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Market Entry Strategies

Case: McDonald's entry on the Russian market

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Thesis Abstract

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The thesis considers the entry strategy and development of the company McDonald's into international markets. The theoretical aspects of the entry strategy of the company into the international markets. Analyzes the key features of the development of McDonald's in Russia. Investigated the prospects of the company in international markets.

In theoretic part there was regarded some important aspects of international strategic management, such as: strategic alternatives, elements and levels of international strategy, evaluation of alternative foreign markets, ways of entering an international market.

During the writing of my thesis, I used case-study research. The topic is based on scientific studies of leading Russian and foreign scientists and experts in the field of strategic management. I described what the situation of the McDonalds Corporation in the Russian fast food market, did risk assessment, PEST and SWOT-analysis. Based on this analysis, I made some recommendations how McDonalds Corporation can improve its business in the Russian fast food market.

There are main results: strategic planning provides senior management means creating a plan for the long term. Taking reasoned and systematic planning decisions, management reduces the risk of making the wrong decision because of incorrect or misleading information about the possibilities of the enterprise. Franchising can give good results if the factors that led to the company's success in the domestic market may be transferred to foreign markets.

Keywords: Company mission, international market, competitive advantages of the environment, joint ventures, market potential, strategic goals.

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Abbreviations

SWOT	Strength Weaknesses Opportunities Threats
SBU	Strategic Business Units
R&D	Research and Development
FDI	Foreign Direct Investments
PEST	Political, Economical, Social, Technological
LEED	Leaders in Energy and Environmental Design
BTL	Below the Line

1. INTRODUCTION

1.1 Background

Background research due to the fact that the solution to the problem of strategic planning with the growing instability conditions of enterprises becomes a key factor in retaining competitiveness.

During the writing of my thesis, I used case-study research. The topic is based on scientific studies of leading Russian and foreign scientists and experts in the field of strategic management, such as Griffin, R, Pastey, M. ,Kotler, P., Zabelin, Moses, N., Knish, M., Trubilin, A., Fatkhutdinov, R., Zinnurov. H. and others.

Information base for this study was the information about the corporation McDonalds, as well as information from scientific publications in leading Russian and foreign editions.

1.2 Research problem

The current economic conditions pose new challenges to the organization associated with the need to identify additional sources of increase of efficiency of financial and economic activity and increase profitability.

Due to the fact that decision-making system needs to increase the role of strategic management, the quality of strategic decisions is a serious obstacle to the realization of the potential of the enterprise and efficient use of resources. That's why the topic so relevant nowadays.

The concept of strategic management is strategic management as an essential component of the life of the modern organization concerning three of these vital, key areas of the organization, as the development and implementation of the strategy development and behavior in the external sphere, to develop and implement a strategy to create an organization in relation to the product, and finally, the development of and implementation strategy for the organization's personnel.

The development and implementation strategy of the company can be divided into the following major blocks (steps):

- Analysis of the investment attractiveness of the industry;
- Development scenario forecast of the industry;
- The forecast change in the market supply and demand in domestic and foreign markets; analysis of the competitive position of the company in the industry (the strength of the business);
 - Financial evaluation of strategic alternatives; formation of an image of the future of the company; development of strategic goals and objectives; range of activities for the implementation of the strategy.

To systematize various types of strategies made use of several classification criteria, the main ones being: focus strategy, the intensity of innovation and how to implement strategies. The purpose of the topic is to consider the development strategy of the company as a factor in improving the economic situation in the field of fast food.

The goal identified the need to address the following interrelated tasks:

- To consider the theoretical aspects of the company's development strategy in international markets;
- To analyze the company's development strategy in the international market (for example, McDonald's Corporation);
- Explore the prospects of McDonald's Corporation as a factor in improving the economic situation of the company

The object of study is a McDonald's Corporation. Subject of research is development strategy on the international market as a factor in improving the economic situation of the company in the field of fast food.

2. THEORETICAL ASPECTS OF INTERNATIONAL STRATEGIC MANAGEMENT

International Strategic Management is an integrated continuous process control, which is aimed at development and implementation of strategies for the company to effectively oversee the concentration on the international market. The process of development of an international strategy is called strategic planning. Strategic planning, as a rule, is the responsibility of senior officials who perform their tasks in the company's headquarters, as well as senior managers, which control the domestic and foreign subsidiaries. In most large companies are working on a permanent basis working managers planners who provide technical support to senior managers in developing strategies. International strategic management involves the development of a variety of international strategies is a comprehensive framework to achieve the main goals of the company. At the conceptual level of competition between development strategies in one country and competitive strategy in many countries, there are many similarities.

However, in reality the development of an international strategy - the process is much more complex than the formation of the strategy of the company in the domestic market. Managers to develop strategies for domestic companies have to deal with one national government, one currency, and one accounting system, one political and legal system and, as a rule, one language and one relatively homogeneous culture. In contrast, managers who are responsible for developing a strategy for an international company, we have to deal with many governments, many currencies, many accounting systems, many political systems, many legal systems, as well as a wide variety of languages and cultures

In fact, international companies are able to use *three sources* of competitive advantage that is not available to companies operating only in their countries.

- Increased efficiency through globalization. International companies can improve their performance through a number of measures that are not available to

companies operating in the same country. In particular, they can take advantage of economies of accommodation due to the optimal location of production facilities around the world, providing a low level of production costs, and marketing of products, or the opportunity to improve the quality of customer service;

- Multinational flexibility. There are many differences between the political, economic, legal and cultural conditions of doing business in different countries. Moreover, there is a constant change of these conditions: new laws, elected a new government introduced changes in economic policy, new competitors to penetrate the national market (or leave it), and so on. Therefore, international companies are faced with the challenge of adapting to the many changes in the business environment. Domestic companies operate in the context of a single internal economic environment, so they have to respond to the changes occurring only in this environment. On the contrary, the adaptation of international companies to changes in business conditions in one country may be due to measures taken in other markets.

- Collect and sent messages of experience on a global scale (global learning). A variety of conditions in which multinationals operate, can also contribute to the accumulation of experience in the organization. The differences between these terms may result in the need to use different methods of doing business in different countries. For example, management believes that the network of American fast food restaurants McDonald's, restaurants companies must rely on races in separate buildings, built in small towns or in suburban areas of major cities. One of the Japanese leadership was able to convince the franchisees McDonald's is to be allowed to open a McDonald's restaurant in one of the office buildings, located in the central part of the city. The success of this restaurant made the top management of the company to reconsider its concept of placing of fast food restaurants. Currently, non-traditional McDonald's restaurants location - office buildings, supermarkets, Wal-Mart, even the airport - gave impetus to a new phase of economic growth.

2.1 Strategic alternatives

In an effort to achieve a balanced achievement of the above objectives (global efficiency, flexibility and global multinational training) multinational corporations tend to follow one of the four strategic alternatives.

- *Home replication strategy.* Following this strategy, the company uses its core competence or firm-specific advantages achieved at home, as a means of competition in foreign markets, where it seeks to penetrate.
- *Multidomestic strategy* - this is another alternative possibility available to the international companies. Multidomestic Corporation is a collection of relatively independent subsidiaries, each of which serves a particular local market. In addition, each subsidiary is free to adapt its products, marketing campaigns and methods of production to maximize meet the specific needs of local consumers.
- *Global strategy* - this is the third alternative business philosophy used by international companies. Corporation, sticking to a global strategy (global corporation), perceives the world as a single market, and as its main purpose is to establish a standardized goods and services that would meet the requirements of consumers worldwide. Global Strategy almost opposite to local strategy. The main element of the strategy is local assumption that between consumers in different countries there are fundamental differences that are responsible for specific methods of operation Local Corporation.
- *Transnational strategy.* Activities of corporations that implement this strategy, based on a combination of the benefits of improved efficiency due to the globalization of operations (as it happens in global corporations) and the benefits of delegation of authority to the management of local subsidiaries (that is the aim of local corporations). Corporation implementing transnational strategy, trying to solve this problem through informal approach to centralization or decentralization.

2.2. Elements of international strategy

After determining the overall strategic concept of the internationalization of the company managers engaged in international strategic planning should begin to identify the four basic elements of the company's strategy. These elements are the exclusive

competence of the company in a particular area, the scope of the company, the distribution of resources and synergies

Distinctive competence of the company - determines a company's ability to achieve outstanding results in a particular field of activity, especially in comparison with competitors. Exclusive competence of the company can be shown in the latest technology, efficient distribution networks, advanced management methods or well-known brands.

In whatever form expressed exclusive competence, it is an important resource available to the company. In many cases, companies prefer to use the benefits based on their exclusive competence in a particular area, to expand their activities (within available resources) to the largest possible number of markets. Internationalization strategy, which adheres to such companies, largely reflects the relationship between their exclusive competence and business opportunities opening up around the world.

Scope of operations- specifies the scope of business interests of the company. Company field can cover geographical areas such as countries, regions within countries and / or groups of countries. In addition, the scope of the company may apply to the market or product niche in one or more regions, such as the market for high-quality products, the market for cheap goods, or other specialized markets. Given the limited resources available to companies, and taking into account the fact that the markets are different from each other in their relative attractiveness of different products, the managers involved in the elaboration of an international strategy, it is necessary to select the most promising markets for their companies. Of course, the scope of the company is directly related to those in which field it has exclusive competence. If a company has exclusive competence only within a particular region or a particular family of products, the scope of the company should cover precisely those areas where it has exclusive competence.

Use of resources - determines how resource allocation between different areas of its activities in order to ensure the company's competitiveness. Resource allocation can be

carried out by product lines, by geographic region or by both attributes simultaneously. At this stage of strategic planning is necessary to determine the relative priority of allocation of limited resources of the company.

Synergy- is an organization of business at which the increase in the aggregate results through close interaction of the various components of the company's business. The purpose of this process is to create a situation where the whole is greater than the sum of its parts.

There are a number of common strategies in the development process:

- Mission statement of the company. International strategic planning process begins in most organizations to determine the company's mission (mission statement), which reveals the purpose of the company, its values and activities. The mission statement of the company, in most cases serves as a way to communicate information about its strategic direction to internal and external stakeholders and shareholders. The company's mission represents a targeted customer segments and target markets, the main products or services, geographical scope of activities, the core technology, methods of competition, and plans for economic growth and profitability of the company, the fundamental business philosophy, as well as the company's plans with respect to ensuring its reputation in the public eye.
- SWOT-analysis. The second stage of the development of an international strategy is to implement the SWOT-analysis. SWOT - an abbreviation «strengths, weaknesses, opportunities, threats» In most cases, the beginning of the SWOT-analysis is the study of the business environment (environmental scan), in other words, a systematic data collection on all external and internal economic business conditions, including data on market conditions, legal regulation, actions of competitors, the cost of production and labor productivity
- Setting strategic goals. In the context of the mission of the company, as well as the results of the SWOT-analysis of international strategic planning is reduced mainly to the establishment of the strategic goals of the company.

Strategic objectives - is set for the company tasks that must be performed according to a specific plan of action. Strategic objectives by definition must be measurable, achievable and time-limited. (In other words, in setting such goals should answer the question of at what cost, how and by when they will be achieved.

- Setting goals and tactical development of tactical plans. As a rule, responsible for the formation of tactics is assigned to middle managers who focus on the development of specific ways to achieve the strategic goals of the company.
- The last stage of the formation of the company's strategy - is to develop a general scheme of management of its activities (control framework) or define a set of managerial and organizational procedures to ensure the promotion of the company on track to achieve its strategic objectives. As an illustration, consider the following example.

2.3. Levels of international strategy

Taking into account the complexity of international strategic management, in many international companies (especially in multinational corporations) is considered advisable to develop strategies for the three separate levels within the organization.

1. Corporate Strategy

Corporate Strategy (sometimes referred to as portfolio strategy) determines the range of activities of the company.

Single-business strategy. Single-business strategy involves making a profit from one line of business, in other words, from the issuance of a single product or providing a service. The most important advantage of this strategy is that the company is able to focus all their resources and expertise in the production of a single product or providing a service. On the other hand, this strategy increases the vulnerability of the company to the actions of its competitors, as well as to changes in the business environment.

Related diversification. Related diversification, the most common type of corporate strategy involves the simultaneous operation of several different (but in essence - related) activities, in related industries or related markets. This strategy allows the company to use its exclusive competence in one direction or activity in one market to enhance competitiveness in other business areas or in other markets. The aim of the strategy-related diversification, as well as the basic relationship between different activities in most cases is defined in the company's mission.

Unrelated diversification. The third type of corporate strategy of international companies - is unrelated diversification. This strategy involves the activities of the company in several not related to each other industries or in several markets.

2. Business strategy

While corporate strategy affects the activities of the company as a whole, business strategy (sometimes referred to as a competitive strategy) covers the work of the individual lines of business, subsidiaries and divisions that make up the company. Business strategy defines the methods of competition in each market, which permeates the company. The companies that adhere to corporate strategy related or unrelated diversification, there is a tendency for the unification of certain activities in the so-called "strategic business unit," or otherwise "strategic business units, SBU». In companies, the following strategies related diversification, strategic economic units are formed on the basis of similarity of goods and services.

Paying particular attention to the competitive environment of each division or SBU, business strategy promotes the exclusive competence of the company in the direction of activities that are engaged in this division or economic unit. Business strategy developed for one strategic business unit is used in all geographic markets served by this SBU. The company can be developed its own business strategy for each strategic business unit or a common strategy for all SBU. There are three main types of business strategy: a strategy of differentiation strategy the total cost leadership strategy and focus.

Differentiation. The differentiation strategy - this is the most widely used business strategy. This strategy involves the formation and support of the (actual or perceived) image of the goods or services of a particular strategic business units, which would be fundamentally different from other goods or services in the same market segment. In modern conditions, many international companies are trying to use the quality of its products as a differentiation factor. Having succeeded in establishing the reputation of its products as high quality products, such companies may designate their goods or services to higher prices.

Overall cost leadership. The overall cost leadership strategy involves a high level of efficiency of all operational processes in the company that would provide a lower (compared to competing firms) the level of costs. This allows the company to sell its goods or services at lower prices. A successful strategy for the overall cost leadership may result in a lower level of profitability of individual units (due to the sale of goods or services at lower prices), but at the same time - to improve the profitability of total company-wide (thanks to higher sales).

Focusing. The focus strategy involves the orientation of the company to produce a narrow range of products tailored to specific customer groups or for individual regions. This strategy allows the company to lead the consumer properties of concrete products to the needs of specific customer segments. These consumer segments can be distinguished on grounds such as geographical area, ethnicity, purchasing power, tastes, or any other factor that may influence the behavior of consumers when making purchasing decisions.

3. Functional strategies

Functional strategies identify ways of controlling various functions of the company, such as finance, marketing, production operations, human resources, research and development (R & D). It is assumed that the functional strategy must be consistent with international corporate strategy and business strategy.

International Financial Strategy covers issues such as the target capital structure, investment policy, foreign exchange reserves, and methods of reducing the risk management policy and debt management of working capital. As a rule, the international company financial strategy is being developed for both the company as a whole and for its individual strategic economic units.

International marketing strategy has to do with issues of distribution and marketing of goods or services, identify ways to address issues such as product portfolio, advertising, promotion, pricing and distribution.

International manufacturing strategy defines the process of creating the goods or services of the company. It creates a basis for decisions about the supply, distribution of production or service facilities, planning and design of manufacturing or service businesses, technology, and inventory management.

The objects of *international human resources strategy* are people working in the company. This strategy defines the decision-making process on the following issues: recruitment, training and certification of employees, wages, formation of labor relations between management and unions.

Finally, an *international scientific and technical strategy* determines the size and direction of the company's investment in the creation of new products and development of new technologies

3. ANALYSIS OF FOREIGN MARKETS AND ENTRY STRATEGIES

3.1 Evaluation of alternative foreign markets

In the process of evaluating alternative foreign markets the company's specialists have to analyze a number of factors, including the current and potential market size, competition, legal and political environment of business, as well as socio-cultural factors that may influence the effectiveness of the company in this market.

Market potential. The first stage of the selection of foreign markets - an assessment of the market potential. In many printings provides data on population, GDP per capita, as well as public infrastructure and the availability of goods such as cars and televisions, owned by inhabitants of the country. Such data allows specialists to conduct a preliminary, fast and rough estimate of the various foreign markets.

The level of competition. Another factor, which is subject to careful analysis in the selection of foreign market - is the level of competition in this market (both in the present and in the future). To make an assessment of the competitive environment, the company's specialists must determine the number and size of companies that already compete in the target market, their market share, pricing strategy and distribution of goods, their strengths and weaknesses. It is necessary to analyze the competitiveness of each of these companies individually, as well as their total competitiveness. The next step is to compare these factors with the actual conditions prevailing in the market, as well as to determine the competitive position of the company in this market.

Legal and political environment. Experts of the company, which plans to penetrate to a particular foreign market, should be well aware of the trade policy of the country, as well as the legal and political environment of business in this country. The Company may waive the export of goods to a country where there are high tariffs and other trade restrictions in favor of the country where such restrictions or less it is insignificant. On the contrary, trade policy and / or trade restrictions can be a stimulus to the output of the company on a particular market with the help of foreign direct investment.

The influence of socio-cultural factors. Managers performing the assessment of foreign markets should also analyze the socio-cultural factors, the subjective nature of which complicates their quantitative description. To reduce the level of uncertainty due to these factors, the company often concentrate their international activities in the countries in which the cultural environment reminiscent of the business culture that has developed in the domestic markets.

3.2. Assessment of costs, revenues and risks

Costs. At this stage, the foreign market evaluation is necessary to determine the estimated amount of direct and hidden costs. Direct costs - it costs borne by companies in entering foreign markets. Among the direct costs include the costs of starting a business (for example, the cost of renting or purchasing production or service facilities), to transfer management of the company's headquarters for the management of the enterprise, as well as transportation of equipment and goods. The company can also expect a loss of profit. Since the company has at its disposal a limited amount of resources, the penetration of one market may prevent the penetration of the other. The profits that the company could get the second market, is classified as loss of profits, in which case the company is fully or time lost profit opportunity, distracting at first to another market. Consequently, the company's specialists, planners must carefully evaluate all available alternatives.

Revenues. It is expected that the penetration of foreign markets should bring her some benefits; otherwise the company would have no reason to do that. The most obvious potential benefits are estimated sales of products or services on the market and the profit from these sales. Among other benefits, you can call the lower the costs for the acquisition of resources and lower costs of production (in the case of low-cost materials and / or labor in this market), the ability to prevent market entry by competitors (which limits the ability of competitors in terms of obtaining profits) , the presence of a competitive advantage (which allows the company to stay ahead of their competitors, or at least keep up with them), access to advanced technologies, and the ability to achieve synergies resulting from the interaction with other departments.

Risks. Of course, very few receive benefits not accompanied by rice ball one degree or another. In most cases, the company penetrating foreign markets, exposed to such risks as currency fluctuations, additional manufacturing complexity, as well as direct financial losses due to the uncertainty in the assessment of the market potential. In the most extreme cases, the company may face the risk of losses due to the confiscation of the property of the government of a foreign country, as well as associated with war or terrorist acts.

3.3. Ways of entering an international market

The company must choose how to penetrate the international market of the following alternatives: the production of goods in the home country (export) production in the country of residence on the company's own operations (foreign direct investment and joint ventures) or output in the host country on independent enterprises (licensing, franchising and contract manufacturing). The advantages of these methods and penetration are presented in Appendix. 1

- Exports of goods and services to foreign markets.

Export - is the process of transfer of goods or services from one country to other countries in order to further their use or sale in the markets of these countries. There are several forms of export activity.

Indirect export. Indirect exports of goods takes place if the company sells its products to domestic customers, which, in turn, exports of these products to overseas markets in the original or modified form. For example, if Hewlett-Packard (American company) buys microprocessors from Intel (as an American company), uses them to build computers, and then exports the computers in Europe, there is indirect export of Intel microprocessors.

Direct export. Direct export is the case not mediocre sales of goods to customers (either distributors or end consumers), located outside the country of the company. According to studies, one out of three first operations on the direct export of products of the company on the foreign market is carried out as a result of a random order. However, subsequent operations on direct exports occur as a consequence of a well-thought-out actions aimed at doing business in foreign markets. In such cases, the company carefully selects the products that it intends to export, as well as foreign markets in which it intends to enter, and methods of marketing products in these markets. Direct export allows the company to gain valuable experience in international business transactions, as well as to increase their awareness of the specific business conditions in the countries in the market where it penetrates. As an example, Baskin-Robbins adhered to such thoughtful approach in entering the Russian market. The company began exporting its products to Russia in 1990, when with production facilities located in Canada and Texas, began shipping batches of ice cream in the country. For five years, the company jointly with Russian partners in Russia opened 74 retail outlets, while carefully analyzing the tastes and preferences of local consumers. It was only after the company Baskin-Robbins became well-known business conditions in the Russian market, it has invested \$ 30 million

Exchange of goods or services. The third form of export activity – is an exchange of goods, the value of which increases as the size of multinational corporations. Intra-exchange - is the sale of goods or Services Company based in one country to other companies within the same corporation located in other countries. For example, when the company British Petroleum transports crude oil from its warehouses in Kuwait to the Australian subsidiary, this is considered as an export operation in relation to Kuwait and as an import operation in relation to the Australia; The income from the operation remain in the British company.

- International Licensing

Licensing is another way of penetration of foreign markets. Licensing - a procedure whereby the licensor grants the company the right to use its intellectual property

(technology, business practices, patents, copyrights, brands and trademarks) to another company, company-licensee, for a fee. Businesses should not be used for licensing access to markets in those countries where not protected intellectual property rights, as they may have problems with the consideration of conflicts of licensing agreements in the courts of these countries. On the other hand, it is advisable to use licensing in cases where the countries where the company plans to enter, put high tariff and non-tariff barriers that impede the importation of goods to these countries, or when these countries have restrictions on FDI or on the repatriation of profits. Licensing is widely used for penetration of companies into foreign markets, since this method does not require large direct costs. The company has already incurred costs on the formation of intellectual property, license; consequently, income earned on the basis of the license agreement, in most cases, can be stored in the summary line profit and loss account of the company.

Licensing is an important element of the strategies of many international companies. The company, which adheres to the licensing strategy - it Cantab Pharmaceuticals PLC, founded by scientists at Cambridge University a company engaged in biotechnology. Cantab specializes in immunogenetics - the branch of medicine that uses genetically engineered vaccines to restore and strengthen the human immune system to fight diseases such as herpes, genital warts and cervical cancer. The company, which went on the road to concentrate more effort on creating immunogenic drugs, there is a lack of resources for the rapid and efficient production and distribution of the latest products created by specialists of the company. It is for this reason that this young British company prefers to transfer the right to use its technology major pharmaceutical companies such as GlaxoSmithKline and Pfizer.

- Foreign direct investment.

Direct investments in their own businesses abroad provide a higher degree of control over the activities of foreign companies under the division and expand the potential for profit. Such control is particularly important for companies where there is a need for careful strategic coordination of foreign operations in order to obtain a synergistic effect.

Foreign direct investment is a more preferred method of entry, if customers in the country where the company plans to penetrate, prefers to do business with local producers. In order to support the domestic economy companies and governments in many countries are taking part in joint programs to create favorable conditions for domestic production. On the other hand, the choice of FDI as a way to penetrate the increasingly expose the company to economic and political risks. The company is faced with a complex system of management of its foreign operations and the potential reduction in the value of its foreign investments in the event of adverse currency fluctuations. There are three types of FDI: 1) the construction of new ones 2) the acquisition of existing enterprises, and 3) participation in joint ventures.

The strategy involves the construction of new enterprises organization of the enterprise from scratch. In keeping with this strategy, the company buys or leases the land, builds on this site new production or service facilities, hire and / or transfers of managers and ordinary employees and workers, and then begins to operate the new facility. Manufacturing plant Fuji Film, located in South Carolina, is an example of investment in new construction, as well as the assembly plant of Mercedes-Benz in Alabama and Nissan in the English city of Sunderland.

The strategy of acquiring existing companies. The process of preparation of the transaction to acquire the company, which involved bankers, lawyers, regulators and Real Estate Professional, can be very difficult. By purchasing the company's actions, the acquirer obtains control over enterprises, personnel, technology, brands and distribution networks of the company purchased. In this case, all the units acquired under the company continue to operate and generate profits as the company-buyer integrates the new structure in its international strategy. In addition, in contrast to the strategy of building new businesses, acquisition strategy does not require increasing production capacity in the industry. Under the conditions of excess production capacity is an obvious advantage. For example, Procter & Gamble Company entered the Mexican market of household paper products, buying a company in Loreto Turnip Pobre from its owner, the company Grupo Carso SA. This step allowed Procter & Gamble get their hands on the production capacity Loreto, well-known brands of paper napkins and toilet paper of the company, as well as the current system of distribution of products.

Joint ventures appear if at least two companies have agreed on joint activities and the creation of a separate joint ownership of the company, whose mission is to promote the mutual interests of shareholders. Number of agreements on the establishment of joint ventures is growing rapidly in terms of radical changes in the technology, telecommunications, and government policies in different countries - changes which exceed the ability of each individual international company to fully utilize their own possibilities.

- International Franchising

Franchise system is widely used in the United States, Japan, and Western Europe. Its essence lies in the fact that a large and respectable company (franchisor) grants small business, start out in a business (franchisee) the right (franchise) for a certain time and place to conduct business using the already well-established and justified technology "know-how", the well-known and popular brand, training and opportunities to obtain the necessary consultations. Usually, the franchisor undertakes to supply the equipment and raw materials, assisting in the organization and management of the business and, in some cases, provide its franchisees direct financial assistance by providing loans or indirect assistance in the form of guarantees. All these conditions are stipulated in a special contract of franchising.

Small firm, using the franchisor's help, can in a relatively short period of time to start a business, with the continued support of the parent company helps to successfully overcome the difficulties, especially at the initial stage of operation. Help and support from the franchisor is available for a fee (royalty), which can be quite high.

Thus, the relationship of the parties franchise is an alternative to the relations between parent and subsidiary companies, and the method of franchising - an alternative to the state support of small business.

Franchising - a form of long lasting business cooperation of several companies in which a company with a well-known name in the market (the franchisor) sells the rights to it, together with the technology of the production or sale of goods or services, regardless of her businesses (franchisees).

The essence of this form is that the parent, most often large, reputable and well-known enough to consumers the company enters into a contract with a small independent company to grant him the exclusive right to produce certain products and their distribution, as well as the provision of services under the brand name of the company.

Franchisor - a company that issues a license or lease a right to use its trademark, know-how and operating systems.

Franchisee - a person or company that buys the possibility of training and assistance in starting a business from the franchisor and pays a service fee (royalty) for the use of the trademark, know-how and management system works franchisor.

For small businesses (only arise), this form is convenient, since the parent company has the authority (image gained), the consumer has become accustomed to the brand and advertising do not need to spend money.

The franchisor (the parent company) enter into contracts with not one, but several small companies (operators) and thus creates an extensive network of commercial and industrial enterprises, which are dependent on it. This relationship is defined by the contract, in which you must comply with all the rules of trade and production, up to the last detail (uniform).

Franchise relationship can be profitable for both sides. Franchisees interested in maximizing sales at minimal cost. Franchisee must follow the rules of doing business for the franchise and to participate in advertising and marketing campaigns conducted by the franchisor. The franchisor is working intently to lead the competition; it would be

very difficult to make one franchisee. The franchisor provides the necessary support to ensure that the franchisee could devote attention to their daily operations.

An important part of the success is a clear and complete knowledge of the essence of the franchise entrepreneur, the variety, structure, benefits and possible risks when using it.

Franchising can be defined as a way to deliver products or services to the consumer, the way of business development and market penetration based on the cooperation of material and financial resources and the efforts of various enterprises.

The activities of the company McDonald's at the initial stage of its life cycle has been successful, as the restaurant company offers customers a popular, virtually unknown menu, as well as quick and efficient service. Secondly, Franchising can give good results if the factors responsible for the success of companies in the domestic market may be transferred to foreign markets. The company McDonald's owes its continued prosperity so far to factors, as the popularity of "American" food in other countries, the importance of efficient service and lower prices for consumers worldwide, as well as the desire of foreigners to visit fast food restaurants McDonald's during his stay in the United States. Third, the use of international franchising as a method of penetration can be justified if the franchisor has made significant strides in the area of the Veda business franchise in the domestic market. For example, before the construction of the first McDonald's restaurant abroad, the company opened hundreds of restaurants in the United States. The last argument in favor of international franchising is interest from local investors to enter into franchise agreements. For well-established himself Shih franchise companies such as McDonald's, is in most cases not a problem.

Franchising, depending on the direction is of four kinds:

- Franchising goods;
- Production franchising;
- Service franchise;
- Franchising business format.

Franchise goods are a sale of goods produced by the franchisor and somehow marked his trademark. Franchisee usually provides after-sales maintenance.

Franchise goods have not found wide acceptance. This kind of relationship in most cases it is advantageous to the franchisor, as they provide him the promotion of the trademark, the expansion of sales and continuous communication with consumers through the distribution system. Franchisee with the franchisor is part of a controlled distribution system.

An example of effective work in this area could serve as the company "General Motors", which to date is the leader in the automotive industry.

Production franchise - is the most effective organization of production of certain commodities. The company, with its secret production of raw materials and patented technology of manufacturing the finished product, the manufacturer shall provide a final raw material and transmits the right to use this technology.

The most prominent representative of the production system using the franchising company is Coca-Cola. Centralized production of soft drinks is not profitable due to remoteness from consumers and large unnecessary costs. Therefore, the Commission provides end manufacturers concentrate and special offers right to use the technology. In 1995, the company entered the Russian market by entering into franchise agreements. It is not self-build factories for the production of products; Subject of sale is a recipe for the production and proven brand.

Production franchise based on common for the parties to:

- separated of labor and specialization of production;
- Increasing the production and expansion of the production program;
- Ensuring cost of production;

- Increasing the flexibility of production and sales in line with market requirements;
- Development of production

Service Franchising is a cross between the two above-mentioned species. Its scope - services. The essence lies in the fact that the franchisee is granted the right to engage in certain activities under the brand franchisor. The franchisor has a number of proprietary rights, which under the contract transferred to franchisees. Service franchising is widespread and is a promising technology business. The main thrust of the service franchise - a high level of customer service. Through a joint policy pursued by the franchisor and the franchisee, consumers are quickly becoming known what quantity and quality of services it can be guaranteed for a certain period of time at the enterprises of a certain brand.

Franchise business format is the most complex. Along with all of the rights of the franchisor franchisee sends them to the technology developed by the organization and business. Franchisee completely identified with the franchisor and becomes part of the overall corporate system. Franchisor in this franchise can be enterprises, mining raw materials, manufacturers, wholesalers or retailers, service businesses, and can only be the owner of the rights to the contract are transferred to franchisees under certain conditions. But all businesses operating in the system should operate on a single methodology, in the same style and observe intra interests. The system of franchising business format provides an opportunity not only to expand the business in the intra-scale and adjacent areas, but also to include in the various lines of business.

3.4. Specialized ways of entering an international market

The Company may use several specialized strategies of participation in international business that do not require long-term investment. These specialized methods include contract manufacturing, contract management and construction of turnkey facilities.

- *Contract manufacturing* is used in both large and small companies who employ other companies to meet most or all production needs. This strategy allows the

company to reduce the amount of financial and human resources necessary for the physical manufacturing. For example, the leadership of Nike follows the strategy of focusing the company's resources to the marketing of products; while contracts for the manufacture of sports shoes «Nike» with numerous companies located in South-East Asia.

- *Management Contract* - an agreement, according to which one company provides managerial, technical and other specialized services to companies throughout the second pre-specified period for a cash reward. The first company receives for its services or a flat fee or a percentage of sales. In the management contract may also provide for the payment of special premiums for higher profitability, increase sales, or to ensure a high level of quality. Management contracts allow companies to earn additional income without incurring investment risks and without incurring any obligations. For example, one of the divisions of the company under the Hilton Hotels offers management services and booking the hotels, which operate under the brand name «Hilton», but are not owned by the company
- *Construction of facilities* under the key- is another specialized strategy of participation in international business. The contract for the construction of the facility is a turnkey contract under which the company is committed to the design, construction and equipping of the object with subsequent transfer to the customer facility fully operational. For the construction of turnkey facilities can be assigned a fixed price; in this case, the company makes a profit, providing a level of cost that is lower than that fixed price. In addition to this payment option in the contract for the construction of turnkey payment may be provided on a "cost-plus", which shifts the risk of overspending of funds in excess of the estimate from the contractor to the customer. International contracts for the construction of a turnkey basis in many cases are related to large, complex, multi-level projects such as the construction of a nuclear power plant, an airport or a refinery. The management of such complex construction projects requires special skills.

4. MCDONALDS CORPORATION IN RUSSIA

4.1. Activity in the world

The company was founded in 1940 by brothers Dick and Mac McDonald (the first restaurant opened in San Bernardino, California), in 1948 the world's first formulated the principles of the concept of "fast food». McDonald's, a leading operator of fast food chain, one of the most famous names in modern business. She also owns a chain of fast-food Boston Market, whose concept involves replacing the homemade food. In addition, McDonald's owns a minority stake in British fast-food chain Pret A Manger.

In 1954, Ray Kroc purchased the McDonald brothers to act as exclusive agent for franchising. In 1955 he opened his first McDonald's in the town of Des Plaines, Illinois (now - Museum Corporation).

In 1988, an agreement was signed between the "McDonald's Restaurants of Canada Limited" and the Moscow Government. The first restaurant «McDonald's» was opened on January 30, 1990 in Russia. Near the restaurant there were about 5,000 people. After such an impressive debut leave no doubt as to the further development of McDonald's in Russia. Currently there are 234 McDonald's working in Russia. McDonald's has worked hard for many years to win the trust of visitors, and we believe that it is confidence - one of the main advantages over its competitors.

As of December 31, 2006, in possession of the company were approximately 31,045 restaurants in 118 countries around the world. McDonald's entered into a strategic alliance with leading Chinese Oil Company China Petroleum and Chemical Corporation, or Sinopec, to jointly create restaurants in China for motorists ("drive thru restaurants").

In the ranking of the most innovative companies in the world for 2007, prepared by the magazine BusinessWeek in cooperation with the firm Boston Consulting Group, McDonald's took the 48th position, having moved up considerably in comparison with the 100-th place in the previous year. The reviewers noted that thanks to new attractive products such as Snack Wrap and Asian Salad, McDonald's is currently receiving more income from chicken than beef from. The company began to test mixed drinks made

from natural ingredients (so-called smoothies) and high-end coffees, as well as to serve "customers 24/7", adapting to the changing tastes of Americans.

For the company "McDonald's" in Russia, corporate social responsibility has always been an integral part of the business philosophy. The company is constantly growing and developing as a person, as an organization and as citizens of Russia. "McDonald's" has always occupied a leading position in the industry. And now continues to improve its program, using the latest technology in order to best meet customer inquiries, meet new priorities and specific local conditions.

The company's mission «McDonald's» is as follows: "To be a favorite place and way to supply our customers."

In most markets of the world, this segment of the restaurant market either stable or decreasing. McDonald's - exception: the corporation increases its share, while most competitors can not boast. This is due to good positioning and strategy established five years ago. It provides for our restaurants wherever they need customers, good value for money in our entire menu - both for food "\$ 1" and for premium salads. The company is also engaged in the development of franchising - about 80% of restaurants around the world are working on the franchise. In addition, much attention is paid to ensure that the restaurant attracts the attention of the public, so they are constantly updating occurs.

The secret of the popularity of McDonald's in its availability, low prices and service. This brand will learn anytime, anywhere. Different fast food restaurants not only the inner purity, there is bound to follow the sanitary conditions, but also the cleanliness of the surrounding area.

To date, there is a McDonald's in every city with a population approaching one million. In the capitals and cities of metropolitan areas exceed five or even ten restaurants. The rules by which McDonald's became popular can become rules of success for any company.

4.2. Market analysis

Currently on the Russian catering market the classification of institutions is not rigid. In world practice there are many principles of classification of restaurants: the range, for staff, for the target audience of the price level.

In modern conditions often used somewhat different gradation: elite restaurants for the middle class (democratic) and fast food outlets.

In addition to the usual bars and cafes, in recent years, a special type of catering - coffee. Most often catering segmented pricing policy (the size of the average check). Accordingly, there is a division into five major market segments (Table 4.1).

Table 1. Segmentation catering size of the average check.

Title	Average check
Street Food	2 \$
Fast Food / QSR	5 \$
Quick&Casual / Fast Casual	25\$
Casual Dining	25-50\$
Fine Dining	More than 50 \$

In the structure of the network segment the largest share in the number of schools occupy places low price segment Street Food and Fast Food - 39% and 30%, respectively, democratic price segment holds 31% of the market. In 2013, in the largest cities in Russia worked 393 Russian and international networks of public catering establishments (uniting under one brand of 3 or more points), and 10 major networks accounted for about 30% of the total number of network catering establishments operating in the territory of Russia.

In recent years, the restaurant business is attracting more investors from different business sectors. The Japanese sushi restaurants occupy significant proportion of opening restaurants. For catering is important to have a so-called "anchor", providing a

steady stream of customers. That is why most of the restaurants located in the central areas, due to the attractiveness of the city center for entertainment of residents and visitors alike.

Experts note that the per capita cost of catering services in Russia is much lower than those of other countries. For example, in 2013 in Russia, the per capita costs of eating out were slightly less than \$65 per person per year. This is considerably less than in the US (\$615 in 2013), France (\$405 in 2013) and Germany (\$195 in 2013). Such a lag indicators Russia demonstrates the high potential of the restaurant market and its lack of saturation.

Table 2 shows the structure of the market, i.e., how much interest they take in the fast food market.

4.3. Market structure

Table 2. Top 5 largest networks of fast food restaurants in the number of restaurants, April 2014. (RBK Research)

Brand	Number of restaurants
Subway	617
McDonalds	448
KFC	265
Teremok	183
Burger King	171

The market structure has changed at different stages of its development. During the first half of the 1990s were the clear market leader kiosks and stalls, as well as expensive restaurants. And it is exactly in line with the structure of society, which was divided into very rich and very poor.

There was a long economic growth to improve the welfare and living standards of the middle class, who began actively to catch up. As a result, in recent years and until the beginning of the global financial crisis, the main contribution to the development of the market have made democratic enterprise segment: coffee shops, casual dining restaurants, fast casual restaurants.

The most dynamically developing segments of fast food and its annual growth rate of 20-27%. In turn, the segment of luxury restaurants slowed the pace of growth. There was also a trend of active growth of the market in the region as to establish a business in Russia now is quite difficult because of the growing competition, high rents and lack of qualified personnel. In 2013, the turnover of catering in cities with a population of over 100 thousand was 420 million \$. In recent years, one of the leading trends in the development of the Russian market catering is consolidation. Currently, the market is highly fragmented; a significant proportion of it is occupied by single catering establishments. At the end of the 1st half of 2013 10 major networks accounted for about 30% of the total number of network catering establishments operating in the territory of Russia.

However, it is the network concept has the greatest potential, and will continue to strengthen its position. Russian catering segment also significantly fragmented. The first mergers and acquisitions in the Russian market catering recorded in 2005. Networks such as KFC, "Five Star" and "Prime" and others have joined forces, resources and reputation to work more effectively in the market. The trend of market consolidation in the coming years will increase. In the near future we can expect new mergers and acquisitions.

In recent years, the growth rate remained at a high level, as in Russia catering market has not yet reached the saturation stage. Index of physical volume of catering for the first quarter of 2013 amounted to 92.8% of the corresponding period of the previous year. By the end of 2012 this figure was 112.3% of the corresponding period of the previous year. The comparable figure for 2006 and 2007 amounted to 115.8% and 114.7%, respectively, indicating that the growth of catering and growth due to the increase in prices for services catering.

The onset of the crisis has had an impact on the redistribution of shares between players of different price segments. Thus, revenues restaurants upper price segment from November 2012 to March 2013 decreased by 20-30%, and the low - increased by

the same order. Relatively stable is the middle price segment, which will continue to grow after the disappearance of the crisis.

In the first quarter of 2013, the market grew slightly compared to the same period of the previous year. A growth rate of only 8.4%, the last 9 years, this figure remained at the level of 30%. The cause was the reducing interest in eating out with the middle class affected by the economic crisis. It is on the middle class oriented principal amount of restaurants. In this regard, the growth rate is slowing catering industry. In the first quarter of 2013 restaurants regularly visited 14.7% of Muscovites, and in the same period a year earlier - 21.3%. Visitors even most, the restaurants, meanwhile, started to save on food. Gourmet strategy is to move to cheaper analogues of European wines from Chile or Australia. And instead of aged cognac drink and vodka - have an alcohol check is cut in half. The trend is fashionable to be expensive, passed. Now visitors will pay more attention to the quality of food.

Meanwhile, in chain restaurants and cafes average price category, as well as a small point of catering with affordable prices the number of visitors has not decreased, and in some cases even increased. Thus, in the fast food segment visitors have not diminished, although the average check decreased by 4%. This is called "syndrome lipstick": during the American Great Depression won several markets, for example, the market of cheap cosmetics. In the role of "lipstick" in times of crisis acts "McDonald's": in the US in October 2012, the network has established a record monthly increase by 8%. The net profit of the American fast food chain increased almost 2 times at the end of 2012.

Thus, the profits of fast food restaurants reached \$ 4.3 billion instead of \$ 2.4 billion in 2012. The planned year development program in Russia is the largest in the last 5 years: in recent years, "McDonald's" did focus on improving the performance of existing points. In Russia, this chain also continues to grow, with plans to open new points of the network do not change; the company is ready to invest \$ 30 million in 30 new Russian restaurants.

The problems that must be solved to owners of networks catering to the crisis, the following: lack of staff, the increase in food prices and the weak development of franchising in Russia. But the main problem of the market - search premises meets the necessary parameters and located in high traffic location. This explains the interest of the owners of the industry to the shopping center - the availability of space and high flow of visitors.

Demand for eating out is hardly the priority, so because of the crisis the population begins to save money on eating out. Market players understand this and entice visitors to discounts and promotions - if not closed. Increasingly fast-food close when they pull over a rental neighbors. If, for example, an office center was empty, the food court and there is no longer needed.

According to some reports, in 2012 in Moscow was closed 215 restaurants and cafes, two months of 2013 - 25. In this case, even from the beginning of last year opened 358 such institutions and the net increase of 118 institutions. If survival and even strengthening of fast food in the crisis was predictable, the restaurants in the middle segment, many predicted doom. Large holdings even continue their expansion: three months of 2013 increased the number of the leading players in their establishments more than 10%. Experts call the catering market in Russia, one of the least affected by the crisis. Companies are actively developing anti-crisis program.

Among the main anti-crisis measures should be highlighted:

1. Reduce costs. About 45 percent of the premium institutions have already switched to domestic raw materials and removed some toppings. Nearly two-thirds of democratic cafes and restaurants decreased bookmark meat and fish ingredients. The problem of prices of raw materials and do not shy away from fast food. Purchase of potatoes in "Tiny-potato" (Russian fast food restaurant) has risen as much as the fish - in expensive Japanese restaurants. In general, at least 30% of the feedstock in the network is an import, respectively, it become more expensive and with a third currency. And that is purchased from

us, it has become more expensive: in domestic products is large foreign component.

2. Reduction of trade margins. Restaurants in Moscow offer “anti-crisis menu” to attract visitors and to reduce the trading margin. The average cost of a business lunch today is \$2-3.
3. Review of staffing. For example, in St. Petersburg, nearly a third of the power companies have reduced the number of employees. In this there is a plus: before the crisis often failed staffed cafe, now this is no problem. On the one published offer of employment accounts for a far more calls from applicants than it was before the crisis.
4. Reduce the budget for promotion. Restaurateurs believe that due to the decrease in consumer activity of the target audience, these costs will be wasted money thrown away.

The crisis has a positive side for the catering market: the market crisis has given new impetus to the development due to a shift in demand for food in the cheaper segment. In order to adapt to present conditions, the players are reviewing existing development strategies: the search for new suppliers, negotiate a reduction of rental rates, optimization of personnel. Most of the functions that are not directly related to the kitchen (legal department, accounting, and logistics) are increasingly outsourced.

However, market experts doubt that the end of the year in the restaurant business situation improves. They suggest that recorded at the beginning of the year falling turnover and traffic is not the limit, and in the autumn of 2009, the situation will only get worse. In response to the crisis and the decline in the solvency of customers, market experts corrected previously made forecasts. In the current situation, even 15% of the growth will be unattainable summit. Players like one, predict that the pyramid of catering will be more mundane. Its top - fine dining (expensive gastronomic restaurants) should shrink, according to some estimates, almost half. The middle segment - casual dining - can be reduced by 15-30%. Probably not suffer base - fast food, but do not expect growth even here, although some players will be able to increase its share.

Inference:

- In recent years, the restaurant business is attracting more investors, since due to the growth of welfare market is quite promising. More and more people prefer to eat away from home, and go to any coffee shop or snack.
- According to experts, in Moscow the share of network companies is 25-35% of the market and continues to grow. In the next few years, network operators will have special weight in the formation of the catering market.
- Development of the market is more active in the regions. The increasing proportion of the opening of restaurants began to take unusual for our country before coffee shops, pizzerias, Japanese sushi bars and other establishments. Competitive success largely depends on the location, pricing policies, concepts and skills of the restaurant.
- The main growth segment turnover accounted for "fast food" - the most affordable prices - and a variety of affordable formats in the middle price segment.
- Before the global financial crisis, the development of the catering market went rapidly. In addition, compared with the population of other countries, Russians spend on eating out a small portion of their income, which gives rise to the experts say that the market in Russia is not yet saturated, and it still has plenty of room for a large number of players.
- The global financial crisis, which manifests itself in Russia, including a decrease in income, reflected in the catering market: the Russians have become less or attend such institutions, or to refuse to expensive dishes. There was also a tendency outflow of visitors from expensive restaurants in the middle segment, as well as fast food. Nevertheless, experts have called catering market in Russia, one of the least affected by the crisis
- In a crisis, many players continue to evolve, but reviewing their development strategies.

Consumer Analysis:

Children - from every visit to the restaurant experience to be fantastic.

Office workers are regular customers of the restaurant during the lunch break people want tasty, fast and not expensive to eat. Currently the company is developing the direction of the combined delivery of meals.

Students - is active young people who, after learning activity or during a break want to talk, use the Net that the infrastructure and technical capabilities perfectly represent.

Car owners, people who, first of all, appreciate the fast service. Currently Auto-Mac popular and, above all, is effective for the 2-3 people who are on the street take the order and at the expense of the latest technology to transmit common control with the assigned order number.

Green - these are people who are fighting for a cleaner environment, the menu simply must, I think so, all kinds of food and oxygen cocktails.

Lovers Coffee is people who appreciate the taste and quality of the drink. For example, the action-tasting, buying one large cup of coffee, get a gift in the coffee bean brand N, which many consumers can try and above all it is advertising that the restaurant is very effective, due to turnover of consumers.

4.4. Operating results

The net profit of the world's largest fast food chain "McDonald's" in 2013 was increased by 80% - to \$ 4.313 billion in comparison with \$ 2.395 billion in 2012. Such data are contained in a report issued today the company. This revenue network increased by only 3.2% to \$ 23.52 billion, while at the end of 2012, the figure was \$ 22.78 billion.

Table 3. McDonalds profit for 2010-2013

Year	2010	2011	2012	2013 (for 9 months)

Profit	2,395 billion \$	4,313 billion \$	4,551 billion \$	3,7 billion \$
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4.5. PEST- analysis

During the PEST-analysis identified favorable and unfavorable trends, as well as to analyze the possible impact on the company four main factors macro (Appendix 4).

4.6. Advantages and disadvantages

The company's efforts are aimed at improving the quality of supply, i.e., quality of the products of which is prepared food, increase customer service. The main target audience is children, youth, and partly the average age.

Who often call in Auto-Mac which is open 24 hours, and without long queues bought what they want.

"McDonald's" is highly competitive. It lies in the fact that:

- Operates 24 hours
 - Auto-Mac
 - Natural and quality products
 - Quality Control
 - The system of franchising
 - Strengths of the company:
 - Worldwide leadership in the US and international markets. The brand owns 31 thousand restaurants in 120 countries, of which 14 thousand - in the United States.
 - The company is able to adapt to different cultural contexts and open to innovation.
 - Economies of scale.
 - The company constantly improves the quality of the ingredients.
 - Some products have their own brand names: Big Mac, Chicken McNuggets.
- Has one of the most recognizable logos in the world.

- About the company formed an opinion, as a socially responsible
- Restaurant adapts to the culture of the country.

Weaknesses of the company:

- Advertising is mainly aimed at children.
- High staff turnover.
- Lack of innovative products

4.7. Risk assessment

Risk assessment carried out by the Russian classification (highlighted in the socio-political, microeconomic, macroeconomic, technological, legal and cultural risks), each group risks summarized in the table to which we give a brief explanation. In each type of risks I chose some factors that could influence on McDonalds business. For example, in socio-political risks there are political instability, fiscal policy, protection of competition factors, microeconomic risks include market share, innovation potential, HR potential of a company. Macroeconomic: financial system, income levels, level of government regulations, level of economic development. Technological: the technological potential of the project, competitiveness of a product. Legal: customs policy, licensing policy, perfection of legal framework. Cultural: attitude to nature, masculinity/femininity, collectivism/power distance.

There was indicated the emergence probability of each risk factor (for example 0,1) and the total value of the losses from the risk factor (for example 20%). And so that for each factor. Performing the calculation with each factor in the end we get a percentage of the value of losses for a particular risk (for example for social-political risk we have value 1, 95%). Summing all values of risk we get total percent (33, 38%)

Table 5. Socio-political risks

№	Socio-political risks	Risk value
1	Political instability	$R = 100\% * 0,05 = 5\%$
2	Ethnic and religious conflicts	$R = 5\% * 0,01 = 0,05\%$
3	Corruption	$R = 25\% * 0,2 = 5\%$

4	Linked to ownership	$R= 5\% * 0,01= 0,05 \%$
5	Fiscal policy	$R= 30\% * 0,3= 9 \%$
6	The degree of restriction of monopolies	$R= 10\% * 0,02= 0,2 \%$
7	Attitude to business	$R= 15\% * 0,01= 0,15\%$
8	Degree of protection of competition	$R= 0\% * 0,4= 0 \%$
In total:		19,45%

Tax policy quite tough: it is applied for about 25 federal and 30 local taxes, and direct income taxes are very high (20 to 50%). Among the companies strong but fair competition, with the state limits the maximum market share of 25%.

Table 6. Microeconomic risks

№	Microeconomic risks	Risk value
1	Type of ownership	$R=5\%*0,01=0,05\%$
2	Market share	$R=60\%*0,3=18\%$
3	Financial terms of the company	$R=10\%*0,05=0,5\%$
4	Human resource potential of the company	$R=10\%*0,2=2\%$
5	Investment attractiveness	$R=20\%*0,1=2\%$
6	Organizational management system	$R=10\%*0,01=1\%$
7	Innovation potential	$R=70\%*0,3=21\%$
8	The level of organization of production	$R=10\%*0,03=0,3\%$
In total:		44,85%

For foreign workers in the country provided the salary is slightly higher than for natives. This has reduced the number of immigrant workers with high-level professionals can still find a decent job.

Table 7. Macroeconomic risks

№	Macroeconomic risks	Risk value
1	Stability of the economic	$R= 50\% * 0,01= 0,5\%$

	system	
2	Level of government regulation	$R=30\% * 0,2=6\%$
3	Level of economic development	$R=0\% * 0,01=0\%$
4	Financial system	$R=10\% * 0,01= 0,1\%$
5	The reliability of macroeconomic information	$R=0\% * 0,07=0\%$
6	Income levels	$R=70\% * 0,3=21\%$
7	Entrepreneurial Activity	$R=30\% * 0,2=6\%$
8	Business culture	$R=10\% * 0,2=2\%$
In total:		35,6%

Incomes of citizens depend on the hours worked at the firm, so the majority of the population is not high enough to constantly eat at expensive restaurants. Business is built on trust and always involves a long-term relationship. Informal psychological aspect of cooperation is valued much higher than formal.

Table 8. Technological risks

No	Technological risk	Risk value
1	The technological potential of the project	$R=20 \% * 0,05 =0,1\%$
2	The novelty of the technology and products	$R=25 \% * 0,1 =2,5\%$
3	Quality of products	$R=60 \% * 0,5 =30\%$
4	Competitiveness of products	$R=20 \% * 0,2= 4\%$
5	The level of hazardous waste	$R=60\% * 0,05 =3\%$
6	Safety and reliability	$R=10 \% * 0,01 = 0,1\%$
7	Social susceptibility technologies	$R=5\% * 0,05 = 0,25\%$
8	Stiffness requirements for raw materials and resources	$R=5\% * 0,04 =0,2\%$
In total:		40,15%

Technology is continuously improved (increased safety and reliability, reduced level of waste, etc.), and the legislation tightens requirements for quality products, especially food. Increasing demands and to raw materials, and manufacturing techniques. Technological risks are deservedly among the highest - quality products to Russia is a top priority on building a reputation as a firm depends on him loyalty, and the discrepancy standards would be detrimental to the company.

Table 9. Legal risks

№	Legal risks	Risk value
1	Degree of perfection of the legal framework	$R=5\% * 0,1=0,5\%$
2	The degree of perfection of commercial courts	$R=5\% * 0,1=1\%$
3	Liability for breach of contractual obligations	$R=80\% * 0,05 =4\%$
4	Degree of protection of the internal market	$R=35\% * 0,2=7\%$
5	Customs policy	$R=0\% * 0,2=0\%$
6	Collective agreements	$R=20\% * 0,2=4\%$
7	Licensing policy	$R=45\% * 0,1=4,5\%$
8	Ensuring equality and security products	$R=50\% * 0,05=2,5\%$
In total:		23,5%

In Russia, good preconditions for the development of small businesses as well as for TNCs.

Table 10. Cultural risks

№	Cultural risks	Risk value
1	Using time (polychrome / monochrome)	$R= 15\% * 0,3= 4,5\%$
2	Attitude to nature	$R= 30\% * 0,4= 12\%$
3	Interpersonal relationships (+ collectivism power distance muskulinnost + / + femininity uncertainty avoidance)	$R= 20\% * 0,3= 6\%$
In total:		22,5%

Table 11. Summary table

№	Risks	Risk value
1	Socio-political	$R=19,45\% * 0,1=1,95\%$
2	Microeconomic	$R=44,85\% * 0,2=8,97\%$
3	Macroeconomic	$R=35,6\% * 0,1 =3,56\%$
4	Technological	$R=40,15\% * 0,3=12,05\%$

5	Legal	$R=23,5\% * 0,1=2,35\%$
6	Cultural	$R=22,5\% * 0,2=4,5\%$
In total:		33,38%

Thus, the risk of the McDonald's in the Russian market amounted to 33.38%, of which have the greatest impact technology (12.05%) and micro (8.97%) risk. Companies should pay particular attention to the quality of products (including the choice of raw materials), Innovation (assortment of dishes) and recruitment.

4.8. SWOT-analysis

After analyzing the internal and external environment of the company «McDonald's» can make a SWOT - matrix in which the components are displayed internal and external environment. You can get acquainted with the factors in Appendix 4.

5. ANALYSIS AND IMPROVEMENT OF McDonald's BUSINESS ON RUSSIAN FAST FOOD MARKET

Strategy "Green McDonalds"

In 2008, in Chicago, first "green" Restaurant Company was opened, built in compliance with all the requirements of sustainable construction. The restaurant received a "gold" certificate rating system LEED («Leaders in Energy and Environmental Design»), which measures the environmental sustainability of the building in terms of its design, construction and operation. Further, in July 2009 in a fast-food network in North Carolina was set generator for recharging electric vehicles.

Through the use of interactive software EcoProgress «McDonalds" managed to reduce energy consumption in French restaurants of the network by 11%. In Australia, "McDonald's" has established special tanks to store rainwater, which by 2020 will save up to 4 million liters of water. 270 establishments under the brand name "McDonald's" in Chile, Brazil and Argentina convey waste fats companies that are engaged in their processing into biodiesel.

According to the new concept developed guidance McDonald's, gradually popular fast food restaurants "turn green" in all European countries. In Russia, this process will begin in 2010. Chief Specialist at McDonald's hamburgers corporate color change from red to green, to focus on the environmental profile of their customers eating. Wood, stone and muted green - will look outside McDonald's restaurants next generation.

The new design should blend well with the modern look of the city and attract the attention of visitors. The first eco-friendly restaurants centered design simplicity, appeared in Germany in the near future.

Senior manager of corporate communications McDonald's in Germany Jennifer Hermann says that all restaurants gradually become "green" and in other European countries. As the director of Public Relations of the Russian McDonald's Svetlana Polyakova, "the concept of environmentally responsible Remodeling has been approved in Europe this year." The choice to change the image of Germany is not surprising,

because this country is for us the main experimental platform in Europe. In Russia, McDonald's started to design new restaurants under the environmental concept.

5.1. Strategic goals

Goals for financial performance

- Ensure that sales growth in the 3 to 5%, profit growth of 6 - 7% and profitability slightly below 20%.
- For 2015 it was planned to open more than 1,000 new restaurants and 2,500 restaurants renew, all projected capital investment of 2.4 billion dollars.
- Revenue Corporation has grown by 5.3%, in general, it was 5.95 billion dollars worldwide.
- Planned revenue growth to \$ 7 billion.

2. The objectives in relation to consumers

The main objective of McDonald's as a whole and each of its employees in particular is a 100% satisfaction is every visitor.

- Attraction consumers.
- New customer segments conquest.
- Companies need to constantly update their product line, in order to attract new customers.
 - The need to focus on the development of infrastructure restaurant chain.
 - To promote the exchange of best practices on a global scale, i.e. to ensure that the best practices of service and new ideas from any McDonald's restaurant immediately implemented in the company's restaurants worldwide.

5.2. McDonald's basic strategy

In 1999 McDonald's leads the global market catering due to the strong brand and total sales of \$35 billion. Of the more than 25 thousand McDonald's restaurants, about 80% were in franchising in about 5000 owners worldwide. Over the past 10 years, the company's sales increased annually by an average of 8%, and the rate of return on its shares up 20%.

McDonald's has developed common standards of cooking, technology, equipment, marketing strategies, training programs, organization of services, methods of selecting the location of facilities and the supply chain. These standards apply to all of the restaurants in any country of the world.

In the future, the corporation sees itself as the world's best quick service restaurant chain and intends to surpass the competition in quality, service level, sanitary conditions and customer value.

McDonald's is using a strategy of development of the product in the same market. The strategic priorities of the company called to ensure stable growth, impeccable customer service, maintaining the status effective and quality products, training of employees at all levels, the organization of exchange of experience between units in different countries, continuous improvement concept of fast food, encouraging the development of new dishes, innovations in equipment, marketing, service organization and technology.

Corporate image is always maintained as a model of quality, purity and high value customers with active advertising campaign in the media and special events. Clown Ronald McDonald always enhances the popularity of the brand among children.

Target audience

Today, "McDonald's" in Russia it is more than 190 enterprises in the European part of Russia and the Urals. Every day they are visited by more than 600 thousand people,

and in just over eighteen years they took 120 million visitors - which is slightly less than the entire population of the Russian Federation. Restaurants open company in more than 46 cities, but most schools had worked in Moscow, Moscow region and St. Petersburg. In the past year, "McDonald's" began its expansion in the Urals, to open a restaurant in Chelyabinsk, Yekaterinburg and in February this year in Tyumen. The company employs more than twenty thousand people.

Central among all businesses of the company and now holds a restaurant on Pushkin Square. This is one of the largest "McDonald's" in the world, standing in second place after Munich on average daily sales volume. To guide this restaurant is valuable by the fact that almost all the leaders of the company began his career working here - at the box office, in the kitchen or in the hall.

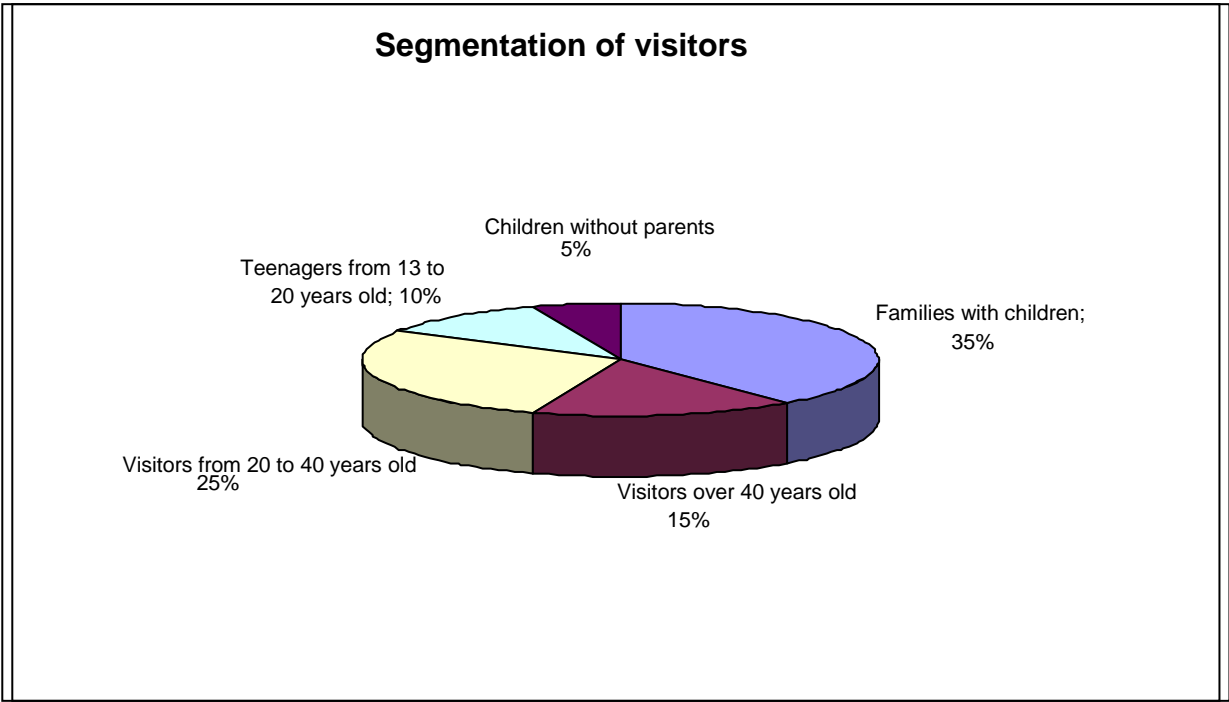


Figure 1 Segmentation of visitors

5.3. Michael Porter's Competitive Advantage Strategies

McDonald's is using a strategy of *differentiation*. Under the brand name "McDonald's" has more than 36,000 restaurants, which employs more than 1.5 million people in more than 119 countries on 5 continents. The range includes hamburger restaurant chain (including the famous "Big Mac"), sandwiches, fries, salads, desserts, drinks, etc.

In order to provide the population of the States in which there are restaurants, "McDonald's", the necessary number of jobs, the principal rule of "McDonald's" is to use mainly local produce. Almost all of the products that are used in restaurants network "McDonald's" in any country, produced in this country. The percentage of the number of members of local products ranges between 70 and 85 percent depending on the particular country.

5.4. P. Kotler's Competitive Strategies

The impact on the consumer is a very effective tool. Objectives in relation to competitors:

- Holding a leading position in the market.
- Develop markets that are not covered by opening restaurants annually in 1750 (an average of one every 5 hours), part of their own, in part - on the franchise, with 90% of these new restaurants to be opened outside the United States.
 - Take a leading position in foreign markets.
 - Increase attendance of restaurants, offering new and affordable specialties, increasing portions while maintaining the same price, organizing children's playgrounds at restaurants.
 - Explore the possibility of a global infrastructure provider company, their experience in managing complex institutions catering, choosing locations for restaurants, and marketing activities.

5.5. Marketing mix

Product

Assortment, product line, brand, packaging and labels. The main item at McDonald's is the production of ready-to-eat, in other words it's ready meals, cooked fast way of semi-finished products and other fresh products.

This product is also segmented according to different principles, for example, it is divided according to the position in the menu: sandwiches, potatoes, desserts, drinks, salads; sandwiches are divided, in turn, are: beef, pork, chicken, fish fillets.

Commodity feature offers visitors are their quality and safety. Offer a limited range of dishes Improve the palatability of dishes (especially the sandwiches). Try out new category fast food (chicken, Mexican salad, pizza, spicy sandwiches and so on.), Add dishes for lovers of healthy food. Quickly launch new potentially popular dishes and just as quickly removed from the production has not caught on, and learn from their mistakes of others and to switch quickly to the development of new ideas. (It is a new element of strategy, who replaced long-standing practice of rigorous testing before turning the dishes on the menu throughout the network McDonald's. Dish Chicken McNuggets, for example, tested for 7 years.).

Currently, the restaurants offer a range of dishes. There are aimed at improving the palatability of dishes, the development of new categories of fast food, to increase the number of dishes for lovers of healthy food.

Taking into account local characteristics have to be taken into account. So in India Big Mac is made from mutton, and in Israel in the menu are no dairy dishes and restaurants are open 6 days a week, Monday - regular holiday. In Saudi Arabia banned images of idols, so posters and restaurants buildings no image Ronald McDonald. In Chinese, "McDonald's", for example, in the range included more seafood. In North America and Europe is becoming increasingly popular is the product, which contains chicken, and in Russia on the contrary the demand is relatively low. McDonald's is expanding its range of products from chicken, because experts believe that in the future it will be in demand.

In addition to various restrictions in the menu of individual countries can be represented by non-genuine products of the company, in Canada and Italy in addition to sandwiches sold pizza.

Of course, the basis of the menu is a constant in every corner of the world, such as Big Mac in Moscow, New York, Dubai, Sydney and Kiev has the same taste. The recipe of preparation is ongoing, and no one in any country of the world are not allowed and will not change it. But along with this, we take into account the local taste preferences.

Price

- Pricing Strategy

Pricing is very important, but at the same time, and contradictory process. The reason is that we have to solve the task to improve the profitability and attractiveness of the product to customers and its competitiveness. Mainly used three approaches to pricing:

1. The cost of production plus the average rate of profit;
2. Pricing based on demand;
3. Focus on the price level of competitors.

Forming the prices of their products McDonald's is based on all these factors, according to the pricing policy used several strategies. So passive marketing strategy used for ice cream "Horn", characterized by the low price of goods at low cost on sales promotion is used when buyers are well informed about the product, there is a clear competition. Also used a strategy of selective implementation (when the high price with low costs and sales promotion) in which most of the visitors aware of the product, virtually no competition, applies to "French fries."

So prices are seen as a flexible tool to influence sales, their value changes throughout the "life cycle" of the goods.

Place

In Russia, "McDonald's" places its business units, in areas of large clusters of population. At the same time the company had to partially modify its traditional corporate service process. Restaurant "McDonalds" try to choose sites for its business units with the possibility of having parking space and organization of street cafes. In this chain of restaurants has always provided great having offices and wide shelves.

Every visitor of restaurants "McDonalds" knows what to do with a tray in the afternoon. Self cleaning up after themselves trays allows firms to save on the services of human strength and service time. One American restaurant found flyers on the tables with the words "Please Blow for a tray. This will help us to keep prices low for you! ".

In this task, decisions regarding the timing for performing job tasks and determine the total time of customer service. On Auto-Mac in the same company even tougher requirements: the time spent by the client in the car between the first port (optional), and a third window (receipt of order) shall not exceed 75 seconds. In this case, personnel must be precise, energetic, friendly, smiling and thanking the buyer. Control standards of service time in the «McDonald's» are part of the concept of quality of service.

Quality control of food in the "McDonald's" - the most important task, and it takes place at all stages of production in all restaurants network. Distribution channels can be characterized by the number of their constituent levels. Level distribution channel - is any intermediary that performs a particular job on the approximation of the goods and the right of ownership to it to the end customer. So McDonald's uses single-level channel comprising one agent.

Promotion

Develop markets that are not covered by opening restaurants annually in 1750 (an average of one every 5 hours), partly owned and partly - in the franchise, with 90% of these new restaurants to be opened outside the United States.

Take a leading position in foreign markets. Increase the attendance of restaurants, offering new and affordable specialties, increasing portions while maintaining the same price, organizing children's playgrounds at restaurants.

Explore the possibilities of a global infrastructure of the company's suppliers, their experience in managing complex institutions catering, choosing locations for restaurants, and marketing activities.

The company "McDonald's" is aimed to issue a license for the franchise only proactive, experienced entrepreneurs with a good reputation. Corporation specifically prepares them to actively promote their brand in the field. The important thing is the location of the restaurants. This should be a comfortable accommodation for restaurant customers and profitable for the company. Now the company is trying to open the institution "McDonald's" in airports, hospitals, universities, major shopping centers, and service stations.

Maintaining optimal demand for its products, the company "McDonald's" provides the control flow of visitors to its network of fast food advertising campaigns on public television in combination with the constant use of sales promotion in the form of the distribution of free gifts visitors. Practice shows that in most cases the tasks associated with an increase in demand and its management, are solved now, "McDonald's" is not right for the market, but only for a single segment or a plurality of its segments.

Segmentation acts in this case as an effective way to improve product enters a phase of lower demand, and giving it new life pulse on the market. In today's market marketing activities, including advertising is characterized by a multitude of communications engaged in breadth and depth, in a variety of ways and at different levels of organizational structures.

Restaurants become necessary to conduct their work so that his practice was stimulated, not interrupted and continuously integrate the flow of information from various sources and all the basic steps to control feedback. Market, getting the channels of advertising, information on restaurants, generates encouraging or disturbing information. In addition, the catering business gets the necessary data from specialized organizations working with the information provided by its customers ready to study, as well as recommendations that contain information about the factors that directly or indirectly affect sales.

Thus, the company receives information about the controllable factors, which may affect it, and external, uncontrollable factors, resulting from exposure to the environment in which marketing and how its components promotional activities. These are the result of uncontrollable factors existing at that particular country political, economic and legal environment, government and public institutions, the level and specificity of culture and national characteristics of the population, etc. and be sure to take into account when designing advertising campaigns. Ultimately, the information about the market and its reaction to the producer accumulates in its marketing service restaurant "McDonald's".

New advertising campaigns are developed based on this information, as well as samples of promotional products on certain goods. It should be emphasized that the logo of the restaurant also creates certain emotions and association clients. In this case, a large embossed letter "M" yellow increasingly affects children, because it has a certain element of animation; adults perceive it no more than a logo. In the market for the restaurant "McDonald's", there is a favorable segment, which primarily consists of consumers dissatisfied with competitors' products, with a relatively low income, but with sufficient purchasing power.

Feature that distinguishes the restaurant from a number of such institutions is the availability of modern design, and implementation services such as the sale of products from the window of a restaurant right in the customer's car, which competitors have neglected.

Below the line (BTL) - a set of marketing communications including sales promotion, merchandising, POS-materials, direct marketing, public relations. BTL allows you to communicate an advertising message or a call to purchase directly to the individual consumer. In this case, the message is the most personal and individual character, impact position closest to the place of purchase or to a place where a decision about the purchase.

6. CONCLUSION

Strategic maneuvering and planning is the only way to formal predict future challenges and opportunities. It provides senior management means creating a plan for the long term. Strategic planning also provides the basis for a decision. Knowing what the organization wants to achieve, helps to clarify the most appropriate ways of action. Formal planning helps reduce risk in decision-making. Taking sound and systematic planning decisions, management reduces the risk of making the wrong decision because of incorrect or misleading information about the possibilities of the company or of the external situation. Planning, since it is used to formulate the set objectives, helps to create a common goal of unity within the organization. Today in the industry strategic planning becomes the rule rather than the exception. Results of the study suggest a lack of measures to fully fledged adaptation of new employees in most of the town. So far there is no clear idea of what kind of organizational unit should be involved in the adaptation process. In addition, the criteria for determining insufficiently developed adaptation efficiency, as well as its own steps.

Strategic maneuvering allows you to:

- Set the direction for the future of the company.
- Adapt quickly to the changing needs of consumers
- Ensure that each structural unit of the company clear goals that are linked to the overall objectives of the enterprise.
- Encourage coordination units in different directions.
- To force the company to assess their strengths and weaknesses in terms of competition, opportunities and threats in the environment.
- Identify alternative actions undertaken by the organization or a combination of a combination thereof.
- Establish the basis for resource allocation.

Strategy - system management solutions, identify promising direction of the organization, as well as methods and ways of its functioning in a changing environment.

Strategic approach to the management is to ensure consistency between the requirements of the market and the activities of organizations to implement them in the long run.

Being in a competitive environment, firms have resorted to a variety of different forms and methods of competition, often far beyond the traditional competitive product. However, the importance and role of competition in the product of the total competitive firms are not reduced. Moreover, it is the product of competition in the long run is crucial for long-term survival of the firm.

The business of the McDonald's corporation at the initial stage of its life cycle has been successful, as the restaurant company offers customers a popular, almost unchanging menu, as well as quick and efficient service.

Franchising can give good results if the factors that led to the company's success in the domestic market may be transferred to foreign markets.

Due to the factors, such as the popularity of "American" food in other countries, the importance of efficient service and lower prices for consumers worldwide, as well as the desire of foreigners to visit fast food restaurants McDonald's during his stay in the United States, McDonalds company continues to grow.

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APPENDICES

APPENDIX 1. Advantages and disadvantages of various methods of entering the international market

Method	Pros	Cons
Export	<p>The relatively low level of financial risk</p> <p>Possibility of a gradual market penetration</p> <p>The acquisition of knowledge about the local market</p> <p>Possible to avoid restrictions on foreign investment</p>	<p>Vulnerability to tariff and non-tariff restrictions on trade</p> <p>Difficulties with the delivery of goods</p> <p>Potential conflicts with distributors</p>
Licensing	<p>The low level of financial risks</p> <p>Opportunity to assess the market potential without the high cost</p> <p>The opportunity to avoid tariffs, non-tariff barriers, restrictions on foreign investment</p> <p>The possibility of obtaining information about the local markets of the licensee</p>	<p>Limited market opportunities</p> <p>Dependence on the licensee</p> <p>Potential conflicts with the licensee</p> <p>The probability of creating a new competitor</p>
Franchising	<p>The low level of financial risks</p> <p>Opportunity to assess the market potential without the high cost</p> <p>The opportunity to avoid tariffs, non-tariff barriers, restrictions on foreign investment</p>	<p>Limited market opportunities</p> <p>Dependence on franchisees</p> <p>Potential conflicts with franchisees</p> <p>The probability of creating a new competitor</p>

	The possibility of obtaining information about the local markets of the franchisee	
Contract manufacturing	<p>The low level of financial risks</p> <p>A minimum amount of resources on output</p> <p>The distribution of the company's resources to other activities in the value chain</p>	<p>Limited control</p> <p>Limited opportunities for gaining experience</p> <p>Potential problems in the field of public relations</p>
Management contracts	<p>The possibility of allocating resources to the direction of activities in which the company has the most experience</p> <p>The minimum financial risk in entering the foreign market</p>	<p>Potential gains are limited by the contract</p> <p>The likelihood of unintentional transmission partner's own experience and methods of financial work</p>
Turn-key construction	<p>The possibility of allocating resources to the direction of activities in which the company has the most experience</p> <p>The opportunity to avoid all risks associated with the activities of the company in the long run</p>	<p>Financial risks (exceeding the allowable amount of costs)</p> <p>Construction risks (delays, problems with suppliers)</p>
Direct foreign investment	<p>The possibility of obtaining large profits</p> <p>Exercise control over the execution of operations</p> <p>The acquisition of knowledge about the local market</p> <p>The opportunity to avoid tariffs and non-tariff barriers</p>	<p>The need for large investments in production facilities and management system</p> <p>A higher level of exposure to political risk</p> <p>Vulnerability to restrictions on foreign direct investment</p>

APPENDIX 2. The main groups of macroenvironment factors

Group of factors	Factors
1	2
1. Economic	1.1. The rate of inflation in the country. 1.2. Solvency of companies. 1.3. The budget deficit.
	1.4. Balance of payments deficit of the country. 1.5. The state policy in the field of activity of the enterprise. 1.6. Position of the sector, which includes the company. 1.7. The unemployment rate in the whole country and the industry's enterprises. 1.8. Tax policy in respect of the industry. 1.9. Customs policy.
2. Political	2.1. Regulations of local and central authorities. 2.2. The political climate in the country. 2.3. International Agreement on Tariffs and Trade. 2.4. Protectionism. 2.5. Legal regulation of the state's economy. 2.6. Credit policy. 2.7. Antitrust policy. 2.8. Restrictions imposed by the State to have access to resources.
3. Market	3.1. Demographic conditions 3.2. Income levels and their distribution. 3.3. The level of competition in the industry. 3.4. The life cycles of various goods and services. 3.5. Quantitative and qualitative characteristics of the market in which the company operates.
4. Technological	4.1. Technological innovation. 4.2. Changes in the production technology. 4.3. Advances in the use of raw materials. 4.4. The use of computers for process control. 4.5. Changes in the process of receiving, transmitting, processing information. 4.6. The use of advanced means of communication.
5. Social	5.1. Social values, attitudes, relationships, expectations and change. 5.2. Relations between national and national education. 5.3. Public attitudes towards entrepreneurship. 5.4. The role of women and minorities in society. 5.5. Movement to protect the rights of consumers. 5.6. The changing role of managers in manufacturing and their attitudes.
6. International	6.1. The possibility of access to foreign markets 6.2. Customs and protectionist policies of foreign countries. 6.3. Anti-dumping measures. 6.4. Foreign competitors and their evaluation. 6.5. Analysis of foreign markets.

APPENDIX 3. The main elements of the microenvironment

Element	Structure of element or factor
1	2
Supplier	Prices and their dynamics, supplies, Security vendors necessary material resources, relations with labor suppliers, the relationship of the company with the supplier.
Intermediator	Resellers. Company - specialists in the organization of goods movement. Agency for the provision of marketing services. Financial institutions.
Clients	Consumer market, market vendors, Market resellers, government agencies, international market
Competitors	Desires-competitors Inventories generic competitors. Commodity-species competition. Brand competitors. Future goals rivals. Current strategies of competitors. Prospects and development background industry relative to its competitors. Strengths and weaknesses of competitors.
Contact audience	Financial circles. Media. Government institutions. Civic action groups. The general public. Internal contacts audience. Contact local audience.

APPENDIX 4. PEST-analysis

№ n/n	Factor	Effect (a five-point scale)
1.	P (Political)	
	Introduces a new city program of educational support for small business	+3
	Stricter health standards for food items, shopping	-4
	Elections at all levels of government	+2
	Expected change in legislation (for orgpnizatsii fast food)	-4
	Russian Government support of small and medium businesses	1
	Changing Customs Code	-4
	The adoption of laws providing incentives for manufacturers of this type of service	+3
2.	E (Economic)	
	Introduced tax breaks for small businesses	+4
	The global financial crisis	
	Rate of the national currency.	-4
	Inflation rate (reduction of inflation).	+5
		-4
	Unemployment rate (increase in unemployment)	-3
		+3
	Stabilization of rents.	
	The overall level of economic development of the region	+3
	Taxation system and the quality of economic legislation.	
3.	S (Social)	

	Increasing pace of life, increasing the role of fast food Improving the demographic situation (federal program) Improve people's livelihoods The growth of the middle class Rising levels of education	+3 +4 +5 +3
4.	T (Technological)	
	Expanding range of equipment for restaurants Use of new technologies The emergence of new advertising media and (developing the company's website.) Internet allows you to increase sales through education, on-line sales, etc.	+3 +3 +5 +4

APPENDIX 5. SWOT- analysis

	Possibilities	Threats
	<p>1. The Company may conduct research in order to use green energy sources.</p> <p>2. You can create more new products. Develop new advertising channels - such as mobile messages</p>	<p>1. One of the main problems - fluctuations in exchange rates, as the price of food standardized.</p> <p>2. There is a growing number of restaurants, which reduce the price of food - BurgerKing, Starbucks, KFC.</p>
	<p>3. Some restaurants can be moved to a more fashionable place and for them to develop a separate pricing</p>	<p>3. Food in the restaurants of the network causes some health problems - McDonald's has spoken by the defendant in cases of injury to health</p>
<p>The organization's strengths:</p> <p>1. Strong presence of worldwide leadership in the US and international markets. The brand owns 31 thousand restaurants in 120 countries, of which 14</p>	<p>You can place their restaurants in various areas due to their own homes.</p>	<p>By improving the quality of ingredients, you can reduce the risk of impact of food on health</p> <p>Due to possible strengths are not afraid of the increasing number of competitors, as delirium and know all the good opinion about the company</p>

<p>thousand - in the United States.</p> <p>2. The company is able to adapt to different cultural contexts and open to innovation.</p> <p>3. Economy of scale</p>		
<p>4. The company constantly improves the quality of the ingredients.</p> <p>5. Some products have their own brand names: Big Mac, Chicken McNuggets. Obladaet one of the most recognizable logos in the world.</p> <p>6. About the company formed an opinion as socially responsible</p> <p>7. The restaurant is adapted to the culture of each country</p>		
<p>Weaknesses of the organization:</p> <p>1. Advertisement mainly aimed at children.</p> <p>2. High staff turnover.</p> <p>3. Lack of innovative products</p>	<p>Development of advertising in the other direction, that attracts other categories of consumers</p> <p>Engaging managers in the development and innovation</p>	<p>Since prices are standardized, the competitors may reduce the price of their products, which will lead to an outflow of customers.</p> <p>Care workers to competitors</p>