

STRATEGIC MARKETING TOOLS FOR ENTERPRISES ENTERING FOREIGN MARKETS

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ABSTRACT

The article deals with the issues of marketing tools for entering foreign markets. The success of entering these markets is ensured by a comprehensive strategic analysis of the international environment, its main features and enabling factors. Of great importance is also a reasonable choice of optimal strategies for the foreign economic activity of enterprises, entering foreign markets and their subsequent development. For the whole complex of measures for the strategic planning of enterprises entering foreign markets, multivariate and phased road mapping will be required.

Keywords: strategic planning; foreign markets; strategies; road mapping; marketing and digital technologies.

1. INTRODUCTION

In the context of globalization, it seems economically feasible to focus not only on import substitution within the country, but also on finding alternative options for entering foreign markets. The above conditions predetermine the urgent need for active, not defensive, but offensive actions in the state foreign economic policy and foreign economic activity of domestic enterprises, and a corresponding reorientation to new promising markets.[1]

In general theoretical and practical terms, domestic researchers pay undeservedly little attention to the issues of strategic planning for enterprises entering foreign markets, although they, due to their importance in modern conditions, require a separate comprehensive study.[2]

2. METHODS

In general methodological terms, strategic planning can be viewed as a process consisting of the following steps: defining strategic guidelines, strategic analysis, developing strategies, developing strategic planning documents, implementing strategies and plans.

The definition of strategic settings consists of the following structural elements: defining the vision of the organization, formulating the company's mission, defining strategic long-term and medium-term goals. In relation to the international activities of the company, there will be a need to correct the existing vision and mission of the company, to define new strategic goals. Thus, the vision of the company's management of the desired state of the organization in the foreign market should include: what is going to do, who to become and what place the company will occupy in this market in the foreseeable future. In the mission, this vision should be specified in terms of the range of needs of foreign consumers to be satisfied, the characteristics of the products intended for them, its competitive advantages, as well as business growth prospects. On this basis, the strategic long-term and medium-term goals of the enterprise are formulated, taking into account the characteristics of the chosen country (region), where the main content aspects should be the specific place and position in the chosen

market, the innovativeness of the goods and technologies offered for it, the resources used, the planned profitability indicators, etc.

3.ANALYSIS AND RESULTS

Strategic analysis is one of the key stages of strategic planning. It is used for the subsequent selection of strategic alternatives and justification of development strategies, and in some cases for the development of strategic plans. However, in some cases, with a lack of initial information, it can also be carried out preliminary in the interests of determining strategic settings. Strategic analysis acquires special significance when planning a firm's foreign economic activity.[3]

This significance is determined by the essential features of the external international environment, more significant information needs, the difficulty of obtaining the necessary information, and the high risks of doing business abroad. With this in mind, the focus of strategic analysis in these cases should be given to external economic, political, legal and socio-cultural factors.[4]

Thus, when analyzing external economic factors, it is very important to assess the degree of integration of both the exporting country and the importing country into international and world economic relations, their participation in various trade and economic unions, the features of the monetary system, accounting and taxation. When analyzing political factors, the factors of political stability, the development of political relations between countries, their involvement in political alliances and blocs, the danger of military conflicts, and the terrorist threat will be the most significant. The analysis of the legal environment should, first of all, take into account the peculiarities of international and national law on the regulation of foreign economic activity, existing international agreements, and the specifics of concluding international contracts. Such socio-cultural factors in the host country as national religion, ethics and etiquette, living conditions, traditions, preferences and habits of the local population, physical characteristics of people and their behavior can significantly affect doing business abroad [13].

It is also very important to take into account the state policy in relation to international business: whether it promotes it or hinders it to a certain extent. This policy can be expressed, for example, in a strategy to minimize restrictions on foreign trade, a strategy to protect the domestic market from foreign competition, a strategy to fill a scarce market, a strategy to exclude the state from world economic relations.[5]

As noted, strategic analysis makes it possible to substantiate strategic alternatives and, on their basis, to choose the most appropriate strategies for the actions of enterprises in foreign markets. For this, the widest range of various strategies of various hierarchical levels can be used. These can be, for example, such types of corporate strategy as global, international, diversification, business strategies of foreign economic orientation, the actual strategy of foreign economic activity of companies, etc.[6]

Thus, the global strategy considers the world as a single transnational market, the demand for which can be satisfied by the supply of one basic product, regardless of national borders and characteristics. This strategy is used by large transnational corporations that produce standardized products. The international strategy also involves entering the world market, but taking into account the national characteristics of those countries in which the corporation operates. This strategy is characteristic of corporations offering differentiated products to foreign markets.[7]

The diversification strategy provides for the penetration of companies into new international markets with new products for them. In this case, variants of vertical, horizontal and conglomerate diversification can be used [14]. With reverse vertical diversification, the parent company may, for

example, integrate with foreign enterprises that produce raw materials or components, with direct vertical diversification, with foreign enterprises that sell products. In most cases, horizontal diversification is used to expand markets geographically. At the same time, foreign branches of the parent company are created or there is an integration with foreign enterprises that produce the same type of products in various regional markets. Conglomerate diversification provides for the coverage of such areas of activity in foreign markets that do not have a direct direct connection with the main activity of the enterprise.[11]

The strategy of foreign economic activity is a concept of the company's behavior in the foreign market as an exporter or importer of goods and services. It is a subsystem of the business (corporate) strategy, developed, as a rule, by the foreign economic department (service) or other similar structural unit of the enterprise. Because of this, this strategy to a certain extent can be attributed to the functional strategies of the enterprise.[12]

However, it has a number of common and interrelated elements with global and international strategies, which are varieties of corporate strategy. There are also significant differences between them. Thus, the global and international strategies are implemented through only export operations, and the strategy of foreign economic activity may include both export and import operations. The global strategy provides for the release of a single standardized product to the world market, the international strategy - the release of differentiated products to the national markets of foreign countries, taking into account their characteristics, and the strategy of foreign economic activity can be based on the sale of one or another type of product. From this point of view, the strategy of foreign economic activity is a broader concept than global and international strategies. However, on a hierarchical basis, the strategy of foreign economic activity, as a functional strategy, is subordinate to the strategies of the highest, corporate level - global and international [14].

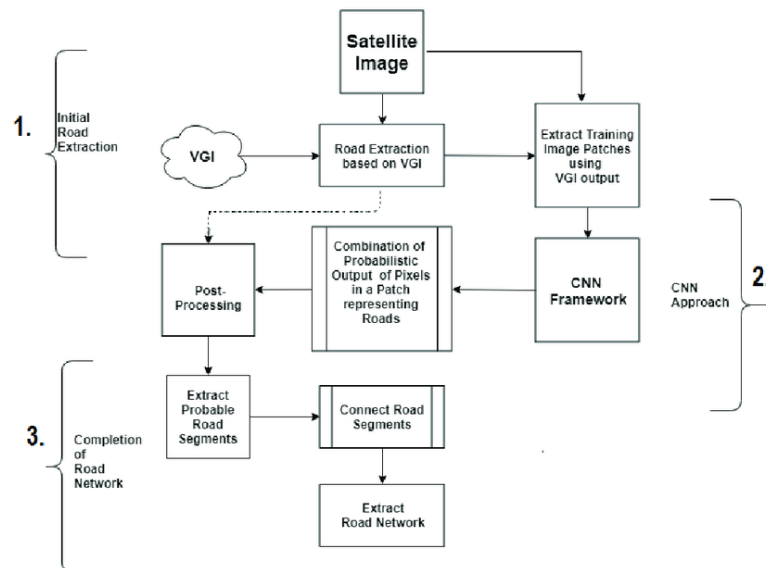


Fig. 1. Block diagram of the «road map» using diversification strategies for entering foreign markets

These circumstances predetermine the need for a separate consideration of the strategy of foreign economic activity as a complex, complex and mutually compatible phenomenon with other strategies. The central issue in developing a strategy for foreign economic activity is the choice of ways to enter the market of a particular country and distribution channels. With this in mind, the following strategic

alternatives are possible, which predetermine the appropriate private strategies for entering foreign markets: indirect export, direct export and production abroad.

Indirect export is the cheapest and least risky strategy option. The company does not participate directly in international trade, does not create special divisions, does not involve additional funds and human resources. Foreign shipments are handled as domestic, while international operations are entrusted to other domestic organizations. Direct export means a greater involvement of the company in international activities, it manages the export function itself. In this case, the following options are possible: the use of its foreign representatives or local agents, cooperation with local trading companies or the creation of its own trading branch abroad. Production abroad may include the following strategic options: building an assembly plant, creating a joint venture, direct investment in the purchase of production facilities in another country, using license agreements to organize production abroad, etc.

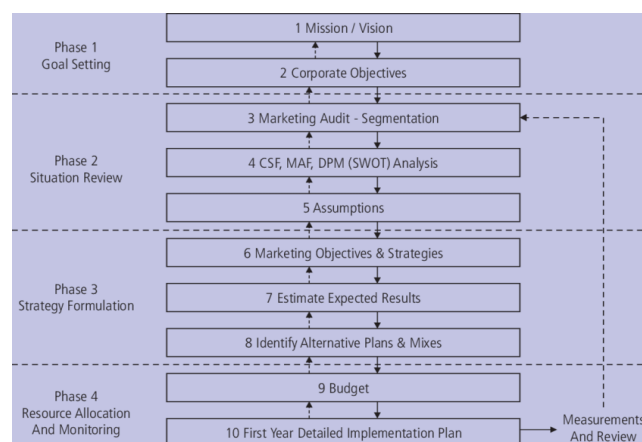


Fig.1. Strategic Marketing Planning Process

When developing a strategy for foreign economic activity, the choice of private strategies for the subsequent development of a foreign market is also essential. In this regard, two strategic alternatives are also possible, which can be purely conventionally defined as the “strategy of successive capture” and “strategy of simultaneous capture”. The first strategy provides for the gradual conquest of individual consumer segments in the market, and then the choice of the optimal ones and their number to ensure the most efficient operation of the company abroad. The second strategy involves the simultaneous development of the maximum possible number of foreign market segments, followed by the rejection of less profitable in favor of the most optimal for the company. It is quite obvious that the choice of one or another variant of the foreign market development strategy will depend on many factors, but the resource capabilities of the firm and the specifics of the local market conditions will be predetermining. The first strategy seems to be acceptable for relatively small companies operating in difficult international market conditions. The second strategy will be more appropriate for companies with significant resources and operating in foreign markets with favorable conditions.[15]

After selecting and substantiating the entire range of enterprise strategies to ensure its activities in the foreign market, it is necessary to organize work on the development of a system of relevant planning documents (strategic and tactical plans, programs, projects, budgets, road maps), which will detail the developed strategies for goals, objectives, resources and time.

With good reason, we can assume that the system of plans in relation to large corporate-type enterprises in their actions in foreign markets should include the following elements: a general strategic

plan (master plan) of the enterprise, which provides for the implementation of the general strategy of the organization; plans of individual strategic business units (SBUs) that are part of the corporate firm, involving the implementation of their business strategies; company-wide plans for certain types of activities that implement the strategies of production, marketing, financing, R&D, etc., as well as tactical (operational) plans of the organization. For medium and small enterprises, in most cases, obviously, a simplified version will be more acceptable: a general strategic plan for the enterprise that implements the adopted business strategy; plans for the functional areas of the enterprise (marketing, sales, finance, personnel management, etc.).[13]

In addition to plans, in the interests of a more efficient process of planning the activities of enterprises in foreign markets, other planning documents can be developed: programs, projects, budgets, road maps, etc. Given the specific features of the international environment and the complexity of its forecasting, in the interests of a more reasonable and detailed study of the most strategically important issues for the organization, roadmaps can be implemented - planning documents that provide for a phased and multivariate solution of certain tasks, depending on the development of certain situations. They can be developed both to detail the adopted strategies and the most important plans.

Of particular importance from the point of view of strategic planning of the enterprise's activities when entering a foreign market is the marketing strategy. It is this strategy that determines which consumer segments of the foreign market the company will focus on, what products of the enterprise will be produced for them, how it will be positioned relative to competitors in the market, what the pricing policy will be, how the sales system will be organized, what communication means will conquer the foreign market and how the company's products will be promoted on it. The effectiveness of all other functional strategies and the strategy of the enterprise as a whole will ultimately depend on the correctness of the strategic decisions made within the framework of this strategy at the preliminary stages.

It seems very important for the conquest of selected consumer segments of the foreign market and the subsequent promotion of the company's products on it to use the widest range of modern marketing and digital technologies. To influence foreign consumers and partners, authorities, public organizations and other contact structures, it is advisable to conduct specially organized communication campaigns and actions of various frequency, focus and intensity, depending on the target audiences and local characteristics of the foreign market. At the same time, traditional and well-tested types, methods and marketing tools (advertising, public relations, sales promotion, personal sales, sponsoring, branding, interactive marketing, etc.), as well as promising technologies, including those based on digitalization, can be used. (neuromarketing, celebrity marketing, product placement, mobile marketing, internet marketing, etc.)

So, for example, mobile marketing can be used to advertise goods and services of a large exporting company using cellular communications in a foreign region, the main receiving means of which will be mobile phones of the local population. In this type of marketing, you can use a fairly wide range of different methods and tools: SMS-mailing, mobile applications, voice messages, voice services with the ability to communicate with an autoinformer, receiving notifications and alerts from the Internet, mass mailing of interactive messages through the terminals of mobile operators, advertising mobile content, etc. SMS-mailing is perhaps the most effective way to promote today. The main advantages of SMS-mailing (SMS-marketing) include: the widest range of use, instant coverage of a large user audience, almost 100% guarantee of bringing information to subscribers and reading it, low cost even with mass mailing, access to a specific target audience in as soon as possible, etc.

It also seems very promising to use Internet marketing to comprehensively ensure the activities of domestic enterprises in foreign markets. This type of marketing has the widest opportunities to reach almost all segments of foreign consumers and other contact audiences. To do this, Internet marketing uses the following areas and technologies, in which exporting companies, taking into account their capabilities, must make appropriate strategic decisions: Internet sales (online stores and electronic catalogs); development and use of websites for marketing purposes; advertising and public relations using Internet technologies; search marketing; direct marketing using e-mail; promotion in social networks; viral marketing, etc. [8].

In particular, viral marketing is a technology for the distribution of advertising in a progression close to geometric, by using the recipients of information as its subsequent distributors. This technology, as a rule, involves a bright and unusual idea using a natural or confidential message. Due to the fact that most consumers have a low level of trust in advertising in general, and even more so coming from the manufacturer, the main principle of viral marketing is that the person receiving the informational message must be sure that it comes from the face of an uninterested person, for example, from a friend or stranger, but in no case affiliated with an advertising campaign. Promotion of viral content can be carried out using a variety of means and methods: the Internet (primarily social networks), video, photos, flash games, a call from a video (WOW-call), etc. [7].

It is quite obvious that for the use in foreign markets of such organizationally and technically complex marketing and digital technologies of mobile, viral and Internet marketing, as well as other previously mentioned promising technologies, significant financial, material, human, intellectual, information and other resources. At the same time, their widespread use is impossible without relying on the local population, authorities and public organizations, on specially trained foreign intermediaries (agents, dealers, brokers, distributors, etc.). And this can only be done by large corporations with significant resources, and with direct state support.[15]

The final stage, which verifies all the previous ones in strategic planning, is the process of implementing the adopted strategies and plans. For effective implementation, the process of operational management of their implementation is of particular importance. The main stages of the operational management of the implementation process in this case can be attributed to: organization of work on operational management; providing motivation and incentives for staff; accounting and control; analysis of the effectiveness of the implementation of strategies and plans; regulation of management processes and making corrections; operational management in emergency situations [8]. All this is quite true for the process of strategic planning for the entry of enterprises into foreign markets. However, in relation to international markets, the last of these stages is of particular importance.[15]

4. CONCLUSIONS

Thus, in the new economic reality, it is necessary to focus not only on import substitution within the country, but also to intensify the activities of domestic enterprises in foreign markets. In order to successfully enter promising international markets, a comprehensive strategic analysis of the international environment is required. On its basis, flexible and diverse strategies for foreign economic activity, an appropriate set of strategic planning documents of various hierarchical levels, should be developed. For the most strategically important issues, it is advisable to develop road maps that provide for a multivariate development of events. The marketing strategy will be the leading functional strategy when entering foreign markets. It should predetermine the most attractive consumer segments of the foreign market, the characteristics of the company's products for them, positioning relative to

competitors in the market, pricing policy, the organization of the sales system, the content of communication campaigns, etc. To conquer selected consumer segments of the foreign market, it is necessary to use the widest range of modern marketing and digital technologies, and above all, mobile marketing, Internet marketing, neuromarketing, celebrity marketing, etc. In order to ensure a quick response of management to the risks of instability and unforeseen events in the international environment, it is advisable to create a special enterprise management system in emergency conditions. As directions for further research on this issue, the following can be considered: the use of mathematical and simulation methods to justify the choice and evaluate the effectiveness of strategies for entering foreign markets; verification of road maps of the main options for the actions of companies abroad using computer technologies; forecasting situational risks in the activities of domestic enterprises in conditions of instability in international markets; substantiation of the possibility of expanding the range of digital technologies used to ensure the process of entering foreign markets and their subsequent development.

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