



**AZƏRBAYCAN RESPUBLİKASI TƏHSİL NAZİRLİYİ
AZƏRBAYCAN DÖVLƏT İQTİSAD UNIVERSİTETİ**

BEYNƏLXALQ İQTİSADİYYAT MƏKTƏBİ

***Kafedra: Beynəlxalq iqtisadiyyat məktəbi
İxtisas: Biznesin idarə edilməsi***

BURAXILIŞ İŞİ

Mövzu: Azərbaycanadakı şirkətlərin beynəlmilləşdirmə strategiyası.

Tələbə: Mərdanova Alya Etibar

Kurs: 4

Qrup: 1081

Elmi rəhbəri: Rasim Abutalıbov

Kafedra müdiri: Altay İsmayılov

BAKI – 2019



The Ministry of Education of Azerbaijan Republic

Azerbaijan State Economic University

International School of Economics

BACHELOR THESIS

***Theme: Internationalization strategy of
Azerbaijani companies***

Author: Alya Mardanova

Supervisor: Rasim Abutalibov

BAKU-2019

Acknowledgements

First and foremost, I am deeply grateful to my family for the constant support and assistance shown to me throughout the research process, and for cooperation to make this thesis prepared.

Certainly, I am so thankful to my scientific director Mr. Rasim Abutalibov for playing the essential role in writing this paper, and giving me the right directions and ideas on the way of research and preparation.

Moreover, I would like to thank all the teachers and this faculty overall for the great role done over past four years. Knowledge that we have got throughout these years helped me a lot on making this study ready.

Abstract

To talk turkey, particularly choosing the subject of this thesis was something unplanned. However, it made me quite happy as well as excited, because the topic of discussion is pretty relevant and tremendous in present economic environment, which will be also revealed and accessible to you below in further discussions. In the last decade, the emphasis has shifted in many respects to considering the benefits and risks of internationalization as such, to considering the strategies of internationalization of companies operating in the global market. (farms and mining). Nowadays, there are a number of companies that go overseas and succeed not only in the local but also in the foreign market in our globalizing world. The fact how profitable those companies are, is the first and foremost purpose of this research paper. Therefore, the analysis to be done will probably bring benefit and a couple of advices particularly on the way of internationalization of Azerbaijani companies. The purpose behind this essay is to run a research and also to find out the relationship between effect of internationalized companies on country's GDP and economy level overall.

Table of Contents

1. Introduction

- 1.1. The questions to be discussed throughout this paper
- 1.2. Main difference among globalization, internationalization and localization terms.
- 1.3. Internationalization strategy and its benefits to country's economic development.

2.1. Analysis of foreign markets. Competitive Advantages.

2.2. Factors to consider before an entering any foreign country.

2.2.1. The practical experience to prepare the business plan.

2.3. TNCs

2.3.1. TNCs role in I18n strategy. Transnational corporations as a result of internationalization in the global economy

2.3.2. TNC calculation for identification of transnational companies.

3.1. Internationalization Strategy of well-known corporations.

3.1.1. Internationalization policy of Starbucks

3.1.2. Internationalization policy of McDonald's.

4.1. Measures taken by Azerbaijani government.

4.1.1. Promotion of the brand Made in Azerbaijan

4.2. AzPromo role as the way to support I18n.

4.3. Export statistics of Azersun Holding.

4.4. Data received according the export results.

4.5. Several types of government support

5.1. Main importers from Azerbaijan.

5.2. Data for FDI in Azerbaijan for non-oil sector

6. Conclusion.

7. Bibliography.

Introduction.

1.1. The questions to be discussed throughout this paper.

Nevertheless, the main question to be figured out is the way of internationalization of our local companies, how to make Made in AZE brand more known all over the states. Before that, too many questions and debates appear in mind during research process as follows:

- If there is a correlation between development level of the country and internationalization strategy?
- Are there any concrete tools applied for?
- Which resources are must to have?
- What are the risks behind this strategy?
- Is there any specified intn strategy used by all countries?
- What are the merits and demerits of Azerbaijani market?
- What is the most potential field in our country to internationalize?

The answers to above questions will be revealed further during real case practices and research.

1.2. Main difference among globalization, internationalization and localization terms.

Primarily, there can be some confusion in regards to the notions which are at some point may seem similar. Those are:

Globalization, Internationalization and Localization.

Let's bring a brief description and examples for each:

Globalization – in business language the one is also described as entering the global market.

For instance, online multinational shopping centers such as eBay and Amazon ease the process of purchasing products from the different points of the planet, that is either through B2B or B2C. Another example is Target, which represents the

features of usual traditional shops. Before reaching out the final destination, its products make stops in a number of various countries. Raw materials are coming from India is being produced in China, and afterwards becomes ready for sale in America.

A bunch of restaurants, as McDonald's, functions in many countries. Particularly, McDonald's has franchises in more than hundred countries around the globe, and customers all over the world spots its logo and brand.

One more sample is Netflix which operates in upwards of 190 countries and provides the movies and TV series with subtitles in local language.

In another words, globalization can be determined as the process of increasing economic integration between countries that leads to the merging of separate national markets into one global market.

Furthermore, speaking of I18n we are talking about strengthening the interdependence of individual national economies under the influence of economic integration, while maintaining the key role of the national state and the relative autonomy of national economies.

Globalization leads to the fact that national economies become part of a single global economic system, i.e. globalized economy.

Before to determine localization (I10n) term, the point should be made on the fact that the one is actually post process which takes place after I18n of the company.

In contrast, I10n is the process of adapting of the product to particular target and segment markets, which is post progress of I18n.

In below example on evaluation of McDonald's, the difference among these three notions will be more understandable.

As mentioned earlier, McDonald's runs more than 30K restaurants in 100 countries. Its massive expansion serves an example for G11n.

By content, the corporation invents a menu applicable to a variety of local tastes and traditions. This is an example of I18n.

Lots of McDonald's restaurants in Israel serve the local Jewish food and beverages, and due to Sabbath holidays there, the restaurant is being closed on these days. Moreover, McDonald's opened vegetarian restaurant in India, where the majority of population does eat neither beef or pork. Although, McDonald's managed to save its global brand identity, but adapted its goods and services for local markets. This is an example of I10n.

Now, when there is no chance left for the confusion of these economic terms, let's go much deeper with I18n strategy.

1.3. Internationalization strategy and its benefits.

The internationalization of the economy (eng. Internationalization) is the process of turning the national economy into an international one. The internationalization of the economy is the formation of international relations that would be fairly stable in the production and economic sphere, based on the international division of labor.

Historically, the internationalization of the economy begins with the internationalization of exchange. Gradually, the internationalization of exchange develops into the internationalization of capital and the internationalization of production. The internationalization of capital is a progressive exit of capital circulation beyond national borders. Externally, the internationalization of capital is manifested through the export of capital and international migration of capital.

The internationalization of production is a concrete historical form of international socialization of production, based on the international division of labor. International socialization of production is the content of internationalization and is the merger of individual industries into a single social process. A necessary condition for the merger of individual production is the development of the international division of labor. Therefore, the more the international division of labor develops, the more accelerated is the development of the internationalization of production.

Internationalization strategy - the development of new, foreign markets, including the expansion of not only the export of goods, but also the export of capital, when enterprises are established abroad, producing locally, in the former countries-importers of goods, bypassing the restrictive entry barriers and using existing advantages (for example, cheap labor force, local raw materials, etc.).

The internationalization of business activities provides the following opportunities:
- maintain and increase sales in the event of a decrease in demand in the domestic market;

- smooth out sharp fluctuations in demand and extend the product life cycle;
- get recognition abroad and gain international prestige for the company and its products;
- recoup the costs of market research and innovation faster and more efficiently than it can be done in the domestic market;
- master the advanced experience of conducting international business, train and improve the competence of the company's personnel;
- improve the liquidity of the assets of the company through the use of foreign sources of cash currency.

As world practice shows, the main sources of advantages for entering the international market, including foreign investment, are the following:

- increase in profits due to more profitable capital investment in countries that have the necessary factors and resources (raw materials, skilled and relatively cheap labor) or create favorable conditions (tax, legislative) to attract foreign investors;

promotion of their products or services to new markets by simple export operations, and the creation of their own sales offices and firms, the organization of the I after-sales service network

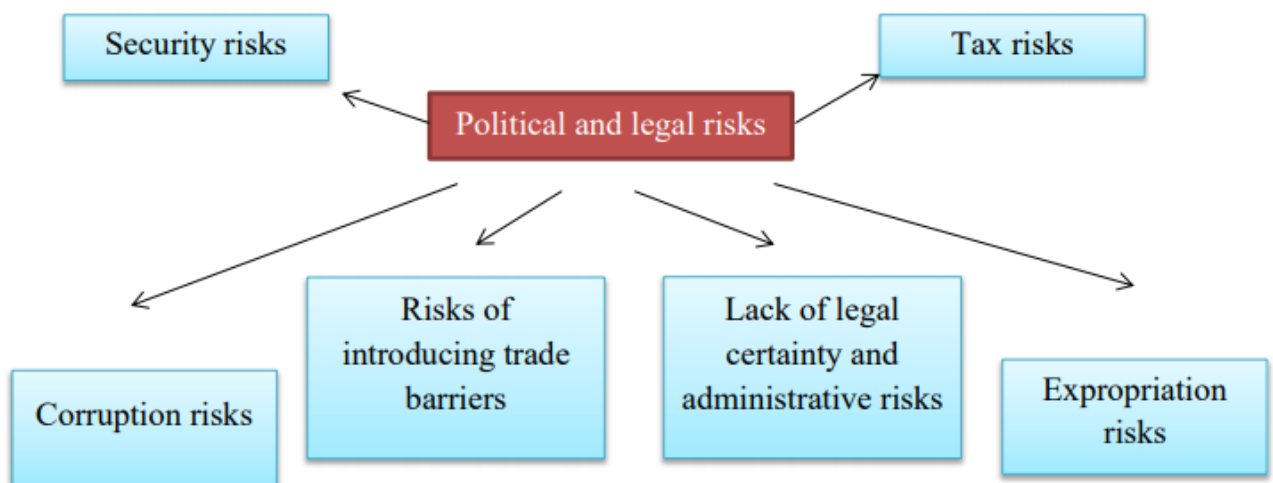
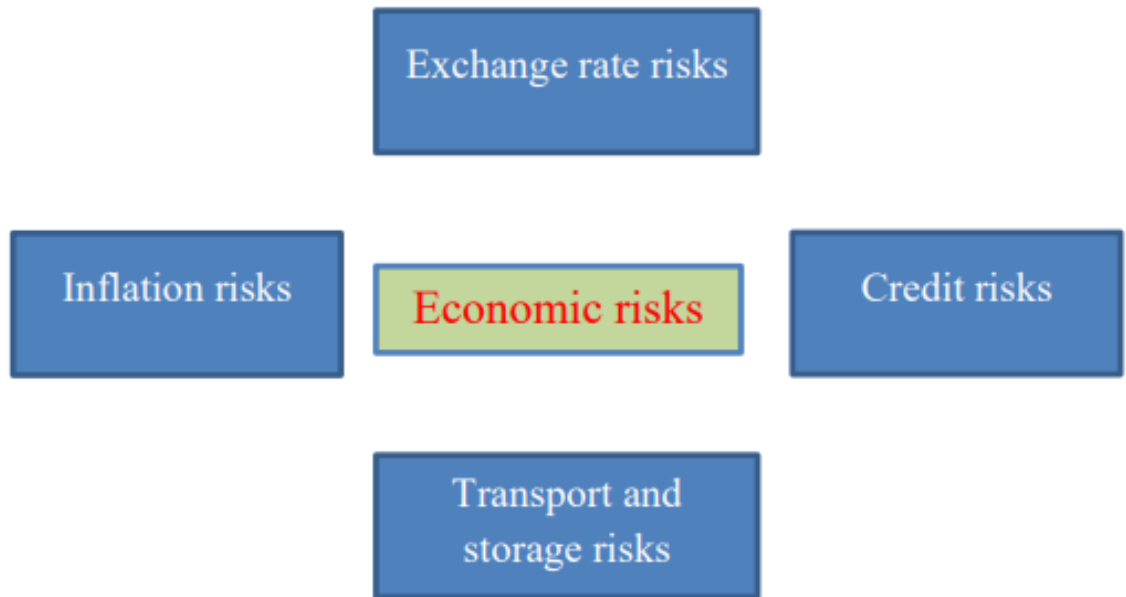
- introduction of the results of their own scientific and technical research and development, including those that are not yet used in their country;
- diversification of activities and distribution of production and financial risks;
- development of various forms of joint business with foreign partners, including on the basis of agreements on scientific, technical and industrial cooperation, construction of various facilities (in particular, 1 in third countries).

2.1. Risks behind Internationalization strategy.

However, the implementation of activities in the new unusual business environment is accompanied by increased risks, additional material and time costs and difficulties. The most important risks of internationalization are:

- risks associated with completely new conditions for doing business: success in a particular field of activity in one's country does not at all mean automatic success in other countries;
- risks of a political nature associated with a change in the socio-political situation in the host country, the reorientation of its economic policy, the complication of interstate relations;
- financial risks associated not only with changes in the mode of transfer of capital and profits, but also with currency fluctuations, an increase in interest rates on loans and credits, differences in inflation rates for different countries.

Problems of internationalization



2.2. Analysis of foreign market. Competitive advantages.

The difficulties associated with entering foreign markets include:

- additional costs for the study of geographical, demographic, political, legal, economic, scientific, technical, cultural, social and other features of the business environment of foreign countries;

- complicating the management of the company, which implies the need to train qualified personnel who are familiar with the peculiarities of the markets of the respective countries, with the demands and preferences of foreign consumers, with the specifics of conducting negotiations in foreign languages;
- the need to modify and adapt products to the requirements of foreign markets;
- the difficulty of finding foreign partners.

As a result, there is a need for a preliminary analysis and assessment of both the characteristics of the host country as a whole and the activities of individual foreign entrepreneurs - potential partners. For example, when choosing a country of residence for international business, one should take into account the rate of its real economic growth, since even if the firm's stable share in the market of this country remains, the profit increases at the same rate as the growth of the economy as a whole. Developing countries are characterized by faster economic growth, but making investments here is riskier than in industrialized countries.

The choice of an external market implies, on the one hand, an assessment of the requirements of the business environment, consumer needs in a particular foreign country, and on the other hand, an analysis of the production and sales (primarily export) capabilities (potential) of a firm. When choosing a target foreign market, *ceteris paribus*, preference is usually given to the market:

- possessing the greatest potential demand;
- with clearly defined boundaries, quantifiable;
- the most accessible, with open information, as a rule, similar to the previously developed markets;
- sensitive to market measures of the company and its competitive position (with high elasticity of demand).

Work on the study of foreign markets and the assessment of their capabilities can be carried out directly by the exporting enterprise (investor), together with information and consulting firms, by consulting and information firms.

The study of the world or foreign market involves:

- the study of the market, business environment, which includes an analysis of economic, political, legal, scientific, technical, socio-cultural, demographic, natural-geographical and environmental factors;
- study of customer requirements for consumer properties of goods and related services, the psychology of consumer behavior;
- a study of market capacity, the nature and elasticity of demand, the price level, the degree and nature of competition;

- study of business entities, including contractors and representatives of the contact audience;
- research forms of organization of activities adopted in this market.

2.2. Factors to consider before an entering any foreign country.

Before starting work in a foreign business environment, an enterprise needs to receive answers to the following questions:

- what is the political structure of a foreign state;
- what type of economic system it belongs to;
- whether the industry in which the interests of the firm are located is in the public or private sector;
- whether the government considers foreign capital as a competitor or as a partner for local state or private enterprises;
- how the government controls the nature and size of private enterprise;
- how much assistance has the private sector to the government in formulating general economic goals?

The internationalization of business activity is usually associated with the expansion and development of the company. The main factors (criteria) that influence the choice of models and methods for an entrepreneur to enter foreign markets include the following:

1. Legal aspects. Legal aspects are related to the restrictions that various countries impose on certain methods of internationalization: direct prohibition of certain forms of activity or indirect opposition to certain forms of activity (for example, by influencing profitability).

In these cases, the firm may be limited in choosing the mode of activity regardless of its preferences. In particular, Mexican law prohibits foreign investors from having 100% control over their operations.

The choice of the method of internationalization and the type of investment is influenced, in particular, by the attitude of the host country to foreign trade. For example, countries such as South Korea and Singapore use policies that encourage firms to produce for export. Argentina and the Philippines introduced trade barriers and incentives to encourage domestic production.

Indirect methods of regulating foreign presence may include: applying higher tax rates, determining the amount of repatriated funds, requiring compliance

with the conditions of antimonopoly legislation, setting conditions for which the nationalization of foreign companies' assets is possible.

2. The magnitude of the costs. The firm's international activities vary in the amount of resources required for foreign operations, as well as in the ratio of funds spent domestically and abroad. For example, exports can be paired with fewer resources than foreign direct investment, in the case when the firm has excess capacity in its own country. If the company's entry abroad requires an increase in production capacity, then this can be done through investments both in one's own country and abroad. In the first case, it is necessary to significantly expand exports, but at the same time the company's assets remain in the home country. And in the case of foreign direct investment, a firm can reduce the need for additional capital investments, by offering, for example, ownership of an international enterprise on a shared basis.

Manufacturing abroad or selling products in foreign markets are associated to a large extent with additional fixed costs, so with a small production volume it is more profitable to resort to the services of firms specializing in conducting international operations. They, in turn, can allocate increasing fixed costs to services provided to several firms.

When production reaches a significant amount, a less expensive option may be to carry out export operations on its own.

Connection under the contract of a third-party company can be cheaper if it has excess capacity in the areas of production or sales, and these facilities are easy to use. Such an option means reducing the time required to prepare for conducting international transactions and speeding up the beginning of cash inflows. Moreover, a local contractor firm may have the necessary knowledge of the market, for example, how to act in the context of national legislation and business environment. Obtaining such knowledge in-house can be very expensive for the client company.

At the same time, the creation of a joint venture is sometimes associated with increased costs associated with negotiating with a partner company, the emergence of additional headquarters and unavoidable costs for maintaining relations with a partner. Additional costs may also be caused by the need to prepare reports that must meet the needs of more than one firm.

3. Experience. At the initial stage of internationalization, only a few firms are willing to spend a significant portion of resources on international operations: firms may simply not have the funds sufficient for the rapid deployment of activities abroad. Such firms, as a rule, increase their participation in international business in stages. At the initial stages, they try to save their

resources and concentrate them primarily in the home country, and not abroad. This determines the choice of such methods of entering foreign markets, which are associated with shifting the burden of international operations to other firms. With the expansion of foreign activities, the company begins to consider its international activities separately from domestic. Then there is a tendency to service international operations on its own and to increase the share of resources deployed abroad.

4. The level of competition. The lower the level of competition in the foreign market, the greater the freedom to choose the method of internationalization. When a firm has scarce, unique, difficult to reproduce resources, it is much easier for it to choose the desired field of activity abroad. If the likelihood of intense competition is high, the firm may be forced to choose the least efficient business area. If she does not do this, a competitor can capture the market faster. The possibility of competition may force a firm to choose a strategy for accelerated expansion of foreign operations, but only (due to limited resources) by entering into appropriate agreements with other firms.

5. Level of risk Entrepreneurial activity involves numerous risks. However, the risk associated with the likelihood of political or economic changes that can reduce the security of a company's assets and the income it receives is placed first in international business. One of the ways to minimize losses from nationalization in such situations is to minimize assets abroad. Fears of the same kind may determine the choice of agreements based on asset sharing with other (most often local) firms. These circumstances force recipient governments more carefully to impose restrictions on any operations in order to avoid opposition from more than one firm. Consequently, the higher the estimated level of risk, the stronger the firm's desire to participate in strategic alliances.

One of the methods of risk distribution is the implementation of foreign economic operations in several countries at once. Such a strategy reduces the likelihood of simultaneous impact on all assets of such negative events as confiscation, the introduction of exchange controls, or even a reduction in sales due to a decline in production in the recipient country. By dispersing transactions, potential losses can be reduced, as well as seasonal variations in total revenues. For companies that have not yet fully mastered international markets, those forms of activity that allow minimizing the expenditure of their own resources can simultaneously accelerate the firm's first exit to more markets.

6. Distribution of control. The implementation of international one- 1 radios on their own provides greater control over them and no need to share profits. The more agreements a firm makes with other firms, the more likely it is that

it will lose control over decision making, and this may affect the optimization of its activities at the global level, including such issues as the geography of production expansion, development of new products or quality. Agreements with external organizations also provide for the distribution of income, which is of great importance for activities related to high potential profit. The company also risks that its confidential information will become known competition there. The loss of control over business flexibility, income and behavior in a competitive environment is one of the most important variables affecting the choice of a particular mode of international operations.

7. The complexity of the product. The more complex the technology used, the more likely it is that the company will enter foreign markets by setting up its business in another country, rather than concluding a contract with an outside foreign company to manufacture products on its own behalf (or a qualifying agreement). This is due to the fact that the transfer of technology, as a rule, is cheaper within the family of companies, for example, from the parent company, a branch, than another company. With the increasing complexity of technology, the differences in costs are especially tangible, since the branch staff is well aware of the approaches that the company uses as a whole.

8. Presence in the country. When a firm already has experience in conducting operations in any country, the use of intermediaries loses meaning. The firm gets an idea of how to act in a foreign business environment, and it can also have enough capacity in this country to increase production. If the specialization of the operating foreign branch corresponds to the type of products or services that the parent company plans to introduce to this market, then it is likely that the new production will be mastered on its own. When it comes to diversification and new products transferred from the central headquarters, is very different from the one that can produce foreign enterprises, it will be easier to deal with an experienced third-party company.

9. The similarity of countries. Linguistic and cultural differences impede communication and increase the costs of coordinating the activities of various firms, especially in cases of technology transfer. It is easier to work with third-party organizations in those countries that are perceived as similar to the home country. Otherwise, there may be a need for direct investment, coupled with the relocation of company personnel abroad to facilitate the movement of international information flows.

The organization and development of economic activities abroad require careful preparation, study of a large amount of reference materials, the development of an appropriate strategy and a specific action program, the involvement of expert experts and intermediaries (including foreign ones) who know the country, market and industry in which will have to act

entrepreneur. Each company develops a strategy for entering the foreign market based on its goals, industry, size, availability of certain advantages or factors of production.

The main stages of developing an internationalization strategy are: -

formulation of goals and objectives of the upcoming operation; -

assessment of the capabilities and level of competitiveness of the enterprise (potential); -

selection of internationalization model; -

choice of market or markets; -

the choice of the organizational form of foreign activities; -

assessment of the investment climate in the host country; -

development of a specific action program for establishing business contacts with various organizations and possible partners in the host country: collecting the necessary information, contacts with intermediaries, organizing business meetings, preparing constituent and accompanying documents, conducting advertising campaigns. The process of international strategic planning includes four stages:

1. Preparatory stage: the definition of the main objectives of the enterprise.

2. Stage of research and analysis:

- local opportunity analysis;
- enterprise potential analysis;
- analysis of international opportunities.

3. Stage of strategy development:

- determination of the method of invasion of the international market;
- identification of target countries and products.

4. Stage of implementation:

- establishing relationships with intermediaries;
- search for the necessary resources, mainly financial;
- ensuring control;
- start of operation.

2.2.1. The practical experience to prepare the business plan.

The main tool to evaluate the realism and effectiveness of the internationalization project is a business plan. For its development, it is necessary to carry out preliminary studies, that is, a “feasibility check” of the project. Since the first few years of work in the foreign market are usually not profitable, it is very important for the entrepreneur to carefully evaluate both the long-term and short-term prospects of the project.

A qualitatively accurate assessment of internationalization allows the separation of companies according to the type of internationalization. It has been known for quite some time and is summarized in [Knight, Liesch, 2016]. It is implied that some firms enter foreign markets gradually, while others are so-called inborn globalists. The latter classification was proposed in [Cerrato, Crosato, Depperu, 2016], within which, based on the configuration of business operations, the authors identify enterprises of the following arch-types: market-oriented (Marketer), investment-oriented (Investor), network enterprises (Networker), enterprises that have little focus on internationalization (Weak in internationalization)

2.3.1. TNCs role in I18n strategy. Transnational corporations as a result of internationalization in the global economy

A transnational company (corporation) (TNC) is a company (corporation) that owns production units in several countries and has access to the international market, or a company whose international business is significant, i.e. on foreign activities of which falls about 25-30% of its total volume, having branches in two or more countries. The home country is the country where the TNC headquarters is located. Host countries are countries where TNK property is located. The most frequently encountered organizational forms include strategic alliances, consortia, cartels, syndicates, pools, associations, conglomerates, trusts, concerns, holdings, financial-industrial groups, etc.

Transnational corporations are gigantic financial-industrial associations, national (transnational) or international (multinational) in capital, built on the principle of centralized planning and management on a global scale, participating in the international division of labor and using the benefits of internationalizing economic life to expand positions on the world market and profit maximization

The concept of TNCs, the purpose of creation

Transnational company (corporation) - a company (corporation) that owns production units in several countries and has access to the international market or a company whose international business is significant, that is, its foreign activity falls around 25-30% of its total volume and has branches in two or more countries. The home country is the country in which the TNK headquarters is located. Receiving countries are the countries in which the property of TNCs is located. The most

frequently encountered organizational forms include strategic alliances, consortia, cartels, syndicates, pools, associations, conglomerates, trusts, concerns, holdings, financial-industrial groups, etc.

Transnational corporations are gigantic financial-industrial associations, national (transnational) or international (multinational) in capital, built on the principle of centralized planning and management on a global scale, participating in the international division of labor and using the benefits of internationalizing economic life to expand positions on the world market and profit maximization.

The main characteristics of the process of transnationalization and TNCs in the global economy.

TNCs are often divided into three large groups:

Horizontally integrated TNCs - manage units located in different countries producing the same or similar products.

Vertically integrated TNCs - manage units in a particular country that produce goods supplied to their units in other countries.

Separate TNCs - manage units located in different countries that are not vertically or horizontally combined.

In the global economy, TNCs account for about 50% of world industrial production; more than 70% of world trade, and 40% of this trade occurs within TNCs, that is, they occur not at market prices, but at so-called transfer prices, which are not formed under market pressure, but under the long-term policy of the parent corporation. TNCs account for more than 80% of registered patents and about 80% of R & D funding. Very large TNCs have a budget that exceeds the budget of some countries. Of the 100 largest economies in the world, 52 are transnational corporations, the rest are states. They have a great influence in the regions, as they have extensive financial resources, public relations, and a political lobby.

The following is characteristic of the list of the 100 largest TNCs: the largest group consists of American TNCs; the fastest growing TNCs are Japanese; European TNCs occupy the most significant positions in such knowledge-intensive industries as pharmaceutical, chemical, electrical.

The following is characteristic of the list of the 100 largest TNCs: the largest group consists of American TNCs; the fastest growing TNCs are Japanese; European TNCs occupy the most significant positions in such knowledge-intensive industries as pharmaceutical, chemical, electrical.

The first transnational company was the Order of the Templars, founded in 1118, the Templars (from "temple" - temple, "templar") or the Knights of Christ and the Temple of Solomon - the first time of the foundation of religious military orders. In 1135 he began to engage in banking. That the Templars are the inventors of checks. However, the British East India Company and the Dutch West India Company, founded at the beginning of the 17th century, more closely match the current role and structure of TNCs.

2.3.2. TNC calculation for identification of transnational companies. There is a special trans-nationalization index for identifying transnational companies. The trans-nationalization index is calculated according to the following formula:

$$IT = 1/3 (AI / A + RI / R + SI / S) \times 100\%$$

Where IT is the trans-nationalization index, %; AI - foreign assets; A - total assets; RI - the volume of sales of goods and services by foreign affiliates; R - total sales of goods and services; SI - foreign staff; S - the total staff of the company.

The main objectives pursued by the founders of transnational corporations are the following:

Striving for technical leadership (examples: Kodak, Xerox, Microsoft ("Microsoft Corporation"));

Optimization of size that is not feasible within the framework of national markets (example: McDonalds, etc.);

Access to foreign resources (examples: Ford Motor, General Motors in Europe);

Cost reduction and increased competitiveness (example: "Dell Computer Corporation");

Fighting for new markets, overcoming barriers (examples: "Zanussi" (Zanussi) - 23% of the European market, P & G - 40% of the market of children's diapers in Japan);

The introduction of a unified management system, advertising and information services (examples: NESTLE, P & G);

The establishment of strong control over the markets of foreign countries;

Rationalization of taxation due to the specific features of the tax systems of foreign countries.

3.1.1. Internationalization policy of Starbucks.

Business idea of the project.

What can explain the phenomenal growth and success of Starbucks? One of the most important components of this success is the correctly conceived and implemented strategy. The Starbucks Coffee Company in less than thirty years has grown from a small, regional business to the undisputed world leader in the coffee industry. The growth of the company is significant - having started in 1985 with one cafe, today the number of Starbucks coffee shops inexorably approaches 17,000, while maintaining its original character.

The company owes its success to an exceptionally successful business model, which very accurately takes into account the psychology of the modern person. From the very beginning, Starbucks wanted to be more than just a coffee shop, offering customers a lifestyle.

Currently, Starbucks is experiencing a period of exceptionally high rates of development: almost every day, a small Starbucks cafe opens somewhere in the world.

The history of Starbucks began in 1971, when three friends and a coffee lover - Jerry Baldwin, Zev Sigle and Gordon Bowker decided to open their own coffee shop in Seattle.¹ Each of them invested \$ 1,350 and took out another \$ 5000 loan. This is how the first Starbucks store was born, the name of which was taken from the classic American novel by Herman Melvil "Moby Dick" about the 19th century whaling industry, and the interior of the room was conceived in the classic nautical style. In 1982, Howard Schultz joined Starbucks as director retail operations and marketing, which later made the company one of the largest coffee shops in the world.

Initially, Schulz worked for the company not for very long. In those years, Howard was able to visit Italy. There, he found a significant amount of coffee shops, which had a special atmosphere that attracted buyers. After arriving home, Schulz is trying to persuade the creators of Starbucks to open cafes at shops, but they oppose a similar undertaking. They believed that with this approach, their store would lose its essence, and distract consumers from the main thing. Then Howard leaves the company and undertakes to realize the dream himself. In 1985, he opened the first coffee house in Chicago called Il Gionale. The second establishment opened in Seattle, and the third - in Vancouver. Things went very well for Schultz, and after 2 years he acquired Starbucks for \$ 4 million.

In 1987, the company was renamed Starbucks Corporation. For the business model of development, Schulz took the franchise scheme McDonald`s 4. In 1988, the company began trading by mail and released its first product catalog, thanks to which it delivered supplies to 33 stores in different US states, and after 7 years the company

will have 165 points in America. In 1996, Japan opened its first Starbucks coffee house outside the US, followed by Singapore, the Philippines, Taiwan, Thailand, New Zealand, Malaysia, China, South Korea, Kuwait and Libya. five

Starbucks now has more than 16,706 institutions, 7,856 of which in 55 countries around the world, where they have been trying to follow the concept worked out over the years: “Roasted coffee since 1971. The best cup then. The best cup is now.”⁶

Positioning

Now the company is positioning itself as a fast-food chain of coffee shops, where, in addition to coffee, customers here offer full breakfasts and dinners. At any coffee shop, a visitor can simply relax, work in a pleasant atmosphere (all establishments are equipped with a WI-FI spot) or talk with business partners in an informal setting or listen to music.⁷

The success of Starbucks is not only an effective business model, but also a non-standard approach to consumer psychology. Unlike ordinary cafes with waiters or fast food eateries, no one drives people - they should not leave the coffee house immediately after drinking their coffee or tea.

Starbucks came up with the idea of the third direction: this is a place where you can relax, recharge your batteries; it's an oasis, not just a coffee house. It is safe - it is not a bar, and there are no drunk. They come there to chat or to be alone. But even in the latter case, the people around them, conversations and calm music create the effect of presence in society. Later, sociologists described the effect of such a space as “third place” - a place where people can come to be outside the house (“first place”) or work (“second place”). eight

Basic strategies.

The key to economic growth lies not only in low production costs, but also in the company's added value — innovation, design and architecture, a clean, intangible and exciting brand fashion. ⁹ This is more than the product itself.

The welcoming atmosphere allowed Starbucks to sell a range of attractive and expensive value-added services, such as cakes and CDs. Starbucks marketing principle is to invent a new way to do what people have been doing for days, and focus their business on customers. The company also achieved market dominance by filling its brand with social issues such as trade, sustainable development, literacy and clean water. ¹⁰ The company's ultimate goal is to base on a successful brand, besides coffee, a number of other key elements, such as ice cream, bottled beverages, beer, and even cyberspace.¹¹

Product group of the product.

Starbucks products have a wide range of products. It includes coffee, handmade drinks, related products, fresh food, consumer goods and an assortment portfolio. (see Appendix 1)

Selection of country markets.

The company's strategy is such that in new markets for itself, in new regions, it does not seek to make a profit, directing all available funds for development. As a result of this policy, the geography of the company's presence is expanding rapidly, and its total income is growing rapidly.

In 1992 and 1993, Starbucks developed a three-year geographic expansion strategy for targeted areas that not only had a favorable demographic situation but, which could also be serviced and maintained by the company's operating infrastructure. The discovery of new Starbucks points steadily became more and more successful. In 1995, new coffee houses brought an average income of \$ 700,000 in the first year of existence, much more than \$ 427,000 on average in 1990. This was partly due to the growing reputation of the Starbucks brand. In most cases, it was the case that Starbucks's reputation reached new markets before the stores opened. In addition, existing stores continued to increase sales.

In 1996, after a careful study of the demand and the preparation of appropriate plans, Starbucks opened its cafes in Japan. The company was confident that overseas Starbucks could hardly grow faster than there. After that, a systematic expansion of the Starbucks cafe chain began in Asia and in Europe. The expansion of Starbucks in Europe reached its highest point in 1997, when the company bought out the UK-based Seattle Coffee Company and turned the merchants of this company into Starbucks cafe-shops. By the end of 2000, Starbucks opened 900 cafes in 22 markets outside of North America, after which the company's chain of coffee shops continued to expand. In the vicinity of London, the company opened an enterprise specializing in roasting and distribution of coffee beans.

To finalize:

Also, when creating coffee houses, Starbucks pursued a number of marketing and financial goals, such as:

1. create an atmosphere and environment in Starbucks coffee houses that will lead people to return for coffee
2. create an image that would stand out from the background of smaller coffee networks

3. clearly convey to customers the values and obligations of the Starbucks business, not just the company's growth plans, which are available in the media
4. each institution should reach \$ 20,000 weekly sales
5. open new coffee houses with lower costs (about \$ 315,000 per establishment on average)

There are three main strategies for entering the foreign market:

1. Export;
2. Franchising, licensing, contract manufacturing;
3. Joint or own production, investment.

In the process of expanding its activities, Starbucks uses all three. However, it should be noted that the company management prefers licensing to franchising. Although franchising is similar in nature to selling a license, there are still significant differences. When buying a franchise, not only the brand is acquired, but also instructions on how to work with it. A license makes it possible to create an emotional attachment to quality products.

3.1.2. Internationalization policy of McDonald's.

McDonalds: 9 secrets of success of the world leader

1. Past hard to pass

According to recent studies, more than 70% of people visit McDonalds spontaneously, and, as a rule, they do not plan to have it at that particular place. Given this study, the company management has developed a strategically important line - all institutions are located only in very crowded places, where there is a large crowd of people walking. Very often, “maki” can be found near major universities, when leaving metro stations, at the intersections of major roads, near entertainment centers. A little watching, you can see that where you would not go for a walk, where there would be no large crowds of people, there are McDonalds somewhere nearby. I lived in Kiev for some time, and I can say that McDonalds is practically everywhere where I would not go in the evening to relax with friends, everywhere there were “poppies”. And only now, when I am writing these lines and analyzing the situation in more detail, I begin to understand how well they have an arrangement. By the way, it is worth noting that the most popular McDonalds in the CIS in 2012 was exactly the one that is located at the central railway station of Kiev. In any weather,

at any time of day there are eternal queues at the box office and it is very difficult to find an empty seat to sit and relax.

2. Anticasting

You never noticed that all the employees at McDonalds are similar. At the checkout you can hardly find a very beautiful and attractive girl. Why all? The company's policy is based on the so-called "anti-casting." Girls are chosen in such a way that they do not attract the attention of the client, more precisely, so that their appearance does not distract the potential buyer from the menu. Chose food, bought, left, came next. The client should look at the Big Macs, and not the pretty cashier. All girls working in McDonalds are forbidden to make bright colors, make manicures, use perfumes at work, use jewelry (including rings and earrings).

It should be noted that this company policy is not only aimed at visitors. Until the 70s, only guys worked at McDonalds, but the movement of feminists in the United States made adjustments to the workflow of this world giant. The girls achieved equal rights, and obliged the leadership of McDonalds to allow them to work on equal terms with the guys. This requirement is very dumbfounded bosses McDonalds, because their strategy, their development plan of the company could go to ashes. The girl in the workplace will undoubtedly distract the guys, the quality of the production will fall, but God forbid some more intrigues and love stories. Obviously, the leadership of McDonalds did not like all this, and then they decide not to hire beautiful girls, but to put on those who went through "anticasting" in men's clothes, which distort all the charms of the female figure.

After a while, when visitors got used to female employees, management began to notice that more families appeared in restaurants, and women in these families were very pleased that their husbands were not staring at pretty waitresses, as is the case elsewhere. The unexpectedly gained bonus in the form of women's loyalty was a strong reason for preserving the tradition of hiding female beauty.

3. Love her baby and she will love you

At McDonalds, it has long been understood that it is not the parents who bring their children to them, but, on the contrary, the children lead to the parents' "poppy". It is often very difficult for a child to refuse, especially when parents spend a lot of time at work and do not pay enough attention to their children.

In McDonalds, the system aimed at working with children is thought out to every detail: special playgrounds with slides, a children's menu and toys, birthday parties at loyal prices, small bonuses and gifts in the form of balls for those kids who stand in line with their parents, an abundance of attention and incredible tolerance from the staff of fast food. All this is aimed at both the child and his mother, because the law says: "if you want her to love you, love her child."

And the most ingenious thing aimed at working with children is Happy Mil. In addition to the standard set of food, there is also a toy. As a rule, toys are released in series, and if the child likes one, then there is a large share of the likelihood that he will ask his parents to go to McDonalds more than once to collect the entire collection.

By the way, recently studies have been conducted, the results of which showed that the fictional character Ronald MacDonald is second only to Santa Claus in popularity.

4. Put more "default"

Standards of the company clearly establish the rule that if the client did not name the portion size that he wishes to order, then he is given the largest one. First, it saves time. The order must be taken in 60 seconds, and if the cashier begins to ask, find out what and how the visitor wants, then the queue will increase and there will be resentment. Secondly, a large portion and is more expensive, which means McDonalds gets a big benefit.

Also, the visitor will be offered to take some additional product - dessert, drink, sauce, something from the food. In corporate language, this is called a "hint." As a rule, the hint is not taken from the head, but it includes those products that have been on the Bina for quite a long time and their implementation period is about to end.

Another interesting fact is that McDonalds personnel never use the "not" particle, because it can subconsciously program the buyer to the negative. Therefore, in Russia very often they use substitutes like "Maybe you want to try?", Or "Will you take?"

5. Pricing policy

Prices in McDonalds are constantly changing, but it is done so cleverly that you do not even notice. By the way, never paid attention to the fact that hot drinks are much more expensive than soft drinks? Ask why? It's simple. Scientists have shown that eating cold drinks while eating stimulates appetite even more. Therefore, all soda is served very cold and even with ice.

Also, the visitor drinks tea and coffee much longer, and this is extra time, which McDonalds also learned to appreciate and use correctly.

6. Don't stay long

McDonalds is not a cafe or a restaurant, but fast food. Visitors should not linger long. If the visitor is delayed for a long time, then there is not enough space for new customers, which means that a certain percentage of revenue will be lost. Therefore, the main goal is to create a turnover and make the visitor leave the establishment as soon as possible. To do this, all the "conditions". Never paid attention to the furniture in the "poppy"? She is not comfortable, solid, she does not move. The calculation goes on the fact that you simply eat and leave, freeing up space for other visitors. If you allow a person to move chairs, tables, adjusting them for themselves, then he can stay for a long time (considering also free Internet), and this will entail certain losses.

7. Aromas and taste

Already hundreds or even thousands of articles have been written about the fact that McDonalds uses artificial flavor enhancers, as well as special flavors that dispel the smell of fast food by kilometers.

All this makes them recognizable, and if you try a dozen burgers with your eyes closed, then you will surely guess the one with McDonalds. And the smell of their food is very difficult to confuse with anything else.

8. Matter of habit

Try to guess how often in McDonalds did the menu and taste of the proposed products change? If you said that you almost never changed, then you are absolutely right. The taste of the burger has not changed since 1967, right from the moment it appeared. If a person goes to McDonalds, then he clearly knows that today, tomorrow, after a year or five years, he will be able to taste the same delicious Big Mac, with the same sauce and additives. Thus, McDonalds develops a certain habit among its visitors, and also shows that it is a stable and reliable company.

Of course, from time to time they have new menus, but, as a rule, these are either seasonal offers in the form of summer salads, or themed weeks, such as Italian days or sea delicacies.

9. McDonalds Bible

At the end of the 50s, or rather in 1958, the first instruction appeared, later called the McDonalds Bible. It is painted everything to the smallest detail. From the temperature and time of roasting cutlets to how any employee should behave. At the very beginning, there were 75 pages in the bible, now there are about 800. By the way, this instruction lists not only how an employee should behave, but also there are recommendations regarding client behavior, how to behave in a given situation. KKCHD and KKK are two main principles of work of all McDonalds. Beginners write them down and memorize them, repeating out loud, like a prayer. The abbreviation KKCHD hides the words "culture, quality, purity, accessibility." For KKK respectively "contact, cooperation, coordination". Actually, this is what makes McDonalds attractive to the public, even if it is subconscious.

Notice that the cashier is always smiling, speaking in a very pleasant tone. Although phrases and hackneyed, stereotyped, but they are very literate and act on the subconscious. Many McDonalds visitors say that they are trying to give the amount required by the cashier just to hear: "Thank you for not giving up." Many other fast food chains have adopted this kind of communication, and even companies that have nothing to do with food try to teach their employees to be extremely polite.

4.1. Measures taken by Azerbaijani government.

4.1. Measures taken by Azerbaijani government.

Let's to have a look to the policies and measures taken by Azerbaijani government as support to local entrepreneurs on the way of evolvement of Made in Azerbaijan brand.

On October 5, 2016, the President of the Republic of Azerbaijan, Mr. Ilham Aliyev, signed a decree on large-scale promotion of local non-oil products in foreign markets under the brand "Made in Azerbaijan". This Decree covers 10 different support mechanisms in order to stimulate exports and promote the Made in Azerbaijan brand abroad.

Depending on the mechanisms, the costs of their implementation are fully or partially paid by the state budget.

Each exporter of non-oil products of Azerbaijan origin has the right to use these support mechanisms.

Export missions are a supportive measure to identify opportunities for access to new markets, to strengthen the position of local products in existing markets and to provide new products to these markets.

The countries visited and the history of visits are determined by the Ministry of Economy, taking into account export potential of non-oil products, applications from exporters and international economic and commercial relations of Azerbaijan.

A maximum of 30 exporters attend a 6-day trip and every exporter is represented by only one delegate.

Organization visits (hotel, transport, lease of premises and equipment for business meetings, translation services) are provided and travel expenses are covered by the state budget.

The announcement on the beginning of the application for each subsequent export mission is posted at the Announcements section at least 15 days prior to the day of the competition.

After the application has been completed, the Competition Commission, established by the Ministry of Economy, conducts a competition at a predetermined date for the selection of exporters participating in the mission and makes a decision by evaluating applications.

Applications are evaluated on these criteria:

- product potential of the exporter;
- exporter's product export potential;
- whether the export experience is available.

Candidates collecting the minimum pass score on these criteria will be eligible for the mission.

Competition participants are informed about the results within 2 business days after the competition.

Organization of shelves Made in Azerbaijan in Duty Free and Duty Free stores is a supportive event to promote and promote local non-oil products worldwide with a single brand.

The list of goods intended for deployment of "Made in Azerbaijan" shelves and Duty Free, as well as the list of products to be placed on these shelves, is determined by the Ministry of Economy, taking into account export potential of non-oil products, applications from exporters and Azerbaijan's international economic and trade relations is done.

All costs related to the lease and management of land, transportation and customs clearance within this support measure will be covered by the state budget.

Foreign-owned stores and Duty Free are defined by the following criteria:

export potential of Azerbaijan products to the country concerned;
the store belongs to a widespread network of stores by consumers;
The importance of the volume of passenger traffic on the territory of the "Duty Free" and the importance of the area in terms of the international transport junction;
The number of shops and "Duty Free" stores intended for the "Made in Azerbaijan" shelves within 1 calendar year can not exceed 2.

Exporters, who will be placed on the shelves, are selected on a competitive basis and the announcement of the competition will be posted at the Announcements section at least 15 days prior to the Competition Day.

Note! The list of shops, Duty Free and a list of products is displayed in the competition announcement.

Once the application is completed, the Competition Commission, established by the Ministry of Economy, conducts a competition at a predetermined date for the selection of exporters and makes a decision by evaluating the applications.

Applications are evaluated on these criteria:

- product potential of the exporter;
- the export potential of the exporter to the target country or countries;
- whether the export experience is available;

Candidates collecting the minimum point score on these criteria are declared as winners.

4.1.1. Promotion of the brand Made in Azerbaijan .

Promotion of the brand Made in Azerbaijan in public places and international media in foreign countries is a support event for the promotion and promotion of local non-oil products under a common name.

The amount of support provided under this support scheme includes costs associated with advertising campaigns.

The following are the criteria set by the Ministry of Economy taking into consideration the foreign countries to which the brand Made in Azerbaijan is to be promoted, public places to advertise in these countries and the export potential of non-oil products, exporters and international economic and commercial relations of Azerbaijan:

public places to which advertising will be placed, where the population and traffic flows are intense;

Width of the audience and audience of mass media;

Exporters, who will be promoting their products in public places and in the international media, are selected on a competitive basis and the announcement of the competition will be posted at the Announcements section at least 15 days before the day of the competition.

Note! The names of the public places to be advertised in the countries where the "Made in Azerbaijan" promotion will be promoted, the list of media, the list of advertising products will be shown in the competition announcement.

Once the application is completed, the Competition Commission, established by the Ministry of Economy, conducts a competition at a predetermined date for the selection of exporters and makes a decision by evaluating the applications.

Creation and development of new products or production technologies, as well as a reduction of the production costs and increase of added value of existing products.

The amount paid for this support measure constitutes 50% of the costs incurred (up to 100,000 AZN per project). Within a year, 10 research and development programs can be implemented.

Research and development programs are carried out by specialized local or foreign legal or natural persons selected as a result of the tender based on the orders of the exporters.

Announcement of the competition for the selection of exporters is posted at the Announcements section at least 15 days prior to the Competition Day.

Once the application is completed, the Competition Commission, established by the Ministry of Economy, conducts a competition at a predetermined date for the selection of exporters and makes a decision by evaluating the applications.

Payment of the amount of support from the state budget for obtaining the international certificate for non-oil products of Azerbaijani origin in foreign countries is a supportive event for the promotion and promotion of local products under the Made in Azerbaijan brand.

International certification support is carried out on the basis of the order of exporters of products (products) covered by the relevant international certificate and by the specialized legal or natural persons selected by the Ministry in accordance with the Law of the Republic of Azerbaijan "On public procurement". The amount of support received for obtaining the international certificate is 50 (fifty) percent of the costs incurred (not more than 60,000 (sixty thousand)).

Exporters who want to take advantage of this support measure are selected on a competitive basis and every year until February 1, an admission order is received from the exporters for the support of the international certificate, and at least 60 (sixty) days are set for the application.

An exporter can take advantage of the proposed support measure to purchase only one international certificate during the same calendar year.

Note! The list of international certificates for the support provided under the proposed support measures shall be determined by the Ministry and posted on its official website.

Once the application is completed, the Competition Commission, established by the Ministry of Economy, conducts a competition at a predetermined date for the selection of exporters and makes a decision by evaluating the applications.

"In recent years, our production capacity has grown dramatically in the production of building materials, and there are great opportunities for exporting these products.

At present, works are underway to provide and further increase the export position of a number of such products. On the other hand, we have great potential in the field of services and we are interested in bringing the services offered in Azerbaijan to the world market.

The cluster of companies that effectively operate on the services offered in the construction, information technology, transport and tourism sectors makes it possible to say that we have a good opportunity to address this initiative. "

4.2. AzPromo role as the way to support I18n.

Rufat Mammadov, head of the Azerbaijan Export and Investment Promotion Fund (AZPROMO), responded to questions from Qafqazinfo on the promotion of Made in Azerbaijan, Oxu.Az reports.

"It is impossible to export multiple times a day. These mechanisms need to be regarded as part of a comprehensive set of measures. Export is a very complicated process. It includes issues such as production, domestic market needs, quality, quantity.

At the same time, external factors such as the economic situation in the foreign markets, the purchasing power of the customers, and the change in demand affect export. I think that within about 1-2 years, we will be able to see significant growth rates of non-oil exports.

Export of non-oil products will also stimulate the expansion of the production of these products, and the non-oil sector's position in the global product will be further strengthened," said Mammadov.

He also spoke about the tools that will be used to promote products abroad:

"Organization of various events to promote products in foreign markets - export missions are reflected in prestigious international exhibitions both individually and individually - in mechanisms.

At the same time, advertising campaigns are planned for this purpose. Providing access of Azerbaijani products to the stores of foreign countries, to the Duty Free shelves is also considered as an important factor. These complex support mechanisms will play an effective role in expanding the recognition of Azerbaijani products in the world market. "

In order to promote Made in Azerbaijan, Azerbaijan's East Star and Merit Brand companies have agreed to export alcoholic beverages to Kazakhstan within the export mission of 29 companies operating in the production of construction materials and food products.

According to Marja's press service, Gilan Holding has agreed to sell Kazakh potatoes and Mia soft drinks to the Furkan supermarket chain.

Kazakhstan's IPE Haldakov, Rokos, Taks and Firkan companies have been negotiating on Azersun Holding's exports to Kazakhstan.

It should be noted that the export mission covering September 30 - October 5 was organized in the cities of Almaty and Cimkent in Kazakhstan.

An export mission to Kazakhstan organized by the Ministry of Economy and the Azerbaijan Export and Investment Promotion Foundation (AZPROMO) with the support of the Made in Azerbaijan company has been completed and bilateral meetings were held between the Azerbaijani entrepreneurs and representatives of the Kazakh companies in the export mission.

Azerbaijan's East Star and Merit Brand have agreed to export alcoholic beverages to Kazakhstan as part of its export mission, with 29 companies operating in the field of construction and building materials and food products. Gilan Holding has agreed to sell Kazakh potatoes and Mia soft drinks to the Furkan supermarket chain. Kazakhstan's IPE Haldakov, Rokos, Taks and Firkan companies have been negotiating on Azersun Holding's exports to Kazakhstan.

It should be noted that the export mission, covering 30 September to 5 October, was organized in the cities of Almaty and Shymkent in Kazakhstan.

Azersun Holding has the largest sales network in the region. The sale of products at more than 1,000 SKUs produced at the Enterprise Group companies is carried out by San Fud Distribus. The company is also a regional distributor of Unilever. The company also carries out distributing raw materials and special products for hotels, restaurants and large industrial manufacturers and ketchlers in Azerbaijan.

4.3. Export statistics of Azersun Holding.

"Azersun Holding" has a fairly large export geography.

Currently, our products include Russia, Ukraine, Belarus, Moldova, Georgia, Kazakhstan, Turkmenistan, Tajikistan, Kyrgyzstan, Uzbekistan, UAE, Lithuania, Latvia, Poland, Romania, Estonia, Iran, Iraq, Germany, USA, Canada, Turkey, Saudi Arabia, Israel, Thailand and China are successfully exported. Our products include tea, canned products, oil, paper products, salt, sugar, hazelnuts and other food products manufactured by our company.

REPRESENTATION IN RUSSIAN FEDERATION

"Kuban Produkt" LLC

REPRESENTATION IN GERMANY

"Alsun" GmbH

REPRESENTATION IN GEORGIA

"DAPNA" LLC

DISTRIBUTOR IN UKRAINE

"KIEV TRADE" LLC

REPRESENTATION IN IRAQ

MARJAN XOMAN COMPANY

Moreover, there is also the catalogue of all products provided on the official website of the Company - <https://drive.google.com/file/d/OB5mWl5yqCmthaVE3ZW9vazk3bDQ/view>¹

4.4. Data received according the export results.



On picture above we can see that revenue received from export composed USD 21.

JABS

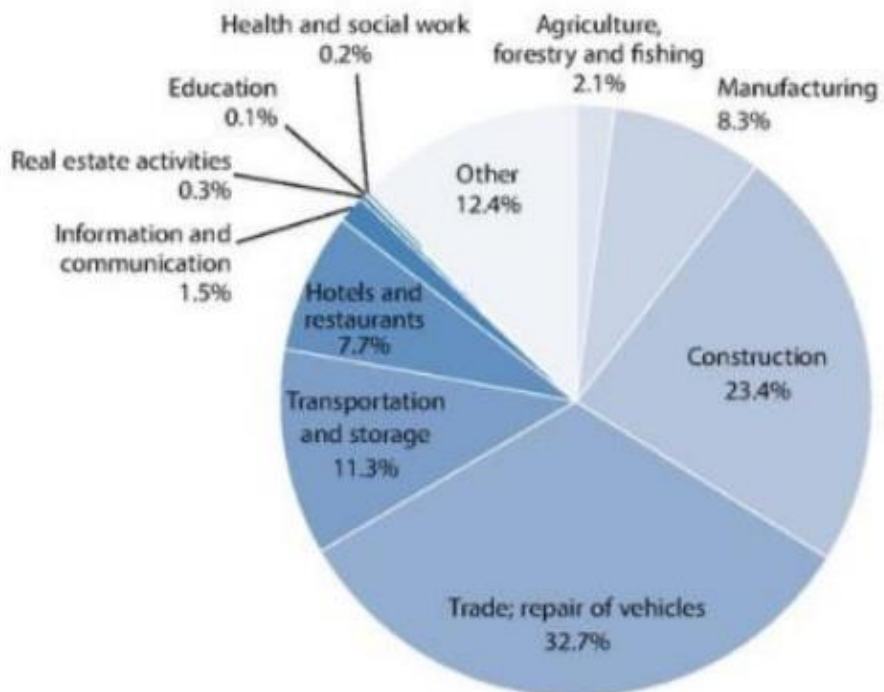
¹ Azersun Holding Products Catalogue

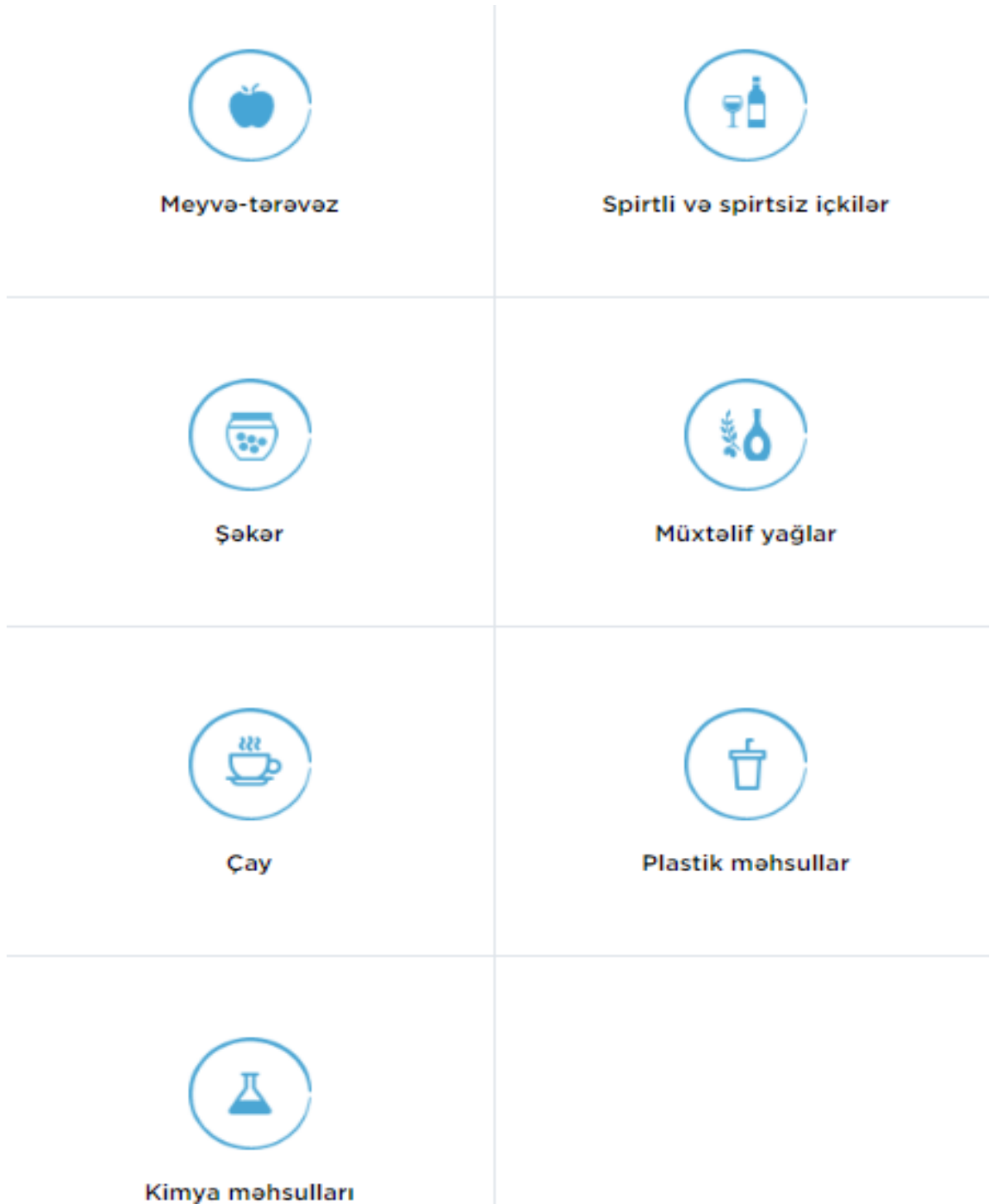
Əsas xarici ticarət tərəfdaşları



In above picture, we can notice countries where the products are being exported.

Sectoral distribution of SMEs in Azerbaijan, 2013





Hereunder, we can see exported non-oil products.

4.5. Several types of government support.

Support is given by AzPromo to our local entrepreneurs are as follows:

Informative Support:

Theoretical information at all stages of production and export process
Assessment of export opportunities of entrepreneurs to different foreign markets

International Standards and Requirements for Immigration
Certification, certificates required during export
Importing procedures and requirements of different foreign countries
Customs regulations, rules and customs tariffs in various foreign countries
Logistics and Transportation Directions
Informing about local and international events on export.

Legal Support:

Local and international documentation on export issues: general procedures, required documents, rules and conditions
INCOTERMS
Support for opening of foreign representations and divisions to local companies

Organizational support:

Ensuring the functional activities of the Exporters Club
Implementation of the "Made in Azerbaijan" export mechanisms
Refund of "export promotion" to entrepreneurs
Support for the establishment of internal export departments
Establishment of trade associations, various public associations
Conducting trainings on production and export processes
Support for participation in international exhibitions and fairs
Organization of various business events for the establishment and development of inter-farm relations

Marketing Support:

Marketing research and evaluation of export strategies
Determination of products and services of the right kind
Market research and identification of foreign markets for products
Finding external potential customers and partners, building relationships
Export Database - Export Portal Management
Presentation of companies.

In 2017, the Customs Committee reported on the increase of meat, meat and even cattle exports in Azerbaijan. In the first half of 2017 goods worth \$ 907 thousand were exported. It is 384% more than in the same period of 2016 (\$ 236.5 thousand). Export of meat and meat products in the first half of 2017 amounted to \$ 159.8 thousand. This is 299% more than the same period of 2016 (\$ 53.4 thousand). Exports of dairy products, eggs and honey (\$ 788.8 thousand in the first six months of 2016, \$ 3806.5 in the first six months of 2017) increased by 489%.

5.1. Main importers from Azerbaijan.

The main importers of meat and dairy products in Azerbaijan are Arab countries of the Gulf. Director of Qatar's Lulu Group International Mohammad Altaf said that before the Qatar's economic blockade, businesses in the country have not been interested in imports from Azerbaijan and neighboring countries. "At present, Azerbaijan and neighboring countries can reach the port of Bandar Abbas with the consent of Iran, which allows the port to reach Qatar 24 hours a day," Altaf said.

Head of Livestock Development Department of the Ministry of Agriculture Galib Abdullayev confirms the Arabs' interest in meat products in Azerbaijan.

The Customs Committee does not provide information on the name of the goods exported to the Arab countries. But there is a reason to say that these countries are an increase in exports of meat products, fruits and vegetables in Azerbaijan. Exports from Azerbaijan to Qatar increased 78 times in the first six months of 2017 compared to the same period last year. In the first half of 2016, Qatar imported \$ 23.67 thousand and \$ 2 million 077.5 thousand in the same period of 2017. Azerbaijan's exports to UAE increased by 107 percent (from \$ 6 million to \$ 110.44 million to \$ 6 million 558.44). Jordan exported \$ 1 million 403.8 thousand from Azerbaijan in the first half of 2016 and \$ 3 million 689.1 thousand (263%) a year later. Egypt increased its import by 479.5% (\$ 224.16 thousand and \$ 1 million 075 thousand).

The sharp rise in the export of meat, meat products and livestock from Arab countries to Arab countries can be explained by the increase in the flow of tourists from these countries to Azerbaijan. The activity of the state in increasing the export potential of the non-oil sector also played a role. Economy Minister Shahin Mustafayev said in an interview with AzerTac that the state promotes "Made in Azerbaijan" brand abroad, organizes export missions and takes other measures to increase the range of non-oil products export. An export mission was sent to Dubai by the end of 2016. 20 companies producing fruit juice, mineral waters, fruits and vegetables, meat and meat products, dairy and dairy products presented their products.

Azerbaijan started exporting meat abroad, but meat production in the country has grown slightly. According to the State Statistics Committee, meat production in the first half of 2017 increased by 2.4% to 312.6 thousand tons. This provides 34% of the local market demand.

"Azerbaijan produces more than 1,000 military products, which are in line with international standards and reduce our dependency on imports and create good export potential, as Azerbaijan becomes a weapon exporter".

The President of Azerbaijan, Ilham Aliyev, said in an interview with the First Deputy Director General of Russia's Tass News Agency, Mikhail Gusman.

Ilham Aliyev answered the question of whether journalist is not in the most tranquil region of Azerbaijan, how many different conflicts might occur near him or near him, the country's defense in such a situation, and what other work to do in this direction.

"Yes, you are right, we are constantly focusing on this issue, and strengthening our country's military capabilities is one of the top priorities, and we have done a great deal of work in this direction, according to estimates by international experts and organizations that rank the world's best equipped and combat We have completed the process of upgrading the weapon, and our army is equipped with the most up-to-date, highly accurate technological weapons of defense and defense. We buy weapons from the best manufacturers and these weapons allow us to feel more confident Naturally, it is not possible to create a powerful army by armament alone, and, of course, it is a great deal to increase the combat capability of our army, to strengthen discipline. Of course, numerous trainings and trainings show the deficiencies we have, and we have substantially strengthened the logistics of the Armed Forces. More than 80 percent of all our military bases and military camps have actually been rebuilt. In the coming years, we will complete the process of logistics. Naturally, in the coming years we will be actively involved in military construction. With regard to the purchase of weapons, this work will be carried out on a larger basis, more specifically, to deal with relevant issues. In parallel, about ten years ago, the Ministry of Defense Industry was established in my initiative. Because we did not produce military products until then. Today, we produce not only such products, but also export them. More than 1,000 military products are produced in Azerbaijan. These products are in line with international standards, and our dependence on imports on a number of indicators, as well as good export potential. So, Azerbaijan is becoming a weapon exporter ".

The Center for Analysis of Economic Reforms and the Communications Center (IMCI) has received a number of achievements in this year in the field of rendering services to exporters and stimulating measures on export of non-oil products. Nijat Hajizade, manager of the One-stop-shop Export Support Center, answered the questions of AZERTAC regarding the plans for further expansion of the exporter-entrepreneur's situation in the center.

- What is the activity of the "One window" Export Support Center?

- As you know, under the leadership of President Ilham Aliyev, reforms in the economic and social spheres of our country are rapidly being implemented. A number of legal documents have been adopted with the signature of the Head of State in order to strengthen the macroeconomic stability of our country. The main

document forming a vision for the future within these documents is "Strategic Road Map for National Economy and Major Sectors of Economy." The adopted strategy identifies the direction of implementation on specific areas, covering all sectors of our country. In the "Strategic Road Map on the Production of Consumer Goods at the Level of Small and Medium-Size Enterprises in the Republic of Azerbaijan", there are specific tasks to facilitate entrepreneurs' access to public services, and transfer documents through a single window system. In the export missions, a "single window" management system has been established, which is the best practice in the field of international public administration, to ensure that the Azerbaijani paperwork process is carried out shorter and faster, and that Azerbaijani exporters are more comfortable in the world markets. President Ilham Aliyev's Decree of 22 February 2016 "One window" has started to operate under the Center for Economic Reforms and Communication in the Export Support Center.

Representatives of the Ministry of Economy, the State Phytosanitary Control Service under the Ministry of Agriculture, the Ministry of Ecology and Natural Resources, the Ministry of Culture and Tourism and the State Committee for Work with Religious Associations operate in the Export Support Center. The Center is allowed to export origin, quality, Phytosanitary certificates, endangered species of wild flora and fauna, veterinary permit, cultural valuables certification, and religious books and discs.

Additionally, I would like to point out that one-stop shop "Export Support Center" provides services on providing international certificates and standards, providing transport and logistical support, and obtaining entrepreneur's export documents. Work is also being carried out to form a new service for the upcoming period in order for entrepreneurs to carry out their financial transactions more efficiently.

What benefits do the exporter entrepreneurs enjoy in the "One Window" IHRA Support Center?

- "One window" management system is directly the primary advantage of international practice. When people hear a "window", the first prediction that is formed in their thinking is more effective, more transparent and more accountable. As a center, we also want to support exporters by joining this trend.

As you know, President Ilham Aliyev in the consultations and meetings assumes the task of raising export in our country and providing state support to entrepreneurs who fulfill this mission, including those who want to fulfill this mission. Relevant Strategic Road Map has measures that are monitored by the Economic Reform Analysis and Communications Center at the end of every six months and then evaluated. In short, specific work is underway to increase exports and stimulate export and report on the work done. All this leads to the creation of advantages in the "One Window" Business Support Center, which makes entrepreneurs more

efficient. Thus, our main advantage is the minimization of the business traveler's extra road and time resource utilization. If any entrepreneur needs both the origin and phytosanitary certificate, that person can come closer to the center and carry out the paperwork quickly and efficiently.

- Is the product examination carried out in "One window" at Export Support Center?

- No. In general, a number of entrepreneurs claim that the expertise should also be in the center. This is not the case in international practice. In order to examine the product, the entrepreneur will be examined by the Ministry of Economy and the phytosanitary certificate will be examined by the service experts at the place of the product and will be issued an internal quarantine certificate. When exporting from the country on the basis of an internal quarantine certificate, a phytosanitary certificate issued for a foreign country is issued. In addition, in accordance with the Rules for the Regulation of International Trade in Wild Fauna and Wild Fauna, which is at risk of extinction, grants / grants a permit / certificate based on the opinion of the scientific authority, places conditions it considers necessary, declare, revoke and modify its certificate. Once the scientific opinion is submitted by the Institute of Zoology, the relevant ministry decides whether or not the certificate is issued to the entrepreneur.

- Is there a single window at the Export Support Center?

- We are negotiating with major transport and logistics companies in Azerbaijan, which combines corporate values. Negotiations will be completed soon. We will serve entrepreneurs as partners with that company. Here both customs declaration filling, customs clearance and transportation support will be provided. All these services are commercially non-exclusive. Entrepreneurs applying to the One-Stop Support Center are often in need of logistics and transportation support and are contacting us. We offer services and prices for the region where we are dealing with partner companies.

- It was understood that the "One Stop" IHRA Support Center plays the role of B2B as well?

- Absolutely true. Not only the relevant government agencies, but also representatives of private companies will operate in the Center. Given the needs and expectations of exporters, international standardization as well as financial institutions will be provided in the center in the upcoming period. All of this is intended to further accelerate the exporter's export process. If an agricultural entrepreneur has a "Global GAP" certificate or ISO 22000 standard, it will slightly increase the export of that person. This standard and certification will facilitate the process of documentation and verification at customs points at export to western countries. The services of financial institutions are somewhat different.

Entrepreneurs apply to us for export credits, opening accounts, including some banking transactions. All these appeals conditioned us to begin work on the center's services.

- Over the past few years, a number of reform measures have been implemented. You would give them information.

- Under the leadership of President Ilham Aliyev, reforms were carried out to introduce electronic services in the field of customs, export subsidies, reduction of documents required for export at border crossing points, as well as creation of trade houses operating abroad in the direction of development of trade and economic cooperation. All this is a clear example of the attention and care shown by the head of our state for the entrepreneurs to carry out their export activities more efficiently.

Phytosanitary, quality requirements have been eliminated by the decision of the Cabinet of Ministers from the exporters. In addition, the Cabinet of Ministers approved "the nomenclature of commodity nomenclature of foreign economic activity of the Republic of Azerbaijan, rates of import customs duties and rates of export customs duties". The new decision comes into force on January 1, 2018. The Cabinet of Ministers has also canceled the "Rates of customs duties on goods imported into the territory of the Republic of Azerbaijan" approved by the Decree # 80 of April 12, 2001, and the "List of Goods Involved in Export Customs Duties and export Rates" . This decision will help increase the effectiveness of foreign economic activity in Azerbaijan through the improvement of foreign economic activity, production of competitive products in the country, protection of the domestic market and further strengthening of state support for the sustainable development of the non-oil sector, as well as the transfer of import duties from the multistage system to the system. The Decree of the President of the Republic of Azerbaijan "On Ensuring the Activity of Trade Representatives in the Embassies and Consulates of the Republic of Azerbaijan in Foreign Countries" dated September 5, 2017 will further increase the export potential and will enhance the competitiveness of the Made in Azerbaijan brand in foreign markets, will help inform entrepreneurs about the products they hear.

- What benefits do entrepreneurs from the ecosystem formed between the Digital Trade Zone and the "One window" Export Support Center with the Azexport.az portal?

- Both services are designed to strengthen foreign trade relations with entrepreneurs. During his speech at the regional councils meeting with entrepreneurs, President Ilham Aliyev encouraged entrepreneurs to use their latest services and technologies to stimulate and develop innovative entrepreneurship. As you know, "One window", the Export Support Center serves entrepreneurs in online mode (that is, physically) serving online. Entrepreneur may address us in electronic form, including the official

website of the Digital Trade Crossroad. During the online application, the entrepreneur will take advantage of the uniform export application and will address the relevant authorities in no time. In addition, it is possible to fill in the electronic declaration of customs declaration on the site. Additionally, using the advantages of the Digital Trade Crossroad, entrepreneurs will benefit from the services of modern times and will comply with corporate governance standards.

As for Azexport.az portal, about \$ 400 million export orders have been received so far. This portal introduces local products to foreign buyers, integrating into the world's leading and most advanced electronic commerce networks. "One Window" Support Center for Supporting Entrepreneurs in the execution procedure of the orders entered by the Export Support Center. The buyer can export the product to the appropriate recipient, either offline or online. In this direction, the Center also provides information about the documents that the entrepreneur has to collect and receive.

- What stimulus measures have been taken to export non-oil products?

- Export in the non-oil sector of the Republic of Azerbaijan is constantly increasing. Thus, export of non-oil sector in the first ten months of the current year was 1 billion 219 million US dollars, and 1723 subjects participated in these export operations. According to the statistics of the State Customs Committee, tomatoes (tomatoes) were exported to the first (\$ 131.5 million), golden second (\$ 98.5 million), peeled nuts and the third (\$ 88.6 million). As a result of the economic policy defined by the Head of State, the government conducts appropriate work to diversify non-oil products. The promotion of Azerbaijani products in foreign markets, the current situation in the domestic currency and the foreign currency, as well as the stable and stable monetary policy, stimulate export activities of local entrepreneurs. Research and analysis show that the number of exporters is increasing as the types and varieties of exported products are already expanded in the non-oil sector. Fortunately, small and medium-sized entrepreneurship has a special place in the structure of increasing entrepreneurship. All this is a vivid example of economic reforms carried out in our country. The number of small and medium entrepreneurship representatives is increasing among the entrepreneurs who apply to the One-stop-shop Export Support Center. Every applicant applying the service efficiently and efficiently and expresses his gratitude to the head of state for this condition.

Military expert Rashad Suleymanov told AzVision.az that Azerbaijan has been exporting weapons and ammunition to foreign countries since 2013.

According to the expert, export abroad was \$ 123 million in 2013 and about \$ 10 million less than in the next year. "Exports figures for the year 2016 have exceeded \$ 120 million. Azerbaijan exports arms to several countries in Turkey, Russia,

Belarus, South Korea, South-East Asia, Saudi Arabia, United Arab Emirates (UAE), Pakistan and the United States of America (US). "

R. Suleymanov noted that the first agreement on the export of ammunition produced by the Ministry of Defense Industry of Azerbaijan and American companies was signed at the Special Purpose Forces Exhibition in Jordan. "In the years to come, small volumes of projects have become an important figure. Export to the United States began in 2013. Azerbaijan exports US grenade launchers, mortars, mortars and some optical devices to the United States (US). A spokesman for a US company said it was delighted with ammunition tests. He noted that Azerbaijan's RPG-7V-2 grenade launchers are superior to those produced by Bulgaria's Arsenal for its quality. However, Bulgaria is a NATO country and its export could have been easier. The spokesperson said that the hand grenade produced by Azerbaijan is more perfect in terms of its capabilities and functions. The United States is also a supplier of some countries. Some of these weapons remain in the United States, some of which are sold to the allied country. Exports are on behalf of the United States. "

The military expert said that Azerbaijan exports fourth-generation air-to-air missiles to neighboring Russia: "Under Russian ships, there are up to 10 important Azerbaijani-made devices. In 2016, the Cihaz Production Unit of the Ministry of Defense Industry of Azerbaijan has received orders for equipment exported from Russian space ships to space ships. This device controls the fuel system. "

Export of weapons will bring more currencies to Azerbaijan

Elshan Musayev: "Development of this field and increase of export potential will bring great advantages to Azerbaijan" Uzeyir Jafarov: "The fact that weapon production in currency exchange products gives reason to say that Azerbaijan will further expand its arms exports"

Referring to the issue of exporting military equipment between the new export routes at the republican meeting in Yevlakh, President Ilham Aliyev said that arms trade has already brought a large amount of currency to the country. In general, Azerbaijan's arms exports are increasing in comparison with previous years.

Note that for the current year, the Azerbaijani Ministry of Defense Industry has signed a \$ 101 million deal on export of defense products to foreign countries. \$ 57 million of this amount is in force, and the remaining \$ 44 million will come into force after end-user certificates are issued. Defense Industry Minister Yaver Jamalov said earlier that the export of military products to Azerbaijan's relevant agencies is being carried out at more than 10 countries. Among the exported weapons are all kinds of ammunition, modern shooters and artillery weapons, unmanned aerial vehicles, armored vehicles, and so on. are available. Generally, the production, repair and utilization of defense products in the amount of 123.7 million manat is envisaged in 2017.

Can we expect this industry to increase its share in the economy and exports? Elshan Musayev, deputy of the Milli Majlis, said with confidence that the defense industry would have a significant share in the country's economy and exports: "Mr. President did not say anything in that direction. The work done by the Defense Industry Ministry so far is already in sight. Simply, there is a dual issue here. Azerbaijan is a party to the Karabakh conflict. At present, 20% of our territory is occupied by occupied Armenia. That's why we need these weapons as well. Because we need it every moment, and it is more profitable than the domestic production on the background. Because its import can seriously damage our budget. As you know last April, open fights with Armenia began, and in most cases, by using local weapons, we were shattering blows to the enemy. But weapons production also has commercial objectives. The increase in exports in this area will stimulate the growth of the non-oil sector's role in the export of weapons. Therefore, the tendency of increase in arms exports by Azerbaijan is expected. That's why our country has every opportunity. True, as Mr. President pointed out, weapon exports are still less than our export potential for a number of other strategic challenges. But in all cases, arms exports are also expected to be expanded. A great deal of effort has been made in this direction. The factories of the Ministry of Defense Industry in Azerbaijan have already expanded the production of weapons. This means that there are serious professional cadres in Azerbaijan. The scale of the work done by the Ministry of Defense Industry is generally very large. It is very good that arms sales as a part of the non-oil sector increase. You know, arms sales are expensive. It has millions of dollars in circulation. Development of this field and increase of export potential will bring great advantages to Azerbaijan".

Military expert Uzeyir Jafarov also said that the export potential of Azerbaijani production is expected to increase: "The Ministry of Defense Industry is a newly established body. Nevertheless, the organization has achieved great success in a short time. Which of these achievements is also heard by many international exhibitions and events.

If we talked about the production of 600-700 units in the previous years, now the range and number of such products exceeds one thousand. At present, Azerbaijan offers its own weapons to foreign countries. That is, we have ammunition buyers. The head of state also stressed at the meeting in Yevlakh that Azerbaijan exports armored vehicles such as unmanned aerial vehicles, small arms, and Matador. There are great interest in these products produced by Azerbaijan abroad. Because of the quality, the fly costs.

Gunpowder production is an area that always brings revenue. Azerbaijan also offers its weapons to the countries of the region. The countries of the region have shown serious interest in the two arms exhibitions in Baku. The Azerbaijani delegation, in its turn, participates in such exhibitions held in other countries and continues to demonstrate its products. The fact that arms production is also among the products bringing the currency, gives grounds to say that Azerbaijan is

and then expand arms exports. Why not? This area has always been a demanding area. Azerbaijan pays its domestic demand with its own weapons and increases its export potential.

During the April events of 2016, we have also used our local weapons and ammunition. The main cause of our country's success in the field of arms exports in the short run is the fact that we manufacture the latest weapons based on the most modern equipment. The latest technology for the production of weapons and ammunition meets modern requirements. That is, the high purchasing power and quality of Azerbaijan's military products are capable of generating huge revenues in the background of the increase in exports. "

The deep investment crisis in Azerbaijan is largely due to the uncontrolled mass outflow of capital from the country. Capital migration is a common phenomenon in the world economy, reflecting the objective trends of the internationalization of economic life, up to its globalization.

The internationalization of economic life is understood as the convergence of national economies, manifested in the growth of industrial interdependence, international trade, movement of capital and labor, mutual influence on the most important economic processes in countries, including price levels, interest rates, etc. One of the reflections of the internationalization of production in the economic sphere is the internationalization of capital, which is a process of interweaving and combining national capital, manifested both in the creation of joint companies and in the development of international forms of relations and contacts between companies from different countries.

The countries of the world are connected not only by foreign trade relations, but also by capital flows, some of which come in the form of loans and borrowings. Capital flows, represented in the form of foreign investment, are today an annual value of several hundred billion dollars.

5.2. Data for FDI in Azerbaijan for non-oil sector.

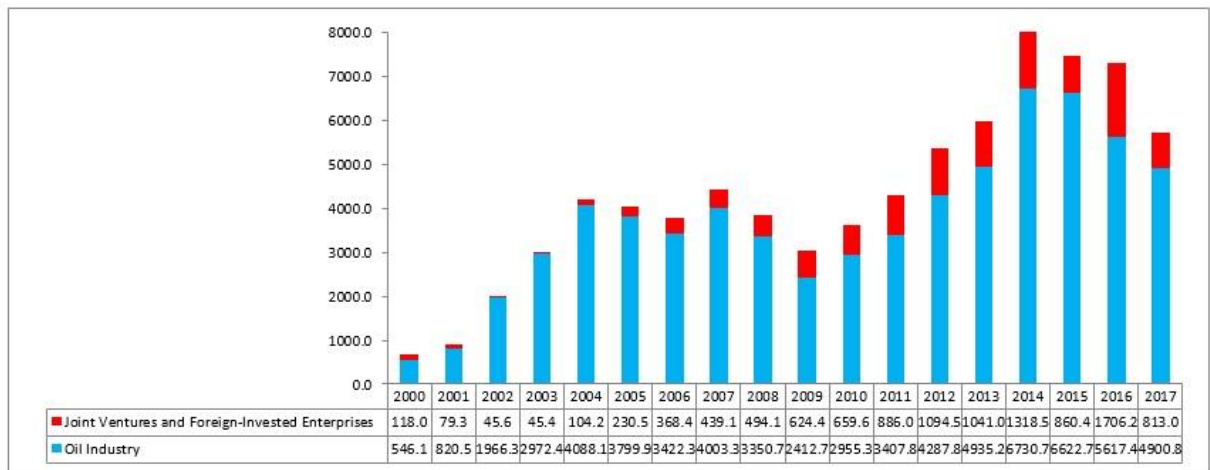
Direct foreign investments in the economy of Azerbaijan in the first quarter of 2018 amounted to 1 billion 17.8 million dollars.

According to APA-Economics at the Central Bank, according to the balance of payments for the first quarter, 81.6% of foreign direct investment accounted for the oil and gas sector during the reporting period. In the non-oil sector, the volume of foreign direct investment in January-March amounted to \$ 186.8 million (a decline of 3.7%).

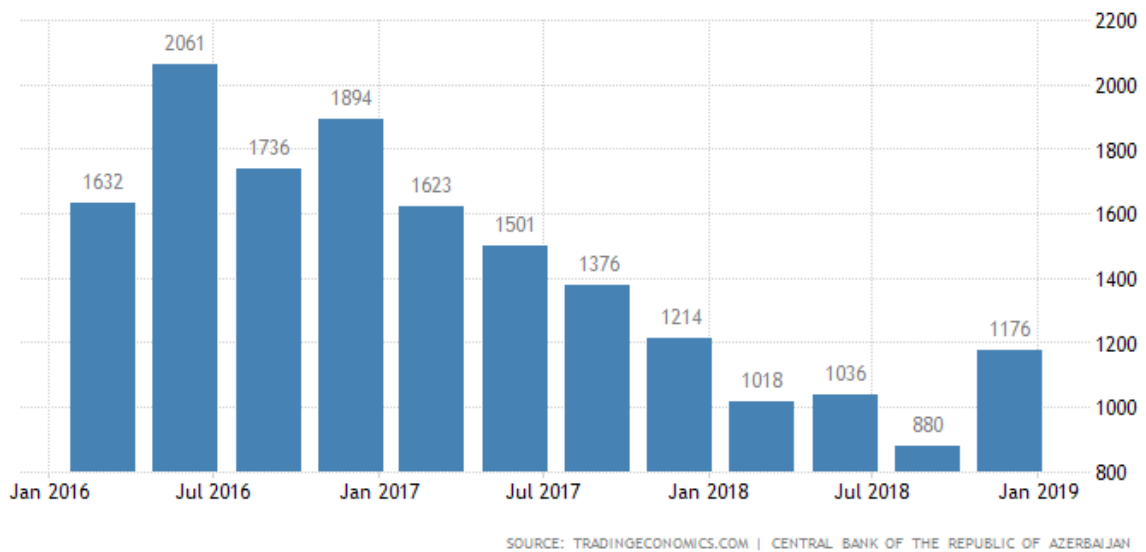
Below we can find out the data for FDI in Azerbaijan more precisely we can observe this via following charts for the recent years.



Figure 1: Dynamics of Oil and Non-Oil Foreign Direct Investment (in millions of USD)

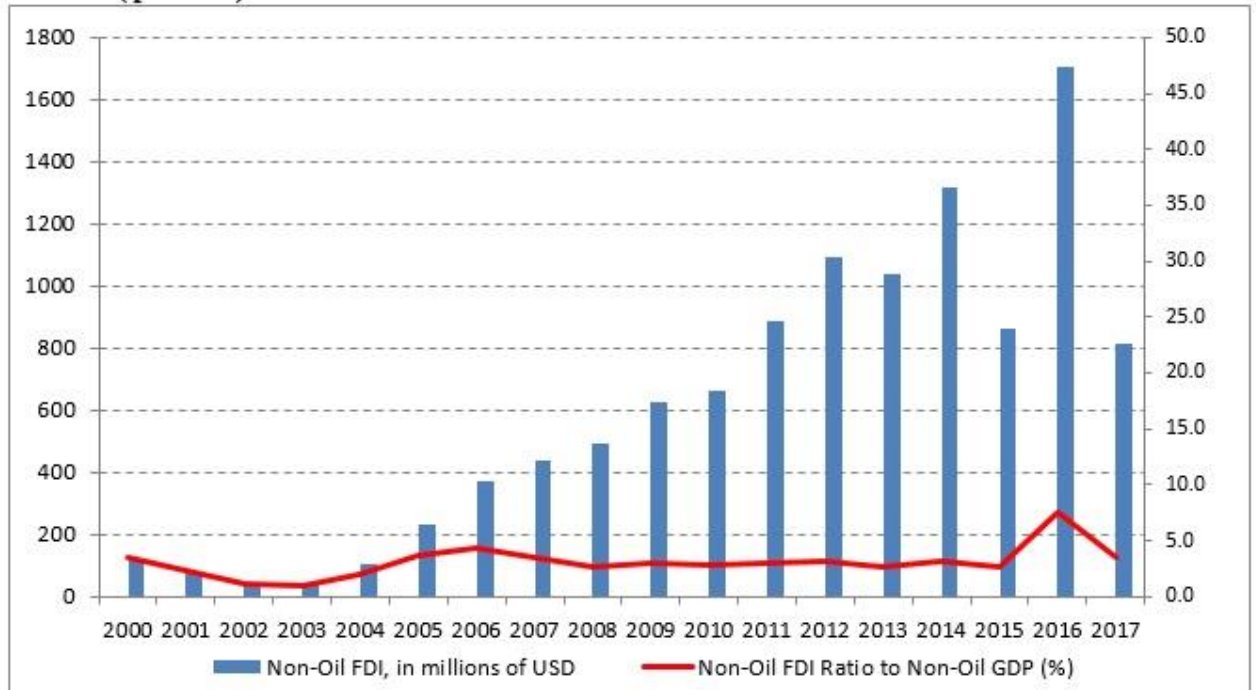


Source: State Statistical Committee (SSC)



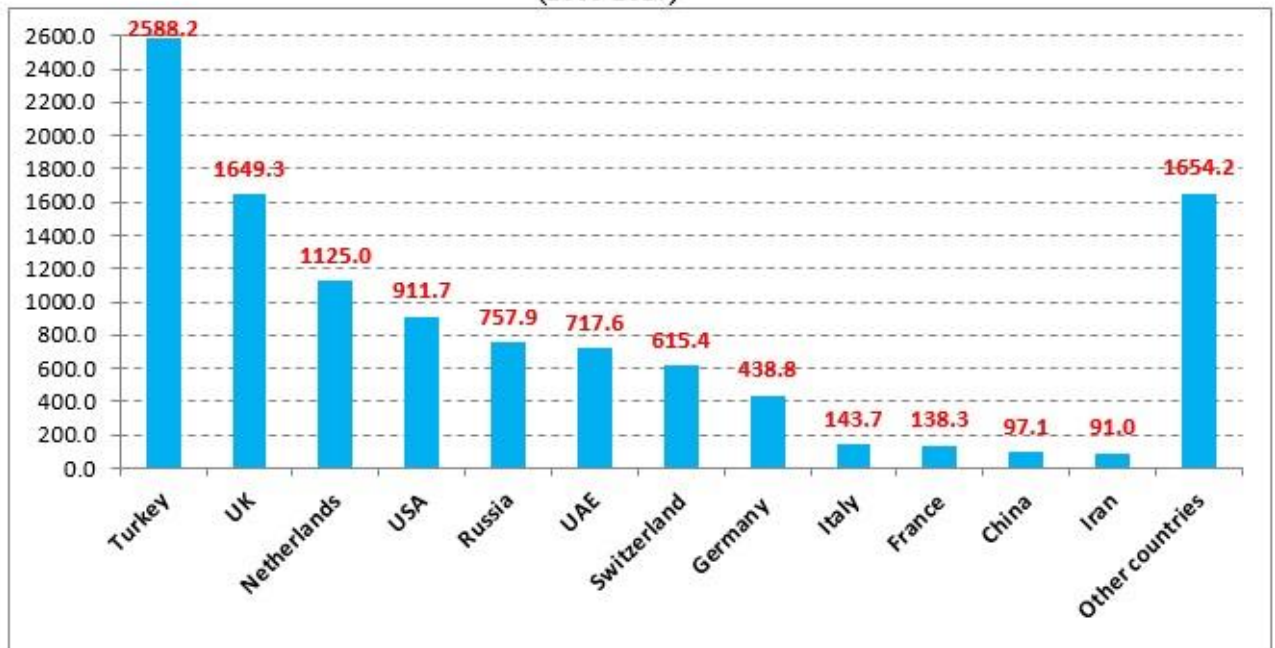
To be more accurate, below we can see the chart FDI statistics for non-oil sector.

Figure 2: Dynamics of Non-Oil FDI by Years (in millions of USD) and Non-Oil FDI Ratio to Non-Oil GDP (per cent)



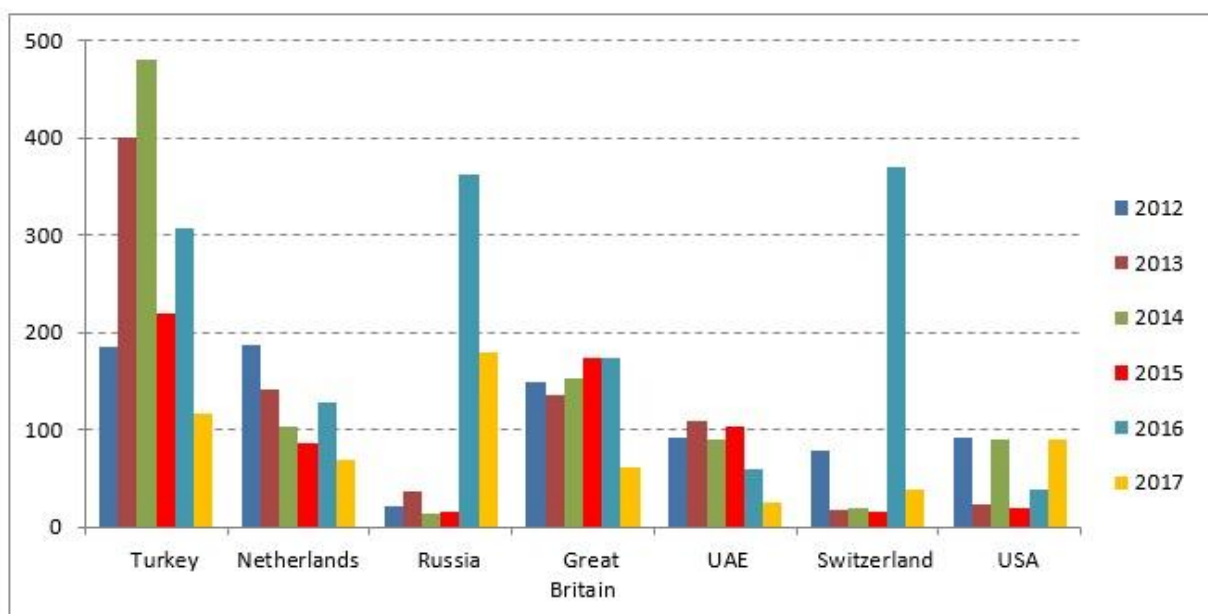
Source: Prepared on the basis of data from the State Statistical Committee (SSC)

Figure 3: Countries of Origin of Foreign Direct Investments to Azerbaijan's Non-Oil Sector (2000-2017)



Source: State Statistical Committee (SSC)

Figure 4: Dynamics of FDI from some of the Largest Investing Countries to Azerbaijan's Non-Oil Sector (2012-2017)



Source: State Statistical Committee (SSC)

Conclusion.

Companies all over the globe are faster expanding. This process accelerated specifically after globalization took place. Here the role of internet plays the major role, whereas the dominance of private enterprises takes over the dominance of the government. From the research, facts, data received and highlighted throughout this paper work, the significant effect of internationalization strategy on economic growth of countries have been observed.

The majority of companies is highly performing in the global arena due to innovative, competitive ideas they introduce either as first or key players.

The main obstacle to be faced on the way of entering the foreign market is essentially related to the legal issues with the accepting side (country), another popular obstacle is the financial issue, which was noted in FDI part of the paper.

Speaking particularly about Azerbaijani market, we have found out that there are a number of policies addressed to support of local enterprises, which consequently motivates and gives an incentive to our local entrepreneurs to produce more and in the way to be able to expand the size of production. The government has accepted too many policies in regards to evolvement of non-oil sector.

Nevertheless, the main issue relates with the business plan conclusion part, government gives support, however there is lack of knowledge and experience on the way of continuation the expansion strategy, which comes to dependency of local entrepreneurs on government.

Moreover, more planning and realizations should be done on the way of succession of the strategy, where the sustainability plan is made as well as with growth one. Furthermore, as noted in thesis above, not all the companies should be directed and reviewed for the internationalization, but only those that have high potential to internationalize. Otherwise, the will be waste of resources.

One of the other main points, is the idea of internationalizing not only agricultural sector, but also construction and military fields, which have sufficient potential as we have witnessed from the data given above.

6. Bibliography.

Ministry of Economy of the Republic of Azerbaijan, 2016. - Azərbaycanca Sahibkarlıq Rəqəmlərdə -
http://economy.gov.az/images/pdf/sid_2016.pdf

Determination of Globalization, Internationalization and Localization

- www.lionbridge.com

The detailed information and different approaches to I18n strategy

- www.investopedia.com

AzPromo statistics and policies run by Azerbaijan

- www.azpromo.az

Export statistics

- www.azersun.com

FDI statistics in Azerbaijan

<https://bakuresearchinstitute.org/foreign-direct-investment-in-azerbaijans-economy-current-status-development-trends-and-challenges/>

Countries where Azerbaijan exports products

- <https://tradingeconomics.com/azerbaijan/exports-by-country>

TNCs

https://ozlib.com/842347/ekonomika/internatsionalizatsiya_integratsiya_mirovoy_ekonomiki

Internationalization strategy of TNCs

- <https://studfiles.net/preview/6304010/page:37/>