being a good listener.

**(10) Environment of Trust and Confidence:**

Communication grows best in a climate of trust and confidence. Every effort should, therefore, be made to win confidence by reporting facts honestly.

**(11) Keeping the System Always Alive:**

The system of communication should be kept open and alive all the year round. It is only by honest attempts that good communication relations can be developed.

**Test tasks**

**2.4. DISTRIBUTION POLICY IN THE INTERNATIONAL MARKETING SYSTEM: MODERN BUSINESS PRACTICES**

**The purpose of the class** is to analyse the essence and tasks of distribution policy in foreign markets, vertical and horizontal marketing systems, distributive policies.

**Discussion questions:**

1. The essence and tasks of distribution policy in foreign markets.
2. Vertical and horizontal marketing systems.
3. The strategic concept of distributive policies: push-strategies and pull-strategies.

**Test tasks**

**Case study "IMPROVING DISTRIBUTION ACTIVITY OF THE ENTERPRISE"**

Ukrainian enterprise "Mineral CES" Ltd. operates at the market of oil and chemical products for over 20 years. The main activity of "Mineral CES" is distribution of products for the food industry, chemical industry, selling of fuel materials as well as production of wooden packaging.

The main consumers of "Mineral CES" are concentrated in Poland (47%), the Czech Republic (23%), Italy (18%) and Ukraine (12%).

Producing products that meets basic EU requirements enables "CES Mineral" Ltd. to consider new markets using marketing research tool.

To find new markets for the company "Mineral CES" it is necessary to make appropriate marketing research of biofuels in Europe:

## 1. Determining the range of countries that are potentially attractive in terms of penetration on their markets.

Poland, Sweden, which, incidentally, are themselves major producers in the field are the most attractive pellets' markets for Ukraine.

Major buyers of domestic fuel pellets are also represented by Slovakia, Germany, Denmark and the Baltic countries. There is also an interest in such biofuel products in England, Italy, Czech Republic, so almost all over Europe.

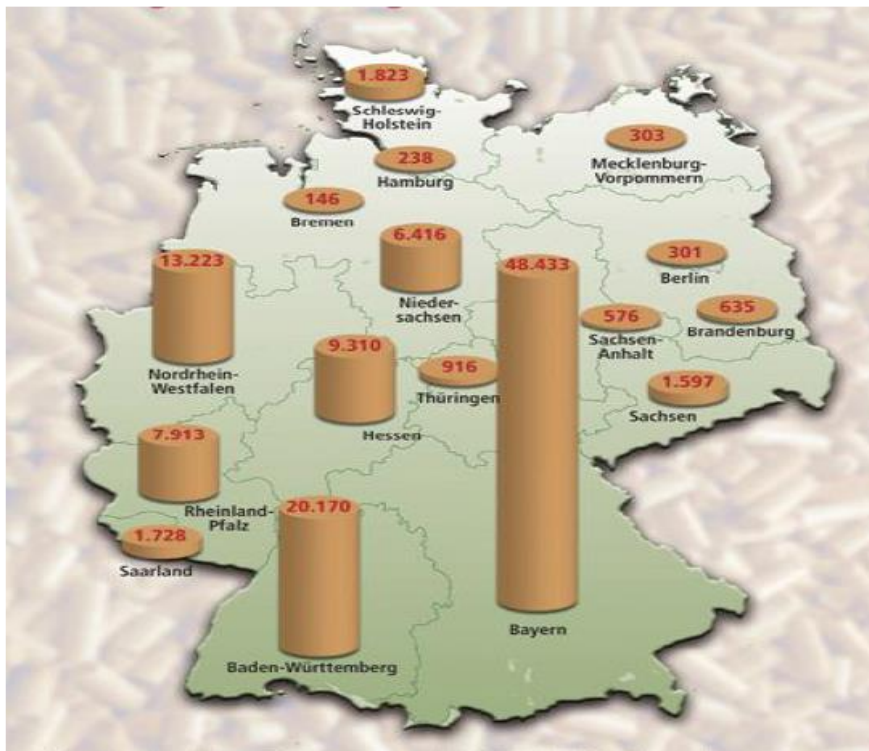
However, the German market is one of those most developed in the world. Most businesses are heated by solid biofuels, demand for which is growing every year.

## 2. Competitive market monitoring and providing its evaluation and analysis of individual segments using matrix method, providing a rating of the market by individual performance indicators and characteristics.

### Matrix for the evaluation of prospective internal and external markets for "Mineral CES" Ltd.

№	Indicator	Weight function	Characteristic	Germany	Switzerland	Denmark	Hungary
1	The presence of trade relations	-2 -1 0 +1 +2	a) The trade agreement is absent, no trade relations b) Trade agreement exists, but weak ties c) Commercial contacts are satisfactory d) Commercial contacts are good e) Commercial contacts are stable	+2	+1	0	0
2	The presence of restrictions on trade	-1 0 +1	a) The embargo on certain goods b) Absence / limited c) Most favored regime	+1	+1	+1	+1
3	Competition	-1 0 +1	a) Strong b) Average c) Poor	0	-1	-1	0
4	Requirements for the quality of product	-1 0 +1	a) Very high b) At the level of international standards c) Below the level of world standards	-1	-1	-1	-1
5	Conditions for selling goods	-1 0 +1	a) Monopolized market b) Several companies operate at the market c) There are many companies at the market	+1	+1	+1	0
6	Relationships with potential customers	-2 -1 +1 +2	a) There was no trade in the past b) Insignificant trade c) Episodic trade d) Stable trade relations	-1	-2	-2	-1
7	Advertising effectiveness	-1 0 +1	a) Very low b) Average c) High	+1	+1	+1	0
8	Reliability of market information	-1 0 +1	a) Absent b) Fragmented and unreliable c) Reliable	+1	+1	0	0
<b>TOTAL</b>				<b>+4</b>	<b>+1</b>	<b>-1</b>	<b>-1</b>





**The consumption of solid biofuels in Germany in 2015**

**Market segmentation and basic characteristics of "Mineral CES" Ltd. consumers**

Consumer group	Commercial enterprises (factories, plants, etc.)	Intermediaries (wholesale and retail buyers)
Characteristics		
Type of interaction	B2C	B2B
Demographic characteristics	Top-managers of factories, farms, etc. High profits.	Heads of intermediary companies The average level of income.
Attitude to money and financial services	The negative attitude to debt, credit utilization rate above average	Prefer forwards, inclined to save, beware debts.
Use of information tools	Below the average level, mostly TV, press, Internet.	Above average, using radio, press, TV, Internet

**With whom to cooperate?**

**3. Integral assessment of values for each of the potential intermediaries as partners for further cooperation.**

The process of selecting a partner for the further distribution of solid biofuels by LLC "Mineral CES" in Germany will be based on expert evaluations on the following criteria: relay (answering questions "yes" or "no"); quantitative; and quality.

The analysis of the following alternative intermediaries was conducted:

- German Pellets (1);
- C.F.Nielsen (2);
- UPM (3);
- Bogma (4);
- Pawert-SPM AG (5);
- DI-PIU (6);
- Mariter (7);
- RWE Supply & Trading (8);
- CM Biomass Partners (9);
- Forest group & Consult (10).

**Indicators for assessing intermediary company for selling products of "Mineral CES" in Germany**

№	Indicators	Intermediaries										Rank
		1	2	3	4	5	6	7	8	9	10	
1.	Availability transport vehicles	+	+	+	-	-	+	+	+	+	+	-
2.	Tariff	6,12	5.8	7,01	5,98	6,23	6,34	6,6	5,95	6,8	6,2	1
3.	Reliability	0,85	0,84	0,6	0,75	0,8	0,75	0,8	0,9	0,95	0,82	3
4.	Financial stability	19	20	18	17	20	19	19	16	15	18	4
5.	Safety of cargo	Excellent	Bad	Good	Excellent	Satisfactory	Very good	Satisfactory	Good e	Satisfactory	Good	6
6.	Qualification of staff	Good	Very good	Satisfactory	Bad	Very good	Excellent	Good	Bad	Good	Satisfactory	9
7.	Readiness to negotiate	Good	Good	Very good	Good	Good	Very good	Good	Very good	Excellent	Very good	8
8.	Completeness of the product mix	0,9	0,92	0,8	0,87	0,85	0,85	0,95	0,97	0,94	0,9	7
9.	Product quality	0,95	0,7	0,75	0,8	0,6	0,9	0,85	0,8	0,96	0,78	2
10.	The distance to the intermediary warehouse	50	180	190	400	380	320	120	145	210	245	5
11.	The ability to compromise	Excellent	Good	Satisfactory	Very good	Very good	Bad	Very good	Good	Satisfactory	Good	10
12.	After-sales service	Good	Bad	Good	Good	Bad	Good	Satisfactory	Excellent	Satisfactory	Very good	11

Intermediaries # 4 and 5 should not be discussed because of their negative relay indicators.

All weight factors by each criterion should be calculated as follows:

$$W_i = \frac{2(K - j + f)}{K(K + f)},$$

$K$  - the total number of criteria that are relevant to the integrated assessment (relay indicators not included);

$W_i$  - weight of  $i$  criterion,  $i \in \overline{1, K}$ ;

$j$  - value of the rank by  $i$  criterion,  $i \in \overline{1, K}$ ,

$f$  - number of relay performance.

$$W_2 = \frac{2(11 - 1 + 1)}{11(11 + 1)} = 0,167;$$

$$W_3 = \frac{2(11 - 3 + 1)}{11(11 + 1)} = 0,136;$$

$$W_4 = \frac{2(11 - 4 + 1)}{11(11 + 1)} = 0,121;$$

$$W_5 = \frac{2(11 - 6 + 1)}{11(11 + 1)} = 0,09;$$

$$W_6 = \frac{2(11 - 9 + 1)}{11(11 + 1)} = 0,045;$$

$$W_7 = \frac{2(11 - 8 + 1)}{11(11 + 1)} = 0,06;$$

$$W_8 = \frac{2(11 - 7 + 1)}{11(11 + 1)} = 0,076;$$

$$W_9 = \frac{2(11 - 2 + 1)}{11(11 + 1)} = 0,152;$$

$$W_{10} = \frac{2(11 - 5 + 1)}{11(11 + 1)} = 0,106;$$

$$W_{11} = \frac{2(11 - 10 + 1)}{11(11 + 1)} = 0,03;$$

$$W_{12} = \frac{2(11 - 11 + 1)}{11(11 + 1)} = 0,015.$$

Calculation of the quantitative criteria ( $Z_i$ ) will conduct by the following formulas:

– at extremes «max»:  $Z_i = \frac{K_{ni}}{K_{em}};$

– at extremes «min»:  $Z_i = \frac{K_{em}}{K_{ni}},$

$K_{em}$  – reference (*эталонные*) value for the criterion;

$K_{ni}$  – actual value for  $i$  mediator.

### Quality assessment and appropriate standard assessment on the scale of desirability

№	Interval	Quality rating	A mark on the scale of desirability	
			range	average value
1	3-4	Excellent	Over 0,950	0,975
2	2-3	Very good	0,875-0,950	0,913
3	1-2	Good	0,690-0,875	0,782
4	0-1	Satisfactory	0,367-0,690	0,530
5	(-1)-0	Bad	0,066-0,367	0,285
6	(-2)-(-1)	Very bad	0,0007-0,066	0,033

### Estimated quantitative indicators of intermediaries in Germany

№	Criteria	Weight coefficient	Extremum	Reference values	Intermediaries															
					1		2		3		6		7		8		9		10	
					Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1	Tariff	0,167	min	5,8	0,948	0,158	1	0,167	0,827	0,138	0,915	0,153	0,879	0,147	0,975	0,163	0,853	0,142	0,935	0,156
2	Reliability	0,136	max	0,95	0,894	0,122	0,884	0,120	0,632	0,086	0,789	0,107	0,842	0,115	0,947	0,129	1	0,136	0,863	0,117
3	Financial stability	0,121	max	20	0,95	0,115	1	0,121	0,9	0,109	0,95	0,115	0,95	0,115	0,8	0,097	0,75	0,091	0,9	0,109
4	Completeness of the product mix	0,076	max	0,97	0,928	0,071	0,948	0,072	0,825	0,063	0,876	0,067	0,979	0,074	1	0,076	0,969	0,074	0,928	0,071
5	Product quality	0,152	max	0,96	0,989	0,150	0,729	0,111	0,781	0,119	0,938	0,143	0,885	0,135	0,833	0,127	1	0,152	0,813	0,124
6	The distance to the intermediary warehouse	0,106	min	120	0,522	0,055	0,667	0,071	0,632	0,067	0,375	0,039	1	0,106	0,826	0,088	0,571	0,061	0,489	0,052
7	Total quantity value considering weight coefficient	-	-	-	0,671		0,662		0,582		0,624		0,692		0,680		0,656		0,629	

### Estimated quality indicators of intermediaries in Germany

№	Criteria	Weight coefficient	Intermediaries															
			1		2		3		6		7		8		9		10	
			Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di	Zi	Di
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	Safety of cargo	0,09	0,975	0,088	0,285	0,026	0,782	0,071	0,913	0,082	0,530	0,048	0,782	0,070	0,530	0,048	0,782	0,070
2	Qualification of staff	0,045	0,782	0,035	0,913	0,041	0,530	0,024	0,975	0,044	0,782	0,035	0,285	0,013	0,782	0,035	0,530	0,024
3	Readiness to negotiate	0,06	0,782	0,047	0,782	0,047	0,913	0,055	0,913	0,055	0,782	0,047	0,913	0,055	0,975	0,059	0,913	0,055
4	The ability to compromise	0,03	0,975	0,029	0,782	0,023	0,530	0,016	0,285	0,009	0,913	0,027	0,782	0,023	0,530	0,016	0,782	0,023
5	After-sales service	0,015	0,782	0,012	0,285	0,004	0,782	0,012	0,782	0,012	0,530	0,008	0,975	0,015	0,53	0,008	0,913	0,014
6	Total quality value considering weight coefficient	-	0,211		0,141		0,178		0,202		0,165		0,176		0,161		0,186	
7	Integral index		0,882		0,803		0,760		0,826		0,857		0,856		0,817		0,815	

## 2.5. Peculiarities of realization of the principles of the EU management and marketing in Ukraine

The purpose of the class is to identify features of realization of the principles of the EU management and marketing in Ukraine, to study the problems of integration and adaptation of world experience in performing international marketing activities in Ukraine.

### Discussion questions:

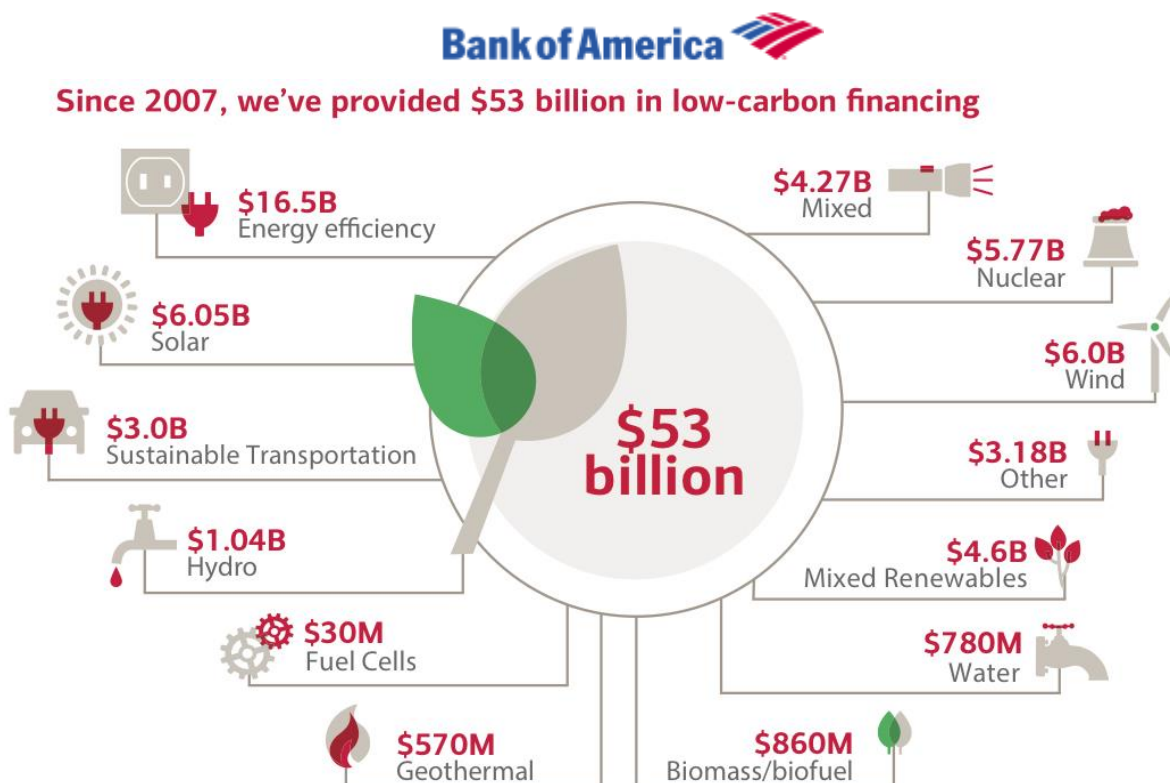
1. The formation evolution and the current state of the national system of international marketing and management.
2. Comparison of management and marketing concepts used in Ukraine and the EU countries.
3. Problems of integration and adaptation of world experience in performing international marketing activities in Ukraine.
4. Directions in development and improving tools of international marketing activities of Ukrainian companies.
5. Creating strategic benefits and methods of performing marketing activity in the EU countries and other markets.
6. Analysis of the effectiveness of international marketing activities of Ukrainian companies.

### Case study

The social responsibility of business means various obligations or responsibilities or duties that a business-organization has towards the society within which it exists and operates from.



Standards encompass aspects such as our commitment to enriching society, respecting human rights and striving to protect and improve the global environment.



# SONY

"It is the core corporate responsibility of Sony Group to the society to pursue its corporate value enhancement through innovation and sound business practice."

Sony's corporate social responsibility (CSR) activities reflect its philosophy of implementing sound business practices; innovating to realize products, services and content that inspire and excite; assisting the communities in which we operate; and helping to shape a better, more sustainable society.

## IBM, Project Big Green

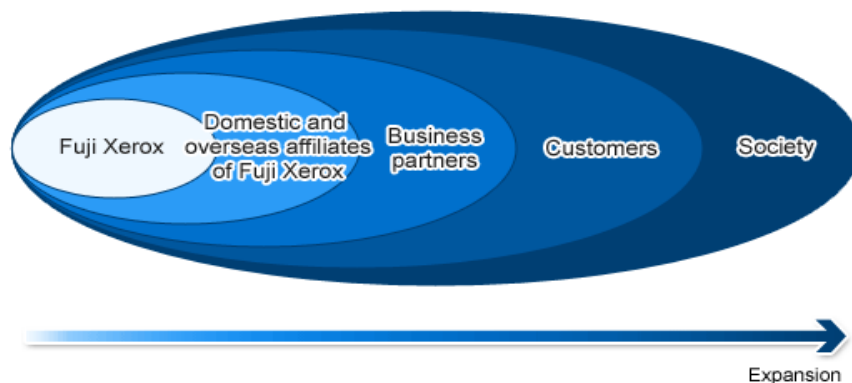
The initiative includes a new global green team of 850+ energy efficiency architects from across IBM.

The company stated that for an average 25,000 square foot data center, the potential energy savings should be upwards of 42% which, based on the energy mix in the U.S., would equate to a 7,439-ton reduction in carbon emissions year.



### Basic CSR Policy

1. Thorough implementation of Basic Corporate Quality
2. Actions with the Highest Priority on our Customers
3. Expansion of area of our responsibility



Starbucks' community stores — there are now five of them — as a model for CSR programs. Each community store partners with a local nonprofit organization that offers needed health, welfare or education services to the community around the store.

The community store then donates a portion of its profits to the organization, providing a reliable and sustainable revenue stream for the organization and its community services.

Both brands and consumers are recognizing the benefits of investing in the community. By centering their values on social impact, companies have an opportunity to both profit and give back.

## CORPORATE SOCIAL RESPONSIBILITY AND FASHION BRANDS

**INDITEX**, the fashion retailer that is owner of well-known brands Zara, Pull&Bear, Stradivarius and some more. The CSR strategy of the company is based on sustainability. Their main aim is to manage ecological footprint by putting these two concept at the center:

- Fashion design and manufacturing in a socially responsible environment
- Eco-efficient, environmentally friendly retailing and value chain.

**H&M** is another brand taking sustainability as the base for their CSR strategy. Being one of the pioneers on the issue they have been considering in various ways mainly; materials, water, animal welfare as well as working conditions and wages.

**GAP's** CSR vision is mainly composed of four group of actions. *Environment* (reducing its GHG emissions and environmental footprint, through energy efficiency, conservation measures and waste reduction), *Community* (P.A.C.E.-Personal Advancement & Career Enhancement) program offers female garment workers the life skills education and technical training they need to advance at work and in life), *Employees* and *Human Rights* (several broad initiatives where they work with governments, workers and other stakeholders to improve working conditions across our supply chain).