

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Management



Diploma Thesis

**Marketing Plan to introduce Industrial Packaging
Products onto the European Market - based on products
of the Pera Plastic Company**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

DIPLOMA THESIS ASSIGNMENT

Orkhan Rza

Economics and Management

Thesis title

Marketing Plan to Introduce Industrial Packaging Products onto the European Market – based on products of the Pera Plastic company

Objectives of thesis

The purpose of this thesis is to create a marketing plan for Pera Plastic Company's new production line which is Polypropylene Packaging products. The objective is to help the company in its exertion of making the company known in Europe, appealing customers, gaining visibility and creating a brand for Packaging products. Since, Pera Plastic is one of the first companies which has PP packaging production line in Azerbaijan. The thesis is regarding how to build a strong marketing plan for sales in Europe to reach all the potential customers.

Methodology

Methodology of diploma thesis applied in the theoretical part is qualitative and in practical part is quantitative method. Theoretical part is conducted to find out the right Marketing strategy for Pera Plastic Company and its market environment which the company operates in. The advantages and disadvantages marketing strategies as well as the reliability of this thesis were also part of the objectives.

The practical part is to focus on analyse financial situation of company (2011-2016) when implemented of marketing plan for European market.

The background information for the case company's internal analysis was collected with company brochures and website. The interview wielded information about the company's business concept, processes, objectives, competences, resources, equipment and case company's expertise concerning this industry..

The proposed extent of the thesis

Approx 60 – 70 pages

Keywords

marketing plan, Pera plastic, Polypropylene, Packaging products

Recommended information sources

Hennessey, D., Global Marketing, South western College 2010, ISBN-13: 978-0538473392
Kotler, P., Marketing Management 14th edition, Prentice Hall 2011. ISBN 978-0132102926



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Declaration

I declare that I have worked on my diploma thesis titled “Marketing Plan to Introduce Industrial Packaging Products onto the European Market -- based on products of the Pera Plastic Company” by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person

In Prague on date: 30.03.2017

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Marketing Plan to Introduce Industrial Packaging Products onto the European Market -- based on products of the Pera Plastic Company

Summary

As in the whole world, the place of packaging and packaging industry is very important in our daily lives. In sharply altering market conditions companies challenge severe competition, which forces them to use effectively marketing strategies in order to successfully achieve its activities and to retain the competitive advantage for new markets. Diploma Thesis is focused on the assessment and research of the main features of marketing strategies in the packaging industry on the example of Pera Plastic.

The first part is a theoretical part which includes in detail marketing concept, techniques, theories, analysis of markets, pricing strategies and marketing principles that are required understanding of Marketing theme. In the practical part includes the presentation of the company "Pera Plastic Group". In this part includes detailed structure of company, marketing strategies and identification of markets.

In the end of practical part are conducted SWOT and PEST analysis that identify and assign each significant factor, positive and negative, allowing you to take an objective look at your business.

Keywords: Marketing strategies, company, customer, document, delivery, export, import, market.

Marketingový plán na uvedení průmyslových obalů na evropský trh - založený na výrobcích společnosti Pera Plastic

Shrnutí

Na celém světě je místo obalů a obalového průmyslu velmi významné pro náš každodenní život. Za prudce se měnících tržních podmínek společnosti čelí tvrdé konkurenci, která je nutí efektivně využívat marketingové strategie, aby úspěšně dosahovaly cílů své činnosti a aby si podržely konkurenční výhodu na nových trzích.

Diplomová práce je zaměřena na vyhodnocení a zkoumání hlavních rysů marketingových strategií v obalovém průmyslu na příkladu Pera Plastic. První část je teoretická část, která zahrnuje podrobný marketingový koncept, techniky, teorie, analýzu trhů, cenové strategie a zásady marketingu, které jsou nutné pro porozumění tématu marketingu. V praktické části zahrnuje prezentaci společnosti "Pera Plastic Group". Tato část obsahuje podrobnou strukturu společnosti, marketingové strategie a identifikaci trhů.

Na konci praktické části je provedena analýza SWOT a STEP, která identifikuje a přiřazuje každý významný faktor, pozitivní i negativní, což dovoluje získat objektivní náhled na podnikání.

Klíčová slova: Marketingové strategie, společnost, zákazník, dokument, dodávka, export, import, trh.

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1 Introduction

The economic and technological developments that we have experienced in the last century has been maximized the need for countries to have a competitive advantage. Exports have an important role in increasing the competitiveness of the country's economy. Especially, economic contraction in domestic markets can be reduced by directing firms to foreign markets, and important steps can be taken in terms of country development. In today's competitive conditions, the way of profitability and growth path for company adoption of customer-focused marketing strategies and that these strategies are constantly re-organized in accordance with changing conditions.

In foreign markets as well as in domestic markets strategies are determined by the main components of product, price, promotion and distribution but it contains much more detail.

Packaging is an outer covering made of polymer materials that protects products from external influences, keeps them together, and facilitates transportation, storage, distribution and marketing issues easily. Protect the product from physical impacts such as heating and bruising.

These bags are kind of main and secondary packaging solution that is precisely designed for shipping and storage purpose. These bags are usually known as FIBC (Flexible Intermediate Bulk Containers), bulk bags or container bags. The bags market is divided on the basis of product type, material type and end use type. On the basis of end use, jumbo bags market is segmented into agriculture, minerals, pharmaceuticals, petrochemicals, and construction fields. Geographically, this kind of bags market is segmented into North America, Latin America, Europe, Asia Pacific (APAC) and Middle East & Africa (MEA). However; it is not enough to produce quality products, there is a necessity of continuous marketing strategies entering European market.

Is the marketing strategy really beneficial for company or it is more costly than advantageous? This diploma thesis will be focused on the implementation of marketing strategy in a company called Pera Plastic, as a final output of the study; reader will acquire the unique information regarding the advantages of marketing strategies for company.

2 Objectives and Methodology

2.1 Objectives

The main idea of this thesis is to develop a marketing plan to introduce packaging products of Pera Plastic Company for the European market. The secondary goal is to explore what impact the proposed marketing plan will have on the company. This will mean supplying a valuable and helpful international marketing plan for the company's strategic purposes. In practice, it will include analysing company's micro- and macro environment, generating a satisfactory target market analysis, and evaluating business-to-business buying behaviour from case company's point-of-view, in addition to formulating a marketing strategy besides marketing communication plan. The importance of this analysis is more on marketing communication rather than traditional aspects of marketing.

2.2 Methodology

This thesis is based on theoretical and empirical method. The theoretical is conducted to find out the right marketing strategy for Pera Plastic Company and is focused on packaging products. The data collection has been conducted in libraries, on the Internet, and by seeking in scientific archives. We used both main and secondary data sources.

The practical part is to focus on analyse financial situation of company (2011-2016). We used both main and secondary data sources. The main information source was mostly interview with our contact person at company. The secondary information used were literature review to allow us realizes the common concept on marketing strategies and what kind of studies has been conducted on our topic.

The background information for the case company's internal analysis was collected with company brochures and website. Interviews with employees at Pera Plastic have also done; the interviews have been conducted in a disorganized way.

The interview yielded information about the company's business concept, processes, objectives, competences, resources and equipment. The interview method used has been qualitative interviews, since we know it to be the finest technique for collecting information in this case. These approaches are all adapted towards responding our research questions.

2.3 Research Questions

1. What strategies are used by Pera Plastic?
2. What strategies will be relevant for attracting European customers?

3 Literature Review

3.1 Definition of Marketing

American author Philip Kotler gives definition regarding Marketing: *“We can distinguish between a social and a managerial definition for marketing. According to a social definition, marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products and services of value freely with others.”* (Philip Kotler, 2000, p 4)

Marketing is a set of activities that are constantly involved in all of our lives. We cannot speak of any person that which he lives in a modern society and does not face any of the marketing activities at any moment in his life. Marketing is a very important function for businesses as well as this meaning expressed by consumers. First of all, they achieve their business through marketing activities that which they have chosen as their goal in order to deliver or sell their products. Companies carry out a wide range of activities within their marketing activities. As we all cannot continue our lives without meeting our needs, we have to meet our modern needs and meet through the different activities which marketing is performing.

Turkish Marketing author Hamdi Islamoglu (1944-2007) gives his contributions regarding explanation of “Marketing”: After so many developments, human history has accessed a world where not only the nations but also their companies are competing. Ford, General Motor makes competing in USA and other country companies such as Toyota, Volkswagen. At the same time it means countries also competing each other.

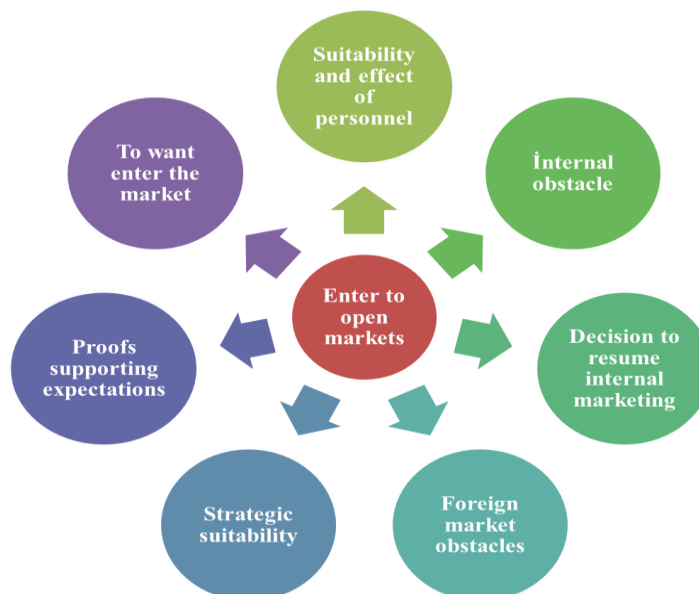
After Second World War, Managers have faced the world in which the businesses have been destroyed, purchasing power was exhausted and communist system was established. In this situation understood that internal market was not enough for them. Political authorities have started to search to increase their people's employment and income levels more effectively. These researches have led businesses to open up more actively to international markets and also led political governments to support this way. (Hamdi Islamoglu, 2014, p 3.)

Turkish author Hamdi Islamoglu (1944-2007) thought that the countries involved in the communist system had closed their customs to Western countries and were attempting to become self-sufficient. Underdeveloped and developing countries follow industrialization policy based on import substitution. These two cases were not the interest of the state governors. Because the economic powers of states are determined by the incomes and profits of their businesses. The income and profits of the businesses depend on to enter freely different market. In the 1970s, the economic recession in developed countries, the need for businesses to open up to foreign markets has further increased. (Hamdi Islamoglu 2014, p 3.)

Some business managers are reluctant to open up to foreign markets despite the fact that they are aware of their technology advantages in terms of the inadequacy of the domestic market.

There are other factors that influence international marketing.

Figure 1 Model of factors affecting marketing



Source: A.Hamdi.Islamoglu, Global Marketing (Küresel Pazarlama), Beta Public, Istanbul 2014

While the globalizing world creates opportunities for some businesses, some threats emerge. Global companies are partnering with local companies and then get hold of local companies through the increasing of capital. On the other hand, local companies are disappearing because they cannot stand the competition of global companies. Access to

raw materials and energy sources compared to past relatively difficult and expensive. This situation poses a greater threat to domestic businesses.

3.2 Global Marketing Concept

Global marketing is the process and system of operations carried out in order to profitably meet the common needs, demands, desires and expectations of the global consumer and to provide products, markets, services, ideas and solutions to be produced, priced, distributed and promoted in a profitable way. The key to making a difference in local marketing is applicable for marketing. The most important reason for this , competitors in global markets are strong and these markets are divided into complex, diverse, and subcultures . Young Marketing author Douglas Lamont formulate 8 reason why global marketing is important today ?

- *“It gives a better economic life by improving standards of living, enhancing life-styles, and providing wider consumer choice among the peoples of the world.*
- *It offers world-class, standardized products, such as fast foods and computer software, except when cultural values or language require modest adaptations.*
- *It provides similar market segments across national frontiers for the sale, for instance, of McDonald’s hamburgers, Microsoft’s Windows, and other global brands.*
- *It targets teenagers, Gen-Y young adults (20–29 years old), and Gen-X slight older adults (30–39 years old) in all developed and emerging countries for fast food, computer software, and wireless telephones.*
- *It pushes national governments to join free trade initiatives so everyone has the lowest costs possible for the world’s products.*
- *It helps the poorer people of the world gain access to the riches of the world economy.*
- *It encourages governments and elite groups to give up power and control over local citizens so the poor can become middle class and the latter can gain greater wealth.*

- *It reacts to the current global slowdown in export sales and profit remittances through the third quarter of 2001 by investing additional money into global brands.*” (Douglas Lamont, 2002, p 2)

Based on Export,Enterprises which they have marketing tend to sell goods where there is a market gap,they dont't constantly stay in the market and increase their market share. Global marketing has some features that are different from domestic marketing.

- Global marketing activities are more complex than local marketing activities.
- The global market is much more varied than the domestic market.
- Researching global markets is more difficult than in local markets.

Today's markets are changing very rapidly. Marketing managers must make decisions in many different areas. They must handle different information to evaluate the markets, determine the target market, evaluate the demands, learn the consumer behaviours, understand the variables and evaluate the marketing performance. In this context, the marketing information system is a continuous and interactive structuring of people, devices and processes for collecting, storing, preparing, analyzing, distributing and evaluating the correct information for marketing decision makers and managers to plan and execute marketing activities. (Hamdi Islamoglu, 2014, p 12.)

3.3 Industrial Consumer Behaviour

One of the famous author Hayden Noel describe consumer behaviour such as: “*We usually think of the consumer as the person who identifies a need or desire, searches for a product to satisfy this need, buys the product and then consumes the product in order to satisfy the need .*” (Hayden Noel, 2009, p 11-12)

The industrial consumers have an important place in international market. Markets formed by machine equipment, raw materials, intermediate goods and similar products are as big and valuable as the consumer market. These markets carry some differences both in terms of their characteristics and the behavior of the consumers. These differences also affect the production and implementation of marketing programs. Some characteristics of buyers in these markets can be listed as follows. (Remzi and Hamdi, 2010, p 5.)

- The number of consumers is low, and the quantity of the goods which they buy is high. The consumers have spread over a wide geographical area. Depending on the type of merchandise they purchase, either their quantity (such as raw materials) or their amounts (such as machines) are high. When company is going to buy raw materials for production units in different parts of the world, it comes to international tenders. But only one company can get this tender. Companies decreasing prices getting the tender. Existing customers of the company's request to give the goods to them which the price offered by the companies. (Remzi and Hamdi, 2010, p 7.)
- The cost of delivering goods to small consumers in far markets is high due to transportation and relationship building issues. As the purchasing costs of small buyers increase, these companies cannot compete with big enterprises through price. (Remzi and Hamdi, 2010, p 7.)
- Industrial consumers are experts and know the market well in their fields. It is known that some consumers have more information about the product than the sellers. Customers have information about the strengths, working styles and services of vendors in the market. For this reason, proposals must be prepared carefully. (Remzi and Hamdi, 2010, p 7.)
- The demand in these markets depends on the primary demand. If the demand in the housing sector is low, the demand for construction anchors will be low. (Remzi and Hamdi, 2010, p 7.)
- Customers in these markets make their purchases by waiting for the appropriate time. They handle the time when prices are low. Especially in investment goods, this behavior frequently seen. Companies try to reduce their costs by doing business investments during times of market collapse. (Remzi and Hamdi, 2010, p 7.)

According to author Murat Erdal describe industrial procurement decisions vary according to the type of need. There are three different types of purchases. They are:

- Routine purchase,
- Occasional purchases,
- Summarized as a new purchase. (Murat Erdal, 2014, p 27)

We can give different examples for routine purchase. Companies procure a particular raw material or intermediate goods as needed from the supply source that it determined based on the contract. In this type of procurement, the procurement starts with stock or production management. If the work is evaluated and satisfied with the supply source, the work will be continued. The continuity of such procurement depends on the service provider with the customer which established relationship, co-operation, trust, confusion, hedging and empathy. Some products are consumed in small quantities in industrial production and consumption is not continuous. For example: maintenance materials. The list of supply sources for such goods is often found in the purchasing unit of the operator. The need for such goods is usually raised by the inventory managers. Sometimes new sources of supply or substitute products arise; new information is needed about the product and conditions of sale. In such goods and purchases, it is important to focus on solving the problems of buyers and offering them different alternatives.

Those who bring new purchases to the agenda are usually the technical staff of the company. They are investigating and knowledgeable on issues such as improving product quality, increasing production volume and reducing costs. The number of those who have a role on such purchasing decisions is more and different from each other. Those who have authority in the technical field are the production managers and technical persons. (Murat Erdal, 2014, p 79)

Finance executives are involved in paying, making purchases, and top management are confronted with various angles. So it is after long discussions that it is necessary to buy.

3.4 Creating Profitable Companies through Marketing Implementation

“If we do not change our direction, we are likely to end up where we are headed.”

(Old Chinese proverb)

Companies most of the time don't realize that their market have changed every few years. In “Value Migration book” offer documents how change consumer wants and expectations with the competitive power every few year in iron-steel, telecommunication, health and entertainment sectors. Last year's winning strategy could be a loss strategy this

year. Two great power gives shape today's economic landscape. "Technology" and "Globalization". Technology not only the material infrastructure of the society at the same time give greatest form shapes people's thoughts. Another great power is privatization. (Philip Kotler, 1999, p 3.)

Philip Kotler about Marketing Implementation defines it as such: "*Organization is one factor contributing to effective marketing implementation, the process that turns marketing plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives.*" (Philip Kotler, 2000, p 55)

According to Philip Kotler the following steps are Successful Marketing Implementations?

1. Achieve through higher quality.

Everyone agrees that bad quality is bad for business. Customers who complaint from bad quality will never come back again and give bad information regarding company. But it is possible to gain with high quality? There is four issue.

First quality has more meaning. What does it mean if an automobile company claims his quality is good? Are they accelerating faster? Are the hoods of the car stay for a long time without rusting? Customers prefer different things; for this reason the quality definition does not make much sense. (Philip Kotler, 1999, p 5.)

Second, People cannot judge regarding the quality of the product only by looking. Just think about the purchase situation of television. You visit the store and see many different sets of television in working condition and their voices tearing the ears. Check some popular brands which you prefer. The quality of display is same between the buyers. The cases can be different but you cannot say more opinion the reliability of television set. At the end you buy a product that at least looks good in fact you buy a product which there is not any proof regarding his quality. (Philip Kotler, 1999, p 5.)

Third, most companies make competing concerning quality in market. In this situation quality is becoming a determining factor in brand choice.

Fourth, some companies, such as Motorola, which boasts with 6 sigma quality, are known to have the highest quality. What was the achieving cost of 6 sigma quality for Motorola? It is possible to accessing highest quality with high cost.

2. Gain with better service ways.

We all want better service for us. But customers define it in different ways. Let's think about service in restaurant. Some customers want the waiter to come immediately, take the order correctly and bring meal as soon as possible. Each service is separated a list of qualifications. Each person gives different weights to each of these qualities in different contexts and time. It is not enough to give good service. (Philip Kotler, 1999, p 5.)

3.5 Competitive analysis of markets

The authors Mrs. Joekes and Mr. Evans thought that *“Competition springs from interactions in the marketplace as rivalry between firms over consumers’ or customers’ money drives them to deliver higher quality and lower prices. This process of rivalry then impels each firm to look inward to ensure that it is using all its resources as efficiently as possible. This reduces inefficient use of resources, cutting down waste, and, thereby, reducing costs. Competition is therefore a process, whereas competition policy is largely a curative when that process fails to work.”*(Susan and Phil, 2008, p 2)

There are many similarities among the differences, with the different opinions being put forward to examine a market for competition. It is thought that it would be useful to include two models here that deal with the competition at the macro level. However, before giving these models, it is useful to note that the analysis of the competitive advantage at the macro level has to rely on environmental analysis. Environmental analysis forms the basis of macroeconomic competition analysis.

Entry barriers

For different reasons, the governments of the country restrict or restrict the entry of foreign businesses into the market by legal and political means. Apart from the entry barriers which the government created, there is some obstacles which arises from the community and rival enterprises.

- Scale economies, size of installed capacity,
- Technological advantages and capital need,
- Brand loyalty,

- Product differentiation. (Michael E. Porter, 1985, p 483)

If it is established with a capacity exceeding the present demand that is operating in the market and feeds other markets from this market, it will also bring cost advantages by lowering the input costs by using the advantages of being a big business and also by increasing the level of capacity utilization when demand increases. This is an entry barrier, as they will enter the market. Enterprises in the market have advanced technology; it is difficult for the enterprise to compete with them in terms of cost and quality. By way of example, Dupont has maintained a leadership position in the field by creating a strong market entry barrier with technology, capital superiority. (Michael E. Porter, 1985, p 97)

It is difficult for entrepreneurial businesses to create a strong brand loyalty in those segments, attract service, strong customers to every market segment and find a new market segment.

If businesses entering the market have created superior values by creating differences in the areas that it will be very difficult for the market operator to overcome them. This is also an important entry barrier if there is a possibility that they can invalidate the estate with a new difference when they see that the existing differences have begun to be imitated.

3.6 Competition determinants

Famous author Michael Porter describes that the competitiveness of a country with 4 important determinants:

- *“Factor conditions;*
- *demand conditions;*
- *related and supporting industries; and,*
- *firm strategy, structure, and rivalry.”* (Michael Porter, 1998, Online source)

Turkish author Hamdi Islamoglu gives the competition determinants of each industry and products.

- Access to natural resources,
- Growth rate of the market,

- Consumer revenues, spending levels,
- Taxes,
- Level of prices,
- Qualified work force,
- Energy costs,
- Government policies. (Hamdi Islamoglu, 2014, p 144.)

There can also be called attractive factors.

On the other hand, it is industrial clusters in that market that makes a market more attractive. Clustering is a geographically close group of companies and related institutions with common and descriptive elements in a specific business area.

This means that, businesses that provide an end-to-end business and distribution capabilities have a rich and high-quality geographic location and the unity of work and understanding is easily formed among them. In such a situation it is possible to supply business inputs with more economical and quality. Thus, both quality and cost advantages can be obtained.

They didn't give any permission to suppliers in Porter's analysis. However, there are companies that complete the game in a market. Systems such as banking, transportation and communication are important in terms of providing competitive advantage to businesses. The quality of the packaging depends on the development of the packaging industry. Microsoft and Intel are the two players which complete each other. High-quality software programs require high-quality chips. Capacity chips are useless if there are no high-quality software programs. (Hamdi Islamoglu, 2014, p 145.)

There is no sense to entering the slowing sectors. As fall of sales in this sector, their brand awareness levels are high. Moreover, it is difficult to compete with these companies as their knowledge and experience are high. The weaknesses of companies in recessionary sectors begin to leave the sector and strong companies hold the sectors.

Table 1 Identifying Market Attractiveness

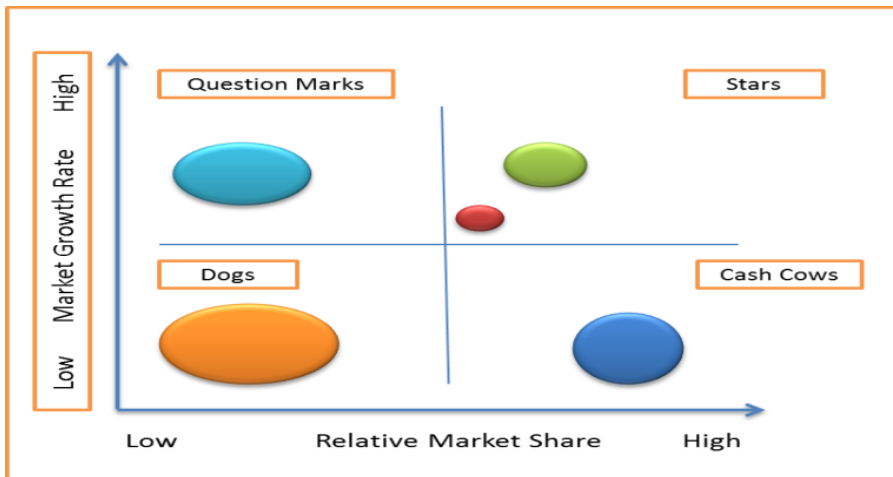
FACTORS	Weights	Points			Values		
		A	B	C	A	B	C
Source of raw materials	0.20	80	70	60	16	14	12
Location of establishment	0.10	60	70	60	6	7	6
Tax advantage	0.20	80	90	60	16	18	12
Growth rate of market	0.30	60	90	60	18	27	18
Competition factor	0.10	61	80	70	6	8	7
Ability to work	0.10	70	90	70	7	9	7
Total value					69	83	62

Source: Hayri Ülgen ve S.Kadri İşletmelerde Stratejik yönetim, Beta Yayını, İstanbul 2010

3.6.1 BCG Matrix

This matrix is drawn according to the growth rate of the market and the relative market share of the business. If an enterprise's market share equals the strongest competitor, it is in the middle line, if it is higher than the competitor, it has a high market share to the left of the matrix, and if it is low, it has a low market share to the right. If the growth rate of the market is higher than 10%, the growth rate of the market considered high and below 10% is low. (Hamdi Islamoglu, 2014, p 156)

Figure 2 BCG Matrix



Source: Kiefer Lee Carter, Global Marketing Management, Oxford, 2005

The size of the apartments shows the market shares of the businesses. If a market is growing fast and the business has competitive advantage and big market share in that

market, it is advantageous in creating cash. However, depending on the situation, it may not be possible to support other products because of the cash deposited. This enterprise should at least protect its market share and others should aim to increase. Every company has the chance to increase sales in the growing market. For this reason they are called star business units. (Hamdi Islamoglu, 2014, p 156)

If company has a low competitive advantage in a fast-growing market, then there are some problems with that business. They may be technological organizational or marketing origin. It is recommended that these businesses go through the stars by resolving their problems.

Cash cows (robust cows) are found in a slow growing market with high competitive advantage. If the slow growth of the market is due to the property life curve, these units do not need to invest in technology, distribution channels, and they have little budget for their promotional activities. For that reason, if they have high market shares, they are advantageous in creating cash. They are strong, that's why they can keep the market out of the slow growing market by eliminating the weak ones. (Hamdi Islamoglu, 2014, p 156)

3.6.2 Target Market Reputation

Tim Berry and Doug Wilson describe target market profile such this: *“Target marketing allows you to reach, create awareness in, ultimately influence, that group of people most likely to select your product and services as a solution to their needs, while using fewer resources and generating greater returns.”* (Berry and Wilson, 2001, p 77)

If a company with low competitiveness in a slow growing market is unable to increase its competitive power, it's going to be damaged. In order to consume more resources than that, he should go to liquidation.

In large populated and ethnically diverse markets, differences such as language, culture, behaviour, perception lead to market segmentation. In fact, companies can be forced to look for niche markets if the market is very diverse. On the other hand, companies may prefer to serve the entire market instead of market slicing. Some large and successful businesses may aim to enter the market with low-cost standard products that which meet the needs of a significant portion of the market after differentiate their products

for different market segments. For example, US companies can export to countries which geographically close, such as Canada, Mexico and European countries with European-based businesses. (Theodore Levitt, 1983, p 92-103)

As known, Companies applying 3 basic strategy depending on the product, market, resources and expertise.

- Undifferentiated,
- Differentiated,
- Concentration.

An undifferentiated marketing strategy can be preferred for to save production and marketing costs, If the conditions being appropriate. Also, if company found good place in the whole market, the profits of the business will be high.

The differentiated marketing strategy is preferred if the consumers in different segments of the market differ significantly in terms of need, desire, desire and expectation and they are entered into different market segments with different strategies and policies.

Concentration focuses on one or more of many market segments to keep this market and not to let other companies in this area. Another important point is that the target market must be determined depending on whether to enter directly to market with investment or export. (Hamdi Islamoglu, 2014, p 199) If a market is entered with direct investment, it is necessary to consider in which market the business activities will be more effective and efficient. For these we must search these questions.

- In which markets production costs lower than the others?
- In which markets are easier and cheaper to reach strategic resources?
- In which markets can benefit from scale economies?

3.7 Expansion into existing markets

The implementation of this strategy in international markets can be achieved in the following ways:

- The usage rates of existing customers; By increasing the rate of product aging, by promoting other uses, promoting increased purchases and changing models,
- Customers of competitors ; Attracting more efficient brand differentiation and sales with increasing efforts,
- Potential customers; Attracting the goods by giving price reductions, convenience of payment and respect for the goods. (Hamdi Islamoglu, 2014, p 205)

However, the playing field of this strategy is limited. Increasing the product aging rate is a dangerous approach in terms of marketing ethics as well as in terms of giving bad reputation to the brand. Frequently changing the model is an effective method, but its implementation still requires a certain time interval. Model changes in automobiles require a five year time interval however; it is economical in this period. But, not much time required for each time. A management consultant, while you are working on a model here, your competitors may be working on a model that will surpass you by two steps away, emphasizing privacy. (Hamdi Islamoglu, 2014, p 205)

It is essential for company to put in a meaningful sequence of model changes and to think about what innovations have to be done at each stage. It is said for the Japanese. Three teams are created for a new product or model. The first team designs new goods or models. While the competitors imitate the ranks, new model is immediately activated.

For example price reductions can be effective in terms of attracting customers. When you try to compete with your company's sales of 100,000, sale of the rival 50,000 units and price reduction of 10 dollars, your revenue loss will be 1 million, your rival will be 500,000 units. In slow growing markets, price competition can cause the total value of the market to fall, causing both competitors to suffer damage.

3.7.1 Creating New Markets

The company which is the oriented to different national markets, benefits from different market opportunities. If you succeed in different markets, you can easily increase your total profit. It can carry a market success to other national markets. The company can leverage a national market to take advantage of opportunities in different segments of the market.

According to author Mr. Meyer you can increase potential clients in new markets with the followings:

- *“You can realize high margins.*
- *You can subsidize or protect other market efforts.*
- *You can gain from appreciation of your stock’s value.*
- *You can experiment and fail, but still survive.*
- *You can groom new executives.”* (Peter Meyer, 2006, p 6)

Entering to different national markets has some obstacles for developing markets. To avoid problem, the following points should be noted:

- The financial resources should be sufficient.
- Markets should be adequately evaluated from every aspect.
- Risks that can be encountered must be calculated from the beginning and how to minimize the risks should be considered carefully.
- Alternative distribution possibilities should be thoroughly investigated.
- It must be considered whether a unique marketing program or a separate marketing program should be applied for each market.

Businesses can develop their markets in different ways depending on their own strengths and market conditions. If you want to grow by developing a market in a leading and growing market in a business area.

3.8 Export Formats

The company which the entering international markets through exports do different applications according to situation.

These applications:

- Consignment export,
- Credit export,
- Transit trade,
- Free export,

- Summarized as a Border trade.(Online Source)

Consignment export: it means to export goods to buyers in abroad in a way that can be called as consignment sale. The customer from abroad takes good safely, and when the sale is realized, it pays the price of the goods. If the sale does not take place, the goods are returned. For the processing of the price of consignment sales, government give certain time for exporter. Consignment sales are the main reason for assuring that the buyer does not guarantee the sale of the goods or exporters put the buyer at risk.

Credit export: In some cases it may be necessary to provide terms for payment to foreign market customers. Especially the high value of the goods and the financial weakness of the opposing side make it compulsory. Certain periods of time have also been set for bringing the cost of exports to the country. These times may be different for consumption and investment goods.

Border trade: It is the ease of exporting countries to each other in order to meet the regional needs of the border-bound countries and to contribute to the development of the region. Countries determine reciprocal territories and exports.

Free zones:

The export performance of an enterprise can be measured with different criteria. The importance of these criteria is:

- The share of export amount and total sales,
- Export sales growth rate,
- Export sales profitability,
- Retention in exported markets.

The macro-level export performance of a country, in other words, its competitiveness can be measured with Revealed Comparative Advantage index.

This index used in international economics for calculating the advantage or disadvantage of a certain country in a definite class of goods or services as showed by trade flows. If this ratio is greater than 1, it is interpreted that export is successful and product is competitive. If it is small, the competitiveness of the product is weak.

3.8.1 Official Documents

Custom Declaration Form

The first step in the process of exporting goods abroad is to fill this form a document which is approved by the relevant exporter association and submitted to the customs authorities. After the declaration has been made, no change or alteration can be made on it.

The declaration must be registered. So; Registration to the customs book and it is necessary to get registration number, date and official stamp. (European Commission, Trade)

Certificate of origin

This document certifies the country of origin of the exported product. This document is required by the importing country customs. This document is prepared by the exporter and approved by the chambers. It is used in the determination and calculation of customs taxes. Customs declarations are submitted to the customs administrations in the form. It is also referred as ABC form because it is prepared in three copies as A, B and C.

FORM A (Special Certificate of Origin)

A document used to take advantage of the Concessional Customs Duty rates on exports to Belarus, Canada, Russia, Ukraine, New Zealand and Australia. Documentation is provided by chambers of commerce and industry.

ATA Carnet

It is a customs document providing temporary import and export of goods without any other document between the countries.

Except these, the products are prepared according to the following;

- Plant health certificate,
- Animal Export Health Report,
- Inspection document,
- Seedless dry grape analysis certificate.

- Radiation analysis document,
- CETTES document. (European Commission, Trade)

3.8.2 Commercial Documents

Invoice

Documents issued by the exporter to the customer and showing the debt. It includes information such as the type, name, quantity, unit price, delivery type and total cost of goods which is sold. Other information which must be included on the invoice is the date of issue, serial number and sequence number, the name of the recipient of the invoice and the name of the recipient, commercial name, address, tax office and account numbers. The cost of sale is denominated in foreign currencies. The invoice must be in accordance with the legislation of the importing country, usually in two forms, in English and Azerbaijani, and must be certified by the minister of finance or the notary public.

Proforma Invoice

An estimated invoice sent by a seller to a buyer in advance of a shipment. It notes the kind and quantity of goods, their value, price, delivery type, payment type and other significant data such as weight and transportation charges. This invoice is the start of the commercial transaction and the transactions are initiated with the acceptance of the buyer.

Freight Invoice

It is the amount that shows the transportation cost according to the transport and delivery schedule.

3.9 Pricing strategies

In financial pricing, the entity determines the price by adding a specific profit margin and calculating the full cost of the unit. However, it should not be kept in mind that such pricing is causing some problems.

Pricing According to Average Cost

If an enterprise has advantageous and comparable technology in terms of cost leadership and market share, it can have an idea of what costs its competitors may have by estimating their own costs based on different sales volumes. The following example illustrates this.

Table 2 Average cost of pricing

Sales volume	Unit cost of the company	Unit cost of the products
10,000	8	8,10
20,000	7,5	7,90
30,000	7	7,50
40,000	6,50	7
50,000	6	6,50
60,000	5,5	6,50
70,000	5	6,25
80,000	4,75	6
100,000	4,25	5,75

Source: Michel Porter, Competitive strategy,ÇEV.Gülen Ulubilgen,System Public,Istanbul,2000

Let it's assumed that company has sold 100,000 units in the market and competitor has sold 70,000 units. The competitor cannot go below the 6.25 unit price for a long term. If the operator cost of 4.25, he can sell the goods at a price of 6 and get a profit 29% with over sales. Some businesses, considering a long-term success in a market and not entering to the market which they cannot compete, reducing their costs over time and compensating for future losses.

3.9.1 Export Pricing

Companies change pricing strategies depending on the entering foreign markets. A direct investment enterprise can easily determine the price in market. However, when you export from the domestic market to foreign markets, price decisions become difficult. When entering the foreign markets through exports, the firm can determine the price level by selecting one of three alternatives. (Hamdi Islamoglu, 2014, p 64)

- The export price may be below the domestic market price,
- The export price may be above the domestic market,
- The export price may be the same as the domestic market price.

Conditions that require the export price to be below the domestic market price are these:

- Economic conditions of foreign market, the revenues that consumers can spend per person are lower compared to the internal market.
- In order to compete with competitors when their costs are low, the price should be kept low.
- Because the product is not sufficiently developed for that market, the product needs to be spread quickly to wide mass. (Hamdi Islamoglu, 2014, p 64)

However, in order to keep the export price below the domestic market price, it is necessary that the cost of the company is suitable for this or that the public administration should support the export with incentives. Example:

Assuming that the export incentive premium is 10% over cost, the company will profit by 2 units for per unit in export and the unit will be sold cheaper price in foreign market. If the markets are largely similar and geographically close, the enterprise can keep domestic price with the foreign market price equally. In this case, the shipping and customs costs will have to meet their profit margin. When the export price is set in addition to the payment and delivery conditions, the working arrangements of the intermediary channels in the distribution channel of the foreign market should also be taken into consideration.

Table 3 Unit cost and Export pricing

Unit production cost	60	The price that can compete in the market	65,21
General expenses per unit	2	10% marginal retailer profit	-9,09
Packaging costs per unit	2	5% market wholesale profit	-8,65
Unit transport and load	3	Customs tax (8.65x0.05)	-8,24
Unit insurance cost	0,30	Per shipping unit (8.24x0.01)	-8,16
Export activity. Cost (A.)	3	Export costs (8.16x0.01)	-8,08
	-----	General expenses 2%	-7,92
Sum of sales cost	70,30	Sales cost 5%	-7,54
Incentives	-7,03	Production cost	-5,53
CIF cost	63,07		
Profit	12,61		
	-----	-----	-----
Price of Export	75,68	Profit	2

Source: S.Tamer Çavuşgil, Pricing For Global Markets ,1996

In the "value chain" proposed by Porter located in the main activities of a logistic enterprise belonging to the entrepreneur. For a business that entering the global markets as an actor, both logistics have a critical precaution. Logistics physical distribution for output, logistics related to inputs include activities that need to be carried out until production inputs are procured, stored and transferred to production processes, and relationships that need to be established. From a global marketing point of view, logistics is at least as important as physical distribution. For example, an automobile company does not produce a motor or a safety system itself, made it's in a company that specializes in that field in another country.

4 Practical Part

4.1 Company Description

Full name: Pera Plastic Group

Pera Plastic Group is one of the important producers of polypropylene fabric in industrial packaging sphere. The group was established in 1996.

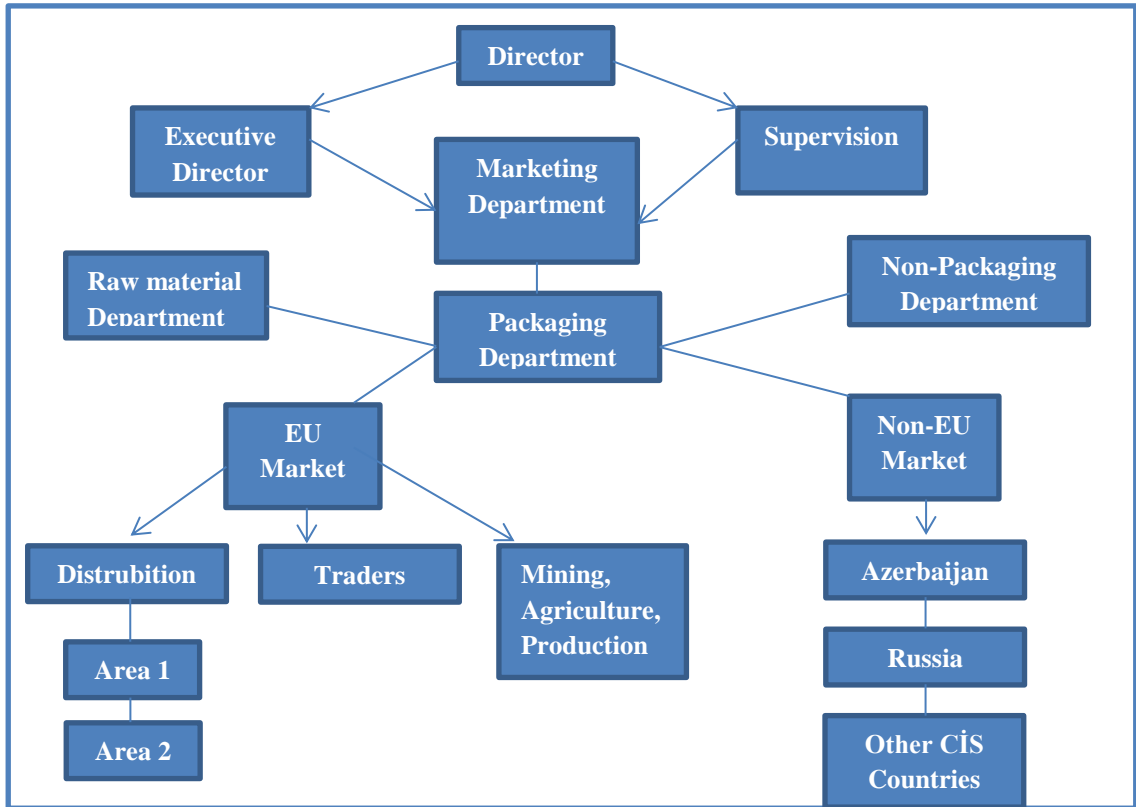
Production base has been developing by increasing effectiveness and production capacities since 2001. Now "Pera Plastic" factory are provided with high technologies and modern machinery (SML, BSW, GUENTER ,STARLINGER), which permits us to follow manufacture processes and quality of the products approved by all the required certificates, involving certificate of compliance with ISO 9001:2008 by UKAS. Group is a member of European Flexible Intermediate Bulk Container Association (EFIBCA).Our products are produced at four factories which they are located in Azerbaijan, Russia, Georgia and Kazakhstan with entire volume of around 2,000,000 normal sacks (sugar, rice sacks), 5,000,000 ad*Star sacks (cement sacks) and 350,000 (FIBCs) per month. Company can offer for customers a wide assortment of products both for the last consumption and for the intermediate consumption as inputs in the manufacture of other products (PP fabric, belts and yarn).Company pay serious attention to detail by so launching durable and suitable in use industrial packaging of wanted design and size to encounter outlooks of our clients. Construction aspects of each FIBC's category produced by company connection to features of the product filled in (temperature and tear, dangerous class and food group).Furthermore company has 4 production plants , 5 sales offices and 3 warehouse complexes with 45 truck fleet. All this features allow company to produce and deliver our products to big and small industrial customer to CIS countries and Europe.

4.2 Marketing Plan and Service structure for Pera Plastic

If company with a significant vision and conventional advanced marketing strategy search to capture specific buyer group, initially it requires a vision. Vision had big influence to perform actions. Action itself requires a good outline strategy which upward

more search as effective plan and action. It is a never ending circles a few main elements to perform a good quality marketing strategy. Marketing service structure has been established as follow;

Figure 3 Pera Plastic marketing service structure



Source: Own creation

As signs of a functional structure in company operated market research, planning, business development department, sales team (trading) PR-advertising group and customer services group. Generally marketing managers for preparation of marketing plan use standard techniques. They make research regarding marketing; always follow competitors, prepare new offers, organize promotion campaigns and send proposals to head department regarding this idea and prepare forecast for future sales prognosis.

So marketing plan must be comprehensive and precisely. Innovation is the most critical aspect of well implemented marketing plan. It is not a modest, but somewhat a difficult procedure for each separate section, consequently for whole company. Marketing plan normally consists of following parts.

- Market segmentation analysis as a first step,

- Identify five forces of competition,
- B2B buying behavior and European policy regarding packaging products,
- Estimating the financial analysis of Pera Plastic,
- The final step developing company's marketing strategy to describe the routes to market.

4.3 Market segment analysis

Companies should analyze the attractiveness of market segments according to their size, growth rate, competition level and sales. Besides, companies must analyze their own appropriateness to markets, meaning its competences as well as the firm's resources; production capacity, employees, financial, and admission to delivery channels which is necessary to serve the segment. Company defined the most potential target segments in Germany, France, Slovakia, Hungary, Lithuania and Bulgaria: Petrochemical, agricultural and construction segments. Both supplying and manufacturing companies should be explored and measured as potential customers according to extensive sub-contracting of the industry. The choice of the segments is based on expected profitability and case company's peculiar abilities and procedural knowledge.

The analysis will involve segment measures, those analytic and a prediction of development. The analyses are based on several on-line business-to-business databases. Though it was very difficult to comprise an exhaustive market analysis, due to big size of market and intricacy.

4.3.1 Agriculture sector

FIBC producers prefer fertilizer production companies; most fertilizer companies use bulk bags transport easily their products to another countries with 600kg or 1000 kg. Mostly fertilizer companies use 1 and 2 loops Big-bags. Because they are cheaper than 4 loops bags and only one time using depending on fabric gsm. Fertilizer is an ingredient used in agriculture to supply harvests with nutrients to produce such as Nitrogen, Phosphorus, and Potassium.

Fertilizers are divided into mineral and organic fertilizers. Mineral fertilizers, produced by companies in the agro-chemical industry, are commercial products that can also include one macronutrient (such as urea). Organic fertilizers involve compost and their manufacture is not essentially related with the agro-chemical industry.

Nitrogen fertilizers are extensively used in all EU countries, with shares from 87% in Bulgaria to 52% in Italy. The delivery of the shares of different nutrients track a geographic incline, where the topmost share of N-based fertilizers are noted for most Germany and The Netherlands, though in Cyprus, Italy, Portugal, and Spain; the use of Nitrogen fertilizers is less than other countries around 55%. The usage of Potassium fertilizers in most of EU-15 Member States performs at least 19% except Greece, The Netherlands, Iceland, and Sweden.

Yara International ASA demonstrate a bigger existence in Europe than it does in the worldwide arena with evaluated shares beyond 10% in most of the years measured, for values in 2008 was 12.3% after it was decreasing and in 2011 it was 12.18 %. K+S Group, categorized as the seventh largest fertilizer company in the world and the second largest fertilizer company in Europe due to our estimation, although with shares that do not surpass 6%.

Table 4 Evaluated market share for Top 10 companies working in the EU-27 fertilizer market

Company	2010	2011	2012	Country	Usage of Bags
Yara International ASA	10.81	12.18	11.39	Norway	1,000,000 1 and 2 loops fibc
K+S Group	5.82	5.58	5.07	Germany	500,000 4 loops fibc
Eurochem	2.56	2.11	4.91	Russia	200,000 1 loops fibc
Israel Chemicals LTD	3.78	4.52	4.18	Israel	300,000 1 and 4 loops fibc
Fertiberia S.A.	3.78	3.75	3.93	Spain	100,000 1 loops fibc
Agrium Inc.	2.47	3.40	3.02	Canada	Don't use
Grupa Azoty S.A. Group	0.79	2.31	1.67	Poland	200,000 1 loops fibc
Duslo	1.20	1.23	1.18	Slovakia	125,000 1 loop fibc
Petrokemija	1.14	1.57	1.13	Hungary	120,000 1 loop fibc
Neochim	1.05	0.99	0.94	Bulgaria	800,00 1 loop fibc

Source: ETC Group, Communiqué no. 111, September 2013

4.3.2 Petrochemical sector

Europe's petrochemicals sector was able to keep its own perspective in the last ten years. In 2007 it reputed for 31% of worldwide chemicals annual turnover and in 1997 only 1 percent increased the share was 32%. World's ten biggest Petrochemicals companies, no less than five are from the European companies.

With revenue of about EUR 60 billion, Germany's BASF is market leader in petrochemical field. BASF use all types of packaging products. Company use big-bags only NEOPOLLEN products. By contrast, this is the similar sum as the annual turnover of India's whole chemicals manufacturing. Prosperous foreign sales have been a main pillar of provision for the petrochemicals sector. Among 1996 and 2006, the industry's exports raised by approximately 7% to more than EUR 185 billion.

With a share in EU-15 annual turnover of around 54%, United Kingdom, Germany and France are the most significant manufacturers in Western Europe. In this sector, the alteration in the product variety to emphasis on higher value-added goods such as polymers, pharmaceuticals and coating materials has been valuable, while the production of main products has temporarily been switched to a big part to low-cost countries. In Germany, for instance, the share of essential chemicals in entire chemicals production has declined by some 4 percentage points to 47% over the last decade years, though the share of polymers, pharmaceuticals and coating products has grown significantly. The growth was same in other Western Europe countries such as UK and the France. Between the big global pharmaceutical fields, companies from the United Kingdom have moved to the top positions – GlaxoSmithKline, for instance, second global pharmaceutical company Pfizer from the US, and AstraZeneca keep ranks in fifth place. So the Western EU countries besides saw their export opportunities to expand.

Table 5 Analysis of the EU Top 10 Petrochemical companies sale Euro (bn)

Company	2010	2011	2012	Country	Usage of Bags
BASF	58.9	68.18	68.82	Germany	500,000 4 loops fibc
Ineos Group Holdings	20.76	19.5	20.18	Switzerland	300,000 4 loops fibc
Akzo Nobel	19.4	20.8	20.46	Netherlands	400,000 4 loops fibc
Evonik Industries	14.36	15.6	14.85	Germany	200,000 2 and 4 loops fibc
Covestro	12.4	13.8	14.16	Germany	100,000 4 loops fibc
Solvay	15.5	21.5	20.33	Belgium	100,000 4 loops fibc
Bayer	18.8	20.07	22.06	Germany	Don't use
DSM	11.62	12.38	13.27	Netherlands	300,000 4 loop fibc
Lanxess	7.9	9.7	10.09	Germany	Don't use
Borealis	6.2	6.8	7.71	Austria	300,000 1,2 and 4 loop fibc

Source: <http://cen.acs.org/global-top-50.html>

4.3.3 Construction sector

The cement sector is between the leading capital exhaustive industrial sectors and therefore categorized by high fixed costs. Top cement companies prefer 1 loop bags to fulfil inside their materials easily. For company easy to export in bulk condition. Approximately 60% of variable costs are sustained by energy; this factor accepts highest attraction for cost reduction. The European Union Cement industry contains of some 200 plants functioned by 65 groups. The industry has been combining since the 1965's over consolidation which involves joint ownership of plants by companies. In Europe largest cement companies are Heidelberger (Germany), Cemex (Mexico), Italcementi (Italy) and Lafarge (France), which they are produce annually million tons cement and aggregates. Lafarge is the world leader in cement sector. Company operates in 78 countries in four main sectors: cement, aggregates, roofing and gypsum. It describes itself as a multi local international company. Over the next ten years it capitalized profoundly in developing countries. Company combined with the Chinese group Shui. Already company produces 22 Million Tons presence in this country. Holcim is also one of the world's important providers of cement and aggregates further activities such as ready-mix concrete and asphalt like these services. But company combined with Cemex Company. The Group as well as operates plants in more than 70 countries on all continents, 90,000 people working in group. Holcim has a strong existence in Europe.

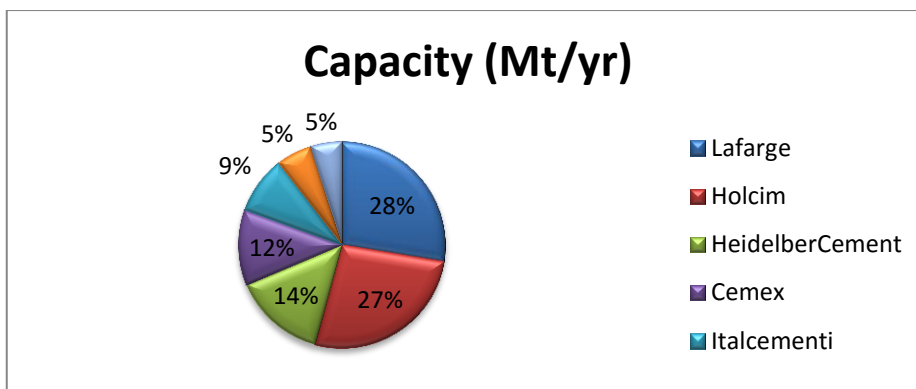
Figure 4 Geographical locations of 3 biggest Cement company

	Lafarge	Holcim	Cemex
Europe	Austria	Austria	UK
	Germany	Belgium	Germany
	Greece	Germany	France
	France	Italy	Spain
	Italy	Spain	
	Spain	Switzerland	
Central and Eastern Europe	Czech Republic	Bulgaria	Croatia
	Moldavia	Czech Republic	Latvia
	Poland	Hungary	Poland
	Russia	Poland	
	Romania	Romania	
	Serbia	Slovakia	
	Slovenia		
	Ukraine		

Source: Philippe Lasserre- Globalisation Cement Industry-2007

Cemex is the third biggest cement group in the world ranked by cement production volume. Company is a Mexican cement company and in 2009 it had achieved an expected production size of 95 million tons per year. It was the first manufacturer of ready-mix with 75 Million Tons, one of the biggest aggregate producers with 170 Million tons and best cements traders in the world, selling more than 15 Million tons in 2009. Production plant located in USA, Latin America, Europe and Asia.

Graph 1 Capacity of Cement Companies



Source: Own creation

4.4 Five forces of competition of Pera Plastic

Pera Plastic Group is the 2nd biggest packaging industry in the CIS countries. It is very strong and innovative organization that impacts the whole packaging market and altering trends with new sorts of bags. Nowadays the company is producing FIBC 3,150,000 pcs/year, whereas in 2004 the production was just 285,000 pcs/year

4.4.1 Competitive rivalry

Competitiveness in Packaging industry is tremendously high, there 230 FIBC manufacturers (11.7.2013) in the world 65 of them are trading companies and 165 – manufacturing, just 54 of them has the production more than 10,000 ton/year, but we will compare only 5 main packaging company (including Pera Plastic Group) that can be consider as a direct competitors of Pera Plastic Group.

1. Greif Flexibles (18,500,000 pcs)-USA.
2. Isbir Sentetik (13,000,000 pcs)-Turkey.
3. Cesur Ambalaj (5,000,000 pcs)-Turkey.
4. Pera Plastic Group (3.150.000 pcs)-Azerbaijan.
5. Chempack (2,200,000 pcs)-Russia.

Table 6 Sales, Production and Export

Companies	Sales 2014 (mil. USD)	Sales 2015 (mil. USD)	Change in Sales (%)	Production capacity 2014(mil. pcs)	Production capacity 2015(mil. pcs)	Export 2014 (%)
Greif Flexibles	131,275	103,964	-20.8	22,1	18,5	75
Isbir Sentetik	62,258	65,525	+5.24	12,3	13	77
Cesur Ambalaj	46,704	44,237	-5.28	5,3	5	84
Pera Plastic Group	32,944	36,292	+10.16	2,82	3,15	74
Chempack	24,704	27,858	+12.76	1,75	2,2	34

Source: http://osd.org.tr/Sites/1/upload/files/ILK_500_FIRMA-145.pdf

From the table 8 we can observe that Pera Plastic Group is expanding manufacture, at the same time sales intensely increased, when the competitors reinforce their place. Another significant feature is that Pera Plastic Group had special products like “AD*Star” and “AD*StarKon” which is used for cement, sugar and it varies from products of competitors and give them competitive rivalry. If we analyze quality of bags it is very high and durable for European customers, they can choose of many sorts and labels.

4.4.2 Threats of substitutes

Some of direct substitutes are extraordinary; there are more than 230 packaging companies that produce 30 types of FIBC, besides the customer can choose from the big amount of indirect substitutes like steel drums, FIBRE drum, paper sacks etc., which price is very close to FIBC price (Table 9 below). As we can see the price of changing from FIBC to Paper sacks is important for companies, but FIBRE drums have more capacity for liquid, and the price of Steel drums varies much from the price of FIBC, the price of both product have minimum 70 euro and it is not relevant for customers so it will not threat FIBC sector much.

Table 7 Average price of Substitute products

	FIBC PP (1 Ton)	Steel drum (216 L)	Fibre drum (100 L)	Paper sacks (50 kg)
*Location	-	-	-	-
Europe	7.5 Euro	83.69 Euro	64.19 Euro	0.44 Euro

Source: Own creation

Figure 5 World packaging consumption by sector year 2003-2009(\$ million)

\$ million	2003	2004	% change 2003-04	2005	% change 2004-05	2009	CAGR (%) 2004-09
Paper and board	164,744	176,537	7.2	183,271	3.8	216,398	4.2
Rigid plastics	77,232	84,797	9.8	90,058	6.2	115,932	6.5
Flexible plastics	52,750	57,228	8.5	59,615	4.2	70,791	4.3
Metal	75,519	80,236	6.2	82,389	2.7	92,169	2.8
Glass	30,211	31,446	4.1	31,762	1.0	34,389	1.8
Other	26,754	29,018	8.5	29,999	3.4	34,167	3.3
Total	427,210	459,263	7.5	477,094	3.9	563,847	4.2

Note: constant prices from 2005 onwards; totals may not add up due to rounding

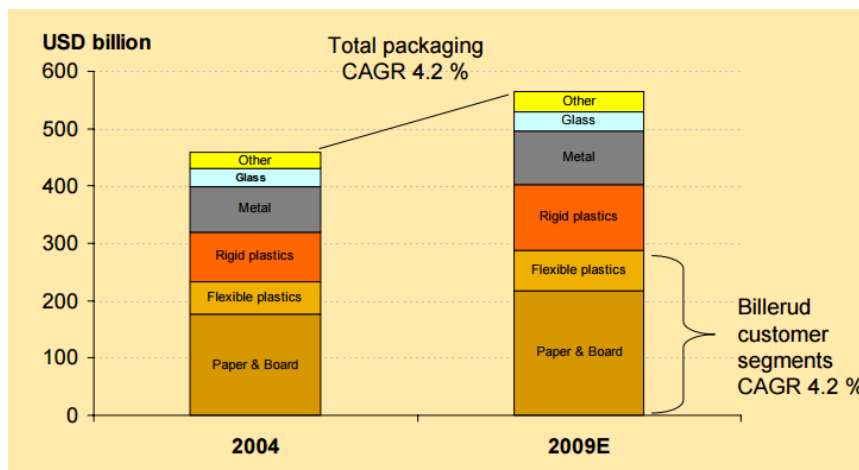
Source: Pira International Ltd

Source: http://www.worldpackaging.org/i4a/doclibrary/getfile.cfm?doc_id=7.

Figure 5 above show that consumption of Paper is absolutely changeable and year by year get more higher, when the consumption of Rigid Plastics and FIBC (Flexible plastics) is slightly increased since 2003; though the position of all packaging products does not altered intensely within time.

And as the WPO analyzes the consumption of packaging is increasing from year to year that contributes big benefit for companies including Pera Plastic Group. (Figure 6 below). It is also significant that buyer tendency to substitute is not very high, Customers are very loyal to the FIBC, so most of them will not alter it on Paper or Drums, but they can select another variant of FIBC.

Figure 6 World packaging consumption by type



Source: Billerud och Packforsk

4.4.3 Threats of new entrants

The FIBC production process is not very difficult to realize and barriers to enter this sector is not very high, though even if you have a technique and technologies it is not sufficient to enter the market and make competition with big companies of these industry, if we will observe all packaging companies from top 3 have an extensive and gorgeous history, they made brand name and appearance during this time. The economies of scale is tremendously immense, in FIBC sector is big number of giant and small enterprises, besides the product of new entrants may cost more because for production it needs raw materials (Polypropylene, Polyethylene, UV AND Carbon), >200 labor force and more

energy. When we analyze the ICIS report the price of Polypropylene 1,290-1,310 EUR/ton and Polyethylene was 1,515-1,535 EUR/ton.

4.4.4 Suppliers bargaining power

FIBC is produced of three main ingredients: Polypropylene, UV, and Carbon; these products are rare and there are not so many suppliers in Europe. Around 11 PP suppliers on Europe, 4 big suppliers of UV additives (BYK-UV, Argus-additive, Polyone, Polytek), 7 suppliers of Carbon additive.

9 important Suppliers for Pera Plastic Group

- **Starlinger** –which is supplied fabric extrusion & winding, Circular looms and conversion for Pera Plastic Group.
- **BSW Machinery** - which is supplied circular looms and convertex machine for cement sacks.
- **Guenter-kunststoffmaschinen**- which is supplied for liner cutting machines.
- **Macchi** – which is supplied extruder for making Polyethylene liners for bags.
- **SML**– which is supplied extruder making of yarns and film lines for bags.
- **Turkmenplene** - supplier of Polypropylene raw material for company.
- **Socar Polymer** – supplier of Polyethylene raw material for company.
- **Argus**-supplier of UV additives for company.
- **Cabot**-supplier of Carbon additives for company.

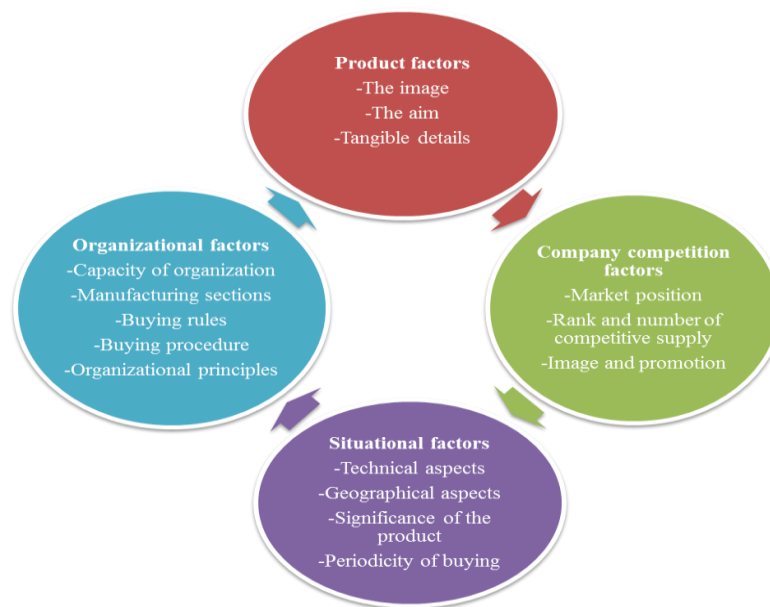
4.4.5 Buyers bargaining power

Around 40-50% of fertilizer, cement and petrochemical companies consuming FIBC in Europe. In Europe eight FIBC distributors that sells Pera Plastic's product. FIBC distributors make orders in big quantities, so they want to bargain at price and can enforce the Pera Plastic to make it lower. No risk of vertical integration, because distributors cannot use name of Pera Plastic even on the bags have own labels.

4.5 B2B buying behavior

Entirely B2B -marketing outcomes must be done due to buying behavior of the core market's clients. If a firm knows its clients' buying behavior properly sufficient, it has satisfactory base for prosperous marketing. We explored B2B buying behavior from perspective of marketing. There are numerous issues make effect on organizational markets; Product and its qualifications, the buying organization and the real buying condition. The figure shows the factors make effect on the basis of purchasing procedure in given ambience.

Figure 6 Factors influence organizational buying behavior



Source: Own creation

4.5.1 Pera Plastic's Procurement system

Pera Plastic purchasing department is divided into 2 sections, Normal Purchasing and Technical Purchasing. Normal Purchasing is the section in charge for entirely the direct procurement for manufacture.

Technical Procurement section handles all the procurements of equipment and technical material. Normal Procurement of Pera Plastic is around 80% of wholly procurement done by the purchasing department according to the environment of the

company's constant production. In 2016 the Normal procurement section expended about 15,480,000 USD on raw materials; Technical procurement was around 185,000 Euro. Pera Plastic preserves around 4 suppliers for raw materials. The group selects a main supplier from this supplier data for each raw material that they bought, and attempts to have around three or four more suppliers on reserve to be used in extraordinary situation in case the main supplier fails. This strategy is frequently used for Normal Purchasing with an emphasis on perpetual supply of raw material for 4 continuous production factories without inevitably distressing regarding the charge of the material as is the situation for Technical procurements.

Technical Procurement is divided into about 11 segments and 110 sub segments. These segments are:

- Printing, Cliché service,
- Spare parts,
- Electrical services,
- Engineering services,
- Security services and equipment,
- Facility management, crane services, logistics on site,
- Installation services,
- IT services and equipment,
- Laboratory equipment,
- Apparatus,
- Office equipment.

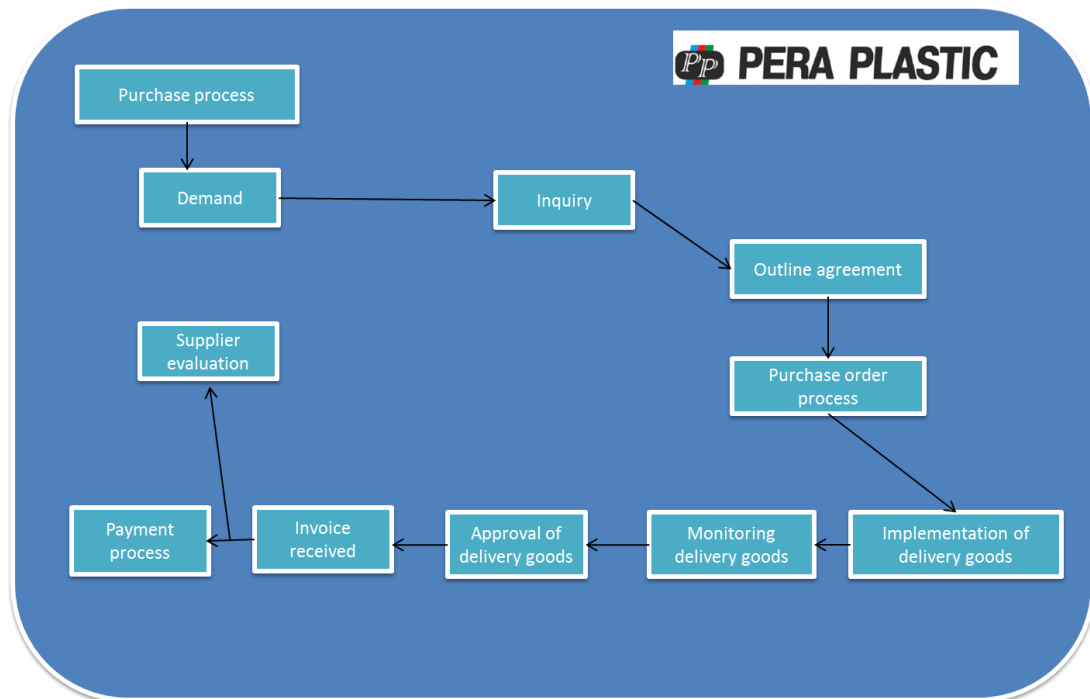
Purchasing for each of these segments is realized by applying various strategies. Different sections from different departments work together for a shared purpose. Pera Plastic work with 22 suppliers to satisfy its' requires in this section. The supplier's info provided in the supplier management base is confirmed by the purchasing department using an internal control policy that sets the selection procedure in check.

The following aspects are used to verify the suppliers:

- Price of the product,

- Implementation of contract terms and payment after delivery,
- Onsite service and other significant issues.

Figure 7 Procurement process of Pera Plastic



Source: Own creation

As shown in the figure, Pera Plastic includes other sections in its purchasing process such that both the requiring department and the procurement department want to make some main determination about the good's purchase. The requesting department is exclusively responsible for making the request, implementing and observing the delivery and approving the goods. The purchasing department questions regarding the goods after getting the request compares proposals and awards the agreement. The rest of the procedure is accomplished together by both sections. Between these are some significant steps as the choice of the evaluation procedure. Usually these are the only duties of the procurement department, but Pera Plastic makes use of an operational and effective team for that.

Material and Spare parts Department (MSD) is responsible for all purchasing except raw materials. Procurement made by MSD is around 45% of total procurement by the company and other purchasing is especially for raw material which is bought by executive director of the company. MSD does not independently manage its whole procurement

procedures as executive director of the company. There are two types of procurement techniques used by company direct procurement and instructed procurement. With this technique the H.Q. agreements with chosen suppliers for general goods that Winddle (Procurement software) itself and all subsidiaries use. Once these agreements are signed, Winddle assimilates requests from all its subsidiaries and purchases together. This group of suppliers involves entire international suppliers that the company purchases from. Instructed procurement which is the second technique is nearly like the direct procurement, except that with these way Winddle agreements with numerous suppliers that is capable by the company to make business with them. When these agreements are generated, the subsidiaries can then select certain suppliers suggested by Winddle that they prefer to use and launch extended business dealings with them. With the instructed procurement, the subsidiaries are obligatory to purchase from these suggested suppliers. Though, as a subsidiary company uses the material categorization code for all types of purchases. The material categorization code system is used in both Winddle and its subsidiaries. The materials are categorized into 11 categories mostly based on the normal attribute, and for one material there is only one code illustrating it. Winddle uses this code system to regulate the request data from its subsidiaries, particularly in the direct procurement and instructed procurement.

Supplier choice criteria differ among companies depending on the industry of the purchaser. Though, three general criteria that every purchaser considers in its evaluation procedures are price, quality and delivery. These three criteria in any industry and all suppliers are evaluated based on how well they make in these regions. The rest of assessment criteria are industry detailed and the following are some areas that purchasers observe:

- Management Capacity,
- Worker Capacity,
- Price Structure,
- General Quality Operation,
- Procedure and Technological Capacity,
- Ecological Obedience,
- Monetary Balance,
- Manufacture Scheduling and Control Schemes,

- Suppliers Obtaining approaches, rules and methods.

The primary rule of administrative purchasing criteria is that the product or service is bought for organization's request. The purchase is always accomplished by employee in the organization's procuring part, not the organization itself. Consequently, the structural purchasing criteria are just what people in the purchasing part supposed to be greatest for the company. It means that staff from various sections and different positions value different features of goods. The selling company must be able to offer 54 qualified production, certified manufacturing and competent price. Pera Plastic has started its procedures for ISO 9001:2008 SGS Certification to guarantee high outline production center. The rank of competent price cannot be rejected in this business. It can frequently be worried as the real criteria for purchasing as quality .This criteria obviously increases competition and clients bargaining power.

4.6 EU Micro-Macro Environment Legislation and Policy regarding packaging products

The EU is an international organization which has developed legislation and high-level practices in the field of waste management. European community accepted 1st Environmental Action program after the United Nations Environment Conference. The European Single Act, which brought about the first fundamental changes to the Treaties of the European Communities, basically targeted the elimination of the physical, technical and financial barriers in front of the common market by 1993 and the completion of the single market. In this framework, with the Single Act, while the jurisdictions of the communities were expanded, changes were made to the institutional structure of the European Communities. European Single Act, amending Article 130 of the Rome Treaty uncovered the principle of "pollutant pays" but do not speak regarding the principle of sustainability. The Maastricht Treaty, which was signed in 1992 and entered into force in 1993, The Treaty of Establishment and the concept of "sustainable development" in EU law, was formally established. With the Treaty of Amsterdam, the concept of sustainable development has become one of the main objectives of the EU. As explained and covering the period of 2001, the environmental action plan sets out the EU's targets in the environmental field over the next decade.

The title "Environment 2010: Our Future, Our Choice" program have been identified as priority targets. These are listed as climate change, nature and biodiversity, environment and health, natural resources and wastes.

The basic principles of EU environmental policy are:

- **Polluter pays:** It is the basic principle for environmental responsibility.
- **Prevention at source:** The waste should be disposed near the place where it is produced.
- **Prevention:** It is necessary to take precautions before the damage occurs.
- **Reserve:** The precautions are to be taken without waiting for the scientific proof of a certain act which would lead to negative results in terms of environment.
- **Integrity:** Integration of environmental policies into other EU policies.

The EU environmental legislation has been established in the last thirty years and nowadays covers about three hundred legal arrangements including directives, regulations, decisions and recommendations. This number is more than five hundred and sixty, including all annexes and technical adaptations. With this legislation, the EU had the world's most comprehensive and high standard environmental legislation. Horizontal legislation on the environment is the general legislation that different elements related to environmental protection are evaluated together and which the common rules applicable to these areas are specified. This legislation sets out the methods and mechanisms for the improvement and implementation of decision-making.

There are seven separate headings in horizontal legislation:

- EIA (Environmental Impact Assessment),
- Strategic EIA,
- Reporting,
- European Environment Agency (EEA),
- Financial instrument for the environment (LIFE),
- Politics, civil protection.

Industrial pollution control and risk management are examined under seven headings:

- Council Directive 88/609 / EC on the restriction of certain pollutant emissions from large combustion plants.
- Council Directive 84/360 on struggle air pollution caused by industrial installations.
- Council Directive 99/13 / EEC on the emissions of industrial volatile organic compounds.
- Control of main industrial accidents involving dangerous substances - Council Directive 96/82 / EC on SEVESO II.
- Council Directive 96/61 / EC on Integrated Pollution Prevention and Control (IPPC).
- Council Directive 761/2001 / EEC (EMAS), which permits companies in the industrial sector to voluntarily participate in a community eco- management and account control.
- Council Regulation (EC) No 1980/2000 on the adoption of the Community eco-labeling system.

At first, Pera Plastic recognizes environmental features of its processes. Environmental features are those substances, such as air pollutants or dangerous waste that can have negative influences on society and/or the environment. Once important environmental features are identified, Pera Plastic makes points and targets, and conceives an action strategy for assembly the targets. This contains labelling responsibilities, founding a timetable, and delineation obviously clear steps to encounter the targets.

The main environmental matters currently being confronted by Pera Plastic are:

- Well-organized use of resources,
- Waste management,
- Supervision over use of dangerous materials.

Pera Plastic identifies that the transfer of its procedures certainly influence on the environment in a number of methods, for example, over the age group of waste through the manufacture procedure and the usage of energy for warming and light.

Precisely, Pera Plastic struggles to diminish environmental features by reducing wastes, using alternative energy with harmless chemicals in place of dangerous chemical (in business called UN products), produce eco-friendly products that could be second-hand material and recycled, seek constant development in the plan and implementation of products and procedures, to remove or reduce feasible health dangers, accident threats and reduce environmental features by using new model machineries, The main raw material of Pera Plastic is Polymer which is a Polypropylene and 20 % Polyethylene. Normally, Polypropylene is recyclable material through a re-extrusion and granulation process. Also Pera Plastic likewise maintains to be ready for disasters and turn punctually their resulting effects. In ISO 9001:2008 standard, Pera Plastic assumed methods to realize declines in waste management.

One such measure is appropriate segregation of waste products. The implementation of ISO 14001 was to place all sorts of waste into one container. Waste management values need distinct warehouse and following removal of waste material product at each stage of the manufacture procedure. Wastage resources are positioned in chosen waste containers, which are composed at a chosen incidence and kept in a distinct storage. After these waste products is recycled over an external second hand.

4.7 Analysis Pera Plastic's current situation

In sequence to generate marketing strategy concept in this part will be conducted analysis customers, analysis of financial situation. To gain characteristic consequences were taken the data before marketing plan implementation (2012, 2013, 2014 and 2015) and after it (2016).

4.7.1 Financial Analysis

It is argued that the success of a firm, or even its continuity, depends on the financial decisions it takes, the continuation of production, the power and willingness to invest in fixed and returning assets, and the financing policy that is being watched.

Table 8 Liquidity ratios

	2012	2013	2014	2015	2016
Current Ratio	1.84	2.08	1.74	1.72	2.11
Quick Ratio	1.24	1.63	1.19	1.09	1.67
Cash Ratio	0.10	0.10	0.10	0.05	0.12

Source: Financial reports of Pera Plastic, Own calculation

The current ratio is calculated by dividing the gross operating capital (current assets) necessary for the companies to continue their operations into short term debts. Usually, the higher the current ratio, the more liquid the company is measured to be. A current ratio of 2.0 is sometimes quoted as satisfactory, but a value's acceptability depends on the industry in which the firm operates. Pera Plastic Company is in a business with a comparatively predictable yearly cash flow; its current ratio of 2.11 should be pretty satisfactory. The current ratio has raised; it means that company is more liquid. A quick ratio of 1.0 or bigger is sometimes suggested, but as with the current ratio, what value is suitable depends principally on the business. The quick ratio for Pera Plastic is 1.67, which compared to the baseline of other years illustrate the organization's capability to service short-term responsibilities is positive.

Table 9 Activity ratios

	2012	2013	2014	2015	2016
Receivables turnover	2.94	2.76	4.04	4.29	4.37
Receivables period (days)	123	132	90	85	82
Payable turnover	9.35	8.27	10.95	5.39	5.35
Payable period (days)	38	44	33	68	67

Source: Financial reports of Pera Plastic, Own calculation

The average collection term is expressive only in relation to the company's credit terms. If Pera Plastic expands 30-days credit terms to clients, a regular collection period of 82 days may illustrate a managed credit. Likewise it is probable that the extended assortment period resulted from an intentional reduction of credit-term implementation in

response to good burdens. If the company had expanded 60-days credit terms, the 82-days regular collection period would be rather satisfactory. Obviously, extra info is required to calculate the efficiency of the company's credit and policies.

Generally, purchases are assessed as a specified percentage of prices of goods sold. If we suppose that Pera Plastic purchases equaled 68 percent of its prices of goods sold in 2016, its average payment period was 67 days.

Pera Plastic's suppliers have expanded, on payable turnover, 30-day credit terms; an expert would give Pera Plastic a low credit ranking. Potential creditors and suppliers of trade credit are most interested in the Payable turnover period because it supplies vision into the company's bill-paying forms.

Table 10 Profitability ratios

	2012	2013	2014	2015	2016
ROA (Return on assets)	5.94 %	5.31 %	9.57 %	10.8 %	11.2 %
Gross profit margin	21.7 %	20.9 %	22.7 %	24.4 %	26.5 %
Net profit margin	8.25 %	7.59 %	11.78 %	13.21 %	14.2 %

Source: Financial reports of Pera Plastic, Own calculation

Return On Assets ratios was changeable within period, but since 2013 it increased by 1.61 %, it means that Pera Plastic is using its assets in more well-organized way, so that each part of asset gets more income to company. Gross profit margin ratio was constantly increasing according to more sales and big market. A high gross profit margin is one of the finest indexes that a firm is in good financial situation. In a given time to revenue gross profit ratios used as a size of productivity. A high gross profit margin illustrate your firm is well-organized in production processes.

Table 11 Leverage

	2012	2013	2014	2015	2016
Debt-to-equity	0.32	0.33	0.34	0.28	0.29

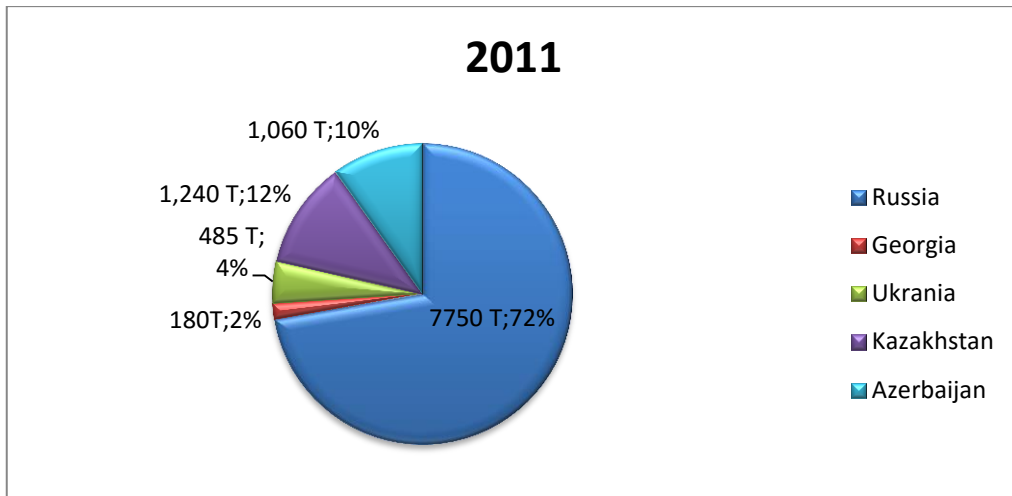
Source: Financial reports of Pera Plastic, Own calculation

Expressed as a proportion, the debt-to-equity ratio express the percentage of equity and debt a company is using to finance its properties, and the aptitude for shareholder equity to accomplish requirements to creditors in the occasion of a business decline. Low debt-to-equity ratios illustrate lower risk, since debt holders have fewer rights on the firm's possessions. A higher debt-to-equity ratio, in contrast, impose that a firm has been destructive in financing its development with debt, and there may be a better prospective for financial pain if incomes do not surpass the cost of borrowed assets. Ideal, particularly in the Azerbaijan repetition, when the ratio of financial leverage is equal to 1, the liabilities are equal to equity. Pera Plastic debt-to-equity ratio is lower than 1, it means that on the one side the company is not losing its financial individuality.

4.7.2 Analysis of customers

The main customers of Pera Plastic Group are producers of fertilizer, cement, food, pharmaceuticals and recycling companies. In 2011 company had 85 customers in five countries of the world. On the first place was always Russia because from the strategic side these countries very close to us and there was existing several industrial companies and our competitors was less in Russian market. Company supply FIBC packaging products around 35% of the Russian market. On the second place was Kazakhstan company keep around 60 % of market on the other hand company have production site in Kazakhstan Atyrau city with 250 employees. Company has more perspective and sales power in this country. There is not any competitor in Kazakhstan. Only Chinese and Turkish's suppliers offer their products but due to distance and custom clearance their product's price automatic increased

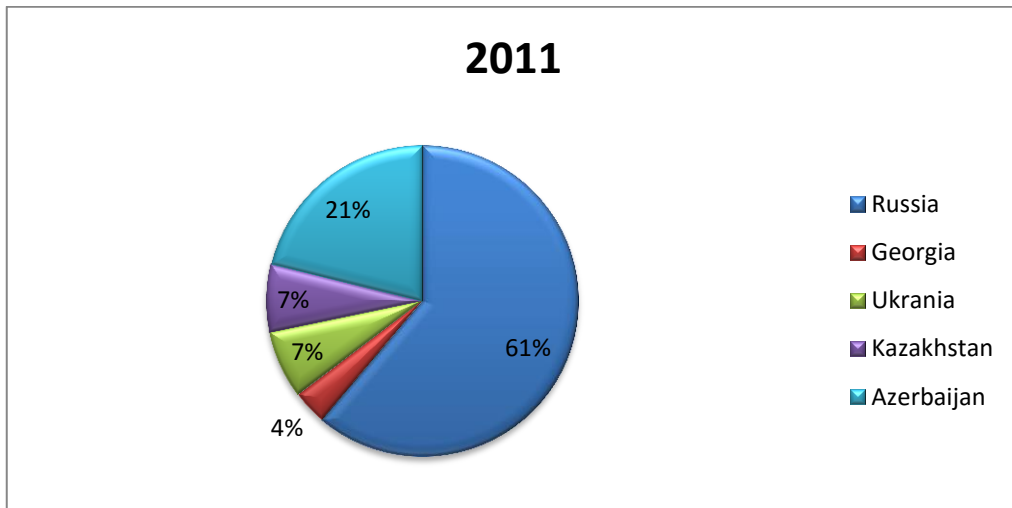
Graph 2 Exported goods for 2011/Tonne



Source: Own creation

In 2011 company made export 10,715 ton (597 trucks) and as you see from the graph the biggest buyers from Russian market 72% 7,750 ton, (431 trucks).

Graph 3 Number of customers by countries 2011

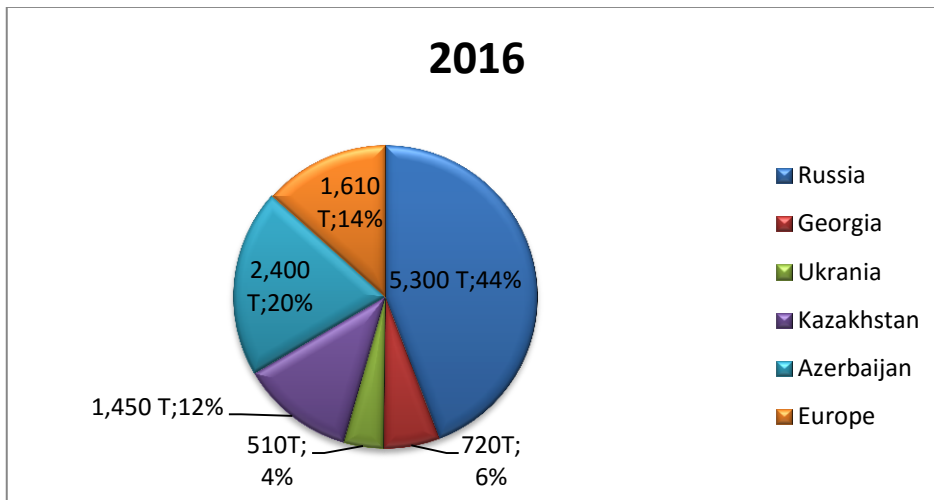


Source: Own creation

As you see from the graph Russia with 61% takes first place. Total company had 85 customers. In 2013 crisis happened. The Russian currency wasn't stable and Russian ruble had lost his value and it was difficult for us. We received payment with Russian currency but company purchased raw material with USD (\$). In this interval company lost a lot of money. Marketing department focused on European market. Now company was

dynamically improving relations with European market and was in search of new customers there.

Graph 4 Exported goods for 2016/Tonne

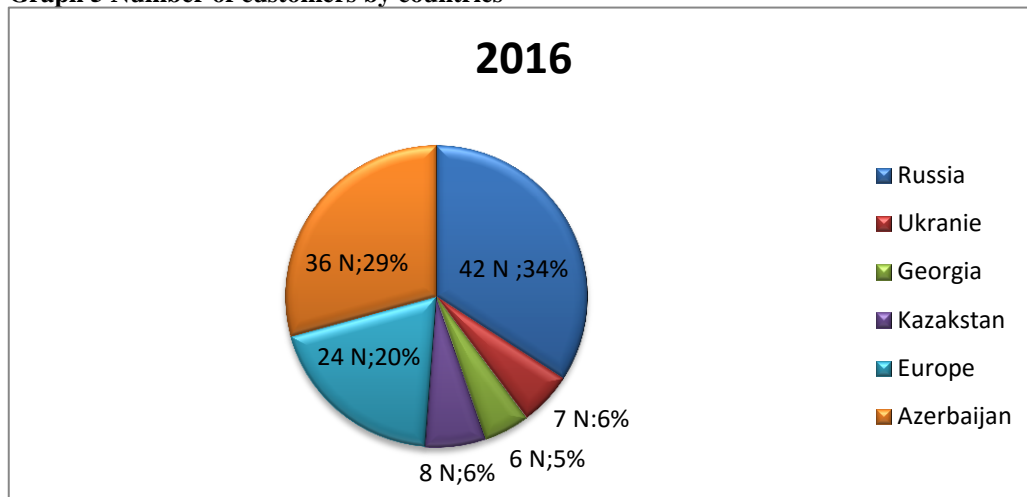


Source:Own creation

In 2016 Pera Plastic Group is collaborating with 123 customers (85 customers in 2011) thanks to the exertions of marketing department, which used Trading communication methods like (Direct response marketing, telephone communication, tenders and marketing letters) for increasing sales of the company and conducted an extensive advertising campaign on the web, so that consumers acquainted with our products. Marketing department usually participate tenders for Russian market. Their demands more than 100,000 pcs bags per annum. In tender take part in 5 or 6 companies. Before choosing each company send own samples for testing. If test was successful, we were discussing the price and delivery terms. Some customers don't give all orders to one company at the same time they are working more than one company for emergency situations.

As you can see below the graph in 2016 company working with 24 European customers. Half of the customers were traders. These traders bought big-bags from us and they put their commission on the bags. Their orders usually were less and company want to work directly with production companies without negotiator. This strategy bring superiority and increased image of the company. In European market had a lot of competitors. For buyers the most significant issue; quality and price.

Graph 5 Number of customers by countries



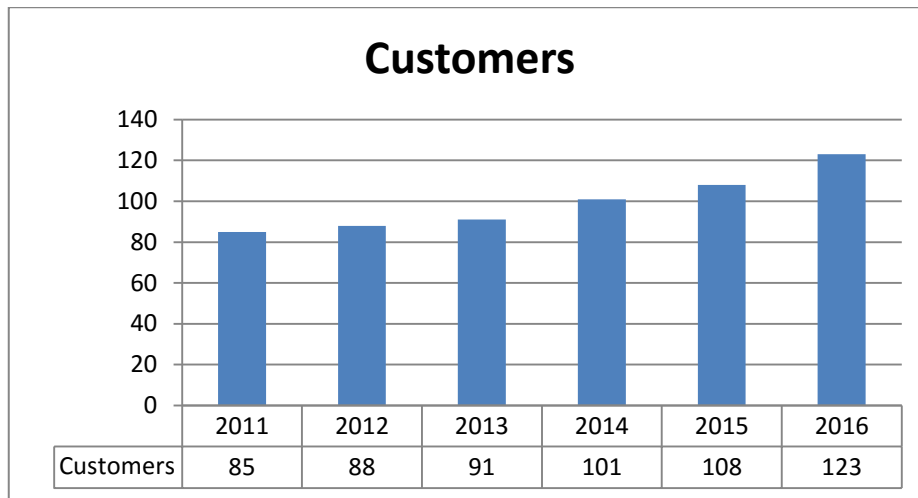
Source:Own creation

Presumably Pera Plastic will focus on European market due to its continually increasing potential. Company had small weakness in Ukraine market, because Greif flexibles and Debant Ukraine-2 big company opened his factories in Kyiv.

As result all buyers focused on internal market. From the delivery and price side domestic market had more advantages. Even from Azerbaijan to Ukraine takes 7 days delivery. Between Ukraine and Azerbaijan had 18 % custom fees. In Ukraine the labor cost also cheaper.

The graph 6 below shows that the exertions intended at meeting the requires of clients have not been missed, since 2011 there is a continuous growing several of clients, the highest increase was recorded in 2014 and 2016 by 16.6% and 19.7%; in these years marketing department generated updated sales strategy for new customers. These statistics are certainly having a positive influence on the actions of the company. However, it must be consider that in spite of variety of client base, Pera Plastic utilize same value and courtesy to all its customers.

Graph 6 Number of customers by Pera Plastic Group



Source: Own creation

4.8 Marketing Strategy

Pera Plastic Group will apply competitive strategy that can be well-defined as a cross of overall cost management and quality, permitting to supply a good price quality. The firm seeks to stimulate its highly advanced industrial- and supplying procedures based on market segmentation process, practiced staffs and effective technology in addition to its high production and lower labor costs to verify the competitive price and high level of quality. Therefore, the company will suggest exhaustive eligible solutions at competitive price, and it tries to distinguish in to status in which it would differentiate obviously from its competitors in terms of competitive price, but suggesting still high quality and services.

So, one of the most significant rules in the firm's marketing strategy is to canalize the product quality to a level where it would function as most important norms for purchasing judgments instead of just competitive price. The marketing strategy will be applied in practice in the marketing letter, beside with the other preliminary communication, when communicating the primary potential customers.

The critical part in this strategy is to attain reliability in terms of quality between customers. There will also be extra forms of preliminary communication in order to reinforce the image and publicity of Pera Plastic participation in exhibition, online activity in tenders and websites.

Suggested Strategic Initiatives

Afterward analyzing company I generated certain marketing strategies for successfulness in European market. Due to my analysis, European market doesn't need all packaging products. Ad*Star and FIBC is appropriate product to attract potential customers.

Focus on Main Authority
<ul style="list-style-type: none"> • Pera Plastic's primary competence lies in producing of FIBC and Ad*Star
<ul style="list-style-type: none"> • Giant market potential through both West European countries
<ul style="list-style-type: none"> • Pera Plastic must focus on packaging processing solutions & progress import and export substitute products
<ul style="list-style-type: none"> • New additions like Antistatic fabrics & Ad*Star to the product carrier has big growing market of Europe
Improve communication with global purchaser in EU market
<ul style="list-style-type: none"> • Improve contacts and visibilities through commercial websites and tenders, as well as the Ministry of Trade's trade portal website
<ul style="list-style-type: none"> • Reinforce current contacts with distributors and traders in Germany, Czech Republic and the France
<ul style="list-style-type: none"> • Launch a direct connection with factories and producers of agriculture, cement and chemical products in targeted markets, starting with FIBC export to EU countries
<ul style="list-style-type: none"> • Continue concentrating export on flexible packaging products of convertex sacks, FIBC and fabric roles for industrial requests, where the firm's comparatively competitive advantages are.
<ul style="list-style-type: none"> • Increase business meetings at international industry events, mainly those connected to the advantage area of European customers. For example, the "EFIBCA" in Dusseldorf or the FIBC presentations.
Improve steady export product quality to over realize customer's outlooks
<ul style="list-style-type: none"> • Create the quality certification and management agency that follows with international quality standards like Labordata, B.V.BA Belgium Laboratory of targeted markets in EU countries, particularly environmental compliances to the polymeric packaging products

- Establish national product testing competences that can d packaging product tests due to international standards of targeted markets.

Current Strategies of the Company

At present company use the following strategies. Actually these strategies were appropriate for Russia and CIS countries. The current strategies were obvious. Russian market big and their demands sometimes bigger than European market. However company should update current strategies.

Create value added product outline for export
<ul style="list-style-type: none"> • Leverage multiple value addition selections in targeted sections: PE films, Ad*Star sacks and SML yarns
<ul style="list-style-type: none"> • Leverage multiple value addition selections by the segment’s advantage of Flexo printing machine and sewing skills, beginning with Big-bags;
<ul style="list-style-type: none"> • Firstly set up the production volume of agriculture bags and cement sacks supply to Russia, Kazakhstan and Europe. Nevertheless, this requires important growing, testing and tracking resources which may not be available in the short period
<ul style="list-style-type: none"> • Improve durable polyethylene liners, as well as in FIBC
Increase manufacturing productivity to the level of ASEAN competitive countries
<ul style="list-style-type: none"> • Obtain optimum raw material price negotiation through group purchasing;
<ul style="list-style-type: none"> • Reduce the conversion rate through the optimal use of combined materials, recycling materials and mastering the machinery;
<ul style="list-style-type: none"> • Streamline production flows;
<ul style="list-style-type: none"> • Put in place a systematic quality control and monitoring at production stage;
<ul style="list-style-type: none"> • Reduce transaction costs through streamline the logistic process of the sector, i.e. transportation, taxes, and administrative costs;
<ul style="list-style-type: none"> • Use appropriate technology, equipment through technology consulting organizations and access to technology information.
Increase the complete trained staff and operational labor skills
<ul style="list-style-type: none"> • Launch certain training courses for the packaging production through the setting of a technical training courses that be specialized in machinery field, improve sewing

and FLEXO (printing) skills organized by Pera Plastic.
<ul style="list-style-type: none">• Overall training courses for active and administration staff, particularly marketing and Accountant department provided by special programs.

4.9 Marketing Communication Plan

Pera Plastic Group introduced the preliminary communication during summer 2016. Company's web-site, future database schedules and references will support significantly the communication plan. According to company's program in internal markets it cannot take part in exhibition during summer 2016. Though, Pera Plastic will take part in exhibitions as visitor and exhibitor in journal as it stabilize its internal market position and has extra time to focus on European market.

In the first step in real communication plan was known the purchasers in target clients' firms and segmented them due to their predictable value. In the second step, Pera Plastic will use brochures, tenders, website and marketing letters for favorable perspectives in targeted segments. As the strategy is to apply sender spontaneous way, a partner of the company will contact the target client with a month after getting the marketing letter. The purpose of this phone call is to advance the selling procedure organize a meeting with the retailer and the buyer or at least configure upcoming sales and collaboration with the potential client. The purpose of case Pera Plastic's trading communication is obviously to near the agreement. This should be realized with precisely planned individual selling and cooperation procedure.

4.9.1 Marketing letter

The goal of marketing letter is to operate as a part of the initial communication to generate promotion, reinforce the image and attentiveness of the company and its production. Company's primary marketing letters will be intended to important potential market part. Purchasing procedures of these, big international companies are very reasonable and complicated as their supply systems are formed several phases and sub-phases. The main content of the marketing letter is completed according to letter:

- Describe what Pera Plastic suggest exactly to the target customer and how could the purchaser save in prices.
- Describe the level of the quality (ISO certificates, LABORDATA) of the firm's production procedure and competitive price.
- Release a noticeable and alluring impression to the buyer to handle the communication.

4.9.2 Company brochure

The brochure is an elementary shape of marketing communication and it is frequently share of direct marketing and involved to marketing letters. To facilitate, Pera Plastic should be capable to provide following information:

- Company's products and services,
- Company's business notion and main idea involve its proficiency and supplying the client a aim to become interested in the company,
- Contact information.

Company's current brochure in Russian language is quite obvious, but need to publish in English language. Regarding the content of the brochure, there should be a compact illustration of company's products and main business concept. The business concept existing in the brochure should support marketing letter, however it can be clarified more exhaustive in the brochure.

4.9.3 Web-site analysis

A website is a significant part of firm's preliminary communication procedure, particularly in B2B markets. The aim of website is to provide info regarding company and its products, provide a opportunity to progress the marketing procedure, provide data regarding firms, and its main staffs' capabilities and put the contact information. The domain name, peraplastic.com, is well, basic and illustrative. It is easy to remember and gives a professional image. The external design is also quite clear; however it must be some pictures on the front page. The web-site must be translated to numerous languages, regarding European markets. At least Czech, German and Italian are optional. Google

would be very significant in order to realize maximum promotional particularly in the early periods of business when the company is unfamiliar for big buyers.

4.10 SWOT and PEST analysis

SWOT analysis is a useful technique that will help you understand your strengths and weaknesses, realize opportunities and see the threats that you can face. When we go out of from business world, we know that SWOT analysis is used efficiently in many areas. This analysis was using in the company and development of society, education and other areas. SWOT's main objective is to help organizations to be informed about all the positive and negative factors that can be impacted on strategic planning and decision making process. This can be accomplished successfully in almost all areas of the industry. Below is illustrated SWOT analysis of Pera Plastic Group.

Strength:

- **Widest range of packaging products;** Company had more than 11 types of packaging products and every year produce new packaging product to attract interest of new customers. Every year company members visit InterPack fair to follow new trends in packaging sphere which was held in Dusseldorf.
- **Second company in Azerbaijan Export products to Europe;** there were fewer companies in domestic market export products to Europe. Only State Oil Company of Azerbaijan (SOCAR) increased of petroleum products by 73 % and exported above 574,000 ton of oil products in 2016. After Ram Limited Company the branch of Pera Plastic Group was exported 1610 ton product to European market. This is big success for the company. You didn't export at the same time company represent also Azerbaijan products in European market. There are also some companies bigger than us which is the Azersun, Gilan Holding, Holcim Qaradagh and Norm cement. These companies which i enamuated prefer to domestic market and export their goods to CIS countries for ex Russia, Kazakhstan, Georgia and Ukraine.
- **Company is unique in packaging field in domestic market;** there are some packaging companies which they serve to small industrial companies. Till this time there are not any industrial packaging production companies. Because it needs

more labor, energy and raw material. There some traders provide bags from Iran and Turkey. But the bags from Iran were not in good quality, fabric was in yellow color. Even they used less PP raw material. When you bring from Turkey, the custom fee was 18 %.Even the transport cost to Baku was 1,800 \$.It is very expensive for customers. Even it takes 7-8 days to delivery. Always customers prefer cheaper price and quick delivery. From this side Ram Limited company had more features. Norm cement and Holcim Qaradagh companies prefer paper packaging products. They purchase these products from Turkey.

- **Market experience;** Pera Plastic has been functioning on CIS countries market already for 16 years, during this time the company obtain the customer convenience and nice reputation.
- **Highest technology;** in factory had 3 extrusion liner two starEX 1600 ES and one starEX 1600 ES-TD machine which gives output 720kg/h. This technology was main machine for production of bags. On the other hand also exist 110 circular looms (alpha 6.0 and alpha 6.1), multiKON conversion and AD*star convertex machines. All these machines from Starlinger company. Even workers encounter with new technology and accept good reputation.

Weaknesses:

- **Long delivery time to Europe;** Delivery time takes from Azerbaijan to Europe two weeks. This is the badly received from customers. Company had 45 trucks. Actually drivers were using Russian and Belarus roads. And it takes a lot of time and sometimes truck wait in borders 2 or 3 days. When they entered to Europe, all of them going to service. In Europe you can drive maximum 9 hours. The fastest way from Turkey. But government put land taxes all foreign trucks around 200\$.It was high cost for company.
- **Arrange time for orders;** normally managers accept more than 50 orders daily. The orders received from Russia, Kazakhstan, Ukraine, Georgia, Europe and domestic market. Managers accept orders and translate all technical specifications of order to Azerbaijan language. But customer always notes delivery time around 1 month (transport included). Some customers require their goods urgently. That is why all order's schedule violated. Every day manager's must update order's

schedule. They regulate orders date by date. Because for preparation of bags need a lot of steps. They must check stocks for existing fabrics, preparation of cliché for advertisement, cutting of fabrics and etc.

- **Custom Clearance;** in Europe for Azerbaijan products had 7.2% custom. Per Month Company send 10 trucks to Europe. The invoice was 44,000 or 45,000 euro per truck. Company must pay for each truck extra 7.2 % (3,200 euro) .Pera Plastic Czech offices make these operations via KAMEX Transport S.r.o. From Turkey it was 0 %.It is good advantage for FIBC producers in Turkey. Now Pera Plastic searching solution for this issue. From strategic and closer country was Georgia. There is also zero percentage. But Europe require that company must set all machines in Georgia. From zero to end. With this was it will be zero percentage otherwise company loses a lot of money.
- **Material supply:** Most workers do not reach critical quantity for optimal compromise of HDPE prices so far. As well, depend on imports for the HDPE presents a risk of superior price variations, though the condition has been controlled by existing dealings between HDPE suppliers and converters, the HDPE converters do not have full capability to check different polymer options. Acquaintance on HDPE growth is still uncertain. Obtaining composting recital certification due to standards in mostly Europe is serious. However the compounding sector is barely emerging in Turkey. A dynamic compounding sector had advantageous for HDPE preparation, as it enhances specific assets to commodity ranks provided by chemical companies.

Opportunities:

- **3 giant clients in domestic market;** In Azerbaijan three big project will be implemented. SOCAR Polymer Company planned to produce 180,000 ton Polypropylene and 120,000 ton Polyethylene per year. This company will use around 200,000 FIBC for his product. It is a big opportunity for us .Even you don't need transport cost. From other side company will bought raw material from SOCAR Polymer. Till this time company purchase from the foreign market. To charge transport cost very high. The second project was fertilizer production. The

agreement was between SOCAR and Samsung Engineering. Factory will produce 1,200 ton ammonium and 2,000 urea daily. Per year it will be 1,002,500 ton urea. Fertilizer companies usually were using 600 kg or 1,000 kg 1 and 2 loops big-bags. Their demands for packaging will be 350,000 FIBC per year. The third project bitumen production. The annual production capacity will be 400.,000 tons. But this company closer to us. We will not use any transport.

- **Cheap Labor:** Our industry is labor minimizing -intensive and cheap labor has big plus for expenses that helps us competitive advantage over our competitor. In 2015 was devaluation. Before our currency 1 USD =0.78 AZN, now 1 USD= 1.74 AZN. There were already 2 times differences. Almost 70% Pera Plastic accept foreign currency. Company paid energy and labor expenses by local currency. From this side company had more advantages.
- **Recycling machine;** now, environmental subjects are debated often all around the world. People in different countries are now paying more care to environmental problems and initial creating personal activities to defend environment. Governments have by now established important strategies for defending the environment and environment organizations have been endorsed to the mainstreams. Simultaneously, products of using fewer resources and manufacturing less pollutant become common. These products, the environment friendly Polymer bag will absolutely have optimistic features. Furthermore, new technology has been presented to various areas in factory. By taking benefit of technology expansion, we can use recyclable resources to generate the low cost environment friendly Polymer bag up to national norms, which decreases the price and preserve resources.

Threats:

- Minimization of expenses to the clients, dropping of packaging budget in a certain interval credit issues
- Oil exports / Commodity imports reliant on economy
- Furthermore second hand HDPE bags are going to shift to biopolymers. The reason is multifold, not only the environmental obedience but likewise the formation of a barrier to entry for low cost manufacturers, mainly those East Europe

manufacturers, who are capable to use high competitive polymer. Many yarns are also converted to biopolymers, with important experiments that show biodegradability act in actual situations. Passing such test will be obligatory.

- The Chinese packaging sector is set to almost double again in size, and there are doubts that Chinese manufacturers will want to become more dynamic on the international phase to persist viable. Yet the Chinese workers are diffident in size by international norms, deficiency abilities and contacts for exports.

Pest Analysis is a form of analysis that helps you to understand the environmental factors we are involved in when planning your business strategically and what the environment is in Political, Economic, Social and Technological meaning.

Economical:

- A subject that should be assessed within the context of foreign economic factors is economic crises in foreign markets. The economic crisis experienced in a country or region can affect other economies in a short period of time and gives a global dimension to crises. The large scale integration of financial markets, can lead to the global economic crises, which can easily reflect the instability in the financial market of any country, reflecting the international financial markets. The rapid spread of East Asian and Russian crises to other countries is a good example of the importance and risks of this phenomenon. Such crises emerged in foreign markets, have created instability in Azerbaijan and caused stagnation or contraction by reducing the durability of our economy.
- Asian companies, which have a high market share in the OECD market, are a serious competitor to Pera Plastic Group in the context of polymer and packaging products. The fact that these companies had gained a competitive advantage over after the devaluation affected Azerbaijan's exports to the OECD market negatively.
- Due to the State Statistic Committee of Azerbaijan, GDP decreased 3.1 % in 2016 since CESD evaluation defined 3.9 % drop in the economy. The key reason of economic lag was economic drop in the construction sector. The commission has informed that 38 billion AZN (\$23.US) GDP was produced in the designated term.
- Inflation rate according to Government report 10.8 % but in CESD report imposed 16.9 %.

Political:

- In addition, exporters face some problems in product certification, testing, inspection and conformity assessment. For example, in some industrial products, the CE sign required by EU technical legislation, is already bought from EU approved organizations.
- One of the most important obstacles is that packaging companies face in the foreign market, conforms to the standards which is required by the importer countries. Especially a label system has been established in the EU which is our most important market for us. EU eco-label development work has been launched, which will apply to all EU countries on the creation and dissemination of various environmental labels within the scope of environmental standards in the EU countries. Under this system, environment friendly products are awarded with environment label. However, since there is no real implementation and development in the EU Community Ecological Labeling Program, most European countries have created environmental labeling programs based on their own criteria, which are in line with EU norms. Unlike the EU's ecological label (Eco-Label), these marks are not recognized in other Member States.
- The EU legislation on the elimination of technical barriers to trade requires that all products which are to be supplied to the market are to be safeguarded in order to ensure the free circulation of goods between the Member States, such as product-based technical specifications, testing and documentation methods, as well as in the relevant regulation of the EU, And some horizontal arrangements that specify the procedures for controls to be carried out in imports from non-EU countries. Under these arrangements, the EU wants to fulfill certain obligations in the products which must be imported.
 1. Product safety,
 2. For the use of azo dyestuffs in the packaging industry,
 3. Use of nickel in packaging accessories,
 4. Bag labeling.

These are a legal requirement which is a compulsory obligation to fulfill all products imported from outside the EU.

Social:

- Apart from the environmental standard, social standards including issues such as the working conditions of the workers and the employment of the child labor are among the topics that are important nowadays, as the EU countries have widespread the labor intensive works being done in the developing countries. Producers have begun to demand from a set of regular suppliers regarding working conditions and workplace conditions which is called social responsibility standards. In these rules included child labor, forced labor, health and safety, freedom to unionize, discrimination, disciplinary practices, working hours, fees, operating system and working environment.

Technological:

- Starlinger Company has improved his technology for the manufacture of fabric made of PET yarns. PET yarns stand out for their high obstinacy and high creep strength besides low residual reduction, providing fabric with remarkably high resistance and continuing form constancy.
- The most significant suppliers to Azerbaijan companies continue to be German producers of packaging technology. Azerbaijan and international enterprises are frequently capitalizing in the development and growth of native production volumes. During the 2016 Azerbaijan imported packaging machines from Europe estimating 51 million EUR, around 5 per cent more than in the same period of the previous year.

5 Results and Discussion

According to the results of the research, it is seems that the exports of Pera Plastic Group have increased indirectly in 2011. Especially, in 2013 there was a significant increase compared to the previous year. The company seems to do most of the exports to the countries that are members of the CIS and has tried to increase the export to European Union.

Pera Plastic Group first determined many countries as the target markets in international market. It is then determined that these markets are subject to a preconditioning and evaluation. It is seen that most of the countries' economic developments are taken into consideration. This shows us that while the target markets are determined, the economic situation of customers is becoming more important.

According to the results of the study, it is seems that the ton of FIBC production of Pera Plastic has increased continuously in the last 6 years , only 5% decrease in the number of production compared to the year 2011. It is determined that this reduction is caused by the cancellation of domestic orders due to the economic crisis.

Company produced fabrics and yarns as semi-finished products and manufactured 90 % of accessories which is required for production. The company is increasing demand by developing new packaging products in international markets or expanding the specifications of the bags. Pera Plastic had a policy of product differentiation, because international markets need to take into account the demands of the markets in order to sustain competition. The monitoring of the product differentiation policy of company ensures that the company keeps in international markets. In addition, it seems company tried to provide superiority to its competitors by producing on orders in international markets.

Company provides customer care and after-sales services to the bags manufactured by Pera Plastic in international markets. Company is trying to increase its exports by keeping the guarantee and after-sales services at a high level in international markets.

By evaluating the demands and complaints, it's aims to increase the confidence of the customers in the international markets and to reduce the complaints after sales to the minimum level.

In international markets, company generally does not apply the price differentiation policy. The company has only made some reductions in prices entry into new markets. With these discounts, the company tries to keep his position in the new markets. Company determines its pricing policy according to its competitors in the markets where it operates. If company does not take competitors into account in pricing strategy, it will be difficult to hold on that market. The prices of the bags which are exported to different countries vary according to the material used and the quality of the products. The material used in the production affects the prices of the bags substantially. For this, it has been found that the company has tried to reduce the total price of the bags by using cheap materials exported to the economically undeveloped countries, thus increasing its sales.

It has been determined that the company distributes in international markets with distributors and their affiliates. Company follows a selective distribution policy in international markets. Analyzing of the distributor companies by the head office before being determined shows that, how distributors are important for the company in international markets. Company use highways in physical distribution. Since the pallets are more and heavy, to provide physical distribution by road was cheaper and easy.

In international markets, the method of direct personal sales seems to be very effective, depending on the characteristics of the bags.

According to the results of the research, the most important competitors of Pera Plastic Group have been found by research findings that they are European companies, which causes the company to face intense competition in Europe. In the international markets, the company closely following its competitors in every country where its exports and have taken its competitors into consideration in the developed marketing strategies.

6 Recommendation

To enter the European market Pera Plastic formulated new marketing strategies. Customers of Europe always pay attention for the delivery time of products. But in Planning Department of orders sometimes face with problems regarding acceptance of orders. I suggest special model of acceptance order to reject the problems. The model contains with clients and the producer. Clients gives an order with certain data such as the order requirement, demand size and according to time to the producer. Differentiating the clients into different groups based on the urgency of transport is a steady practice in firm. Somewhat by urgency of an order, categorized the clients on the basis of constancy of their coming. The initial one is recurrent purchaser, who is categorized by the client that has long period agreement with the company. This part illustrates the purchaser with constant arrival. Giving reduction in price for client or paying penalty for the transport of order after promised according to exact date has become a competitive influence to bait the clients. However, client will not confirm the delivery after specific time of expiration date.

Recommended model conquer this real situation by identifying two due dates for recurrent client. Urgency due date is the date at which client chooses to accept the delivery. If the delivery is among the urgency date and the latest date, firm must pay penalty for late delivery. Latest date is the date afterward which client will not receive delivery. As the order from this client is steady in environment, we accept that the time for such customer order is decisive and its arrival can be predicted by the producer. However, if an order from recurrent client is disallowed, the company has to decrease the price of product by specific degree in the future as a penalty for refusal. This illustrate that the effect of repetitive purchaser order on profit, both at present and in the future.

The following category is non-recurrent client. It introduce active upcoming of an order. The client who is not steady or new to the firm drops in this section. The client will provide only for one date. Delivery made after this date will not be amused by customer. For such orders, it is problematic to openly regulate the real processing time and predict its arrival. For this reason, I can propose to company to accept undefined processing date for this kind of clients. When the order is sending by the client, producer must choose whether to receive it or not. The decision will be based on the comparison suggested two aspects:

1) Order satisfaction: Company must assimilate the catalogues of four various standards to estimate order satisfaction level.

- Robustness catalogue,
- Volume utilization catalogue,
- Income catalogue,
- Future effectiveness catalogue.

Between these standards, the first two illustrate the superiority of schedule while the other two are linked to the profitability feature of order.

2) Decision maker's acceptance: Decision maker's acceptance shows the threshold value which the future orders will be approved. This will be evaluated by take into account the capacity in the scheme and the negative behavior of decision maker.

7 Conclusion

On the condition of new developments, enterprises go to foreign markets to develop their international marketing strategies and enter new markets to increase their position. Now the idea “I sale what I produce” already not used, “to produce what consumer wants” concept adopted. Knowledge of marketing plan or marketing strategies in Europe is becoming more serious and it can be utilize it –an influential advantage for firms. It is significant that marketing plan include not only the sales and ideas, at the same time updated mechanism of work process.

In this study has been considered marketing plan provide formulation of the company’s objectives, its implementation, company growth and also aimed to strengthening economically. Theoretical part has set the base for additional study, were considered the progression, improvement and establishment of Marketing as a scientific way, in addition were showed basic methods, values and tools of this notion after recognized the company and its principles. Methods, values and tools help to realize the marketing principles and standards in a practice.

In practical part was illustrated the procedure of implementation of Marketing planning or strategies and examined results of this implementation in the specific company on the example of “Pera Plastic Group”.

All the objectives had been set in this study and realized. On the example of Pera Plasic it has been showed that the company has developed its activities in fact along one year, thus that company produce totally packaging products with quality and make services with high level and at the moment has irrefutable advantage over the competitors. The key reason for implementation of Marketing Plan is that firm purposes to make collaboration with giant European companies or factories, this partnership will allow Pera Plastic to enter new markets and to increase its image of influence in Europe and as a result will identify position in market.

SWOT- analysis illustrated that company was second in domestic market due to Export with 1,610 Ton annually and had produced different sorts of product among the

competitors. Marketing department should take measure for the delivery time and arranging of orders. These are important factors which influence to company reputation.

The most important aspect is information for Marketing Department. Information is only valuable when it is used. Each marketing manager must able to assess the data which have been obtained. Given references will be useful for Pera Plastic, meanwhile they can definitely impact internal developments of the company and launch a basis for additional processes.

It may be considered that main alterations in the company connected marketing plan have not caused big cost; most of the modifications didn't have financial expenses. The most expensive projects were to adopt European standards, set theirs technology and getting a lot of certificates for each product to show seriousness in European market.

In domestic market Pera Plastic had more advantage compared to other companies. Because company had updated marketing plan. According to marketing plan company formulated strategies for each market. In Azerbaijan most companies don't use marketing plan. Maximum they export their product to CIS countries (Russia, Ukraine, Kazakhstan, and Uzbekistan). In modern world if company wants to join global trade, it should be create marketing plan. Current global market terms do not permit working in this way may be it could be possible 15 years ago, today circumstances requires to improve marketing plan, marketing strategies, marketing department otherwise they will stay only with internal market.

In spite of the fact that the study of activities of Pera Plastic indicated that positive results have been realized.2016 with previous strategy, the 20% purchaser section of the company was European customers. If the goal is to earn money, the only solution is marketing.

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9 Supplements

Supplements 1 Ad* Star sacks



Supplements 2 4 loops FIBC



Supplements 3 Polyethylene Liner



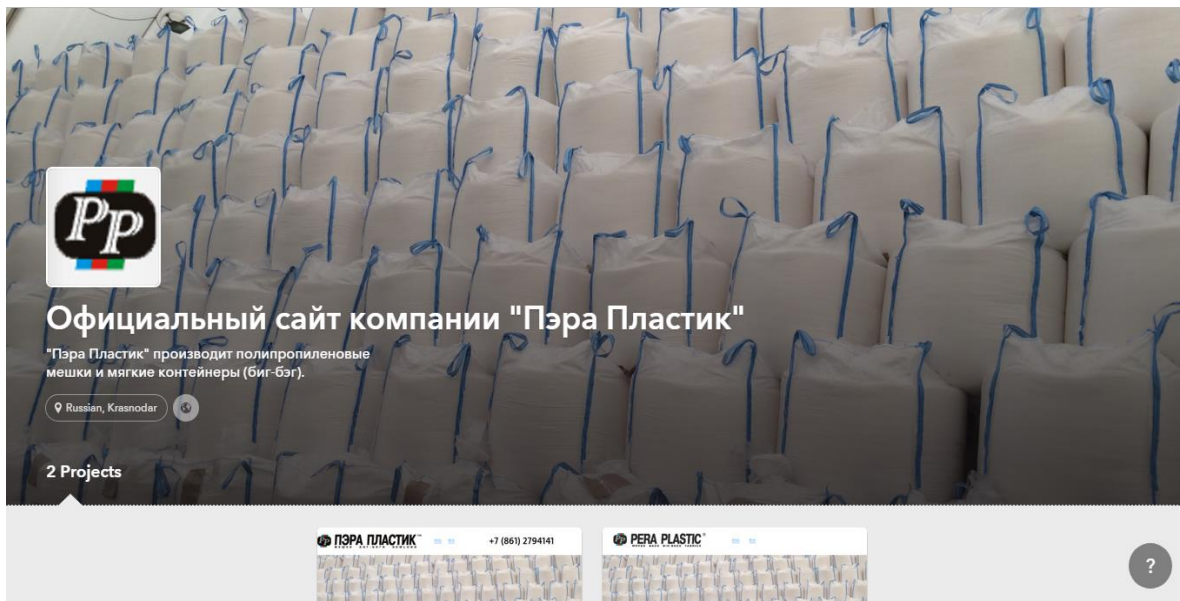
Supplements 4 1 loop FIBC



Supplements 5 ISO 9001:2008 Certificate



Supplements 6 Official web page Pera Plastic



Supplements 7 Interview

Production director and Executive director of RAM LTD, CEO of Pera Plastic, Email Interview.

Topics:

Pera Plastic's internal analysis:

Who are your potential competitors?

- Please explain how company prepare for European market entry with the experience of staff, production, products standards, etc.
- Company's production volume? It meets need of the European market demand?

Marketing Communication:

- In order to market segments, what kind of communication tools company used for customers?
- Do you know anything regarding European high FIBC markets?