



Study of the Export Possibilities from the EU to the RF



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Abstract

The article gives results from descriptive behavioral field marketing research about possibilities of export from EU, especially from the Czech Republic, on the market of Russian Federation [1]. The research had focus on a Case Study for launching a new product on a new market by marketing rules. Because of insufficient number of obtained data presented results are indicative only. The field research was realized by marketing educated persons, and all analysis was under marketing rules also. For counting of the results were used simple statistical/mathematical methods under marketing principles. Presented conclusions highlight the most important counted results, including misunderstandings, and some interesting results which were counted but aren't presented numerically in the matrices.

Introduction

The following text uses data obtained from the case studies of specific existing companies and it takes into account the theoretical possibilities of exporting some of their products on the market of Russian Federation. The assignment of the case study was that the respondents had to find any existing company in the EU, with a preference for Czech companies, select one of its existing products, which must not be present on the RF market, and according to the marketing rules, to make a theoretical case study of the launch of given product on the Russian market. This choice was dependent on the respondents' decisions, i.e., a condition that meets the requirements for random selection. The study in question had a fixed outline according to marketing principles for dealing with such projects – launching a new product on a new market [2].

People with both an economics and a marketing background participated in these case studies. A total of 20 respondents on both sides participated in the project. The presented study meets the criteria of descriptive behavioral research only. At the same time, given that the number of respondents did not meet the required number to obtain statistically significant results, the presented results of the mathematical processing of the received data can only be taken as indicative. However, the results obtained from the case studies captured the underlying marketing characteristics on both business sides involved, and realized evaluation can be seen as a credible view of the situation at the time of the survey. However, these are the results of a survey conducted in 2021, a year affected by the "Covid" crisis but before the war in Ukraine.

Theses Statement

Because of huge differences between properties of European and Russian markets on one hand and previous intensive trade between both markets on the second hand, and known present trade barriers, there was an interest to make field research of the real present conditions and possibilities for export from EU into market of RF. This research has a form of a Case Study strictly by marketing rules and principles. From this reason there was given fixed structure for realization of it.

The outline of the case study was as follows: Marketing definition of the selected company. Definition of the selected product. SWOT analysis of the company. Definition of marketing priorities for the company. Analysis of the near and distant marketing environment. Basic marketing definition of a potential customer in the RF market for the selected product. Definition of trade barriers between the EU and the RF for the specific selected product. Definition of the distribution pathway and the sales strategy. Risk analysis of project implementation. Basic parameters for pricing the selected product. Basic design of marketing communication. Estimated time of project implementation, estimated cost of product launch, and estimated profitability of the project. There were expected that the most important role will play the trade barriers and transport conditions. Nevertheless, the rest of possible expected future results belonged to a category "unknown".

Methods used

Respondents were volunteers (students) from the University of Finance and Administration (VSFS), Prague, Czech Republic and from the National Research University – School of International Regional Studies (HSE University), Moscow, Russian Federation.

Condition was that participating respondents had to have finished economical and marketing education. Each from them received syllabus with chapters described above. Simultaneously respondents received a lecture how to realize given field marketing research. During its realization there were periodical consultations focused on certain finished part of this project, and with explanation of obtained and future information/data. Chosen existing company and chosen product for potential export was at will each respondent. Only condition was this exact chosen product has not been present on the Russian market yet.

Each respondent presented a case study made by marketing rules, all of them with the same structure, but for different existing company and a different potential existing product. Each case study had outputs in the form of a textual description or some marketing definition. These outputs first needed to be converted into numbers so that they could be worked with mathematically and analytically. In a plan for processing of received hard field data there was to use methods of statistical/mathematical analysis and methods of the Weight/Value/Impact marketing method. Due to the small number of respondents, the originally planned processing methods were changed.

This was done by dividing the textual descriptions into categories according to the assignments of the individual chapters of the case study. This was done either by their occurrence or

by the marketing definitions for the category used. Factors were determined for each of the categories examined and further calculations were then carried out with these factors. The values in each category were assigned to a defined factor, summed and divided by the number of their occurrences. This gave an average value for the factor. An exception to the described method was the evaluation of the SWOT analysis, where each factor’s Value was defined by correspondence to the direct economic impact on the outcome and the Weight was calculated by percentage from the previous basic calculations. The marketing resulting Impact is then the product of multiplication two numbers together.

The results of the study presented below also include conclusions that could not be mathematically processed by any of the above procedures, but the results obtained can nevertheless be considered important. These will be freely interpreted and commented in the conclusions of this text.

Results

The main activity of the company selected by the respondents has been evaluated. Table 1 shows the results. The basic evaluation of the marketing priorities of the selected companies in relation to export to the RF, focusing on the selected product, is presented in Table 2. The results of the evaluation of the importance of the near and distant marketing environment are presented in Table 3. An assessment of the “trade barriers” is then presented in Table 4. Interesting results emerged from the assessment of the basic pricing assumptions. These are shown in Table 5. Even more surprising were the results of the evaluation for marketing communication. These are shown in Table 6. The calculated results of the SWOT analysis of the selected companies are presented in Table 7.

Table 1: The main activity of the company selected by the respondents has been evaluated.

Main Activity	Catering	Cosmetics/Hygiene	IT	Other
%	28	28	16	28

Table 2: The basic evaluation of the marketing priorities of the selected companies in relation to export to the RF, focusing on the selected product.

Marketing Priorities				
Mission	Trade	Health	Service	
%	17	66	17	
Visions	Natural materials	Brand name	Efficiency	Customer
%	34	16	34	16
Strategic objectives	Competition	Quality	New market	Positions
%	51	17	17	15
Specific objectives	Services	Improve trade	Brand name	
%	34	48	18	

Table 3: The results of the evaluation of the importance of the near and distant marketing environment.

Marketing Environment						
Near	Suppliers	Cooperation	Competition	Customers		
%	42	17	33	8		
Remote	Laws	Control	Cooperation	License	Custom	Currency
%	38	16	7	16	16	7

Table 4: An assessment of the “trade barriers”.

Trade barriers	Interventions	Laws	Custom	Standards	Regulatory	Goods/Applications	Transport and Other
%	11	17	11	17	17	11	16

Table 5: Interesting results emerged from the assessment of the basic pricing assumptions.

Pricing						
Pricing objective	Profit	Profit Maximisation	Market Share	Increase in Turnover	Return on Investment	Quality
%	33	0	33	17	17	0
Pricing Strategy	Market penetration	Cream Collecting	Low prices	Advantages	Profit Maximisation	
%	17	0	0	83	0	
Pricing instruments	Payment terms	Delivery terms	Discount	Advantage		
%	18	18	28	36		

Table 6: The results of the evaluation for marketing communication.

Marketing Communication							
Style	Humour	Sex	Emotions	Warning	Personality	Informative	Scientific
%	6	0	18	12	18	34	12
Communication tools	Advertising	Personal selling	Demonstration	PR	“Direct marketing”	Sponsorship	“New media”
%	21	8	14	21	8	20	8
Media	“New media”	Soc. Networks	Press	TV	Radio	Billboards/banners	Custom items
%	22	22	8	12	12	20	4

Table 7: The calculated results of the SWOT analysis of the selected companies.

Swot	Impact					Total
Internal advantages	0.51	1.7	0.68	0.12	0.48	3.49
Internal disadvantages	0.48	1.7	1.36	0.32		3.86
External advantages	2,1	0.84	0.3	0.15		3.39
External disadvantages	1,4	2.32	0.28			4

Table 8: The results of the individual impact assessment on the RF market, in terms of the imports considered.

Market	
Parameter	value
customers	12
suppliers	29
competition	47
positions	22
brand name	17

Table 9: An assessment of the expected impact of external factors such as laws, regulatory measures, market influences, etc.

External Influences – global/legal etc.	
	average
positive influence	25*
negative influence	21

Table 10: The result of the evaluation of the effect of external factors.

Internet 30 %	
EXTERNAL INFLUENCES – global/legal etc.	
	average
positive influence	21
negative influence	21

The results of the individual impact assessment on the RF market, in terms of the imports considered, are presented in Table 8. An assessment of the expected impact of external factors such as laws, regulatory measures, market influences, etc. is presented in Table 9. The mathematical result of these external factors was higher than expected. Therefore, the area was analyzed in more depth and it was found that the higher values for positive external factors are due to the use of the Internet and its tools. If the effect of these instruments is subtracted, the result of the evaluation of the effect of external factors would be as shown in Table 10. In the total, there were three times more results obtained and calculated, as is shown in this paper. The results presented above have important implications for the conclusions of this paper, but some of the sub-conclusions below will be based on results not presented here.

Conclusion

Marketing communication conducted with the help of Internet tools plays the most important role in building a brand name, launching new products, building business channels, etc. This conclusion is supported by the results in Tables 9 & 10. If there weren't Internet tools, external factors would have had as much positive impact on new business as negative. Although the long-term (over decades) trend in the developed world has been for manufacturing capacity to be transferred to countries where it is the most profitable, with the services sector growing in importance in the parent countries, Table 1 ranks them only

on the 3rd position. In subsequent interviews with respondents, it was found that their choice of company and product was not only influenced by access to information, but also by other factors. The “Covid” crisis had an important impact. On the one hand, it has greatly increased the population’s interest in health, on the other hand, it has reduced global transport conditions to such an extent that countries are returning to supporting local industry.

However, the results presented in Table 2 can be judged as a confusion. It is clear from these results that companies are not sure about what they want to achieve and what their priorities are. They don't even realize the economic impact that the various sub-marketing priorities have on their business. From Table 3, it is quite obvious that the biggest influence for building and developing any trade, export, import activity are legal measures. But there has been a significant shift in those. Previously, they were dominated by the protection of a particular market. Today, due to global factors, market protection is being eroded, but the function of targeted profit for the economically powerful or influential is growing even more by legal measures. These conclusions are supported by the results presented in Table 4. Inconsistent results were obtained from the evaluation according to Table 5. If the objective of pricing is market share, then the penetration strategy corresponds to this when launching a new product. Conversely, if the objective of pricing is profit, then a “cream collecting” strategy usually corresponds to it. But if means such as discount or an advantage are used as pricing instruments, they reduce the profit rate. So they go against the goal, which is profit. Moreover, it is

known that there are higher costs in launching a new product on a new market than in maintaining the product on the market.

It is also interesting to note how little attention companies pay in the initial study to the ROI of a new product launch project. Instead, they are focused on profit. These results only support the conclusions on Table 2. Namely, the level of marketing work is low and there is no understanding of the basic interdependencies of individual activities and economic influences. It is clear from Table 6 that there is no understanding of the effectiveness of marketing communication in relation to the product. The informative style is one of the least effective and it is only suitable for a limited group of products. These could be some hygiene and medical products, but it is possible to use for greatly narrow the target group of potential customers.

The results of the SWOT analysis showed that in both internal and external factors the companies were at a disadvantage, with the highest impact of the companies in the external disadvantage factors. It is therefore important for the companies studied, if they wish to succeed, to be aware of their shortcomings and also to find ways to deal with them. Table 8 shows that the Russian market is a highly competitive environment. And at the same time, local suppliers are important for the products that the studies worked with. However, it is interesting how little importance customers play, although most of the products were targeted at end users in the population. Tables 9 & 10 are interlinked. According to the results presented in Table 9, it would appear that the influence of positive external factors, especially multinational factors, for the

entry of EU products into the RF market is predominant. However, since the Internet tools were included in the positive influence, when they were excluded and recalculation was performed (Table 10), the positive and negative effects on the projected business turned out to be equal. So, this is a situation where it is really up to the company how it deals with those.

A few interesting points can be made from other calculated results not presented here. For the target customers in the RF market, for different specific products, behavior "reducing mismatch" is assumed as a buying behavior, at 58%. 50% of the products studied are expected to be sold using Internet tools. This is also linked to the distribution pathway provided by transport services (83%). The profitability of the projects ranged quite evenly from 30% to more than 70%. It follows that the RF market is attractive for export from the EU, however, given the high competition, costly trade barriers, it is necessary to consider and calculate well which product to choose, what distribution way, and what marketing communication to use.

References

1. The whole article is original authors work, planned, designed, realized, and counted by him. Raw data used in this work were obtained from field marketing research.
2. Kotler Philip & Keller Kevin (2012) For planning and evaluation were used marketing principles and methods. Marketing Management, 14th Edition, ISBN 978-0-13-210292-7, Pearson Education Inc., London, United Kingdom.



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