

**THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN**

**AZERBAIJAN STATE UNIVERSITY OF ECONOMICS**

**INTERNATIONAL GRADUATE AND DOCTORATE CENTER**

**MASTER DISSERTATION**

**ON THE TOPIC**

**“Development levels of marketing in international trade”**

**Javad Mammadov Telman**

**BAKU – 2021**

**THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN**

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**MASTER DISSERTATION**

**ON THE TOPIC**

**“Development levels of marketing in international trade”**

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## **Elm andı**

Mən, Cavad Məmmədov Telman oğlu, and i ir m ki, “Development levels of marketing in international trade” m vzusunda magistr dissertasiyasını elmi  xlaq normalarına v  istinad qaydalarına tam riay t etm kl  v  istifad  etdiyim b t n m nb ləri  d biyyat siyahısında  ks etdirm kl  yazmı am.

# BEYNƏLXALQ TİCARƏTDƏ MARKETİNQİN İNKİŞAF SƏVİYYƏLƏRİ

## XÜLASƏ

**Tədqiqatın aktualığı:** XXI əsrdə iqtisadi inkişafın təməlinə duran əsas proseslərdən biri beynəlxalq ticarətdir. Beynəlxalq ticarət dövriyyəsi, bir ölkənin ixrac və idxal dəyərlərinin cəmidir. Beynəlxalq ticarətin dəyəri müəyyən bir dövr üçün mövcud məzənnələrdən istifadə edərək cari qiymətlərlə hesablanır. Beynəlxalq ticarətin fiziki həcmi sabit qiymətlərlə hesablanır və lazımi müqayisələr aparmağa və xarici ticarətin real dinamikasını müəyyən etməyə imkan verir. Buradan belə çıxır ki, beynəlxalq ticarətdə marketinqin inkişaf səviyyəsi olduqca vacibdir. Hazırda bu mövzu dünyada olduğu kimi, ölkəmizdə də çox vacibdir. Mövzunu müasir yanaşmalarla daha dərinlən öyrənmək tələfimizdən olduqca vacib hesab olunur.

**Tədqiqatın məqsədi:** Dissertasiyanın əsas məqsədi beynəlxalq ticarətdə marketinqin inkişaf səviyyəsinə dair nəzəri və metodoloji müddəaları və praktik tövsiyələri hazırlamaqdır.

**İstifadə olunmuş tədqiqat metodları:** Tədqiqat prosesində statistik analiz, qruplaşdırma və müqayisə, elmi tədqiqat, məntiqi və elmi ümumiləşdirmə metodlarından istifadə edilmişdir.

**Tədqiqatın informasiya bazası:** Yerli və xarici iqtisadçıların beynəlxalq ticarətdə marketinqin inkişaf səviyyəsi ilə bağlı nəzəriyyə və praktika problemləri üzərində işləri təşkil etmişdir.

**Tədqiqatın məhdudiyyətləri:** Dissertasiyanın məhdudluğu bu mövzuda kifayət qədər ədəbiyyatın olmamasıdır.

**Tədqiqatın elmi yeniliyi və praktiki nəticələri:** Müasir yanaşmalardan istifadə edərək beynəlxalq ticarətdə marketinqin inkişaf səviyyəsi, beynəlxalq ticarətin mövcud vəziyyəti və inkişafında marketinqin rolu öyrənilir.

**Nəticələrin istifadə oluna biləcəyi sahələr:** Tədqiqatın əsas müddəaları beynəlxalq ticarətdə marketinqin inkişafı ilə dünya iqtisadiyyatının inkişafı və böyüməsi üçün uzunmüddətli bir strategiya hazırlamaq və həyata keçirmək üçün istifadə edilə bilər.

*Açar sözlər: beynəlxalq ticarət, marketinq, iqtisadi inkişaf*

## DEVELOPMENT LEVELS OF MARKETING IN INTERNATIONAL TRADE

### SUMMARY

**The actuality of the subject:** One of the main processes underlying economic development in the XXI century is international trade. International trade turnover is the sum of the values of exports and imports of a country. The value of international trade is calculated at current prices using current exchange rates for a given period. It follows that the level of development of marketing in international trade is important.

**Purpose and tasks of the research:** The main purpose of the dissertation is to develop theoretical and methodological provisions on the level of development of marketing in international trade.

**Used research methods:** Statistical analysis, grouping and comparison, scientific research, logical and scientific generalization methods were used in the research process.

**The information base of the research:** Organized the work of local and foreign economists on the problems of theory and practice related to the level of development of marketing in international trade.

**Restrictions of the research:** The limitation of the dissertation is the lack of sufficient literature on the subject.

**The novelty and practical results of the investigation:** The level of development of marketing in international trade is studied using modern approaches, the role of marketing in its development are studied.

**Scientific-practical significance of results:** The main provisions of the study can be used to develop and implement a long-term strategy for the development and growth of the world economy with the development of marketing in international trade.

*Keywords: international trade, marketing, economic development*

## **ABBREVIATIONS**

<b>SWOT ANALYSIS</b>	A Strategic Planning Technique.
<b>GDP</b>	Gross Domestic Product
<b>WTO</b>	World Trade Organization
<b>KPSS</b>	Public Personnel Selection Test
<b>IT SUPPORT</b>	Information Technology Support

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## INTRODUCTION

**Relevance of the research topic:** Speaking of the international trade system, it should be noted that it is directly related to foreign trade. Foreign trade is the exchange of goods and services between national economies. Marketing activity results in the completion of the trading process. The technology of trade operations itself is covered by marketing. But it has a free meaning. These operations serve the circulation of material values and services. In order to complete the cycle, it is necessary to perform the following interrelated activities:

- Finding buyers;
- Conclusion of a transaction document with them;
- Execution of the contract.

This activity is of a commercial nature, and circulation transactions act as commercial operations. This in itself is the result of management activity. Commercial activity is a special type of activity, and in general, the final result of the firm's economic activity depends on it. It is necessary to take into account that commercial activity is focused only on the sale of a specific type of product. Here the connection between trade and marketing is more noticeable. At present, the activity of this interaction is very relevant in the world trade market. It is very important to re-examine the topic with new approaches.

**Statement of the problem and learning level:** Theoretical and methodological problems of the level of development of marketing in international trade are reflected in various journalistic and scientific works. Beckwith A.Y., Bernstein Y.K., Davies H.J., Nomani A.Y., Paine H.J., Watson P.T., Michael O.R., Bakan I.H., Eralp Z.A., Eren E.O., Ergenli A.H., Koçak U.T., Tarkan R.A., Ozcan T.L., Soydan V.I., Erçetin H.M., Ozcan T.L. and so on. published in the works of foreign authors such as.

The level of development of marketing in international trade has been thoroughly studied by local authors, including Aliyev I.H., Ibadov S.A., Abbasov T.A., Bagirov M.S., Akhundov S.T., Aliyev A.A., Karimli I.A., Akhundov B.U., Seyfullayev I.M. and give examples of the works, articles, and writings of others.



The research will be based on scientific works of local and foreign scientists on the subject, the database will be official, statistical, materials of information-analytical agencies, official information in local and foreign media and information on other official websites.

**Purposes and objectives of the research:** The main purpose of the topic is:

1. To study the level of development of marketing in international trade;
2. To determine the current state of international trade and marketing;
3. To analyze the development trends of marketing levels in international trade.

The main objectives of the study are:

1. To study the main features of the level of development of marketing and the basis of marketing planning;
2. To determine the international trade system in the context of the global economic crisis;
3. To analyze the formation, evolution and modern system of interstate regulation of economic relations in international trade;
4. To determine the methods of marketing development in international trade.

**Object and subject of research:** The main purpose of the study is to study the level of development of marketing, and the subject is to determine the role of marketing in international trade.

**Research methods:** The research will be conducted using several methods, the first of which is the analytical method. This method is widely used in research. The methods of analysis in the research are designed to concretely study the position of marketing in international trade according to the level of development.

The second method is the synthesis method. Unlike the previous method, synthesis is used to make the individual elements (properties, attributes) into a single whole for a more detailed study.

Another method used is the comparative method. Another method we use is to clarify the problem. When writing a dissertation, it is important to correctly identify and analyze problems in order to set goals and objectives. Problems in the chosen topic may be related to the institutional opportunities for the development of

marketing in international trade. Analyzing these problems and taking measures to solve them will increase both the quality of the economy and trade opportunities.

Clarification of the problem. Internal data sources are first used to clarify the problem. For this purpose, it may be advisable to visit the trade sector or conduct a survey of the residents who work there, as well as with the staff of the trade agency.

Based on the results of the survey, the results will be re-analyzed using the above-mentioned analysis method and reflected in diagrams and tables.

Another method we use is the risk assessment method, which is directly related to the method mentioned above. During the problem, the risks that may arise in trade will be analyzed, and then the probabilities of their realization will be considered.

The final part of the work will be a SWOT analysis of the level of development of marketing in international trade. Through this analysis, the shortcomings in the sector, the main advantages and disadvantages of the economy, the opportunities that can be used to overcome the existing problems, etc. will be noted.

Extensive interpretation of the materials will use economic analysis, analysis and synthesis methods, and other research methods and techniques as needed.

At the end of the dissertation, the general result obtained from all the methods used will be noted.

**Research database:** Organized their work on the problems of theory and practice of marketing related to the level of development in international trade.

Materials from various publications and other organizations were widely used in the research. The database also includes materials of scientific and practical conferences, Internet sites and statistical materials.

**Research limitations:** The limitation of the thesis is that there are less available resources about the topic.

**Scientific novelty of the research:** The important results of the research reflecting the scientific novelty are as follows:

1. The conceptual issues of the research were clarified:

- a) The author's approach to the concept of “Levels of marketing development in international trade” was formed;

b) A conceptual model of the levels of development of marketing in international trade, including a model that reflects the elements is determined: concept, principles, factors, indicators and ways and relationships to increase it.

2. A methodological approach to assessing the effectiveness of trade has been developed based on the synthesis of existing methods and models for the development levels of marketing in international trade, as well as methods of comparative analysis of performance indicators.

**Scientific and practical significance of the results:** The scientific results obtained in the dissertation can be used to increase the level of marketing development in international trade. The main provisions of the research can be used in the development and implementation of a long-term strategy for the development and growth of world trade through international cooperation, using the international and Azerbaijani experience in this field.

# I CHAPTER. THEORETICAL AND METHODOLOGICAL BASIS OF THE LEVEL OF DEVELOPMENT OF MARKETING

## 1.1. The main features of the level of development of marketing

International marketing is the marketing activity of companies in foreign markets, the international development strategy. Marketing originated in the United States in the early twentieth century. There are two factors that motivate American companies to engage in international marketing. First, they may be motivated by a weakening of marketing opportunities in the domestic market or a change in conjuncture. These include slowing gross national income, imposing excessive taxes, government policies against entrepreneurship, increasing foreign exchange inflows, and encouraging entrepreneurs to enter foreign markets in order to reduce the US foreign trade deficit. Second, American firms may become more involved in foreign trade as opportunities for their products increase in other countries. They can stay in the domestic market and find attractive foreign markets, despite all the additional costs and problems associated with operations abroad. According to Philip Kotler's definition: The study of marketing needs and requirements through exchange is based on new innovations. The history of the development of marketing in the twentieth century has gone through many stages. This can be seen in the following table (Table 1):

**Table 1: The main periods in the history of marketing.**

<b>History, period</b>	<b>Chronicle of events</b>
1902	A free marketing course began in the United States
1908	The first commercial marketing organization is established
1920	The International Chamber of Commerce was officially established
1926.	The National Marketing and Advertising Association was established in the United States.
30-40s	National marketing societies have been established in many economically developed countries
50s	In the United States, marketing has been applied to packaged food products
60s	Marketing was applied to the sale of industrial goods
70s	Marketing was applied in service areas

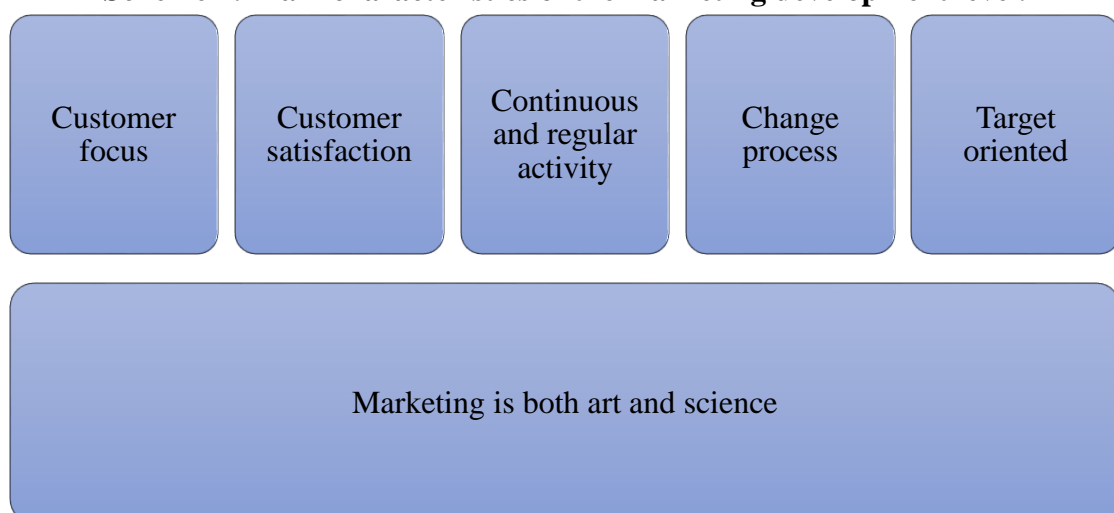
**Source:** Axundov Ş.T., "Marketinqin əsasları" - 2014

The main features of the level of development of marketing are market research, which includes market segmentation, collection of market information by firms, determination of the position of goods and market forecasting. Like other areas of economic activity, international marketing is developing and improving. To better understand this, it is necessary to consider the industrial and information eras in the development of international marketing.

As it is known, in the 50s and 60s of the XX century, due to the scientific and technological revolution, the transition from the industrial to the information age began in different advanced countries. This type was almost completed in the 80s of the last century in the economically developed countries of the world (“Axundov Ş.T. 2014: p.34”).

The difference between the periods we have mentioned was manifested, first of all, in the sphere of production. Thus, during the industrial period, production areas were highly developed. Production is mass, special attention was paid to expanding the production of consumer goods. The information age is characterized by a significant increase in the number of service areas, both in GDP and in the number of employees. In the information age, production becomes more flexible, non-mass, adapted to meet the individual needs of consumers. Some of the main characteristics of the marketing development level are (“Axundov Ş.T. 2014: p.34”):

**Scheme 1: Main characteristics of the marketing development level.**



**Source:** Axundov Ş.T., “Marketinqin əsasları” - 2014

1. Customer focus:

The marketing function of a business is to be customer-centric. It tries to examine customer needs and products are produced accordingly. Business presence depends on human needs. In a competitive market, the most suitable products for the customer are the goods that are well accepted. Therefore, every activity of a business is customer focused.

2. Customer satisfaction:

A customer expects some services or benefits from the paid product. If this assistance is more than the amount paid, the customer will be satisfied. In the long run, customer satisfaction helps maintain market demand. Helps achieve organizational goals. Customer satisfaction can be increased by providing value-added services that include providing additional facilities at little or no extra cost.

3. Goal oriented:

All marketing activities are goal-oriented. Different goals are set at different levels, but the main goal is to profit from business as well as satisfy human desires. Marketing activities carried out by the sellers try to reveal the weaknesses in the current system and measures are taken to eliminate the deficiencies in order to reach the targets.

4. Marketing is both art and science:

Art refers to a specific skill required in marketing activities of any business type. Science expresses a systematic knowledge base based on facts and principles. The concept of marketing includes a range of social sciences such as economics, sociology, psychology, and law. It shows the market transactions according to some principles. So, marketing is as much an art as a science.

5. Continuous and regular activity:

Marketing is an activity designed to plan, price, promote and distribute products. It also appeals to both current and future consumers. Hence it is a continuous process. A marketer must constantly monitor the environment. This helps create new products.

6. Change process:

Marketing involves the exchange of goods, services and ideas through money. Exchange takes place between sellers and buyers. Most of the marketing activities are related to the exchange of goods. Functions such as distribution, after-sales services and packaging assist in the change process. Distribution and physical distribution channels play an important role in the change process by creating space benefits.

International marketing management is a multifaceted and complex process. Effective management of international marketing activities is an important factor in the company's profitability in both domestic and foreign markets. The manager must be able to fully investigate the common problems in the market. Must be able to assess the significance of the impact of multiple versions on them. We must clearly analyze how different situations differ from each other. These should determine the extent to which they affect the firm's operations. Firms, buyers and the market act as objects in the process of international marketing management.

International marketing management is the adaptation of a firm's products and services, tactics and behavioral strategies to the needs of a particular market. This in itself requires an approach to the marketing management process as a situation management system. Based on the principles of marketing, we can note the main stages of the periodic management of the firm: situation analysis, marketing synthesis, strategic planning, tactical planning, marketing control.

The periodicity shown in the management process is systematically repeated for both the firm as a whole and its subsystems and commodities. The main factors of success in the management of marketing activities are (“Seyfullayev İ.M. 2014: p.34”):

- Organizational structure of marketing function
- Marketing strategy (marketing strategic plan)
- IT support (data access, software)
- Properly designed marketing and sales plans
- Adequate budget for marketing operations
- Professionalism and personal participation of marketing specialists

- Proper selection of external support

Businesses are always trying to build their development effectively. In this way, they are constantly evolving, involving the latest achievements of scientific and technological progress in their production and service areas. Businesses try to conduct marketing research 2-3 times a year. Marketing research is important for businesses to develop a visionary strategy.

The main task of the enterprise is to meet public demand by producing products, performing certain works and providing services.

The enterprise forms its property to carry out its activities and uses it within the full economic powers. Sources of enterprise property formation include (“Paine H.J. 2013: p.45”):

- Cash and other material payments of the founders of the enterprise;
- Revenues from the sale of products, production and services;
- Capital investments and subsidies allocated from the budget at various levels, income from the sale of securities;
- Free (non-refundable) and charitable payments;
- Voluntary donations of enterprises, organizations and individual citizens;
- Acquisition of the property of the state enterprise through competition, auction and tender;
- Other sources not prohibited by law.

The concept of marketing is a philosophy that focuses the organization on the needs and requirements of its customers, analyzing their needs and making decisions that best meet those needs compared to its competitors.

To gain a better understanding of the concept of marketing, it is worth considering other philosophies and provisions that were previously dominant and are now used by a number of companies. These provisions are as follows (“Bakan I.H. 2013: p.55”):

### **The concept of production (Industrial Revolution - 1920s)**



The basic idea behind the production concept was this: Companies will produce products that they can produce efficiently. This will ensure a sufficient supply of products at a low price, and demand will arise spontaneously.

The concept of production was preferred in the late 1920s because most of the products produced were basic necessities, and there was a large amount of unfulfilled demand for them.

### **Sales concept (1930s)**

By the early 1930s, competition in production had increased and, on the other hand, there was a small number of unfulfilled demands. So all the companies turned to the sales concept and turned around. Now companies not only produce products, but also sell their products through personal sales and advertising.

At the time, there was no need to identify needs, and companies were interested in outperforming their competitors simply by selling but ignoring customer satisfaction. It could be called more persuasive, irritating advertising.

### **Marketing concept**

After World War II, there were many products available on the market, and customers with managed income could choose and buy products that met their needs. In this situation, companies are already thinking about the needs and requirements of their customers. Manufacturers began to create the number of products they needed to satisfy their consumers.

The concept of marketing is also entirely related to marketing research. Marketing research is about identifying customer needs, making decisions to meet their needs, and maintaining long-term relationships with customers by meeting and satisfying customer needs.

Marketing research, in turn, helps to identify segments, their sizes, needs and requirements, the underlying market, and helps to use the right marketing mix. As a result, the marketing team makes the right decisions that ensure customer satisfaction.

After studying the concepts and definitions of marketing, we can come to the following conclusions (“Bakan I.H. 2013: p85”):

- The main epicenter of marketing is customer needs.
- In order to maintain long-term relationships with customers, it is necessary to see, understand and anticipate future needs.
- Marketing is a task not only for the marketing department, but also for the whole organization.

Marketing is developing dynamically in Azerbaijan, as well as around the world. This is a completely constructive case for the Azerbaijani marketing party. Previously, marketing was valued as a net sales activity. Now, gradually moving away from this idea, marketing is seen as a modern management concept. Therefore, the direction of innovation in marketing around the world today is very important for improving the experience of Azerbaijan.

In our opinion, the main task of marketing in the first quarter of the XXI century is to closely monitor the changes that take place over time and constantly focus its activities on it. This is his strength and difficulty. That is why it is necessary to make the right decision in a constantly changing and dynamically developing environment, using a wide range of modern and new marketing technologies.

## **1.2. Basis of strategic marketing planning**

The development of a marketing strategy is based on long-term forecasting of changes in markets and consumer needs. The marketing strategy is to choose the optimal ways to achieve the development goal of the enterprise.

The marketing strategy is implemented through the adaptation of the firm's material and financial capabilities to the market situation, in other words, the optimal adaptation and coordination of the internal environment of the firm with the external environment. The firm's strategy can be many. The key here is to choose a strategy that is appropriate for each product and each market, and that this strategy meets the requirements for achieving the marketing goal. The relevance of such strategies for the modern era can be noted (“Tarkan R.A. 2018: p.87”):

- Improving the organizational structure;
- Increase of business activity

- Expanding market boundaries;
- Strengthening the market position;
- Introduction of market innovations to new market segments;
- Commodity improvement;
- Cost reduction and so on:
- Decrease in business activity
- Cessation of sales of non-profit goods to the firm;
- Withdrawal of goods sold at a loss;
- Concentrating the firm's own marketing efforts in a more promising segment of a market rather than in several markets, and so on.
- Establishment of joint ventures with foreign counterparts; - diversification growth strategy (centralized, horizontal, conglomerate).

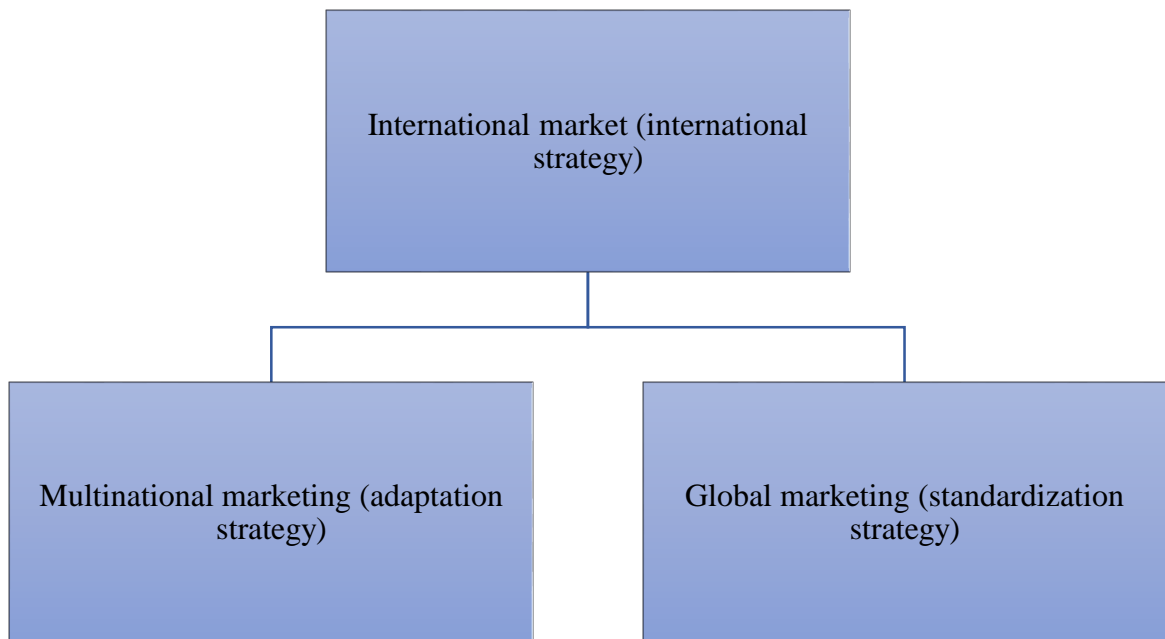
Improving the organizational structure The organizational structure of management has been constantly improved in one direction or another since its inception. However, research has been conducted in this direction since the 1960s, and, as already mentioned, governance structures have emerged. This was primarily due to the substantial increase in the importance of planning in management. In connection with the recent processes, the main essence of planning is to create optimal ratios between the sectors of the economy and increase the efficiency of production, using the requirements of scientific and economic laws.

Planning must ensure that the rates of development are such that they not only meet the current needs of society, but also create the basis for future needs to be met, and that the annual plan is fully aligned with long-term plans. Expanding market boundaries means that the firm seeks new markets for the goods it currently produces and increases sales.

Strengthening the market position means that the firm seeks to gain a more favorable position without changing the product it produces or the existing market. The introduction of market innovations to new market segments is the introduction

Choosing a strategic direction makes it possible to determine the business environment of the company, its strategic priorities, the most optimal area of competition. Every company, as well as in the domestic market, should, above all, implement a strategy of business expansion, ensure sales and revenue growth, identify and capture optimal target markets, develop popular brands and new products, create an effective sales system, advertising solves the issues of campaign planning, improvement of pricing policy and optimal management of marketing activities as a whole. But international activity brings significant diversity to the firm's work on a global scale, both nationally and regionally.

**Scheme 2: International marketing strategy.**



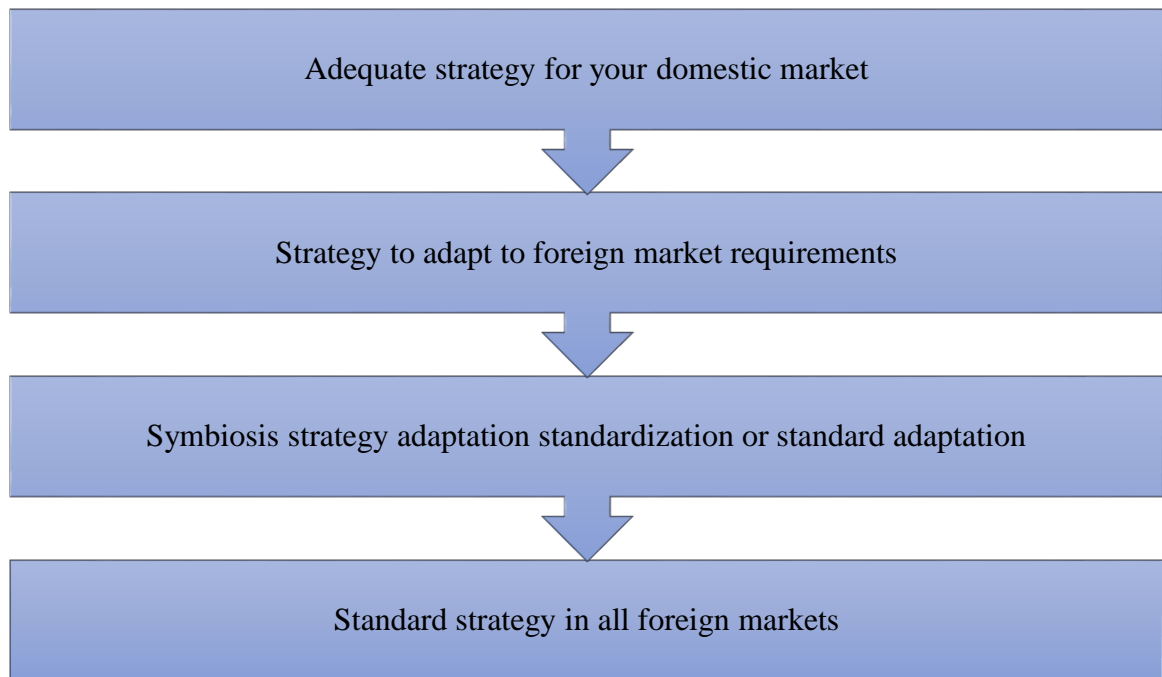
**Source:** Özcan T. L., “Ticaretin stratejilerinin esas önemi” , 2017

The development of the internationalization process in the last decade of the twentieth century creates a tradition of centralization of international business companies in many regions of the world, ie the European Union and North America on free trade, preferring to operate within NAFTA. Recently, international marketing is characterized by the improvement and development of the main strategy of its development.

The strategy of internationalization is observed in international marketing when the number of countries involved in the sale and production of a particular product

increases significantly and the product loses its nationality. For example, IBM computers can not be considered an American product, because it is assembled in Southeast Asia, Eastern Europe. Sony TVs are no longer considered Japanese, as they are assembled in Southeast Asia and Western Europe.

**Scheme 3: Marketing activities according to the requirements of foreign markets.**



**Source:** Prepared by author according to <https://www.cleverism.com/global-marketing-strategies/>.- 2019

The process of internationalization of the company's activities consists of a number of stages, each of which is characterized by priority decisions and its own strategic objectives. Historically, the company has implemented the optimal strategy of its activities abroad using a number of options, ie global, multinational International Marketing (International Strategy) Multinational Marketing (Adaptation Strategy) Global Marketing (Standardization Strategy).

In principle, a company does not change the strategy it uses in its domestic market, but can adapt its marketing activities to the requirements of a specific foreign market to enhance its competitive position: it can create a multinational strategy or strategic symbiosis, standard adaptation, differential standardization and finally can be used in country markets.

Marketing tactics - reflects the principles of forming the demand for the product range of the firm and the acquisition of the current situation. As a rule, marketing tactics are developed for a period of one year, up to a year and a half. Unexpectedly at the end of this period, it is regularly checked, compared with the actual results obtained and, if necessary, tactics are adjusted. Internal audit is an analysis of the firm's potential and the limits of their use.

Based on this analysis and the results obtained, corrective actions are taken against the developed and currently implemented marketing tactics. Among the issues to be addressed by marketing tactics are: promotion of goods, sales promotion and organization of advertising depending on the stages of the product life cycle, determining the principles of access to new market segments with new products, cessation of existing markets, etc.

It should be noted that the tactical misconduct of a new product and a foreign market can lead to significant losses for the company due to the inappropriate ratio between sales and advertising and sales promotion. Marketing tactics should be such that it allows the company to be more active, to create conditions for the initiative of all employees. In general, the marketing tactics of dynamically developing firms should reflect a critical approach to the firm's achievements. No less important is the choice of the time when the firm will advertise its products on foreign markets.

If the advertisement is not given in time and is not convincing, then the information about the technical and economic indicators of the product, its consumption characteristics and usefulness will not reach the consumer in full. In this case, it will not create the necessary reaction in the minds of consumers and will not be able to force them to trade in that product. In addition, if the optimal relationship between the cost of advertising and promotion and the volume of sales of the product is not established, it can lead to significant losses.

At the first stage of strategic marketing planning at the enterprise level, the mission of the enterprise's business activity is defined. In the marketing literature, there is the idea of forming the mission of the enterprise 1) as a way to accurately

determine the main directions of the enterprise and 2) to form it in the context of mission / feeling (“Tarkan R.A. 2018: p.67”).

T. Levitt, a well-known American marketing scientist, was a supporter of the first idea. offer to define this business as a declaration that distinguishes it from similar businesses. So, according to this approach, an enterprise declares what kind of activity it intends to do or intends to do with its mission, what needs it meets or wants to meet, and what benefits it offers to consumers.

The authors of the second approach, A. Campbell and K. Towadey, defined the mission as a) the purpose of the enterprise, ie why it exists and who benefits from the product offered, b) the strategy, ie what business the company is engaged in or wants to do, c) general They propose to define in a broader sense, taking into account the value system, ie what the top management of the enterprise believes in and how it should behave, and d) the set of norms of behavior.

P. Kotler, a proponent of this approach, in contrast to A. Campbell and K. Tovadey, believes that the mission of the enterprise is 1) the history of the enterprise; 2) the existing behavior and method of operation of the owners and staff of the enterprise; 3) the current state of environmental factors; 4) the availability of the necessary resources to achieve the goal, and 5) the different characteristics of the enterprise.

Thus, the mission of the enterprise is its purpose, what it wants to do or wants to do, the company's behavior and value system, what needs of customers. It is clear from the content of the concept of mission that it is not focused on the product or products produced by the enterprise, but on the needs of the market, consumers and is determined on its basis. Because the natural needs of consumers are permanent, and the products on the market are temporary, they are removed from the market after a certain period. For example, the mission of computer manufacturing enterprises can be defined not as computer manufacturing, but as an activity that provides the consumer with information problems, performing complex and cumbersome operations, or creating automated jobs.

In the business portfolio analysis stage of strategic planning (this stage of strategic marketing planning is called marketing audit, marketing environment analysis in some marketing literature), marketing environment factors are analyzed, based on which areas of activity will be developed and which areas will be invested, which areas will be eliminated, or which area of activity will be maintained at the current level.

Although the purpose of business portfolio analysis is to compile a set of optimal activities, it is based on various analysis methods. The most widely explained method of business portfolio analysis in the economic literature is the “growth rate and market share” method developed by the Boston Consulting Group and the “market attractiveness and firm position” developed jointly by General Electric and McKinsey & Co.” Method.

BCG uses two indicators to assess each type of activity: the growth rate of the market for that activity and the relative market share of that activity (the ratio of the absolute market share of the enterprise to the absolute market share of the main competitor). The growth rate of the market is used as a generalized indicator of the marketing opportunities of the enterprise by type of activity, and the market share is used as an indicator that characterizes its competitive position, ie its strengths and weaknesses. Each indicator is evaluated by two values: high and low. Depending on these indicators and its prices, the business portfolio of the enterprise is shown in the form of a matrix of 4 squares.

Start-ups usually try to deal with areas of high growth but low market share. In other words, they prefer to work in the “problem children” square. Businesses are investing more in this activity and trying to develop it rapidly in order to outperform their competitors and thus increase market share.

Thus, the correct coordination of the development of a strategy appropriate to the market situation and its implementation is a necessary and sufficient condition for the effectiveness of the enterprise's market activities. Therefore, the level of communication between them can give different results. In order to study this, V. Bonoma divided the developed strategy into favorable and unfavorable strategy, its



realization into bad and good realizations and analyzed the consequences of their various combinations. He noted the following options for linking the strategy with its implementation (“Eralp Z.A. 2017: p.127”).

1. Favorable strategy - good implementation. Proper coordination of the strategy and its implementation, as a rule, allows the company to carry out market activities with high efficiency.

2. Favorable strategy - bad realization. This always leads to problems in the implementation of the market activities of the enterprise, in many cases makes the implementation of the strategy an unmanageable process and, ultimately, reduces the efficiency of operations.

3. Unfavorable strategy - good implementation. In this case of linking the strategy and its implementation, two things can happen. First, it can lead to the failure to achieve the intended result. For example, an enterprise has developed an incorrect strategy for a product that has no utility advantage over competing products - a high price strategy, and plans to increase sales as a result. The probability of this strategy justifying itself is already very low. At the same time, the implementation of a high-level advertising campaign in the implementation of this strategy will increase consumer dissatisfaction, worsen their attitude to the product and lead to a faster decline in sales.

In the second case, due to the good implementation of the unfavorable strategy, mistakes are corrected, shortcomings are eliminated and the strategy is adapted to the market situation. As a result, the efficiency of the enterprise's market activity is higher than expected.

4. Unfavorable strategy - poor realization. Such a link between strategy and its implementation always leads to a deterioration in the market performance of the enterprise.

The environment in which an enterprise operates is constantly changing, and any change in this environment affects its activities in different ways. Therefore, in the control phase of strategic marketing planning, the market activity of the enterprise is assessed, changes in the marketing environment and the impact of these

changes on the market activity of the enterprise are studied, deviations from the established indicators and their reasons are revealed. Strategic marketing planning is carried out for 5 years.

### **1.3. Main principles of international marketing**

In order to better implement the strategic-marketing management of enterprises in a crisis situation, first of all, the goals, functions and principles of marketing must be correctly defined. Thus, the purpose of marketing is to understand what the company wants to achieve by carrying out this activity, what it wants to achieve as a result of this activity, and is determined by the goals of entrepreneurial activity. Therefore, the purpose of marketing is divided into 2 groups: 1) main and 2) special purposes.

The main purpose of marketing is to meet the needs of consumers and society, to make a profit on the condition of consumer orientation, to achieve the main goal of the enterprise with more effective marketing measures. The purpose of marketing must meet the following requirements (“Seyfullayev İ.M. 2014: p.18”):

1. Decision-makers who determine the purpose of marketing should consider goal evaluation.
2. The purpose of marketing must be clearly defined.
3. The purpose of marketing must be realistic.
4. The purpose of marketing should be measurable and comparable.
5. The purpose of marketing must be formalized in writing.

To achieve your marketing goal, you need to perform a number of tasks. The purpose of marketing is to determine the level of demand, the timing and nature of the satisfaction of that demand in order to achieve the goal effectively. Depending on the nature of the crisis, marketing tasks related to market activity, the enterprise itself, the environment and public organizations can be grouped. The function of marketing is understood as a set of specialized activities or similar activities carried out in the marketing process to achieve a specific goal. However, the following

marketing functions may differ depending on the nature of the crisis (“Seyfullayev İ.M. 2014: p.28”):

- Marketing research
- Product range planning
- Distribution and sale of products
- Advertising and sales promotion
- Evaluation
- Marketing management

As we have seen, in a crisis situation, it is important to manage marketing, which is the ultimate function of marketing in enterprises.

Principles of marketing. Based on the above-mentioned basic concept of marketing, the laws of resource-oriented marketing and the alternative interests of business participants in general, a number of basic and high-level applied marketing principles can be put forward in marketing theory and practice. These principles are based on value and follow the logic of the processes described by Webster. Each of these principles is so clear that there is no need to express them. However, the adoption of these principles and their application to the organization's activities can lead to radical changes in the organization's response to customer needs and interactions with customers (“Michael O.R. 2017: p.74”).

### **1<sup>st</sup> principle. Focus on customer needs.**

The first principle of marketing stems from the above and is derived from the concept of marketing. According to this principle, customer orientation plays a key role in achieving the organization's long-term goals, even if it is in the financial and social spheres - only absolute orientation! Due to this fact, the organization must carefully study the wishes and needs of the customer, and then the organization must determine exactly what they consist of and how best to meet them.

The second result: only customers can determine whether customers are satisfied with the organization. The quality of the product or service put on the market will be evaluated by customers to what extent it meets their needs. In the opinion of customers, it is not those who are distinguished by the luxury that

customers do not need, but the products or services that satisfy them or “fit their goals” are quality products. As Levitt (Levitt, 1986) points out, the adoption of a market-driven approach to an organization raises several questions. The most important of them are:

What business do we work in?

What business could we work in?

In what business do we want to work?

What do we need to do to get into or strengthen that business?

The answers to these questions can change the perspective of the organization and the whole system of views on it. In the future, we will focus on the definition of business in a crisis, and show the important role of this definition in the direction of strategic action.

**2<sup>nd</sup> principle. Compete in markets where you can gain an advantage.**

Choosing a market is the main task of any organization. The organization chooses where to direct its resources and where to operate. Many factors are considered in the selection of the market, including the attractiveness of the market for the organization. But in a competitive market, another question will be more important: do we have enough knowledge and skills to compete? Encouraged by the attractiveness of the market, the companies later realized that they had no real opportunity to compete and, as a result, went bankrupt. Unsuccessful Internet companies saw opportunities in the early 2000s, but did not have enough knowledge and skills to take advantage of other Internet companies or “traditional organizations with real buildings”.

**3<sup>rd</sup> principle. Customers do not buy products.**

According to the third basic principle of marketing, customers do not buy products; they get what the products will do - that is, they can solve their problems. In other words, customers are not interested in the technical characteristics of a product or service, but in how much they can benefit from obtaining, using, or consuming that product or service. For example, an amateur who likes to see everything for himself collects all the tools he needs to attach bookshelves to the

wall. One of them could be a drill tool used to drill holes to close the screws to secure the shelves. But an amateur craftsman needs a hole four inches in diameter, not a four-inch drill. The drill tool is simply a tool to achieve this result (hole); it only acts as a means of meeting that need until a better method or solution emerges.

Research in this area can be developed. These are the areas in which companies and markets with similar technology and products differ from the customer with the problem to be solved or the need to be met. In this sense, home appliance manufacturers may consider themselves an industry - they all produce white boxes with electric motors, but the markets they serve are different. This includes laundry, food storage market and so on. can be. Similarly, a gardener does not need a mower. They need no more than 1 inch of grass. Newer types of grass that can grow up to 1 inch, as well as artificial grass substitutes or the garden's grassless design style can seriously compete with mower manufacturers. This is not a scientific theory. One of the areas of retail marketing in gastronomy is category management. Retailers choose categories based on customer needs, not manufacturer brands.

**4<sup>th</sup> principle. Marketing is such an important area that it cannot be left to the marketing department alone (if such a service still exists).**

More often than not, marketing becomes a job for everyone in the organization. Each person's activities can affect the end customer and their satisfaction. King points out a number of possible misconceptions about what marketing is. He points out that one of the most insidious mistakes is “marketing services.” This can happen when an organization hires marketing professionals who are able to analyze marketing data at a high level and calculate market share to the nearest thousandth, but have little impact on the product or service provided to the customer. The marketing department is considered to be the only department that “carries out marketing”, so other departments are only engaged in their duties and strive to achieve their goals. Once the organization simplifies its structure by reducing the number of bureaucratic levels in management and eliminating artificial functional

barriers between departments, it becomes clear that marketing is everyone's business.

Given the importance of marketing in ensuring the prosperity and viability of the organization, it is impossible to entrust such an important area to a single marketing department. At the same time, it is not enough to say that marketing is “everyone's business”. If marketing is “everyone's business,” then it becomes “nobody's business”. Grayser (Graser, 1997) considered it necessary (at the same time) to abolish the official functional marketing unit while raising the status of market orientation, and considered them two sides of the same coin: “Marketing function (“marketing implementation”) is the work of the marketing department demonstration and constant marketing thinking should become everyone's business. What will happen if everyone (let's say) is engaged in this work?

As companies become more interested in marketing, they make big cuts in the official “marketing department.” In short, as organizations better understand and respond to marketing, marketing becomes more diffuse, for example, through the creation of task forces to carry out specific tasks. The same principle applies to “crisis teams” created to deal with a crisis.

#### **5<sup>th</sup> principle. Markets vary in composition.**

It is becoming increasingly clear that markets have different compositions; they consist of various individual customers, sub-markets or customers. For example, one customer may buy a car to provide a cheap ride from point A to point B, another to make a comfortable or safe trip, and a third to buy it for their social status or to create a personal image and satisfy their claims.

An organization that seeks to satisfy a segment of the market with a universal product is practically caught between two or more podiums and is helpless in the face of well-targeted competitors. Considering Principle 2, we come to the conclusion that the main method of market segmentation is based on the usefulness that a customer acquires when purchasing or consuming a product or service. Experience shows that segmentation by utility is one of the most effective methods

of market segmentation, as the real reason for segmentation is based on the need for different utility.

**6<sup>th</sup> principle. The market and customers are constantly changing.**

It is too common to say that nothing is permanent and that everything is temporary. Markets are constantly changing, almost all products are temporary and disappear when a new or better way of satisfying a desire or demand is met; in other words, they exist until a new solution or other utility provider emerges. The fate of logarithmic rulers, preceded by logarithmic tables, outdated pocket calculators is a classic example of how to solve a problem (the need for fast and simple calculations) with better technology and better solutions. The simplicity and speed of use of the calculators were far superior to that of logarithmic rulers.

The recognition that products are not capable of everything and that they are subject to a product life cycle such as market entry, development, improvement, and decline has sparked interest in the company to plan for the long term. They had to make sure that when the source of their current existence was destroyed, there would be new products in the company's portfolio to replace it. The development of product portfolio planning has been the most valuable contribution of marketing to strategic management in recent years. The need for continuous improvement of products and services was also obvious. Changing customer needs, becoming more demanding of the quality they want to get from a product or service, force organizations to constantly raise the level of their offerings in order to develop and even maintain their position.

There are two main processes of improvement. First, with the help of innovation, a relatively large stage is realized at the same time. The advent of pocket calculators was an important event, and logarithmic rulers destroyed the industry in an instant. Other gradual changes in technology, such as color TVs and CDs, changed the entire field in a short time. In the second approach, small-scale changes are made continuously.

A number of authors (e.g., Imai, 1986) considered such an approach to be one of the key factors in the success of Japanese organizations in the world market in the

1950s. The Japanese called continuous improvement Kaizen and considered it an integral part of the organization's life. Organizations are already trying to combine the benefits of continuous improvement with the benefits of multi-stage innovation change.

The more serious impact of the changes on hardware and technology is probably felt most in the computer industry. It is sometimes difficult to remember that computers appeared only after the Second World War, because they are now very seriously used in business.

The Computer World Toffler states: "If the automotive industry had developed as it has in the last 30 years, the Rolls Royce would cost \$ 2.5, 2 million miles per gallon of fuel, and six such cars per pin. would be located! " If this attitude was described 20 years ago, look at the similarities now!

Thus, we talked about the principles, functions and goals of marketing, which play a theoretically key role in the strategic marketing management of enterprises in times of crisis. We are once again convinced that in any difficult situation, and in our case in a specific crisis, all practical steps must be taken, first of all, based on the theoretical basis.



## **II CHAPTER. DEVELOPMENT LEVELS OF MARKETING IN INTERNATIONAL TRADE: CURRENT SITUATION**

### **2.1. International trade system and marketing in the context of the global economic crisis**

The global economic crisis of 2008 affects the marketing activities of all businesses around the world. However, when macroeconomic data are analyzed, it is seen that there are differences in the sectoral effects of the global economic crisis. This study aims to reveal how marketing is affected by the uncertainty environment caused by the 2008 global economic crisis from a sectoral perspective. The results of the research reveal that marketing activities are generally reduced during the crisis period. However, it was also found that there were differences in the results of marketing activities in terms of industry during the 2008 global economic crisis. One-way analysis of variance results show that there is no difference between sectors in the reduction of the total number of customers.

In other words, the global economic crisis led to a decrease in the total number of customers of enterprises in all sectors. However, it was found that there are significant differences between the sectors in which businesses operate, with the decrease in the number of new customers per month, the decrease in average purchases per customer, the sparse purchases of consumers. These differences are related to whether the sectors are cyclical or not. Therefore, while the global economic crisis affected non-cyclical sectors such as the pharmaceutical sector less, it affected cyclical sectors such as automotive and supply industry, construction-building, trade and tourism more.

Studies on the relationship of the crisis with business activities in Azerbaijan are mostly related to finance, management and marketing functions. For example, Çarıkçı, Titiz and Eroğlu (2008), who examined the relationship of the crisis with the financial dimension, investigated the financing problems of small and medium-

sized production enterprises during the crisis periods and suggested marketing strategies to solve these problems. According to the results of this study, businesses mainly experience problems in sales and collection of receivables during crisis periods, and in order to overcome these problems, they should pay attention to structuring for personal sales in the short term and foreign trade in the long term. Titizon the other hand, investigated the effects of managerial decisions taken before and during the crisis on business strategies after the crisis.

Although the number of studies on the marketing dimension is small, it is seen that the effects of the crisis on consumer behavior and marketing costs are examined in existing studies. For example, Tan, Bektash.H.A and Aslan M.K. investigated the effect of the economic crisis on the shopping habits and behaviors of the consumers and found that there are significant changes in the attitudes, shopping and habits of the consumers during the crisis periods. Altunışık, Torlak, and Özdemir also researched changing consumer behavior in times of economic crisis and revealed the different aspects of shopping habits according to the demographic characteristics of the respondents.

As can be seen, there is no study examining the relationship between the global economic crisis that started in 2008 and marketing from a sectoral perspective. Therefore, this study aims to investigate in the context of the respondents' opinions in what direction (increase-decrease-no change) the marketing activities of the enterprises have changed due to the uncertainty environment caused by the global economic crisis and to what extent the results of the marketing activities of businesses in different sectors are affected.

In line with this purpose, firstly, theoretically, the effects of crises on the marketing efforts of industries, businesses and businesses are addressed. In the research part of the study, the extent to which the results of the marketing activities of businesses in different sectors in Azerbaijan are affected and what kind of changes the businesses make in their marketing efforts in the face of the crisis are investigated. In the conclusion part of the study, the findings obtained are discussed

and suggestions are offered to the owners and marketing managers of businesses in the sectors that are especially cyclical for possible future crisis situations.

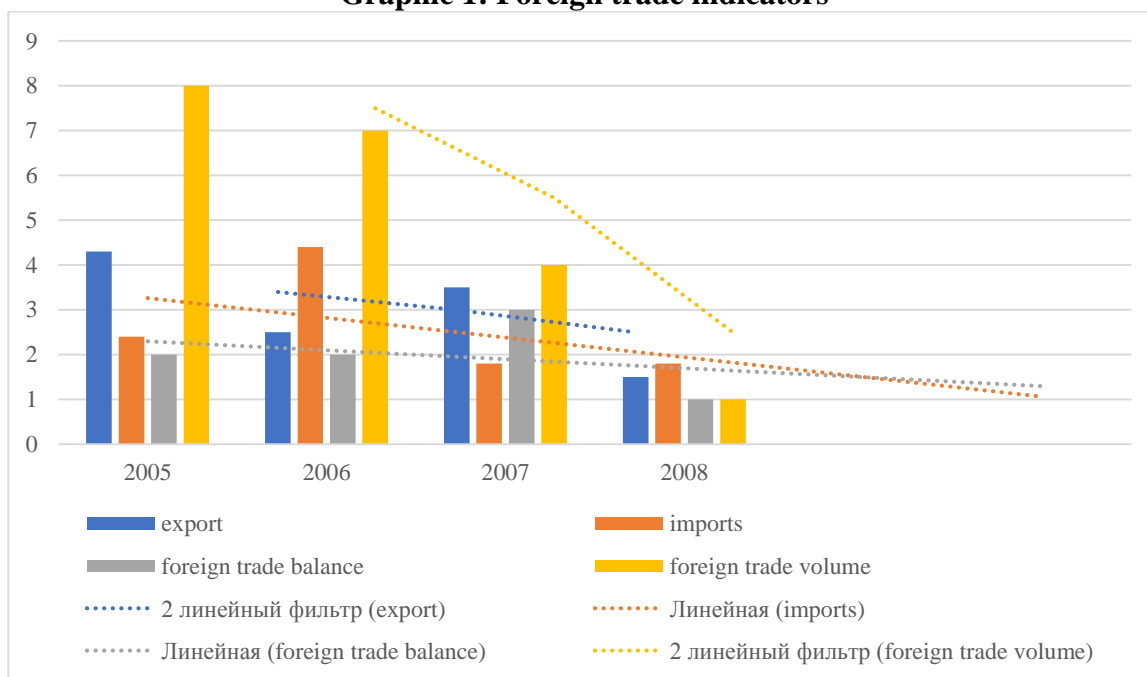
Discussing whether free trade always benefits all developing countries, Ringuet acknowledges the important role of free trade in the historical development of countries, but there are some artificial obstacles to the free flow of goods and services between countries (for example, “natural barriers” such as difficult geographic conditions and transportation costs, language and traditions, “market barriers” such as monopolistic strategies and restricted competition, “political barriers” such as tariffs and quotas, service trade regulations, etc.) indicates that they are against legitimation. As he emphasizes, protectionism is often designed to protect not only indigenous industries, but also cultural norms and values in many cases. Kaempfer et al. Asks why free trade is “not universal if it is so efficient”. According to their response in terms of “public choice”, liberal policies do not make up for everyone's losses nor improve everyone's situation.

Starting from the last quarter of 2008, the world economy has faced a major crisis that affected first the financial markets and then the real economies. The effects of the crisis, which rapidly gained a global dimension, on the world economies emerged in a devastating way; Global trade slowed down rapidly due to the deterioration in financing conditions and the decline in total demand. Global economy, II. It has experienced and / or is experiencing the biggest contraction after World War II. With the crisis, a significant contraction in consumption and investment demands occurred due to factors such as economic shrinkage, increase in unemployment rate and deterioration in the expectations of the business world in almost all economies, especially in the important foreign trade partners of Azerbaijan. With the decrease in demand, the international trade volume has decreased. The negative effects of the global crisis on world trade became more evident in the second half of 2008 (“Michael O.R. 2017: p.98”).

The impact of the crisis on trade was found to be a “collapse” by Eaton and others. The WTO considers the post-formation period as a period of trade expansion (Ahmed et al., 2016). “World exports (excluding significant re-exports from Hong

Kong, China) have grown strongly over the past 20 years, rising to \$ 18.494 billion in 2014, nearly four times the value of \$ 5.018 billion in 1995,” he said. Europe has been a leading exporter for the last 20 years, and Asia has grown in importance as a trading region ([https://unctad.org/system/files/official-document/ditctab20102\\_en.pdf-2010](https://unctad.org/system/files/official-document/ditctab20102_en.pdf-2010))

**Graphic 1: Foreign trade indicators**



**Source:** Fatih Mehmet Ocal, “Elektronik sosyal bilimler”.<https://dergipark.org.tr/tr/download/article-file/70274-2014>

In 2014, world exports to Asia amounted to 5.465 billion US dollars, which is almost a third of the total world trade in goods. Emerging economies have increased their participation in international trade over the past 20 years. The share of exports to developing countries increased from 26 percent in 1995 to 39 percent in 2014, while exports to developed economies fell from 68 percent in 1995 to 56 percent in 2014 . (<https://dergipark.org.tr/tr/download/article-file/70274> - 2014)

What is global trade during the Great Recession? Theoretically, global trade also shows a downward trend as trade follows a depressed state and trading conditions. There can be no disagreement between the two. This time, the WTO claims to take care of global trade in good times and bad, and to follow the rules of free trade by member countries. The WTO needs to be proactive rather than reactive and balance the balance between developed and developing countries. The following informations presents world trade data for the period of the 21st century from 2000

to 2014. The period is divided into two periods before and after the crisis, with a breakdown in 2008, the beginning of the crisis.

The issue of the impact of marketing on firm performance has attracted considerable attention throughout the history of the marketing discipline. This situation becomes more evident in order to protect the value and budget of the enterprises, especially during the economic downturns. Political and economic changes, changes in consumer demand, market structures, product and market life cycle, domestic and foreign competition and the degree of impact caused by these changes have become more evident. Such changes force companies to implement flexible strategies and action plans. Just as consumers change their consumption behavior, companies also take measures to correct their corporate behavior by responding to changes in the market due to the economic crisis. The most common practices are to reduce costs, cut production, reduce investments, enter foreign markets, increase efficiency, restructure debt and increase sales.

Marketing strategy can be defined as a tool that enables marketers to apply a process to achieve profitable results. It is probably possible to follow one of the following targets (“Watson P.T. 2015: p.43”):

- Limiting or reducing problems such as countering declining sales of a particular product or new competitors entering the market; or
- Striving for improvement and development, for example, through more effective marketing communications or more efficient packaging; or
- Seeking opportunities, for example, through entering new markets or new product development. In fact, most people recognize weak spots in a company and suggest a possible strategic solution.

However, while corporate strategies are numerous, only a few strategies actually bear fruit. According to a survey conducted by the “Economist Intelligence Unit,” companies are realizing about 60% of the potential value of their strategies, often due to failure of planning and implementation. Many strategies fail due to corporate policy, undefined goals, lack of appropriate controls or changing conditions, all resulting in a distorted focus. Thus ensuring that a strategy is executed

effectively and with maximum return on investment is a challenging task and becomes even more difficult in economically turbulent times.

No matter how well a business organizes other marketing activities, if the distribution system used for the purpose of transferring a service or product to the consumer does not function well, the demand will decrease and the business will be dragged into crisis. The strategies and tactics businesses can follow during the crisis may be as follows (“Watson P.T. 2015: p.44”).

- Making the necessary strategies to achieve product differentiation
- Adopting and implementing the direct distribution policy.
- Reviewing the distribution structure more frequently.
- Trying to find cheaper transportation opportunities
- Implementing a direct distribution policy

Therefore, successful service businesses focus their attention on both their customers and employees. Because profits and growth are primarily supported by customer loyalty, loyalty is the result of satisfaction, satisfaction is commonly affected by the value of service provided to customers. It is observed that there is an immediate decrease in sales in sectors where customers are served directly, and an indirect decrease in the relevant industries. Consumers can get into self-production by doing various services (eg haircuts or repairs) for themselves instead of ordering.

The issue of the impact of marketing on firm performance has attracted considerable attention throughout the history of the marketing discipline. This situation becomes more pronounced in order to protect the value and budget of the enterprises, especially during economic downturns. Political and economic changes, changes in consumer demand, market structures, product and market life cycle, domestic and foreign competition and the degree of impact caused by these changes have become more evident. Such changes force companies to implement flexible strategies and action plans. Just as consumers change their consumption behavior, companies should also take measures to correct their corporate behavior by responding to changes in the market due to the crisis. The most common practices

are to reduce costs, cut production, reduce investments, enter foreign markets, increase efficiency, restructure debt and increase sales.

The crisis requires some changes in general marketing strategies and especially in the four main elements of the marketing mix (product, price, location and promotion). With the help of market research, marketers can identify a company's strengths, weaknesses, opportunities, and threats before the recession turmoil, keep the company increasingly competitive, and develop proactive marketing strategies that will help it survive and succeed in times of adversity. Marketing strategy is a tool that allows marketers to implement a process to achieve profitable results. Deep economic crises have profound effects on firms. It is difficult for companies to recognize and adapt to changes that are drastic, sudden and externally necessary. Some have to reduce their production capacity due to insufficient consumer demand for their products, and some have to shut down completely.

However, at the same time, some companies are gaining a competitive advantage even during such major environmental changes. The crisis in Azerbaijan in recent years has also caused hard times for many companies. And with this study, it was tried to reveal how Azerbaijani companies adapted their marketing strategies to the changing environment and changing consumer habits during such difficult times, that is, during the crisis. In the research part of the subject, according to the findings of the query made in the Azerbaijani companies, the crisis in the country affected different sectors differently.

In general, it can be said that the main negative effects of the crisis on companies are the decrease in sales related to low purchasing power, decrease in company profits, some companies have difficulty in paying even their fixed costs, downsizing of companies, slowing of company growth and development. Most of the participating companies stated that many competitors emerged during the crisis, and that they themselves entered into a more fierce competition with competitors, and even determined their pricing objectives mainly based on meeting competition. This means that in such periods, there were many companies that saw the crisis as an opportunity and offered cheaper products to the market or other products that

could attract the attention of the consumer, taking into account the change in consumer behavior. At the same time, research findings revealed the strategies of some large companies to deal with such competitors.

According to the responses of a few of the participants, the strategy of introducing new products to the market with the same content and cheaper as the products of these competitors against the cheap products of the competitors in the market helped the company to prevent the company from losing its market share to the competitors and even to overtake these competitors.

Despite the negative effects of the crisis on companies, it should be noted that many positive effects. So much so that some of the participants stated that they gained a large market share during the crisis period, they knew that they had a new and better position in the market, and that they gained new customers. Considering that the companies that say this are those that provide services such as marketing services, consultancy and advertising services, these answers do not seem surprising at all. Because, the crisis experienced due to the devaluation in the country had a greater impact on the companies engaged in production and especially production or sales depending on foreign imports.

Companies providing such services were more affected by changes in the behavior of consumers with declining income due to the crisis. In conclusion, leaving aside the negative effects of the recent crisis, we can say that the crisis is actually beneficial for the Azerbaijan state and Azerbaijani companies. Because it was obvious that the country did not pay such great attention to the development of non-oil sectors by relying on oil revenues. And this crisis showed how much the country's economy is actually dependent on oil revenues. That's why the country's economy was hit hard due to a devaluation. But this coup seemed to have brought the country back to life for a while and showed the importance of the country's non-oil sources of income. At the same time, companies have seen that anything can happen at any time during this period, how their own weaknesses appear in such difficult situations, and they have learned how to act in difficult situations by developing more strategies.



## **2.2. Multilateral regulatory mechanisms in the system of international trade and the main features of pricing**

International trade refers to the transfer of goods and services, including capital goods, from one country to another. This definition was matched by Economics Concepts, which defined it as trade across international borders. In most countries, this type of trade represents a significant portion of the gross domestic product (GDP). While international trade has existed throughout a great history, its economic, social and political importance has increased in recent centuries. Therefore, without international trade, nations will be limited to goods and services produced within their own borders. But Economics Concept adds that the difference between international trade and domestic trade is that this type of trade costs more than domestic trade.

This is because international cross-border trade requires other fees or costs, such as tariffs, and other costs associated with country differences, such as language, legal system, or culture. Factors of production such as capital and labor typically move more freely within a country than between countries. Therefore, these determinants really make the two concepts polarize openly to business individuals and organizations.

The development of international economic relations, along with the regulation of international trade at the national level, has been accompanied in recent years by the emergence of various forms of interstate cooperation in this area. This trend is due to several reasons (“Watson P.T. 2015: p.48”):

- Deepening of the internationalization of economic life;
- Expansion of world markets for goods, services and factors of production;
- Development of transnational companies;
- Establishment of numerous international organizations.

As a result, regulatory measures in one country have a direct impact on the economies of other countries, which in turn take retaliatory measures to protect

producers and consumers. This highlights the need for regulation at the interstate level. Interstate regulation of trade can be carried out on the following grounds (“Watson P.T. 2015: p.49”):

- Bilateral agreements; multilateral agreements of a regional nature signed within regional organizations;
- Multilateral conventions of a global nature put into circulation by global organizations.

Bilateral trade relations between states are governed by trade agreements and treaties, which are concluded between countries at the level of the executive (between governments) and approved by the legislature (parliament). Such agreements and treaties, which set out the principles and regime of bilateral trade, are usually signed for a period of 5 to 10 years and are periodically reviewed and extended. When talking about the second basis of interstate regulation of international trade, it is necessary to mention, first of all, customs unions.

Currently, there are more than 20 customs unions in the world, which are legally concluded by two or 54 states. According to the agreement, the member states of the union pursue a common tariff policy in relation to each other and third countries. From an economic point of view, customs unions envisage the formation of a single economic space, which means the abolition of customs borders within that space.

The end of the 19th century and the beginning of the 20th century saw the rapid expansion of the scope of international economic relations, resulting in a new international economic system that differed not only in quantity but also in quality. The new system that was being formed had many advantages as well as disadvantages. Thus, there were frequent economic conflicts and disputes between the countries, and all this led to trade wars. On the other hand, the ongoing economic crises have severely damaged the world economic system.

Organizations engaged in the regulation of international trade can be divided into two groups according to their scale and profile (“Watson P.T. 2015: p.54”):

1) international organizations dealing with various problems of international trade in general;

2) international organizations engaged in the regulation of trade in one or more related goods and services.

In a market economy, price formation occurs under the influence of a specific market situation, both externally and internally. In principle, the concept of price has a common meaning for both foreign and domestic markets. Thus, the price is the amount of money that the seller who offers the goods or services wants to get, and the consumer is willing to pay for that good or service.

Pricing in the world market has its own characteristics. For example, a world trade participant faces more competition than the domestic market and operates in a more competitive environment. It must constantly compare its production costs not only with domestic prices, but also with world prices, taking into account the growth of the mass of buyers.

The world market is characterized by a large number of applied prices, which can be explained by the activities of various commercial and trade-political factors. Plurality of prices means that the same commodity or goods of the same quality have different prices in the same sphere of circulation (import, export, wholesale, retail) and in the same transport base. For example, the following prices are traditionally found (“Watson P.T. 2015: p55”):

- prices under ordinary commercial agreements with payment in freely convertible or non-convertible currency;
- prices on clearing agreements;
- prices for programs implemented under state aid, etc. From these set of prices, a special type called “world prices” is distinguished.

World prices are formed on the basis of large import-export operations in the world commodity markets, the main centers of world trade. World prices should have the following necessary characteristics: regularity (as opposed to prices for random, episodic transactions);

commercial nature (unlike face-to-face trade operations, purchase and sale of goods under state aid);

openness of trade and political regime (as opposed to prices set within a closed economy); free convertibility of payment currencies.

There are various interrelated functions of world prices, the basics of which are as follows:

indicative - allows you to assess the economic situation over a period of time;

communicative - carries out communication between market subjects;

distributive - creates conditions for the distribution of income among market participants;

stimulant - causes changes in the export-import policies of states or corporations;

cleaners - cause companies whose products do not meet consumer requirements to leave the market.

In modern international trade practice, there are two main types of prices: settlement prices and published prices. Settlement prices are prices set individually by exporting firms for specific types of goods using different methods. Published prices are prices reflected in special information sources. They usually reflect the level of world prices. Published prices can be divided into the following types (“Davies H.J. 2012: p.67”):

- 1) request prices;
- 2) stock quotes;
- 3) auction prices;
- 4) prices for actual operations;
- 5) prices offered by large firms.

Survey prices are domestic and foreign trade prices that are regularly published in specialized economic newspapers and magazines, newsletters, company catalogs and price lists. These prices serve as a starting point for determining prices when concluding an agreement. Inquiry prices are known in world practice as base prices. Base prices are prices for goods with certain quantitative and qualitative

characteristics in a predetermined geographical point. Base prices are determined on the basis of special conditions called base conditions.

There are a number of groups of pricing factors that affect pricing and the movement of prices in one direction or another, which are as follows (“Davies H.J. 2012: 68”):

1) General economic factors: economic cycle, aggregate supply and demand, inflation. These factors operate regardless of the type of product and its production conditions.

2) Specific economic factors: costs, profits, taxes and fees, consumer characteristics (quality, reliability, appearance, prestige), supply and demand for goods, taking into account substitute goods. These factors are determined by the characteristics of a particular product, its production and sales conditions.

3) Specific factors: seasonality, operating costs, completeness, warranty and service conditions. These factors only apply to certain goods and services.

4) Special factors: government regulation, exchange rate. These factors are related to the operation of special mechanisms and economic instruments.

5) External factors: political, military, religious, ethnic, etc. The process of price formation in world trade takes place between foreign economic entities of different countries.

This process usually depends on the conditions of the competitive environment, the state of dynamic balance between supply and demand, the degree of freedom of the exporter and importer to operate in the market. However, these preconditions need to be adjusted depending on the type of market. The main criterion for the classification of markets, including world markets, is the nature of competition.

Pricing policy means the general purpose and principles that an existing enterprise has in mind for the price it sets for the product it produces. Pricing strategy should be understood as a set of methods implemented through one or another pricing policy.

Pricing policy must provide maximum revenue opportunities. This is possible both by increasing the unit tariff price of the goods from the relevant sales volume,

as well as by increasing the volume of products sold for sale while maintaining the previous price level. Therefore, in formulating a pricing policy, it is necessary to address the following: increase the sales of a product to get a high return at a low price level, or reduce the production of a small product to make a big profit by selling the product at a higher price. As you can see, there are two different approaches to price formation.

The first approach is based on the actual costs incurred by the enterprise to produce a given product in the market and the subsequent sale of that product. These costs are confirmed by accounting documents. However, in this way it is possible to determine the level of prices for actual production costs for production in all areas of production, which determine the costs. Using this method, you can determine the volume of sales and price formation. Although it is possible to determine sales and total revenue using this method, pricing is not possible.

It is also possible that, as a result, no one will buy the product at the price set for the product (for example, not to release the product at a high price in weak markets, to ensure low sales for strong markets. High demand in such markets. An increase in the prices set for the sale of the relevant products is an increase in gross income.

In conclusion, it should be noted that the first approach to determining the price by the cost method is based on the study of market conditions. The access of exporters to the world market increases the inflow of foreign currency into the country's budget and leads to the development of production. Stimulation of exporters is achieved by reducing export resources and providing various subsidies.

In order to obtain such benefits, exporters must collect documents confirming the fact of export. In this case, the exporter's contract prices will indicate the highest export price. The minimum price in the export process consists of production costs, the producer's fixed profit, the cost of delivery to the points specified in the product agreement, as well as various fees charged for the product for documentation.

The upper limit of the price is more important during the import process, because from the buyer's point of view, it is expedient to pay the price for the

imported product. The upper price limit for an imported product is the price at which the product can be sold in the domestic market of the country of import. Some customs duties may be reduced or eliminated in order to stimulate the import process of more important, necessary or deficit products.

### **2.3. Formation, evolution and modern system of interstate regulation of economic relations in international trade**

The internationalization of trade, the strengthening of the interdependence of countries in the world economy, the emergence and aggravation of global problems have made the purposeful regulation of international economic relations an objective necessity. Multilateral interstate regulation of various spheres of world trade life existed before the Second World War. However, interstate regulation became a serious factor in international economic relations only in the post-war years. Interstate regulation of international relations is a set of voluntary commitments of different countries and common rules of conduct in the field of world economic relations.

The development of world trade in the postwar years shows that the main impetus for the formation and development of the system of interstate regulation of international economic relations were the following processes.

First, the need to liberalize international trade by lowering tariffs: the European economy, which collapsed as a result of World War II, required a rapid recovery, which required the intensification of foreign trade, support for the free movement of capital, and regulation of international settlements. Later, most countries realized that free international trade leads to dynamic growth, moves technology around the world, stimulates productivity, and opens up large world markets for businesses.

Second, the collapse of the colonial system of imperialism and the economic development of the liberated countries: in the 1960s and 1970s, these countries began to demand the re-establishment of world trade relations and the establishment of a new economic order. They also called for the stabilization of commodity markets at higher prices, the elimination of protectionism in industrialized countries,

preferential terms for technology transfer, increased financial assistance, and more. they demanded.

Third, the slowdown in trade over time and the aggravation of these crises by the behavior of oil-exporting countries have made it necessary for developed countries to have agreed positions on OPEC and joint efforts in the process of structural restructuring of national economies.

Fourth, the globalization of the world economy, the strengthening of interdependence and interdependence, the need for national economies to adapt to changes in world trade required the coordination of economic policies of leading developed countries, the development of various methods of cooperation and agreements to ensure national policy and international stability.

In the 1980s, against the background of constant trade wars, the coordinated transnational regulation of international economic relations served as a means of resolving many dangerous economic situations in the world.

Fifth, the strengthening of transnational corporations: their activities go beyond national borders and their interests conflict with the development interests of both their countries and the national economies of the countries in which they operate, making it necessary to find forms and methods of regulating their activities. As a result, a center for transnational companies was opened at the UN.

Sixth, the intensive development of regional economic integration processes has deepened the content of interstate regulation of international economic relations and increased the range of its forms through the establishment of regional regulatory structures. This has been particularly evident in the European economic space. Seventh, the 45-year confrontation between the world capitalist economy and the world socialist economy, as well as the collapse of the latter, led to some adjustments to the processes of formation and functioning of the system of interstate regulation of world economic relations.

The regulatory function is currently the most important function of the state. This function consists of making decisions that determine the goals, principles and rules of conduct of member states. Such decisions have only moral and political



force, but their impact on interstate relations and international law cannot be underestimated: it is difficult for any state to oppose the decision of an international organization.

Resolutions of organizations do not create international legal norms, but have a serious impact on both law-making and law-enforcement processes. Many principles and norms of international law were originally formulated in resolutions. In special areas of cooperation (finance, communications, transport, etc.), the norms of international law have been established mainly with the help of organizations. Resolutions play an important role in updating international issues. Thus, the resolutions affirm international problems, they are concretized in relation to the realities of international life: by applying norms to specific situations, organizations reveal their content.

In the system of supranational regulation of international economic relations formed in the second half of the twentieth century, two main directions can be clearly distinguished (“Davies H.J. 2012: p.69”):

1) regulation of parameters and conditions of international economic cooperation (volume of nomenclature, trade, settlement, credit, investment regime, terms and content of economic and technical cooperation, labor migration, etc.);

2) unification of the rules of implementation of world economic relations for all participants - unification of international trade in goods, services, licenses, unification of production and technical cooperation, international settlements, cargo transportation, etc.

In the first case, the instruments used include intergovernmental (including regional) trade agreements, trade agreements and other forms of cooperation. Conventions, guidelines and standard agreements adopted mainly by international organizations act as tools for unifying the rules of implementation of world economic relations.

International legal regulation of economic relations between states, especially trade relations, dates back to ancient times. Trade relations have long been one of the main themes of international agreements and have been accepted as a moral and

legal principle in free trade relations. In the second century BC, the ancient Roman historian Flor noted: “The cessation of trade means the destruction of the unity of the human race”.

**Intergovernmental trade agreements** form the general legal regime of trade, reflect customs and tariff issues, determine the status of individuals and legal entities, form the general regime of shipping and other forms of transport. Such agreements are concluded when there are sufficiently stable and stable economic and political relations and serve to further strengthen these relations. By their nature, trade agreements are concluded on behalf of heads of state and must be ratified. They play a key role in concluding more concrete intergovernmental agreements in the future, such as trade and economic cooperation.

**An intergovernmental agreement on trade turnover** defines the contingents of goods that make up trade turnover. This is usually done through the formation of contingents of goods, within which licenses are issued for the import and export of goods. Trade turnover agreements often address the issue of payments. They know not only the rules of settlement of trade turnover, but also the payment of expenses related to them, transport, insurance, freight, etc. identify issues.

**Clearing agreements** determine the rules of mutual settlements between countries by deducting mutual claims and liabilities arising in foreign trade and without transfers to foreign currency. The goal is to balance mutual payments between countries. Such agreements include a “currency supplement” because the exchange rate at which the settlement is usually made fluctuates. According to this addition, the amount available in credit accounts is automatically recalculated in case of exchange rate changes.

**The intergovernmental agreement on economic and technical cooperation** is usually concluded for a period of 3-5 years in order to expand trade and increase the production of science-based goods and lists the obligations of each party in the implementation of specific projects. One of the parties usually undertakes to assist in the construction of facilities, provide the necessary equipment, assist with qualified personnel, and train the local population. The obligations of the host party

include the creation of the necessary infrastructure for the implementation of projects, the inclusion of costs associated with foreign specialists and international cargo transportation within the project.

Increasing integration of countries in the world economy is seen as an important determinant for income and growth differences between countries. Trade improves resource allocation efficiency, enables countries to benefit from economies of scale and scope, and facilitates the dissemination of information. At the same time, trade positively affects economic growth by providing technological development and strengthening competition in domestic and foreign markets.

However, the effects of the trade policy implemented by countries on income and growth are controversial. On the one hand, reducing trade barriers increases international trade by reducing transaction costs and positively affects economic growth. It can be argued that developing countries and emerging market economies, which are more open to the rest of the world, can gain the ability to use technology from developed economies.

On the other hand, protectionist policies such as protecting young industries or pursuing strategic trade policies in important sectors are seen as beneficial for economic development.

International trade and relations are two parts that are highly confused. For those who will prefer these two parts, I must say that both are completely different from each other. The international relations department is about politics and history, while the international trade department is about business. In other words, while friends who read international relations enter KPSS and become diplomats, those who study international trade take their place in various positions in the ministry of customs and trade. However, when it comes to the private sector, the preferred people in international companies will be international trade graduates who have taken finance and business courses.

In the model for developed countries, all explanatory variables except population growth are statistically significant in the expected direction. When trade openness increases by 1%, economic growth measured by per capita income

increases by 0.145%. In the model for developing countries, all explanatory variables except population growth are statistically significant in the expected direction. When the trade openness increases by 1%, it decreases the economic development measured in per capita income by 0.264%.

Dowrick and Golley (2004), Kim and Lin (2009) and Kim et al., Arguing that this result was made for African countries by Vlastou (2010) and Tekin (2012) and that the effects of trade change over time and according to the development of countries are similar results. At the same time, these results for developing countries Yanikkaya (2003), Busse and Königer (2012) and Sakyi et al. (2015) can be said to differ from his studies. In the model number 3, in which time effects are included and results are obtained for developed countries, while inflation and population growth are not significant, trade openness, investment and public expenditure affect the economic development statistically (“Davies H.J., 2012: p.76”).

Economic development increases by 0.159% when trade openness increases by 1%. While population growth and public expenditure are not statistically significant in model 4, inflation, investment and commercial openness have statistically significant effects. When trade openness increases by 1%, it reduces economic development by 0.097%. The presence of time effects did not change the result qualitatively, and it was concluded that developing countries were negatively affected by free trade.

While the variables that have significant effects on economic development in developed countries other than trade are investment and public expenditure, investment and inflation in developing countries. The negative effects of public expenditures in developed countries and inflation in developing countries are statistically significant. On the other hand, the effect of investments was positive in both developed and developing countries.

Within the scope of these results, it would not be wrong to say that developing countries need protectionist policies rather than developed countries in recent years when trade wars have started, in other words, when protectionist policies have come to the fore, and that free trade is beneficial for developed countries. In addition, it

can be said that there is a need for studies examining the effects of trade openness in developing countries on a sectoral basis in order for economic administrations to determine more effective foreign trade policies.

### **III CHAPTER. DEVELOPMENT TRENDS OF MARKETING LEVELS IN INTERNATIONAL TRADE**

#### **3.1. Marketing development methods in international trade**

Benjamin Franklin says that no country was destroyed by trade. The main indicator of the wealth and prosperity of a nation is foreign trade, which is the sum of imports and exports. It is true that trade does not cause destruction, but it is also clear that in countries with a trade deficit by failing to balance foreign payments, the gross national product will fall if the excess foreign currency outflow is not replenished (“Davies H.J. 2012: p.87”).

##### **Anti-crisis: Export**

Economic development level and foreign trade balances are directly related. The underlying factor of economic development is the high rate of per capita income. One of the ways to have high national income is to increase trade, especially exports.

If we take into consideration Azerbaijan's economic condition in which the moment, the only way out is to increase production from the crisis and new products produced it seems to be exported to foreign markets. For this, our companies nationally need to develop export and marketing strategies, establish long-term partnerships by focusing on these strategies, and increase their market shares, not profit margins.

Developments in technology and communication reduce the importance of distances from the main difficulties in exports; language differences becoming small problems now, thanks to globalization and easy access to information; The fact that payments can be made faster through the internet, wireless connections or online can be described as the advantages of the information age for exporters. In addition, the fact that the internet offers equal opportunities for all entrepreneurs seems to be a disadvantage, but according to Michael Porter, it does not create a competitive advantage. The reason for this is that the internet is open to everyone. This allows to

compete on equal terms, but on the other hand, the fact that it is a disadvantage for those who do not use it cannot be denied.

What makes the difference in a free market economy where all entrepreneurs struggle on equal terms? Long-term strategies... As one of Honda's top executives said, long-term means “always” in corporate culture. The meaning of this is clear; Companies that develop global business strategies will have an advantageous position in the competition as it will be easier for them to hold on to the market they enter.

There are 5 main pillars of developing an effective global marketing strategy to avoid negative conditions (“Davies H.J. 2012: p.98”).

- Playing big in major markets;
- Standardization in “core product”;
- Concentrating high value activities in a small number of countries;
- Implementation of a uniform marketing program;
- Integration of competition strategies between countries;

Export has its own advantages, such as finding capital easier than domestic trade and benefiting from official aid.

### **From Export to International Marketing**

When the structure of exports in the world is examined, we see that the companies that make the difference are their own marketing tactics. The prerequisite for being permanent in the market is to follow new trends and not to fall behind the change. It is not for nothing that Philip Kotler said that marketing has new formulas and that the marketing mix of place, price, promotion and product will be replaced by customer value, customer costs, customer convenience and communication with the customer.

So what are the new trends (“Nomani A.Y. 2014: p.98”)?

\* Relationship Marketing: Lifetime customer satisfaction is aimed at the basis of this marketing trend.

\* Customer Satisfaction: Instead of attracting consumers, companies pay more attention to issues such as customer satisfaction and customer satisfaction. Again,

related to this, companies are trying to increase their total share in a customer's shopping rather than market share.

- \* **Creating a Database:** Creating a database is critical in terms of retaining the customer, after-sales services and meeting their needs correctly.

- \* **Sales Automation:** Equipping the personnel with tools such as laptops, pagers and mobile phones to increase sales activities.

- \* **New Brand Production:** In the face of the growing power of retailers, manufacturers are striving to further strengthen their brands.

- \* **Integrated Marketing:** Another development in the international marketing world is that advertising has given its place to an approach where advertising, sales, promotion, public relations and direct marketing, which is called integrated marketing communication, are used more intertwined.

Kotler's if they say to Turkey is developing in the same direction with Michael Porter. Turkey should create a vision and export composition should focus on sectors where competitive advantage. According to Porter, some of the tactics specific to the crisis period are to reduce prices, to produce economical products and to carry out promotional campaigns.

The source of all this is to reach the right information in a timely manner. We live in an age where there are standards in production.

The development of marketing development in international trade is based on the specific principles inherent in any planning process, as well as only inherent in this type of planning.

The principle of holism (unity) implies the systemic nature of the construction of plans in accordance with the interdependence and unity of the elements, a single direction in their development, as well as coordination of vertical and horizontal movements, integration of goals and objectives of individual sections of the plan.

The principle of participatory participation In the preparation of plans, the majority (all) of the firm's departments and employees, of course, marketing the central services of the parent company and its foreign branches and subsidiaries. Basic principles of planning Specific principles of planning The country principle



of the Plan means the participation of units of the Standardization-Differentiation principle. In this case, the overall marketing plan is strengthened not only by more specific and tailored plans of each country for each market segment, but also by the development of personal plans of employees in the areas of work. In addition, all employees are informed about the main directions of the international marketing plan.

The principle of premeness (continuity) determines the continuity and succession of the planning process. In this case, the marketing program is not compiled by chance (occasionally), it is developed continuously, maintaining a succession of key indicators and directions. International marketing programs are often developed on a country-by-country basis, although a country-by-country section may be included. Such an approach allows you to accurately monitor the main changes in marketing in foreign markets and build a strategy for its optimization.

**Table 2: Differentiated approach to the development of international marketing programs.**

		Purchasing status	
		Only	Different
	Only	Marketing programs in universal commerce	Differentiated marketing programs for goods and distribution
Buyers' expectations	Different	Differentiated marketing programs by promotion and price	Distinguished marketing programs in trade

**Source:** Prepared by author according to <http://unec.edu.az/application/uploads/2015/12/14-Marketingq.pdf> 2015.

The principle of standardization and harmonization of international marketing programs is based on the efforts of companies to standardize and globalize international marketing strategies, measures, as it reduces the overall cost of mastering and expanding foreign markets and creates the same (similar) image of the firm and its products.

However, this principle is very difficult to implement, because each foreign market and its segment has its own characteristics, so in many cases, companies are

forced to take a differentiated approach to the development of international marketing programs.

Different methods are used when designing international marketing programs. They need to improve the quality of complex marketing research and optimize the technology of making plans themselves. The main methods of planning international marketing activities are as follows (“Nomani A.Y. 2014: p.122”).

#### **“Country Book” method**

- The method of making forecasts when making plans
- Balance sheet method of planning
- Economic planning methods
- Exposure-planning methods (soft-software)
- “Sliding”, a method of ensuring flexibility
- “Weaknesses”, a method of taking into account difficulties

Trade activities are the main goal of international trade and almost all types of trade. The international market development model usually includes the following stages:

Step 1: Create a domestic market Before meeting the challenges of international trade, the domestic market is usually a good place to test products and fine-tune performance. It can also provide good performance indicators. However, in some cases, this stage of the export process has no effect. For example, this is the case for a Canadian software company that develops products for foreign markets. Since the development of the international market requires exporters to spend time and resources, it is important to establish a solid foundation on the basis of expanding export activities in the domestic market in the future, so as not to damage the company's core business in the international market.

Step 2: When an export research and planning company starts to do business abroad, it usually targets its language, financial structure, legal and economic system or cultural country. For example, Canadians entering the international market usually turn to the US market first. Companies need to make proper preparations before entering unfamiliar markets. By analyzing the degree of success of the offered

product or service in the potential market, exporters can reduce the target market by three to four. A well-researched marketing plan can enable potential exporters to export with confidence. This kind of hard work is better than the universal and expensive fantasy of “following the world order.” Another benefit of conducting relevant international market research and planning activities is that by creating written documents, it is easier to find potential problems and weaknesses. This allows exporters to anticipate potential challenges before investing the time and money needed to successfully develop export markets (“Kərimli İ.A. 2016: p.126”).

**Step 3: Initial export sales** When implementing the export plan, it is recommended that you start moderately by testing the market. The stratification strategy allows inexperienced exporters to gain practical experience in the market without facing unnecessary or uncontrollable risks. Emerging markets enable exporters to track their development and make necessary changes in the direction of export success. At this stage, exporters must use the initial shipment to familiarize themselves with the export mechanism (documents, distribution channels, shipment and collection), to identify the customer's target audience, and to identify and understand what product changes may need to be made. May affect the rules of the case. This is also the stage of reconsidering the initial plan.

**Step 4: Expand international sales.** If initial sales are good, plan larger orders and a broad action plan. This stage is usually accompanied by in-depth market research, more active participation in international trade fairs and other marketing activities, and greater emphasis on strengthening networks and connections in the target market. The company may negotiate with potential local partners to strengthen its market position in profitable business relationships. When exporters reach this stage, they will learn a lot about the export market from their past experience, which will help them to continue to consolidate their market position while appropriately adjusting their strategies.

**Step 5: Overseas investment** If sales are fast, profitable, and opportunities are unlimited, the company may choose to expand its business in the target market. For example, it can open local offices, strengthen relationships with local partners,

acquire existing local companies, establish joint ventures or invest in R&D or manufacturing. The target market can act as a stepping stone to an adjacent market and can become the focus of a larger trading strategy. In addition to companies located elsewhere that only operate remotely in foreign markets, the final stage also bears other results and responsibilities. As the company gains a lasting physical position in the market, the expansion of its business scope will bring new challenges. For example, investment companies, society and all other stakeholders-employees, local government, environment, legal and tax compliance, transparency, public image and sustainability-must consider their influence and interaction. All these impacts must be carefully managed as corporate citizens with a good sense of corporate social responsibility. This is a policy that must be reflected in every opportunity.

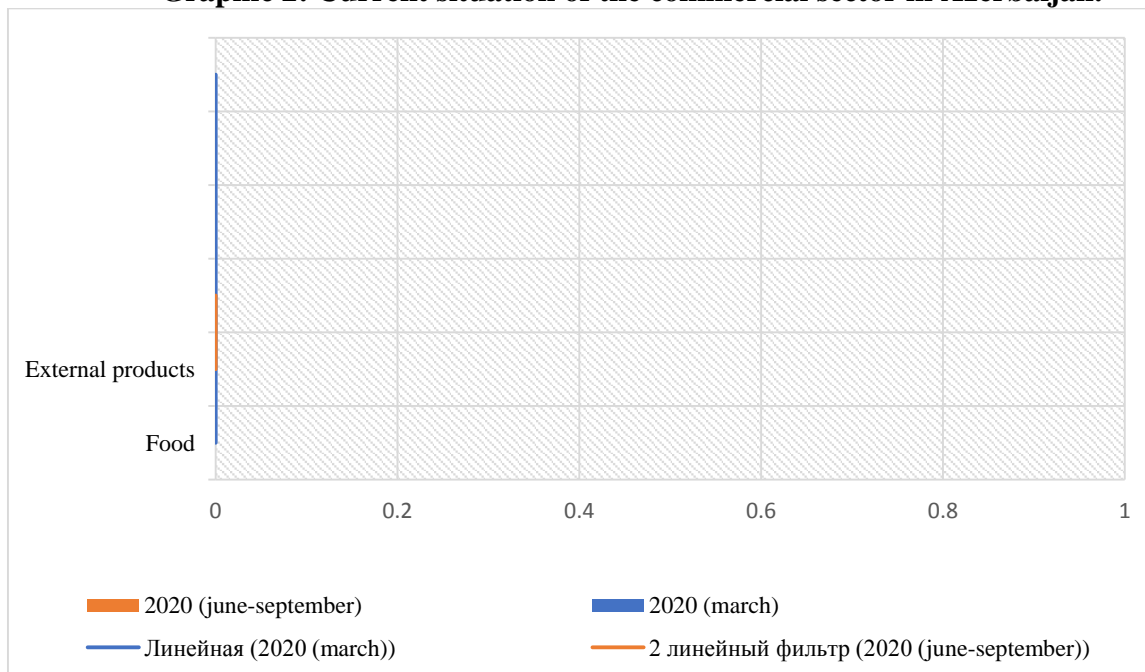
### **3.2. SWOT analysis of the current situation of the commercial sector in Azerbaijan**

If we look at the current situation of the commercial sector in Azerbaijan, we should say that in January-September 2020, a total of 28,054.9 million AZN (manats) (16,502.9 million USD) from retail trade network to households; At the same time, sales of food, beverages and tobacco products worth 15,121.4 million AZN (manats) and non-food products worth 12,933.5 million AZN (manats) were realized. Compared to the same period of 2019, the retail trade volume is 1.6%; At the same time, it decreased by 6.3% in non-food products, and increased by 3.1% in food, beverage and tobacco products. Electron trade volume increased 2.4 times compared to the same period of the previous year (<https://ticaret.gov.tr/blog/ulkelerden-ticari-haberler/azerbaycan-2020>)

In the January-September period of 2020, 48.8% of consumers' total expenditure was food products, 5.1% beverage and tobacco products, 15.7% apparel, clothing and shoes, 5.7% electricity and furniture, 5.3% vehicle fuels, 1.8% pharmaceutical products and medical supplies, 0.8% computer, telecommunications

and printing products, and 18.8% other non-food products. (<https://ticaret.gov.tr/blog/ulkelerden-ticari-haberler/azerbaycan-2020>)

**Graphic 2: Current situation of the commercial sector in Azerbaijan.**



**Source:** Researched by Ministry of Commerce of the Republic of Turkey, on Azerbaijan-retail trade volume. <https://ticaret.gov.tr/blog/ulkelerden-ticari-haberler/azerbaycan-2020>

In the said period, the average monthly retail trade volume per capita was 312.6 AZN (manats)s or 2.9 AZN (manats)s compared to the same period of the previous year. In the trade network, one person bought food, beverage and tobacco products worth 168.5 AZN (manats) per month, and non-food products worth 144.1 AZN (manats) per month (<https://ticaret.gov.tr/blog/ulkelerden-ticari-haberler/azerbaycan-2020>)

Immediately after the Corona Virus affected the world, many countries took many measures for small businesses to prevent the pandemic situation from growing further. closed first gym in Turkey, barbers, cafes and entertainment venues, as well as bakeries, was brought in to limit services such as bakery shops. Although small businesses started to be negatively affected by these applications, it is possible to say that the density of businesses providing e-commerce services has increased. In short, at this point, we can say that the Corona Virus epidemic is an opportunity for

e-commerce companies to increase their revenues if they manage their services correctly. Because during this period, most of the people who stayed at their homes started to make purchases such as clothes, furniture and cosmetics, including grocery needs, on the internet in order to protect their families and themselves from the danger of Corona Virus.

E-commerce (“Watson P.T. 2015: p.122”):

- To be practical;
- People can reach many products in seconds;
- More campaigns and discounts benefited;
- Contactless payment opportunity;
- Availability of many product varieties;
- Especially not needing to leave the house.

And thanks to features like these, the rise of E-Commerce was inevitable during this pandemic process. With the rise of E-Commerce, companies providing e-commerce services continue to rise. It is also possible to say that people mostly turn to online shopping, especially during this pandemic process. In other words, people who use e-commerce only for grocery shopping also use it to purchase products such as technology, cosmetics, clothing, decoration. For this reason, with e-commerce, which shows its importance again in the pandemic process, there will be great increases in the revenues of the companies serving in this direction. In this process we are in, you can do e-commerce in order to earn more income and you can increase our company with the power of e-commerce.

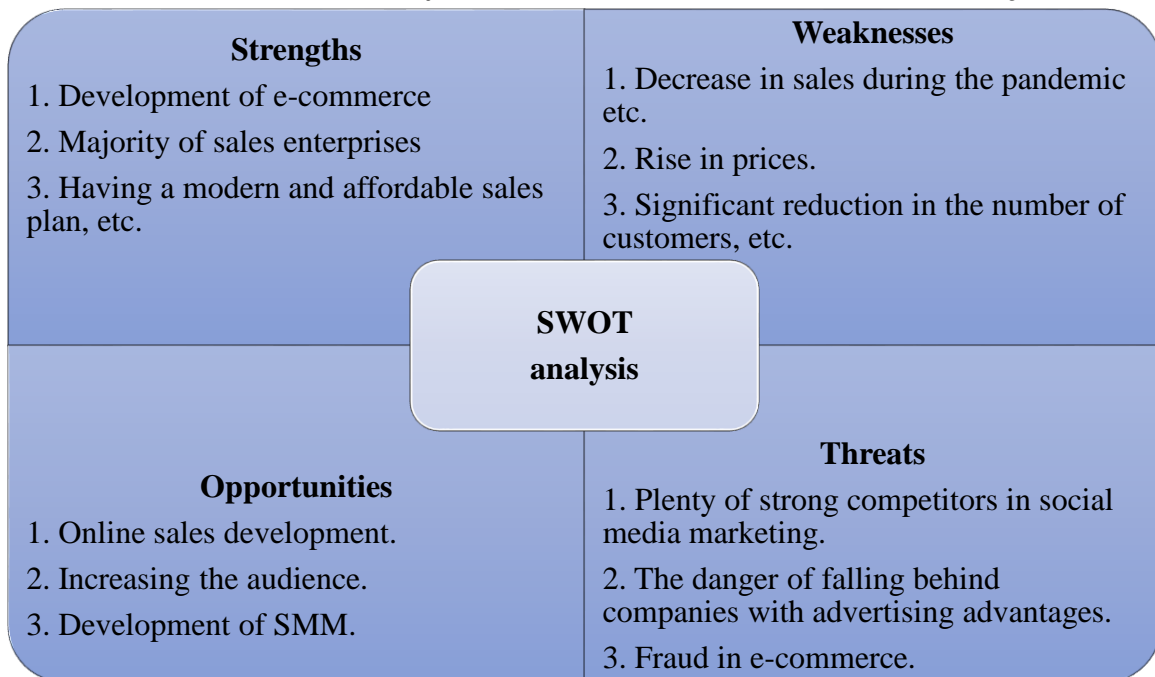
In this regard, we can conduct a SWOT analysis of the current state of trade in Azerbaijan. Through this analysis, we can identify the strengths, weaknesses, opportunities and threats of the trade sector.

**Figure 1: SWOT analysis**



**Source:** <https://www.educba.com/swot-analysis-examples/>- SWOT analysis 2020.

**Scheme 5: SWOT analysis of the current state of trade in Azerbaijan**



**Source:** Compiled by the author on the basis of research.

In mid-2019, a pandemic was declared by the World Health Organization (WHO) on March 11, 2020, due to the outbreak of coronavirus in the Chinese city of Wuhan. With the explosion of the COVID-19 secretion, it is still unclear how long the negative effects that have occurred in the economic sense of the whole world will last. In particular, the introduction of a complete or partial street ban in many countries has led to a significant change in the consuming behavior of the COVID-19 secretion and the reshaping of the sector. While the measures taken by

physical stores and customer preferences, in particular, are negatively affected by the outbreak, online retailers are gaining regular customers by increasing sales. Consumers have begun to prefer e-commerce, which is the fastest and most practical way to meet their needs in an environment of exclusion. E-commerce is a method that reduces physical impact to zero, except for the purchase of cargo. However, direct access to the product is extremely important not only for health reasons, but also for practical reasons such as practicality, time and energy saving. The aim of this study is to examine the impact of COVID-19, a contagious disease, on e-commerce and to assess changes in demand for different products and product groups in the e-commerce package during the COVID-19 pandemic.

E-commerce has found areas of application and improvement in all segments of economic life with its widespread reach and the facilities it provides. The main reason for these developments is that electronic commerce is available on the internet and instantly. Electronic commerce is used in most areas of economic life thanks to its features. With the increase in the world population, the worldwide trade volume is increasing. When we reach 2019, the world trade volume is based on 25 trillion dollars. Out of this number, e-commerce sales reached 3.5 trillion. In other words, the world e-commerce volume within the total dimension of global trade reached 15% in 2019 while it was 3.6% in 2011. The most striking thing in the world e-commerce statistics is that data e-commerce has a very rapid growth compared to retail trade. Today, with the digitalization in the world, retail trade is transforming into e-commerce in a coordinated manner. (<https://news.un.org/en/story/2021/05/1091182>, 2021).

The clothing industry is one of the sectors negatively affected during the epidemic. Since people cannot leave their homes, they avoid shopping for clothes. According to the analysis of Azerbaijan consumers conducted by the researchers, as of the end of March, online revenue for apparel has decreased by 11% annually. Online fashion retailers in Azerbaijan reported a 23.1% drop in their sales in March. Among the product groups, the sharpest decrease was in men's clothing with 42.9% and men's shoes with 32.8%. However, this category, which has decreased during



the periods when the epidemic started to be on the agenda, has increased in recent days with aggressive discount campaigns (<https://www.euromonitor.com/e-commerce-in-azerbaijan/report-2021>)

The COVID-19 pandemic crisis has significantly changed the consumption habits of people around the world. Because epidemic diseases have led to radical social changes not only in the period they lived but also in the long term throughout human history. One of the most important effects of COVID-19 is that social and commercial life forces to digitalize to a large extent.

The continuous development of internet technology and the rapid spread of this development globally have affected the consumption cultures of consumers. In the previous years, the concept of consumption, which meant only shopping from physical stores, started to be replaced by online platforms, although not completely, by taking advantage of the opportunities brought by the internet. Thanks to the online platforms, consumers can easily access all the information they want to reach about the product as well as make a comparison of different products.

In the COVID-19 pandemic crisis, there has been a trend in e-commerce that has spread around the world, resulting from people closing home. When compared with the previous year's data, it is seen that the volume of e-commerce has increased in Azerbaijan and in the world. However, during this period, a significant increase trend was observed in the demand of some product groups, while the demand for some products decreased. During the epidemic period, consumers turned to especially health, personal care and cleaning products. There has been a decrease in the demand for clothing and accessories products and luxury consumption products.

In this study, an infectious disease that Covidien-19, in terms of the impact of e-commerce products and product groups were evaluated in terms of the world. In this qualitative research, author benefited from the relevant literature as well as current articles and news sources on the agenda. A quantitative research can be conducted on this subject by conducting a survey on consumers in the future.

## CONCLUSIONS AND RECOMMENDATIONS

With the strengthening of the markets and the increase of competition, international markets have increasingly become more attractive and applicable to domestic companies. However, while operating in international markets offers opportunities for companies, it is also not a painless effort to manage operations in a diverse environment. It is necessary to carefully analyze this new environment and make the decision to standardize or adapt the marketing strategy in an international context. This fact has formed the basis of this research because the entry strategy of international marketing is a very important decision for companies and requires a large investment in terms of money, time and effort.

According to the results, economic growth level, cultural values, customer preferences, climate and geography and legal and political requirements are obtained as the factors with the biggest differences between the home and the host country, respectively. Since the main export markets of the firms in the example consist of Germany, Italy and France, which are members of the European Union countries, it is an unexpected result to perceive the level of economic growth differently between Azerbaijan and the EU countries. It is also expected to have the greatest differences in cultural values because they differ from country to country, such as color perception, language, religion, norms. In addition, customer preferences, climate and geography differ between countries as expected. Finally, the legal and political requirements differ between host and host country, as some country-specific certificates are required to meet that country's standards. It has also been observed that companies do not have more information about the marketing infrastructure, market competition and media availability of the foreign market. This also points to the companies' lack of control and knowledge over international markets.

In the introduction strategies of international marketing, it is necessary to monitor the marketing environment of the companies, the activities of the companies working in this direction and to determine the goals. In this process, the demands and demands of the market are taken into account. All companies apply international marketing strategies differently. The way each company enters into international marketing is implemented in different ways. What the marketer has to do is to research the companies that he works in the national direction, and the demands and demands of this company are taken into consideration. All companies implement international marketing strategies differently. The way each company enters into international marketing is applied in different ways.

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