

**NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL  
SCIENCES OF UKRAINE**

**Faculty of Agricultural Management**

**Department of Administrative Management and Foreign Economic Activity**

**" RATIFY "**

Dean of the Faculty of Agricultural Management

\_\_\_\_\_ (Ostapchuk A.D.)

“ \_\_\_\_\_ ” \_\_\_\_\_ 2021

**"APPROVED"**

on meeting of department administrative  
management and foreign economic activity

Protocol № 16 from 26.05 2021

Head of Department

\_\_\_\_\_ (Lutsiak V.V.)

**"CONSIDERED"**

Guarantor \_\_\_\_\_

\_\_\_\_\_

**WORKING ACADEMIC PROGRAM**

**OF DISCIPLINE**

**" MARKETING OF FOREIGN ECONOMIC ACTIVITY "**

(Name of discipline)

Branch of Knowledge: 07 "Management and Administration"

Specialty: 073 "Management"

Faculty: agrarian management

Developers: Phd Associate Prof. Mishchenko I.A.

**KYIV 2021**

**1. Description of the course**  
**" MARKETING OF FOREIGN ECONOMIC ACTIVITY "**

(Name)

<b>Industry knowledge training direction, specialty, education level</b>		
Discipline	07 – Management and administration	
Specialty	073 "Management"	
Specialization	"Management"	
Educational and qualifying level	Bachelor	
<b>Description of the course</b>		
Option	Selective	
Total number of hours	___ 120 ___	
Number of ECTS credits	___ 4 ___	
Number semantic modules	___ 2 ___	
Course project (work) <small>(If available in your curriculum)</small>		
Form of control	Examination	
<b>Descriptions of the course for full-time and distance learning</b>		
	full-time education	
Semester	<u>6</u>	-
Lectures	30 hours.	-
Practical, seminars	30 hours.	-
Laboratory classes	- hours.	-
Independent self work	60 hours.	-
Number of week hours for full-time study:	hrs.	

## **2. The purpose and objectives of the course**

### **The purpose and objectives of the discipline:**

The second half of the twentieth and early twenty-first century are characterized by significant changes in the international economic relations that occur under the growing influence of international institutions and globalization of economic development. Increasing importance in the economy of most countries takes on international trade. Dependence of international trade on the macroeconomic situation in the world as a whole and in each country, particularly influences the activity of each exporting firm that determines the development of international business. This interrelation led to directing nearly 30% of investment in recent decades in developed countries for the production of products intended for export. A trend in major exporting companies to develop their products abroad. This firm has to make an effort to study and compare internal and external markets, taking a wide variety of marketing solutions.

The inclusion of Ukraine in the integration process is similar shift in the activities of national producers. This requires specialist training lies that versed in matters of international marketing that makes learning course "Marketing FEA" very important. Purpose of the discipline is shaping the students of theoretical skills in marketing FEA.

### ***The challenge of discipline are:***

- study of the nature and forms of international marketing research methods of economic, social, cultural, political and legal environment of international marketing activities;
- assimilation methodology of conducting international market research, global market segmentation and selection of target markets;
- study models the output of firms in foreign markets, the formation of an effective international marketing mix.

Competences	
<b>General Competences (GC)</b>	
GC № 3	Ability to abstract thinking, analysis and synthesis
GC № 4	Ability to apply knowledge in practical situations
GC № 6	Ability to communicate in a foreign language
GC № 9	Integrative skills: the ability to apply and integrate knowledge, skills and abilities and use them effectively in the context of rapid adaptation of organizations to the requirements of the external environment.
GC № 14	Ability to work in an international context.
<b>Professional competencies of the specialty (PCS)</b>	
PCS	Understanding of the basic features of modern world and national economy, their institutional structure, substantiation of directions of social, economic and foreign economic policy of the state
PCS	Ability to understand the conditions for the effectiveness of international segmentation, conducting international marketing research; apply methods of analysis of foreign markets, develop strategies for entering foreign markets.
PCS	Ability to generalize information, go beyond the problem, temporal and spatial boundaries, the ability to abstract from the current idea of the problem.

## **Themes of the discipline**

### **THEMATIC MODULE 1 NATURE OF INTERNATIONAL MARKETING: CHALLENGES AND OPPORTUNITIES**

#### **Theme 1. THE ESSENCE OF MARKETING OF FOREIGN ECONOMIC ACTIVITY**

Types of marketing: internal, international. Forms of international marketing: export, foreign trade, transnational, multiregional, global. The similarities and differences between domestic and international marketing. Subjects of International Marketing: multinational corporations, global companies, exporters, importers. The internationalization of the world economy and the new priorities of international marketing.

A study of international marketing should begin with an understanding of what marketing is and how it operates in an international context. A definition adopted by the AMA (American Marketing Association) is used as a basis for the definition of international marketing given here: international marketing is the multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives. Only the word multinational has been added. That word implies that marketing activities are undertaken in several countries and that such activities should somehow be coordinated across nations.

This definition is not completely free of limitations. By placing individual objectives at one end of the definition and organizational objectives at the other, the definition stresses a relationship between a consumer and an organization. In effect, it fails to do justice to the significance of business-to-business marketing, which involves a transaction between two organizations. In the world of international marketing, governments, quasigovernment agencies, and profit-seeking and non-profit entities are frequently buyers. Companies such as Boeing and Bechtel, for example, have nothing to do with consumer products. Likewise, Russia's export agency, Rosoboronexport, has adopted a Western-style marketing approach to sell arms for the country's 1700 defense plants. Its cheery sales representatives and giant TV screens show Russian jets and helicopters in action. In addition, Rosoboronexport offers competitive prices and will modify the products to suit its customers.

Nonetheless, the definition does offer several advantages by carefully describing the essential characteristics of international marketing. First, what is to be exchanged is not restricted to tangible products (goods) but may include concepts and services as well. When the United Nations promotes such concepts as birth control and breast-feeding, this should be viewed as international marketing.

#### **Theme 2. FOREIGN ECONOMIC MARKETING ENVIRONMENT**

The international economic environment. International trade. Indicators and processes that characterize the status and development of world trade. Features contemporary development of international trade. Balance of payments: analysis. The consequences of deficiency and excess payments.

Protectionism and trade restrictions. Neoproteksionizm. Methods and tools of international trade regulation at the national level. International investment activities. Foreign, foreign, international investment. Forms of international investment. The subjects and objects of international investment. Contract and investment form of international business. Factors of international investment. International organizations to stimulate global economic and monetary stability: structure, form work.

International economic integration: the nature, form, impact on the countries - participants of integration groupings.

Whenever a buyer and a seller come together, each expects to gain something from the other. The same expectation applies to nations that trade with each other. It is virtually impossible for a

country to be completely self-sufficient without incurring undue costs. Therefore, trade becomes a necessary activity, though, in some cases, trade does not always work to the advantage of the nations involved. Virtually all governments feel political pressure when they experience trade deficits. Too much emphasis is often placed on the negative effects of trade, even though it is questionable whether such perceived disadvantages are real or imaginary. The benefits of trade, in contrast, are not often stressed, nor are they well communicated to workers and consumers.

Why do nations trade? A nation trades because it expects to gain something from its trading partner. One may ask whether trade is like a zero-sum game, in the sense that one must lose so that another will gain. The answer is no, because, though one does not mind gaining benefits at someone else's expense, no one wants to engage in a transaction that includes a high risk of loss. For trade to take place, both nations must anticipate gain from it. In other words, trade is a positive-sum game. Trade is about "mutual gain."

In order to explain how gain is derived from trade, it is necessary to examine a country's production possibility curve. How absolute and relative advantages affect trade options is based on the trading partners' production possibility curves.

Factor Endowment Theory. The principles of absolute and relative advantage provide a primary basis for trade to occur, but the usefulness of these principles is limited by their assumptions. One basic assumption is that the advantage, whether absolute or relative, is determined solely by labor in terms of time and cost. Labor then determines comparative production costs and subsequent product prices for the same commodity. If labor is indeed the only factor of production or even a major determinant of product content, countries with high labor cost should be in serious trouble. An interesting fact is that Japan and Germany, in spite of their very high labor costs, have remained competitive and have performed well in trade. It thus suggests that absolute labor cost is only one of several competitive inputs that determine product value. It is misleading to analyze labor costs without also considering the quality of that labor. A country may have high labor cost on an absolute basis; yet this cost can be relatively low if productivity is high.

Countries with low wages tend to have low productivity. Any subsequent productivity gains usually result in higher wages and currency appreciation. Furthermore, the price of a product is not necessarily determined by the amount of labor it embodies, regardless of whether or not the efficiency of labor is an issue. Since product price is not determined by labor efficiency alone, other factors of production must be taken into consideration, including land and capital (i. e. , equipment).

### **Theme 3. SOCIO-CULTURAL ENVIRONMENT OF FOREIGN TRADE MARKETING**

International political and legal environment. Logical block diagram of the study of political and legal environment. Political forces that are investigated: the political climate, government, national sovereignty, national security, welfare, prestige, pressure groups (lobbies).

Possible action by the governments of the countries studied: informal intervention into business constraints such as "buy in their" non-tariff barriers, subsidies, conditions, condition of property, boycotts, confiscations. Relationship goals of the government of the country and the study of possible political action.

Methods for determining the level of political risk. Strategies for reducing political risk: to invest (contract) after investment (contract), internal (individual) action, external support. The matrix approach to the analysis of political and legal environment. Classification of potential partners in the degree of political instability and restrictions on business.

Often, politics and economics do not mix well. For a very long time, the USA imposed economic censure against Vietnam. While the economic sanction was achieving the desired goal of adversely affecting international investment and trade with Vietnam, Asian and European companies took advantage of the absence of American firms and entered the market. Vietnam is an attractive market – not only for its market size and natural resources, but also because of other economic reasons. Vietnam welcomes foreign investment in all economic sectors (except defense industries),

offers generous tax concessions and duty exemptions, allows 100 percent foreign ownership, imposes no minimum capital requirement, and promises the unrestricted repatriation of capital and profits. In addition, the political climate has greatly improved. The US government finally permitted American companies to enter the Vietnamese market in the mid-1990s. The economic interests of MNCs can differ widely from the economic interests of the countries in which these firms do business. A lack of convergent interests often exists between a company's home country and its various host countries. In the absence of mutual interests, political pressures can lead to political decisions, resulting in laws and proclamations that affect business. The example of the US steel industry's lobbying efforts provides an introduction to the political and legal dimensions of international business. Such efforts also show that political risks, thought to be largely uncontrollable, can nevertheless be reasonably managed. It is thus important to understand the role of political risk in international marketing and its impact on each of the four Ps of marketing.

This chapter examines the interrelationships among political, legal, and business decisions. The discussion will focus on how the political climate affects the investment climate. Among political topics covered are forms of government, indicators of political instability, and political risks. The chapter ends with the investigation of strategies used to manage political risks.

The political environment that MNCs face is a complex one because they must cope with the politics of more than one nation. That complexity forces MNCs to consider the three different types of political environment: foreign, domestic, and international. As in the case of the US steel industry, it has received a variety of subsidy and government protection for more than thirty years. George W. Bush continued the assistance by imposing quotas for three years, and politics may have played a role. The action should help Republican candidates in the steelproducing states. Bush was criticized for shunning free trade for the "pleasure of political opportunism."

The measures were like new taxes that would cost consumers of steel products \$8 billion. Although political and economic motives are two distinct components, they are often closely intertwined. A country may use economic sanctions to make a political statement. Likewise, a political action may be taken so as to enhance the country's economic prospects. It is also hardly uncommon for governments as well as companies to ignore politics for the purpose of economic interests. Even while the economic sanctions were in place, the USA was actually importing a large amount of oil from Iraq. While Taiwan and China are supposedly enemies that do not want to do business with one another, the truth of the matter is that there are some 50, 000 Taiwanese-owned factories in China.

#### **Theme 4. INTERNATIONAL POLITICAL AND LEGAL ENVIRONMENT FOR FOREIGN TRADE MARKETING**

The socio-cultural environment of international marketing. Definition and basic elements of culture. The constituent elements of the socio-cultural environment of international marketing. The impact of socio-cultural environment in Marketing of FEA: socio-cultural factors, cultural impulses, decision making by consumers, consumer behavior. Marketing description of the main elements of culture: language, religion, education, family I work and leisure, reference groups. Adapting to different cultures. Whether political interests precede or follow economic interests is debatable, but certainly the two are closely interrelated. A country or company may play politics in order to pursue its economic interests, but economic means may also be used to achieve political objectives. As in the case of the steel industry, President Bush imposed the tariffs in 2018, ranging from 8 percent to 30 percent, on foreign-made steel so as to give the domestic industry time to regroup to become more competitive. Even after the WTO's ruling that the tariffs violated global trade laws, Bush's political advisors did not want to remove the tariffs because it could harm his chance of winning re-election in such steel-making states as Pennsylvania, West Virginia, Ohio, Indiana, and Illinois.

Multiplicity of legal environments. Much like the political environment discussed in Chapter 4, there are a multiplicity of legal environments: domestic, foreign, and international. At their worst, laws can prohibit the marketing of a product altogether. To most businesspeople, laws act as an inconvenience. Club Med's policy of rotating its international staff every six months, for example, is

hampered by the US immigration law, which makes the process of rotation both time-consuming and costly.

There are many products that cannot be legally imported into most countries. Examples include counterfeit money, illicit drugs, pornographic materials, and espionage equipment. It is usually also illegal to import live animals and fresh fruit unless accompanied by the required certificates. Furthermore, many products have to be modified to conform to local laws before these products are allowed across the border. The modification may be quite technical from an engineering standpoint or only cosmetic, as in the case of certain packaging changes. A company's production strategy can also be affected by the legal environment. The USA bans the importation of the so-called Saturday night specials – cheap, short-barreled pistols – because they are often used in violent crime. Curiously, the gun control legislation does not prohibit the sale of such inexpensive weapons; only the import of such weapons is banned. As a result, Beretta, an Italian gun maker, is able to overcome the import ban by setting up a manufacturing operation in the state of Maryland. There is no international law per se that prescribes acceptable and legal behavior of international business enterprises. There are only national laws – often in conflict with one another, especially when national politics is involved. This complexity creates a special problem for those companies that do business in various countries, where different laws may demand contradictory actions. For example, Wal-Mart Canada, to comply with the demand of the US government, removed 10,000 pairs of Cuban-made pyjamas. Canada was not pleased and ordered the Canadian branch of Wal-Mart to put the pyjamas back on the shelves.

## **Theme 5. FOREIGN ECONOMIC MARKETING RESEARCH**

In addition to consumer interviews, Toyota's product teams attended a cocktail party at a Houston country club and learned that car owners preferred a distinctive grille that made the car more impressive when brought to the door by a valet. The teams also measured how close cars were parked to one another at the ballparks, leading the company to implement sliding doors instead of swing-open doors in its minivans. By observing that adults take their children along when shopping and return to the car with their arms full, Toyota realized the need to have an easy-to-open door mechanism that also opens the trunk. Toyota and its US subsidiaries often disagree on the design choices for the US market, and the disagreements range from major product-strategy decisions to minor ones such as interior color schemes. In the late 1990s, Toyota's Japanese product planners did not endorse the idea of their American counterparts to build a V8 pickup truck. As a result, the American executives took the Japanese colleagues to a Dallas Cowboys football game. To their surprise, the Japanese saw rows of full-size pickup trucks at the Texas Stadium parking lot. They quickly realized that, to many Americans, a pickup was more than just a commercial vehicle since it was considered to be primary transportation as well. Thus the successful Toyota Tundra was born.

Nature of marketing research. According to the American Marketing Association, marketing research involves the "systematic gathering, recording, and analyzing of data about problems relating to the marketing of goods and services." This definition provides a useful description of the nature of marketing research, but it fails to include preresearch analysis, which is an important aspect of the research process. Before data collection, careful planning is required to specify both the kind of information needed and the purpose of such information. Without preresearch activities, there is a great danger that critical information may not be obtained and that what is obtained may turn out to be irrelevant or unsuitable. The gathering of information can never be a substitute for good managerial judgment. A story told by the founder of Bata (the world's largest shoe company) illustrates this point. Two shoe salesmen from two companies visited the same island and came away with vastly different interpretations of people not wearing shoes there. One was returning home immediately because of a nonexistent marketing opportunity. The other salesman, however, was very enthusiastic since all these potential customers were still without shoes. The moral of the story is that marketing research is only one part of the equation, and proper analysis and judgmental decisions are required.

## **Theme 6. INFORMATION SUPPORT OF FOREIGN ECONOMIC MARKETING RESEARCH.**

Marketing Information Sources. Once a researcher has identified the marketing problem and has completed a preresearch analysis, the relevant information must be collected. The two major sources of information are primary data and secondary data. Primary data may be defined as information that is collected firsthand, generated by original research tailor-made to answer specific, current research questions. The major advantage of primary data is that the information is specific, relevant, and up-to-date. The desirability of primary data is, however, somewhat moderated by the high cost and amount of time associated with the collection of this type of data.

Secondary data, in contrast, may be defined as information that has already been collected for other purposes and is thus readily available. Note that the advantages of primary data are the disadvantages of secondary data, and that the advantages of secondary data become the disadvantages of primary data. As a rule, no research should be done without a search for secondary information first, and secondary data should be used whenever available and appropriate. To determine the suitability of the secondary data, a researcher should employ relevant criteria to evaluate the purpose, methodology, definitions of the concepts, and time period covered in the study yielding the secondary information. Transition economies, in particular, pose a special challenge in terms of data quality. Extreme caution should be used when interpreting the foreign trade statistics in the Baltics, Russia, and the other countries of the former Soviet Union. With the economic transformation, coupled with an elimination of the large foreign trade organizations that relied on one currency with an administratively established exchange rate, the methodology of collecting and recording data has changed markedly.

Another good source of information is a community's chamber of commerce. Being well informed on local business, this organization is capable of providing helpful advice. In addition to a chamber of commerce at the national level (e. g. , the US Chamber of Commerce), there are local chambers of commerce, which are often some of the best sources of information on trade and industry in specific localities. Larger organizations may publish classified buyers' guides, manufacturers' guides, or lists of international traders in their areas. Finally, foreign chambers of commerce are in a position to provide a great deal of relevant information about their countries because they act as public relations offices.

Concerning country information, Dun's Marketing Services offers Exporter's Encyclopaedia, which provides comprehensive country-by-country information for over 200 markets. Several large accounting firms also publish their own country-by-country books. Public sources. Public sources of market information are numerous. Foreign governments, their embassies and consulates, and trade promotion agencies either have the information desired or are in a position to guide the marketer to the proper source of information. Germany, for example, has the Society for Information and Documentation, which promotes development of information science and exchanges scientific and technical data with other countries. France's Center for Information and Documentation offers services similar to those provided by US information brokers. Furthermore, regional and international organizations, such as the World Bank, the OECD, and the IMF, routinely collect information on population and a nation's financial circumstances.

## **THEMATIC MODULE 2**

### **PRODUCT STRATEGIES: BASIC DECISIONS AND PRODUCT PLANNING**

#### **Theme 7. FOREIGN MARKET SEGMENTATION**

International market segment. International segmentation: purpose and conditions of optimality. Criteria for world market segmentation. Approaches to international segmentation: identification of groups of countries in demand for similar goods; identification of segments that exist in all or many countries; access with the same product to different segments in different countries. Segmentation methods in international marketing. Cluster approach to macrosegmentation in international marketing. Marketing strategies depending on the purpose of the foreign market. Comparative characteristics of approaches to the segmentation of the world market depending on the stage of internationalization of companies.

Free trade makes a great deal of sense theoretically because it increases efficiency and economic welfare for all involved nations and their citizens. South Korea's trade barriers, however, do not represent an isolated case. In practice, free trade is woefully ignored by virtually all countries. Despite the advantages, nations are inclined to discourage free trade. The National Trade Estimate Report on Foreign Trade Barriers (NTE), issued by the US Trade Representative, defines trade barriers as "government laws, regulations, policies, or practices that either protect domestic producers from foreign competition or artificially stimulate exports of particular domestic products." Restrictive business practices and government regulations designed to protect public health and national security are not considered as trade barriers. The report classifies the trade barriers into ten categories: (1) import policies (e. g. , tariffs, quotas, licensing, and customs barriers); (2) standards, testing, labeling, and certification; (3) government procurement; (4) export subsidies; (5) lack of intellectual property protection; (6) services barriers (e. g. , restrictions on the use of foreign data processing); (7) investment barriers; (8) anticompetitive practices with trade effects tolerated by foreign governments; (9) trade restrictions affecting electronic commerce (e. g. , discriminatory taxation), and (10) other barriers that encompass more than one category.

Keeping money at home Trade unions and protectionists often argue that international trade will lead to an outflow of money, making foreigners richer and local people poorer. This argument is based on the fallacy of regarding money as the sole indicator of wealth. Other assets, even products, may also be indicators of wealth. For instance, it does not make sense to say that a man is poor just because he does not have much cash on hand when he owns many valuable assets such as land and jewelry. In addition, this protectionist argument assumes that foreigners receive money without having to give something of value in return. Whether local consumers buy locally made or foreign products, they will have to have money to pay for such products. In either case, they receive something of value for their money.

Reducing unemployment. It is standard practice for trade unions and politicians to attack imports and international trade in the name of job protection. The argument is based on the assumption that import reduction will create more demand for local products and subsequently create more jobs. Most economists see this kind of thinking as one-sided, though not completely without merits. At the least, import reduction makes foreigners earn fewer dollars with which they can buy US exports. As a result, foreign demand for American products declines. In addition, foreign firms may refuse to invest in the USA. They are inclined to invest only when import demand is great enough to justify building and using local facilities. Another problem with protectionism is that it may lead to inflation. Instead of using protective relief to gain or regain market share and force competitive investment, local manufacturers often cannot resist the temptation to increase their prices for quick profits.

#### **Theme 8. MODELS AND STRATEGIES OF THE FIRM'S ENTRY INTO THE FOREIGN MARKET**

The dynamic nature of many overseas markets makes it impossible for a single method to work effectively in all markets. This chapter is devoted to a coverage of the various market entry strategies. Some of these techniques – such as exporting, licensing, and management contracts – are indirect in the sense that they require no investment overseas. Other techniques, however, require

varying degrees of foreign direct investment. These foreign direct investment methods range from joint venture to complete overseas manufacturing facilities, with such strategies as assembly operations, turnkey operations, and acquisitions falling somewhere in between. These strategies do not operate in sequence, and any one of them can be appropriate at any time. Further, the use of one strategy in one market does not rule out the use of the other strategies elsewhere. The methods vary in terms of risk accepted and, to a certain extent, the degree of commitment to the foreign market. Another purpose of this chapter is to discuss the advantages and disadvantages associated with each method of market penetration. Factors that have an impact on the appropriateness of entry methods are covered in order to provide guidelines for the selection of market entry strategies. The chapter ends with an examination of foreign trade zones, which may be used to complement most entry strategies.

Foreign Direct Investment (FDI). Economists usually advocate a free flow of capital across national borders because capital can then seek out the highest rate of return. Owners of capital can diversify their investment, while governments will be less able to pursue bad economic policies. In addition, a global integration of capital markets spreads best practices in corporate governance, accounting rules, and legal traditions. However, some critics point out that free capital flows are driven by speculative and short-term considerations. For some reason, one noticeable feature of FDI flows is that their share in total inflows is higher in countries where the quality of institutions is lower. In other words, a high share of FDI in a country's total capital inflows may reflect its institutions' weakness instead of its strengths. However, empirical evidence indicates that FDI benefits developing host countries.

One indisputable fact is that developed countries are both the largest recipients and sources of FDI. The phenomenon is dominated by the triad of the European Union, the USA, and Japan, accounting for 71 percent of inward flows and 82 percent of outward flows. Table 7.1 shows the ten FDI recipients as well as the ten largest sources. Table 7.2 shows inflows by region. Certain countries have managed to attract large amounts of FDI. In the case of Africa, to attract FDI, African countries have relied on their natural resources, locational advantages, and targeted policies. Above all, the countries that are successful in attracting FDI have certain traits: political and macroeconomic stability and structural. "Strong, pro-democracy political leadership that has embraced policies to overcome social and political strife and a firm commitment to economic reform are key factors linked with sizable FDI inflows. "

### **Theme 9. INTERNATIONAL MARKETING COMPLEX: FREIGHT POLICY**

Types of international marketing complex. Stages of its standardization. Goods on the world market. Export, pioneer, product of market novelty. International commodity policy. Concentric, horizontal, conglomerate - the main types of product policy in foreign markets. International product strategy. Types of strategies: immutability of the product, adaptation, new product. Types of international strategies. Type of product adaptation. Strategy of commodity standardization and differentiation. The main advantages and limitations of the strategy of modification of products supplied abroad. The main advantages and limitations of the strategy of standardization of products supplied abroad. International product life cycle and characteristics of its main stages: consistent, synchronous and avant-garde models of LF. International marketing policy for the release of new products. The process of developing a new product in international marketing and factors of its optimization. Linear and chain innovation systems.

All products need competent distribution. Unfortunately, the distribution of blood diamonds is relatively competent. In any case, any products, no matter how good they are, are unlikely to gain market acceptance without being made available at a time and place that are convenient to final users. The purpose of this chapter is to discuss the various channels of distribution that are responsible for moving products from manufacturers to consumers. Both international and domestic channels are examined. The chapter describes the varieties of intermediaries (i. e. , agents, wholesalers, and retailers) involved in moving products between as well as within countries. The tasks and functions of

the various intermediaries will be examined. It should be kept in mind that certain types of intermediaries do not exist in some countries and that the pattern of use as well as the importance of each type of intermediary varies widely from country to country.

A manufacturer is required to make several decisions that will affect its channel strategy, including the length, width, and number of distribution channels to be used. The chapter examines the various factors that influence these decisions. For an operation to be a success, a good relationship among channel members is vital. There is no one single distribution method that is always ideal in all markets. Thus this chapter examines channel adaptation.

### **Theme 10. PRICING POLICY AND TRADE FEATURES.**

Types of world prices. Characteristics of price situations depending on the degree of internationalization of the firm and pricing objectives. The sequence of marketing actions in international pricing: goal setting; formation of general policy; development of pricing strategy; implementation of pricing strategy and price adjustment.

Pricing factors and pricing strategies in international marketing. The main price targets. Price orientations on competition, costs, demand. The effect of "cannibalism". Long-term price targets and long-term price planning in international marketing.

Pricing policy of "breakthrough" and "removal of cream" when entering a foreign product with a new product. Pricing policy. Price differentiation policy and the complexity of its application in international marketing. Export prices and the specifics of their formation. The effect of price escalation in exports. Features of pricing policy by stages of MZHCCT.

TNC pricing policy and international transfer prices. The mechanism of their action, financial and strategic aspects.

### **Theme 11. FOREIGN ECONOMIC DISTRIBUTION CHANNELS.**

Direct and indirect selling channels. A manufacturer can sell directly to end users abroad, but this type of channel is generally not suitable or desirable for most consumer goods. In foreign markets, it is far more common for a product to go through several parties before reaching the final consumer. Companies use two principal channels of distribution when marketing abroad: (1) indirect selling, and (2) direct selling. Indirect selling, also known as the local or domestic channel, is employed when a manufacturer in the United Kingdom, for example, markets its product through another British firm that acts as the manufacturer's sales intermediary (or middleman). As such, the sales intermediary is just another local or domestic channel for the manufacturer because there are no dealings abroad with a foreign firm. By exporting through an independent local middleman, the manufacturer has no need to set up an international department. The middleman, acting as the manufacturer's external export organization, usually assumes responsibility for moving the product overseas. The intermediary may be a domestic agent if it does not take title to the goods, or it may be a domestic merchant if it does take title to the goods. There are several advantages to be gained by employing an indirect domestic channel. For example, the channel is simple and inexpensive. The manufacturer incurs no start-up cost for the channel and is relieved of the responsibility of physically moving the goods overseas. Because the intermediary very likely represents several clients who can help share distribution costs, the costs for moving the goods are further reduced.

An indirect channel does, however, have limitations. The manufacturer has been relieved of any immediate marketing costs but, in effect, has given up control over the marketing of its product to another firm. This situation may adversely affect the product's success in the future. If the chosen intermediary is not aggressive the manufacturer may become vulnerable, especially in cases where

competitors are careful about their distribution practices. Moreover, the indirect channel may not necessarily be permanent. Being in the business of handling products for profit, the intermediary can easily discontinue handling a manufacturer's product if there is no profit or if a competitive product offers a better profit potential. Export intermediaries' performance is a function of their possession of valuable, unique, and hard-to-imitate resources. Such resources reduce their client's transaction and agency costs.

Direct selling is not without its problems. It is a difficult channel to manage if the manufacturer is unfamiliar with the foreign market. Moreover, the channel is time consuming and expensive. Without a large volume of business, the manufacturer may find it too costly to maintain the channel. In the case of multinational corporations with foreign subsidiaries, cooperation can enhance performance of products across markets. Cooperative marketing operations between the headquarters and its foreign subsidiaries enhance performance of products in subsidiaries' markets. National culture in foreign markets moderates the effect of trust on relational behaviors. As a firm attempts to standardize its marketing programs, subsidiaries' acquiescence becomes increasingly important.

### **Topic 12. FOREIGN ECONOMIC MARKETING COMMUNICATIONS**

Even when a systematic attempt is made for cross-national comparisons, the methods used vary greatly. Some are nothing more than checklists consisting of a large number of relevant issues that are applicable to each country. Other systems rely on questionnaires sent to experts or local citizens in order to gauge the political mood. Such scoring systems, which permit numerical ratings of countries, have gained acceptance. Some institutions have turned to econometrics for this purpose. Marine Midland Bank, for example, uses econometrics to rate various countries in terms of economic risk. The method, however, is not perfect. To many small- and medium-sized firms, doing their own country-risk analyses is out of the question because of the cost, expertise, and resources required. However, there are some alternatives that can provide a useful assessment of political risk. One is to interview people who have some knowledge or experience with the countries of interest, including businesspeople, bankers, and government officials. Molex Inc. , a manufacturer of high-technology electrical products, has been able to protect itself by listening to international bankers, lawyers, and accounting firms. Another method is to rely on the advice of firms specializing in this area. Controlled Risks, a Washington area firm, advises about 400 US companies on the danger of doing business in seventy countries.

Another relatively simple method is based on LIBOR (London Interbank rate). LIBOR, relatively risk-free, is the interest rate charged for loans between banks. Nonbank borrowers, of course, have to pay a premium over LIBOR, with the premium (i. e. , the spread between the loan rate and LIBOR) indicating the extent of risk involved. A borrower from a country with a high risk of default must expect a high premium. The premium is thus a good indicator of risk because it reflects a lender's assessment of the country in terms of debt levels and payment records. Since all loans are not comparable, adjustment must be made for volume and maturity. Euromoney magazine has devised a formula to allow for this adjustment, and its formula to compute a country's spread index is the following: By simply examining the spread index of a particular country and comparing it with those of other countries, an investor can arrive at the conclusion of a degree of risk associated with the country of interest. One study examined the projections of The Economist, Political Risk Services (PRS), and BERI (Business Environment Risk Intelligence) against losses incurred in the 2010th. The PRS predictors, when decomposed, appeared to be the most reliable. On the other hand, BERI's projections were superior to The Economist's. One study examined eleven widely used measures of country risk across seventeen countries over nineteen years. According to the results, "commercial risk measures are very poor at predicting actual realized risks." Yet managers still continue to rely on ratings agencies. One reason is that the purchasing cost of this type of information is miniscule when compared to the amount of FDI to be committed. As assessment methods of political risks have become more sophisticated, there has been a shift from the earlier conceptual and qualitative approaches to those that are quantitative and derivative of applied research. There is a need, however, to integrate these two major kinds of approaches

### The program and structure of the course to:

Titles content modules and themes	Hours										
	Day form										
	Total	including									
		1	p	Lab.	ind	s.w.					
2	3	4	5	6	7						
<b>Content module 1. NATURE OF INTERNATIONAL MARKETING: CHALLENGES AND OPPORTUNITIES</b>											
T. 1. The essence of marketing of foreign economic activity	14	2	2			10					
T. 2. Foreign economic marketing environment	4	2	2								
T. 3. Socio-cultural environment of foreign trade marketing	18	4	4			10					
T. 4. International political and legal environment for foreign	4	2	2								
T. 5. Foreign economic marketing research	16	3	3			10					
T.6. Information support of foreign economic marketing research.	4	2	2								
<b>Total for module 1</b>	<b>60</b>	<b>15</b>	<b>15</b>			<b>30</b>					
<b>Content module 2. PRODUCT STRATEGIES: BASIC DECISIONS AND PRODUCT PLANNING</b>											
T. 7. Foreign market segmentation	14	2	2			10					
T. 8. Models and strategies of the firm's entry into the foreign market	4	2	2								
T. 9. International marketing complex: freight policy	18	4	4			10					
T. 10. Pricing policy and trade features.	4	2	2								
T.11. Foreign economic distribution channels	16	3	3			10					
T.12. Foreign economic marketing communications	4	2	2								
<b>Total for module 2</b>	<b>30</b>	<b>15</b>	<b>15</b>			<b>30</b>					
<b>Total hours</b>	<b>90</b>	<b>30</b>	<b>30</b>			<b>60</b>					

#### 4 - 5. Practices topics

Number c / o	Name of theme	Number hours
1	T.1. Trade theories and economic development	2
2	T.2. Trade distortions and marketing barriers	2
3	T.3. Legal environment	4
4	T.4. Calculation of exporting and importing prices	2
5	T.5. Promotion strategies: advertising	4
6	T.6. Pricing strategies: basic decisions	2
7	T.7. Pricing strategies: countertrade and terms of sale/payment	2
8	T.8. Sources of financing and international money markets	2
9	T. 9. International marketing complex: freight policy	2
10	T. 10. Pricing policy and trade features.	2
11	T. 11. Foreign economic distribution channels	2
12	T. 12. Foreign economic marketing communications	2
	Together	30

#### 6. Independent and self work

Number c / o	Name of theme	Number hours
1	T.1. Nature of international marketing: challenges and opportunities	8
2	T.2. Consumer behavior in the international context: psychological and social dimensions	7
3	T.3. Marketing research and information system	8
4	T.4. Foreign market entry strategies	7
5	T.5. Promotion strategies: advertising	8
6	T.6. Pricing strategies: basic decisions	7
7	T.7. Pricing strategies: countertrade and terms of sale/payment	8
8	T.8. Sources of financing and international money markets	7
	Together	60

**НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ БІОРЕСУРСІВ І ПРИРОДОКОРИСТУВАННЯ  
УКРАЇНИ**

<b>ОС Бакалавр напряму підготовки/ спеціальність Менеджмент</b>	<b>Кафедра</b> Адміністративного менеджменту та ЗЕД	<b>ЕКЗАМЕНАЦІЙНИЙ БІЛЕТ № 1</b>  з дисципліни  Маркетинг ЗЕД	<b>Затверджую</b> Зав. кафедри
	_____ навч. рік		

**Екзаменаційні запитання**

1. Explain (in the international context) how these product attributes affect product adoption: relative advantage, compatibility, trialability/divisibility, observability, complexity, and price?
2. Explain hot, moderate, and cold countries as classified by the country temperature gradient. What are the channel implications of this classification system?
3. The advertising on the trading company held from 11 to 18 April this year. The initial data are as follows:
  - The actual implementation of the goods to the promotional activities was 140 thousand UAH ;
  - The actual sale of goods in April amounted to 460 thousand. UAH .;
  - Trade allowance - 15%;
  - To carry out promotional activities consumed 2,65 thousand. UAH .;
  - Trading company has a single day off a week.
Determine the cost-effectiveness of promotional activities.

**Тестові завдання різних типів**

1. A study of consumer behavior should emphasize this particular perspective.
  - a) cultural
  - b) psychological
  - c) social
  - d) all of the above
2. The unit of analysis of this discipline is the group.
  - a) psychology
  - b) social psychology
  - c) sociology
  - d) group
3. The unit of analysis of this discipline is the individual.
  - a) psychology
  - b) sociology
  - c) anthropology
  - d) culture
4. The price motive is an example of a(n)
  - a) rational motive

- b) emotional motive
- c) subjective motive
- d) prestige motive

5. Which one of the following is not a psychological concept?

- a) motivation
- b) learning
- c) social class
- d) personality

6. According to the international product life cycle theory, a country that developed an innovation will eventually become

- a) a net importer
- b) a net exporter
- c) an absolute exporter
- d) a relative producer
- e) a monopolist

7. Innovations are most likely to be first introduced in

- a) least developed countries
- b) less developed countries
- c) growing economies
- d) highly developed countries

8. The innovating firm's sales and export volumes are kept stable in this stage of IPLC.

- a) overseas innovation
- b) maturity
- c) worldwide imitation
- d) reversal

9. Product standardization and comparative disadvantage are the characteristics of this stage of the international product life cycle theory.

- a) overseas innovation
- b) maturity
- c) worldwide imitation
- d) reversal

10. This product is least likely to conform to the phenomenon described in IPLC.

- a) typewriters
- b) semiconductors
- c) dishwashing machines
- d) leather goods

## 8. Methods of study

Teaching methods underlying the rate determined in the following areas:

- Improvement of the organizational process and organizational culture in modern labor unions;
- Transition to flexible organizational structures; communicative interaction and psychological technologies;
- The dependence of success on its ability to change;
- Recognition of the prominent role of man in the organization , the position , the activity of which largely determines the effectiveness of the organization ;
- Increasing social responsibility organizations.

## 9. Forms control.

Practical tasks, tasks, presentations, test control module, exam

**10. Distribution of Points that receive students.** Evaluation of the student is in accordance with the provisions of "On the examinations and tests NUBiP in Ukraine" . The protocol number from the table. 1.

<b>Rating National</b>	<b>Definition assessment YEKTS</b>	<b>Rating student scores</b>
<b>Perfectly</b>	<b>Excellent</b> - excellent performance with few errors	<b>90- 100</b>
<b>Good</b>	<b>Good</b> - generally correct work with a number of blunders	<b>74 - 89</b>
<b>Satisfactorily</b>	<b>Satisfactory</b> - not bad but many drawbacks	<b>64 – 73</b>
	<b>ENOUGH</b> - performance meets the minimum criteria	<b>60 - 63</b>
<b>Unsatisfactorily</b>	<b>Unsatisfactory</b> - must work before get credit (positive evaluation)	<b>35 – 59</b>
	<b>Poor</b> - thorough and elaborate	<b>01 – 34</b>

To determine the ranking of the student (listener) from mastering the discipline  $R_{\text{дис}}$  (100 points) received rating from certification (30 points) added to the ranking student (listener) for Academic  $R_{\text{НР}}$  (70 points):  $R_{\text{дис}} = R_{\text{НР}} + R_{\text{АТ}}$ .

## **11. Methodological Support Recommended**

1. International Marketing: Textbook. manual./edited by Yu.G. Kozak.-Kyiv, CUL, 2014 -294 p.
2. Rakhman MS International marketing: a textbook for students of economic specialties of higher education / MS Rakhman. - Kharkiv: VN Karazin KhNU, 2017. - 180 p.
3. International marketing: Training manual. - View. 3rd, reworked. and ext. - Dnepropetrovsk: State Higher Educational Institution "National Mining University", 2012. - 210 p.
4. International marketing. Textbook / Chebotar SI, Larina JS, Babicheva OI etc. / for ed. Chebotarya SI - Sumy: LLC "TD" Papyrus ", 2015. - 368 p.
5. Hollensen ensen, Svend. Global marketing / Svend Hollensen. - 7th ed. Pearson Prentice Hall, 2016.
6. Keegan, Warren J. Global marketing / Warren J. Keegan, Mark C. Green. - 8th ed. Pearson Prentice Hall, 2012.
6. Paliwoda, Stanley. International marketing / Stanley Paliwoda, Michael Thomas. - 3rd ed. Routledge, 2013.
8. Marketing of Foreign Economic Activities - Lectures / Galushko VP, Mishchenko IA - K: 2011. - 163 p.
9. Principles of International Trade and Payments, Briggs, Blackwells 2014
10. Strategic Marketing Communications, Smith P, Berry C & Pulford A. 2016
11. The Importer's Handbook, Butler J, Prentice Hall, 2014
12. Marketing of Foreign Economic Activities - Lectures / Galushko V.P., Mishchenko I.A. - K: 2015. - 163 p.

## **Additional Information Resources**

1. Official site of the Organization for Food and Social Affairs of the United Nations - [www.fao.org](http://www.fao.org)
2. Official site of the State Statistics Committee of Ukraine - [www.ukrstat.gov.ua](http://www.ukrstat.gov.ua)
3. Official site of the Ministry of Agrarian Policy - [www.minagro.gov.ua](http://www.minagro.gov.ua)
4. Internet portal of the Ministry of Economy of Ukraine - State support of the Ukrainian export - [www.ukrexport.gov.ua](http://www.ukrexport.gov.ua)
5. Website of the statistics of the International Organization for Economic Cooperation and Development - [www.stats.oecd.org](http://www.stats.oecd.org)
6. Website of the non-governmental organization "Association" Ukrainian Club of European Business "- [www.agribusiness.kiev.ua](http://www.agribusiness.kiev.ua)
7. Official site of the Ukrainian Association of Young Farmers - [www.uauf.org](http://www.uauf.org)
8. Information site of the Ukrainian magazine on agribusiness "Proposition" - [www.propozitsiua.com](http://www.propozitsiua.com)
9. Information site about dairy business in Ukraine and in the world - [www.milkua.info](http://www.milkua.info)
10. Information site "Agricultural Sector of Ukraine" - [www.agroua.net](http://www.agroua.net)
11. Information site of the company "PEPMACC Cepvic CIS" - [www.milk.cc](http://www.milk.cc)
12. Information site of the consulting company OOO "Infagro" - [www.infagro.com.ua](http://www.infagro.com.ua)
13. Website of the information agency LIGABusinessInform - [www.liga.net](http://www.liga.net)
14. Special Service of the Ministry of Industrial Policy of Ukraine - [industri.kmu.gov.ua](http://industri.kmu.gov.ua)