

SALES POLICY OF THE ENTERPRISE WHEN BRINGING NEW PRODUCTS TO FOREIGN MARKETS

ЗБУТОВА ПОЛІТИКА НА ПІДПРИЄМСТВІ ПРИ РЕАЛІЗАЦІЇ НОВОЇ ПРОДУКЦІЇ НА ЗОВНІШНІ РИНКИ

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The problems of choosing a way to enter world markets have begun to attract a lot of attention from both foreign and domestic authors for the past 50 years. The question of the correct choice of the way to enter the foreign market is of particular relevance, since the successful and effective work of the company abroad in modern conditions depends on this. In addition, when deciding how to enter the market, the company's task must involve factors that speak for or against the methods that will accompany the company when entering new sales markets. The article discusses the concept of sales policy and trading activities, and gives a general concept. The methods of a company entering the foreign market, their advantages and disadvantages are analyzed. The important stages of the company's sales policy are studied, namely: the analysis of special foreign markets and the development of a new product for sale, as well as a strategy for entering a new market.

Key words: sales policy, sales activities, models of entering foreign markets.

Проблема выбора способа выхода на мировые рынки в течение последних 50 лет начи-

нают привлекать большое внимание как зарубежных, так и отечественных авторов. Особую актуальность приобретает вопрос о правильном выборе способа выхода на зарубежный рынок, так как от этого зависит успешная и эффективная работа компании за рубежом в современных условиях. Кроме того, при принятии решения о способе выхода на рынок задача компании необходимо оценить соответствующие влияющие факторы, которые говорят за или против метода, что будет сопровождать компанию при выходе на новые рынки сбыта. В статье рассматривается понятие сбытовой политики и торговой деятельности и дается общее понятие. Анализируются способы выхода компании на зарубежный рынок, их преимущества и недостатки. Изучаются важные этапы сбытовой политики компании, а именно: анализ потенциальных зарубежных рынков и разработка нового продукта для продажи, а также стратегия выхода на новый рынок.
Ключевые слова: сбытовая политика, сбытовая деятельность, модели выходы на внешние рынки.

Проблемам вибору методу виходу на світові ринки останні 50 років приділялась значна увага як зарубіжними, так і вітчизняними авторами. Разом з цим посилюлась конкуренція як на ринку окремих країн, так і на загальносвітовому ринку, що вимагає від суб'єктів господарювання адекватної реакції. Крім того, закордонні ринки представляють нові можливості збуту продукції і стають все більш привабливими для підприємств. І щоб вижити в глобальній сутичці за панування на ринках, компанія повинна діяти сміливо і винахідливо при виборі методу вступу на зарубіжні ринки. Сьогодні для більшості ринків фізична і/або психологічна відстань між виробниками і кінцевими користувачем така, що ефективне узгодження попиту та пропозиції вимагає наявності посередників чи вкладання інвестицій. Необхідність збутової мережі обумовлена тим, що виробник нездатний прийняти на себе всі обов'язки і функції, що випливають з вимог вільного обміну відповідно до очікувань потенційних споживачів. Звернення до посередників означає для фірм втрату контролю над визначеними елементами процесу комерціалізації. Особливої актуальності набуває питання про правильний вибір методу виходу на зовнішній ринок, так як від цього залежить ведення вдалою, ефективної діяльності компанії на іноземній території в сучасних умовах. Крім того, при прийнятті рішення про метод вступу на ринок завдання компанії зводиться до оцінки релевантних факторів впливу, які говорять за або проти відповідного методу. Таким чином, компанії, які прагнуть на закордонні ринки товарів і послуг, повинні оцінити альтернативні методи виходу і вибрати найбільш привабливий з точки зору витрат шлях, який гарантує довгострокове перебування на цьому ринку. У статті розглянуто поняття збутова політика та збутова діяльність та приведені загальне поняття. Проаналізовано методи виходу підприємства на зовнішній ринок, їх переваги та недоліки. Досліджено важливі етапи збутової політики підприємства, а саме, аналіз потенційних зовнішніх ринків збуту та розробка товару-новинки для збуту, а також стратегія виходу на новий ринок.

Ключові слова: збутова політика, збутова діяльність, моделі виходу на зовнішні ринки.

Problem statement. Nowadays, an important condition for the development of enterprises is sales activities, manufactured products to foreign markets. Underestimation of the meaning of the interpretation of the economic category "sales" in theory leads to a misunderstanding of the importance of sales activities in the practice of economic entities. Understanding the models is an important step in developing a strategy for entering the foreign market.

Analysis of recent research and publications. We analyzed the works by such researchers as A. Godun, V. Sinyaeva, V. Vertogradov, P. Kotler, A. Lyapunov, V. Naumov, who were known for studying the definition of sales activity and sales policy.

Analyzing the works of economists, we can say that in the scientific literature there are different views

on the concept of "sales activities" and "sales policy". Some authors use these concepts and interpret them as synonyms, others point to the difference of categories. The academic economist V. Vertogradov identifies these concepts and defines sales activities as a set of actions performed from the moment when the product in the form, in which it will be used, comes to a commercial enterprise or end manufacturer, and to the moment when the consumer buys it.

Another point of view is held by foreign scientist P. Kotler, who believes that sales activities in a market-oriented environment is one of the functions of marketing [2].

The goal of the research. The goals of the article are to define the concepts "sales activity" and "sales policy", to explore existing methods of entering the

international market, to understand their pros and cons and to show the main criteria by which the firm chooses a method.

In accordance with the above goals, the following main tasks are set in the work:

- to describe the existing methods of entering foreign markets, to give the advantages and disadvantages of each of them;
- to consider the factors influencing the choice of method of entry of the enterprise into the foreign market;
- to show by example the practical implementation of companies' choice of methods of entering foreign markets in terms of the evolution of global marketing strategy.

Presentation of the main material of the study. The concept of "sales" can be considered from several positions, so, in a broad sense, sales means the process of movement of goods, which begins with the transfer of goods from the production building and ends with the transfer of goods to the end consumer. In the narrow sense, sales mean the process of selling products, namely the process of communication between seller and buyer. The concept of "sales", often and in most cases erroneously, means normal sales.

However, sales are a broader concept as opposed to the usual sale and sale of goods. Sales is integral and one of the most important elements of the marketing system in the enterprise, it should be noted that the effectiveness of the organization as a whole depends on the effectiveness of its sales policy. The concept and content of sales policy of enterprises in different areas of activity, as well as different sizes and specifics of operation may differ significantly [2].

The sales activity of the enterprise is characterized as the process of ensuring the sale of its products through the channels of movement of goods in the amount, in which it was set by the contract for the supply of products.

To understand the sales activities of the enterprise it is necessary to understand the concept, different

authors understand the concept differently (Table 1).

After analyzing the concepts of "sales policy" and "sales activities", it is necessary to conclude that the essence of sales policy is to organize the smooth sale of products by enterprises, as well as ensuring the availability of the product to return the investment in production and marketing, and profit.

The sales network can be defined as a structure formed by partners involved in the process of competitive exchange, in order to provide products and services to individual consumers or industrial users. These partners are manufacturers, intermediaries and end buyers. Any sales channel performs a certain set of functions required for the exchange [1].

To bring new products to foreign markets, it is necessary to go through the following stages:

1. Assessment of own capacity
2. Study of potential markets
3. Evaluation of the product for compliance with market requirements
4. Determining the price
5. Identification of export sales channels and search for partners
6. Negotiations and conclusion of a preliminary agreement
7. Invasion
8. The choice of transport
9. Choice of incoterms
10. Insurance
11. Signing a contract and approval by a lawyer
12. Obtaining the necessary documents for export
13. Product promotion in a new market.

We believe that the most important of these stages are the analysis of potential foreign markets and the development of new products for sale and the strategy of entering a new market.

To sell goods on a new foreign market, first of all it is necessary to analyze potential foreign markets and their comparability with the national market. At this stage, the company's strategy for exporting products is being developed, which will be further included

Table 1

The main approaches to understanding the concept of "sales activities" and "sales policy" in different authors

Author	Definition
A. Godin	Sales policy is one of the elements of the overall strategy of enterprise development, including the main ways and methods of movement of goods.
V. Sinyaeva	Sales activity is a commercial activity based on the sales policy adopted at the enterprise.
V. Vertogradov	Sales activity is a set of strategic decisions in the field of sales. However, at the same time, the scientist emphasizes that sales activity and sales strategy are different things, because sales are a set of successive actions in relation to a particular buyer.
P. Kotler	Sales activity means purposeful activity, principles and methods of implementation, which are designed to organize the movement of goods to the end consumer.
A. Lyapunov	Sales activity is the activity of the enterprise on delivery of the goods from the manufacturer to consumers.
V. Naumov	Sales activity means the system of relations in the field of commodity-money exchange between economically and legally independent market participants with commercial interests.

Source: [3; 6; 7; 8; 9]

in the medium-term and long-term development programs of the organization.

The main objects of analysis and study of international markets for comparison are the following:

- 1) market macro-environment (demographic, economic, political, etc.);
- 2) requirements of the foreign market to the consumer properties of the goods;
- 3) the level of competitiveness of products;
- 4) factors of attractiveness of the foreign market (economic, technological, etc.);
- 5) the capacity of the foreign market, the nature and elasticity of demand;
- 6) the level of world prices and trends;
- 7) development of new products on the market;
- 8) the degree and nature of market competition;
- 9) forms of work in the foreign market, intermediary agreements, trade, etc.

After clearly determining which countries from the initial list the domestic producer prefers to conduct foreign trade cooperation with, it is necessary to study the circumstances of the foreign partner's market, the subtleties of legislative regulation of the industry, including the product registration process, certification requirements and other barriers to exit to the market from the standpoint of comparability with the state of the national market.

Now that we understand what it means to analyze a potential market, we need to understand the work of developing a new product.

Development of new products on the market is an important area of marketing. The scheme under which this event is carried out provides a detailed description of the elements of marketing, which is of particular importance.

How development is carried out: the general algorithm

Traditionally, the process consists of several stages:

- Generation of ideas – search for optimal solutions of the production process and the choice of innovative technologies.
- Creating a concept of product promotion, this is facilitated by the selection of design, color, material and development of packaging elements.
- Data analysis, which includes evaluation decisions in terms of adequacy and compliance of the product with general market criteria.
- Product development includes a set of technological solutions and processes that take place within a particular enterprise, aimed at creating a high quality product.
- Testing in laboratory and other closed conditions – first before launch, and then the study of the “behavior” of the product under sale.
- Implementation – a set of measures within the sales policy. This measure aims to extract maximum profits from turnover by increasing sales.

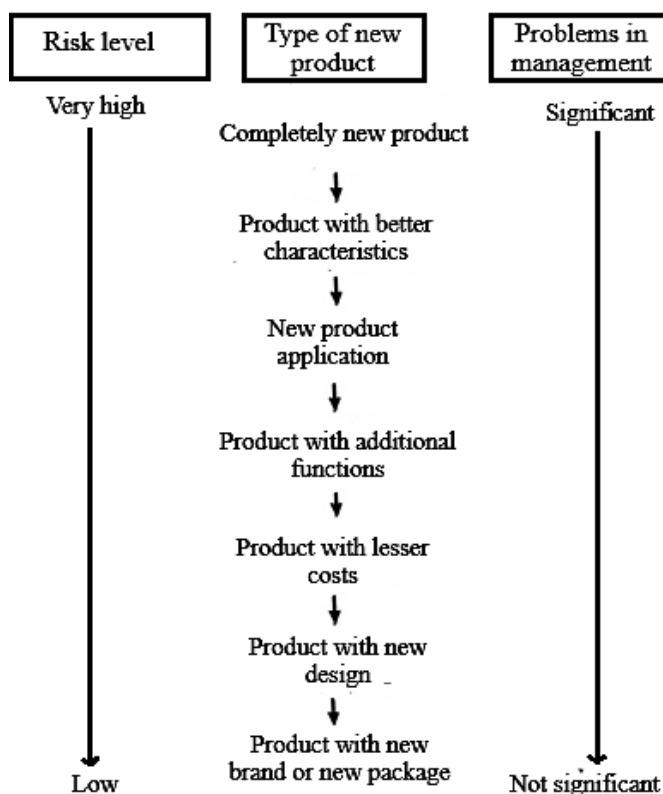


Figure 1. Product novelty levels [2]

This sequence is general and does not take into account the individual characteristics of goods.

There are several levels of product novelty: from a completely new product to a product with a new brand or packaging (Figure 1).

Figure 1. shows that the development of a completely new product causes significant management problems and is associated with high risk.

After the development of the product, it is necessary to develop a concept of foreign market development and sales. As you know, in international marketing there are several ways to enter certain markets in different countries. The choice of what way to use is based on the results. The direction of development of international sales policy is to determine the most appropriate ratio of funds and areas needed to ensure maximum efficiency of the company's entry into the foreign market.

There are five key models that companies use to market their products:

- 1) Indirect export / trademark;
- 2) Subsidiary;
- 3) Partnership / joint venture;
- 4) Licensing / franchise;
- 5) Investment in finished production.

Consider the advantages and disadvantages of different models.

Conclusions. Ukrainian companies supply a significant range of product items abroad. These products can have both short and long technological

Table 2

Advantages and disadvantages of different models

Model	Reason to choose	Advantages	Disadvantages
Indirect exports/ trademark	<ol style="list-style-type: none"> 1. Lack of financial resources. 2. Lack of own brand / resources to promote it in the target market. 3. Relatively small production volumes. 	<ol style="list-style-type: none"> 1. Low cost of developing a new market. The exporting company, in fact, pays only for the certification of its products and bringing it in line with the standards of the target market. 2. Given the high quality of products, it is easy to find a partner. 	<ol style="list-style-type: none"> 1. Lower profit margin compared to direct exports through a partner or subsidiary. 2. Lack of control over the strategy of promotion and sale of products. 3. Lack of own brand. The company remains "unrecognizable" in the target market.
Subsidiary	<ol style="list-style-type: none"> 1. Availability of sufficient financial resources. 2. Large volume of the target market. 3. High sales potential of products of a specific segment. 4. Favorable investment climate in the country, lack of regulatory barriers for foreign companies. 	<ol style="list-style-type: none"> 1. Full control over all stages of production, export, promotion, sale of products. 2. Effective and long-term presence in the target market. 3. Additional opportunities to develop markets with similar requirements. 	<ol style="list-style-type: none"> 1. High cost and duration of the process of creating a subsidiary. 2. With relatively low sales, investment in a subsidiary will pay off in the long run.
Partnership / joint venture	<ol style="list-style-type: none"> 1. The presence of restrictions on imports in the target country. 2. Political risks. 3. High sales potential. 4. Unfavorable investment climate and regulatory policy. 	<ol style="list-style-type: none"> 1. Allows to overcome existing political, regulatory, cultural barriers. 2. High probability of long-term relationship with a partner. 3. Allows you to combine resources and connections of several companies / contractors. 	<ol style="list-style-type: none"> 1. There may be problems in controlling product promotion and sales strategies. 2. Requires a significant amount of investment. 3. Risks of managerial conflicts increase. In the event of a change in market conditions, the partner may become a competitor.
Licensing/ franchise	<ol style="list-style-type: none"> 1. The presence of investment and import barriers. 2. Low sales potential in the target market. 3. Great cultural differences. 	<ol style="list-style-type: none"> 1. Minimal investment and risks. 2. High speed of entering the target market. 3. A good opportunity to bypass existing trade, investment and regulatory barriers. 4. High ROI. 5. The adaptation of your product or brand is carried out by the counterparty in the country, you only have to control this process. 	<ol style="list-style-type: none"> 1. Suitable for all types of companies. 2. The buyer of the license / franchise may eventually become a competitor. 3. Limited license / franchise. 4. There is always a risk of termination / non-renewal of the contract.
Investment in finished production	<ol style="list-style-type: none"> 1. The presence of barriers to imports. 2. High sales potential. 3. Favorable investment climate. 4. Low political risks, stable state institutions. 5. The company has sufficient financial and other resources. 	<ol style="list-style-type: none"> 1. Complete control over the production, promotion and sale of products in the target market. 2. High efficiency of understanding the peculiarities of the functioning of the target and similar markets. 3. Ability to circumvent existing barriers to imports. 	<ol style="list-style-type: none"> 1. In case of lack of experience, significant problems may arise with the management of foreign assets. 2. Necessary infusion of significant resources, including finances and time. 3. High risk of losing investment due to ignorance of the local market and business environment.

Source: [11]

period of production and operation. In some cases, the overall competitiveness of products is influenced by factors specific to a particular sector of the economy. For example, the peculiarities of production, the need to supply specific consumables, systemic service, the availability of sales network, and so on. The practice of cooperation of firms to create or share sales or maintenance networks is related to this. In some cases, a firm that does not have access to sales or maintenance network

is unable to acquire a stable clientele for its products.

Thus, entering a foreign market is a complex process consisting of various stages, including the creation of a competitive product, selection of the country and marketing research, search for a contractor, development of sales policy and more. Today, all these functions fall on the departments of foreign economic activity and marketing departments of enterprises. Problems that arise at any of the

above stages can lead to the refusal of the company to enter a foreign market. In this regard, it is especially important to have a clear scientifically sound process of entering the foreign market, with a competent distribution of functions and powers between the various structural units of the enterprise.

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