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# Formation of a promoting Russian civilian helicopters' strategy to foreign markets

## Formación de una estrategia de promoción de helicópteros civiles rusos en los mercados extranjeros

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#### ABSTRACT:

Abstract In the article the need for extensive international marketing research is formed, on the basis of which it is possible to make great management decisions on the formation and implementation of strategic goals for promoting Russian-made civilian helicopters to foreign markets. This is about the geographical expansion of the helicopter business through its process of internationalization and globalization. For example, as a method, it is supposed to use a certain multi-level system for helicopter market segmentation, with the help of which it is possible to establish the general consumer features of helicopter buyers and the basic requirements that they give to them, such as flight performance, price, terms of service, repair, etc. The following analysis will point out a certain number of market segments and sub-segments, the world market, and the markets of various countries and regions, characterized by rather narrow helicopter customer groups that are homogeneous in terms of demand characteristics. The article shows that international multilevel segmentation is one of the most important features of the company's market activity management of the marketing concept. The realization of this strategy would lead to the expansion of sales markets for domestic helicopters, the development of its own production and its technological re-equipment.

**Keywords:** helicopters consumers, marketing research, market requirements, market segments, target market.

#### RESUMEN:

En este artículo se diseña la necesidad de una extensa investigación de mercado internacional, sobre la base de la cual es posible tomar decisiones de gestión adecuadas sobre la formación e implementación de objetivos estratégicos para promover los helicópteros civiles de fabricación rusa en los mercados extranjeros. Se trata de la expansión geográfica del negocio de helicópteros a través de su proceso de internacionalización y globalización. Por ejemplo, como método, se supone que se debe usar un cierto sistema de niveles múltiples para la segmentación del mercado de helicópteros. Dicha segmentación permite establecer las características generales del consumidor en los compradores de helicópteros y los requisitos básicos que les dan, tales como el rendimiento de vuelo, el precio, los términos del servicio, la reparación, etc. El siguiente análisis señalará un cierto número de segmentos y subsegmentos del mercado, el mercado mundial y los mercados de varios países y regiones, caracterizados por grupos de compradores de helicópteros poco numerosos y homogéneos en términos de características de demanda. El artículo muestra que la segmentación internacional multinivel es una de las características más importantes de la gestión de la actividad de mercado en el marketing de la compañía. La realización de esta estrategia conduciría a la expansión de los mercados de ventas de helicópteros domésticos, el desarrollo de su propia producción y su reequipamiento tecnológico.

**Palabras clave:** compradores de helicópteros, investigación de mercado, mercado objetivo, requisitos del mercado, segmentos de mercado.

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# 1. Introduction

The strategic goals of Russian companies are largely related to the global economy, its globalization, and the search for ways of expanding their business. Due to this, it becomes extremely important to develop a strategy for promoting high-tech products of Russian aviation and industrial enterprises to international markets. One of the examples of such products are modern civilian helicopters. Through the biggest importers of high-tech products and advanced technologies in industry, energy, and transport are the countries of the Pacific Rim, Africa, and South America. The hardest competition for the market occurs mostly in these regions to perspective aviation technology. Even though the largest aviation-industrial enterprises are already available in these regions, however, the demand for aviation products, such as helicopters, continues to grow due to the development of large inaccessible territories, which are characterized by impassability, rugged terrain, mountain ranges, water barriers, and lack of infrastructure. This is a unique opportunity for Russian's helicopter industry to promote the products to these regional markets, using the existing competitive advantages, such as the high flight performance of helicopters, reliability, reasonable prices, etc. The realization of this strategy would make a contribution to the expansion of sales markets for domestic helicopters, the development of its own production, and its technological re-equipment. We are talking about the geographical expansion of the helicopter business taking into consideration its internationalization and globalization. Today, the seven leading states of the world, possessing forty six macro-technologies, control more than 80% of the high-tech products market. Russia, which possesses seventeen of such macro-technologies, has a market share of only 0.3% due to the lack of marketing management strategies (Lobacheva, 2008). Thus, the development of the main provisions of the strategy for promoting Russian civilian helicopters on the world market and expanding the geography of the regions of their operation is extremely actual.

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## 2. General structuring of the modern civil helicopter market

The international market consists of markets of individual states, where each one has its own specific features connected to the geographical position of the country, the size of it, its climate, development of productive forces, etc. Nevertheless, each of them can find common characteristic features, including the country that exports helicopters, i.e. Russia. Not all markets of different countries are the same in terms of organizing the export of Russian helicopters. In order to solve this problem, there is needed an extensive international marketing research, so that to assess and forecast market conditions, the demand's nature, consumers' reactions, etc. The following analysis will highlight a certain number of market segments and subsegments, the world market and the markets of different countries and regions that are characterized by rather narrow groups that are homogeneous in terms of demand's characteristics. It will be necessary in the future to conduct microsegmentation in conditions of a separate foreign country by consumer groups, taking into account geographical, climatic, economic and other demand criteria. Thus, it can be said that segmentation is one of the most important features of marketing concept of managing the company's market activity (Nozdreva, 2005). The development of a strategy, that has to promote high-tech aviation products to new foreign regions requires a special approach, the usage of many areas of scientific knowledge, such as regional economics, marketing, systems' analysis, operations' research, theory forecasting, economic geography, etc. Such a strategy should be formed on modern theoretical and methodological concepts of strategic management, the realization of which will make it possible to make informed management decisions aimed to successfully entering the international market, taking into consideration the specifics of the development of regions and their productive forces. According to their technology, the procedures for marketing research of foreign markets is not very different from studies of the Russian market, however they require a more careful collection of information on the potential of the market and its features in connection with a higher level of risk. Studying of each of the potential markets will make it possible to access the degree of its accessibility, attractiveness, position of competitors, highlight target segments and their weight, possible profitability, consumers' preferences in each segment, and feasibility of entering one or another market (Kotler, Berger, Bikhoff, 2019). Up to nowadays the leadership of the development and production companies of the Russian helicopter industry faces with insufficient scientific and practical looking through of the issues of marketing management of domestic promotions of helicopters with the availability of capacity to increase their production and the market that is ready to buy them. For Russian helicopter manufacturing companies, the access to foreign markets will provide significant benefits primarily of a

commercial and financial nature, especially in the long term and high growing rates of their own business. In the conditions of the predicted deterioration in the oil and gas markets and a possible decrease in orders for military helicopters, i.e. budget financing of the helicopters' industry, increasing the export potential of high-tech equipment, one of which is helicopters and the formation of demand for it, is becoming an urgent need. The realization of decision to promote helicopters in foreign markets requires the development of a strategy for the changing of its international activities and the transformation of nationally oriented marketing into international one, i.e. its strange adaptation. Nowadays, the problem of conducting different marketing research has arisen, on the basis of which it is possible to make economic decisions on the formation and implementation of the strategic goals of the development of a helicopter manufacturing company in terms of promotion on the international market. The main idea of this research at the stage of marketing formation of the goal system is to link the goals and resources of the enterprise with the requirements of the market (Cerrato, Crosato, Depperu, 2016). The actions of a helicopter building company, oriented towards satisfying the demands of the world market, require serious economic proof of management decisions for the right assessment of the technical level and competitiveness of both freshly developed helicopters and those that are already mastered in serial production and are ready for export, determining the capacity of the market and its parts, forms and methods of sale, prices, competitors, etc. This forms the necessity of conducting international market research, the careful collection of marketing information, its systematization, processing, and analysis, on the basis of which there are formed and implemented its strategic goals (Anshin, Ilyina, 2013).

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### **3. Pointing out sales segments for civilian helicopters made in Russia**

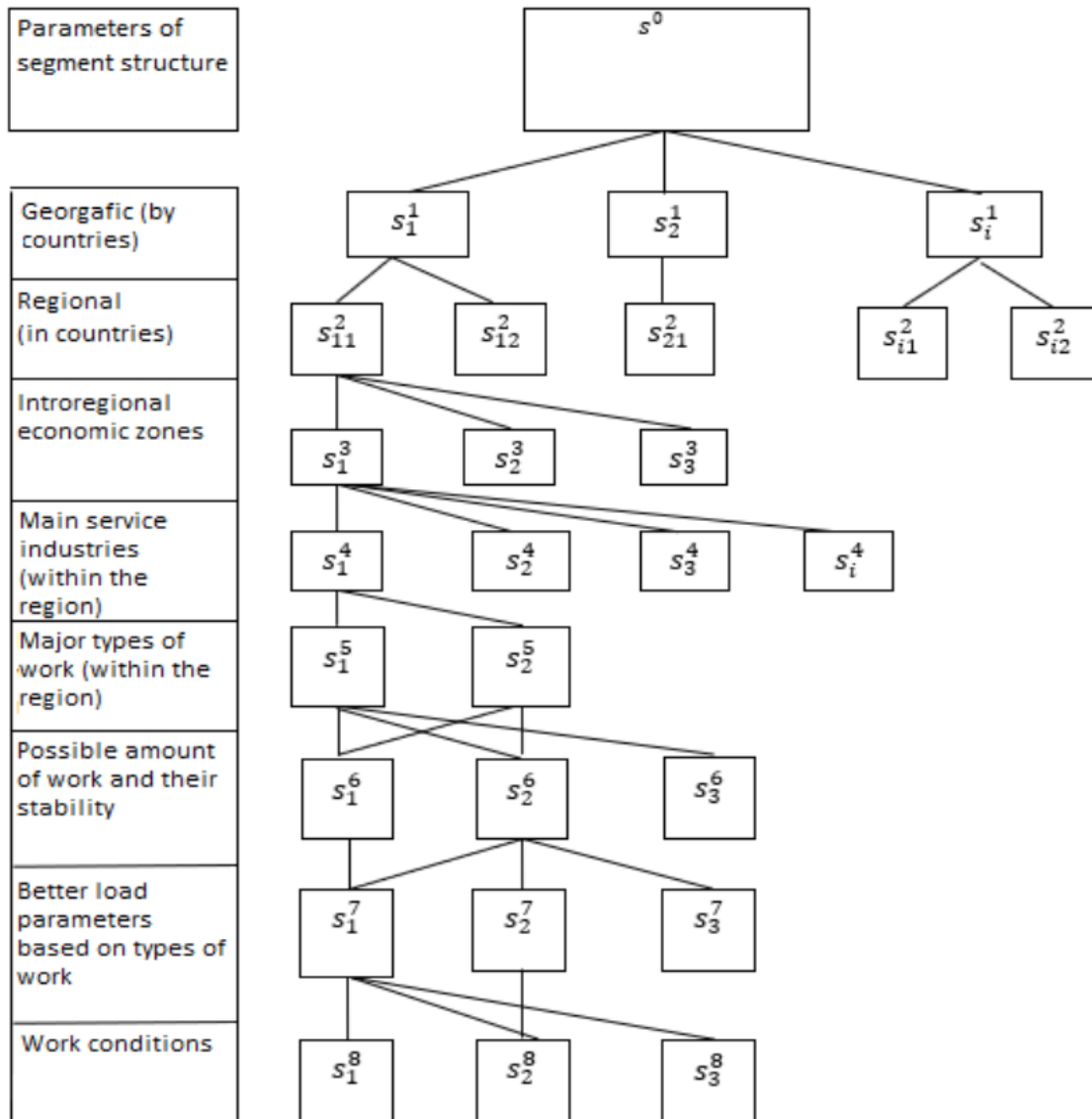
Market relations suppose that manufacturers and sellers of new aviation equipment must have not-changing and constant relations with potential consumers of helicopters. These connections are needed for identifying the most pleasant and promising areas for their realization and for formulating proposals on the structure and size of the fleet of new helicopters from customers in foreign countries. This leads to the usage of a certain system of the helicopter's market segmentation, with the help of which it is possible to establish the general consumer features of people who buy helicopters and the common requirements that they give to them, such as flight performance, price, terms of service, repair, etc. The smaller market segments, the more homogeneous the products, the lower the costs of the manufacturer because of the increase in seriality and the reduction in the costs of "fitting" of the products to an individual consumer (Deresky, 2017). Nowadays there is no single method of segmentation based on one or several different parameters, as within individual segments at several levels. There are a lot of approaches to the analysis and assessment of the degree of homogeneity of the studied population. However, despite the differences of view in this problem, most of the researches believe that economic aggregates are, as a rule, not ordinary.

It is assumed that the structure of the fleet of helicopters, suggested for export, is an invariant aspect of the helicopter use system. The concept of structure is closely related to the study or formation of the organization of the system. A formal map of a structure is often considered to be a graph whose vertices correspond to the elements of the system, and whose arcs correspond to the connections between them. Toda N. and E. Shuford (Toda, Schuford, 1969) propose the following definition of the structure: a system is called decomposable if it can be decomposed, i.e. represented as a set of subsystems, called a decomposition set. Hierarchy is one of the most important types of structure. The construction of the system can be carried out by synthesis of two or more hierarchies proceeding from different ways of setting the decomposition set. One of great importance is the choice of the method of combining the elements of the set into subsets. Such a combination is made either by expert methods, or they use a quantitative assessment of the similarity of elements: similar elements combine into one subset. As signs of similarity, for example, the location of the customer's airline, the commonality of the technology for performing work, the volume of work in flight hours, and the nomenclature of work or services can be used. Cluster analysis may become the main methodological apparatus for segmenting the helicopter market, the main purpose of which is to separate the considered set of civilian helicopters and the work they perform into homogeneous groups, that are followed by structuring according to various criteria. An indicator of the degree of homogeneity can be an indicator of "proximity" or "similarity" of the objects of the population due to the characteristics of their description. In the study of the segment structure of the market for air transport operations performed using helicopters, it can be distinguished among qualitative and quantitative homogeneity. Qualitatively

homogeneous aggregates can be told apart with the help of a small number of signs that are, usually, have a qualitative nature. For example, the geographical location of airlines and air transportation customers (Pacific Rim, Africa, South America), their regional location (India, Indonesia, Central African Republic, Brazil, etc.) This shows the similarity of objects from the standpoint of some external environment. Quantitatively homogeneous aggregates are set up on quantitative characteristics. For example, the number of passengers carried, the mass of goods transported, the range of transportation, etc.

Figure 1 shows an example of the segmentation structure of the helicopter market by eight parameters.

**Figure 1**  
An example of the segmentation structure of the global helicopter market



The availability in the objects of the segment structure of various qualitative and quantitative features with a special distribution character shows the heterogeneity of the population. Objects that are different from each other can be mixed into separate private sub-sets using typological grouping methods. In some ways, similarity estimates can be found out in the basis of theoretical studies. A more ordinary way is to use statistical classification methods connected with pattern recognition algorithms. For different levels of the hierarchy, the similarity of elements and their associations is determined differently.

The helicopter exporter will have to form the target market segments, for example: which market segments are most attractive to him from the point of view of potentially high demand and how many, from the point of view of the company's capabilities, are supposed to be taken. The simplest method for forming the target foreign market is to identify countries of the same type with our country with the same type of demand for helicopters. The method is set up on an analysis of the characteristics of individual countries, rather than requests from relevant consumer

groups (Finkelstein, Harvey, Lawton, 2007). The other way to find the sales market for Russian helicopters abroad is to identify a universal, similar type of market segment in all or most of foreign countries. Another method of choosing a target market is to search for different segments in each country that might be interested in our helicopters. This method allows selecting all the available demand capacities in the global market without its modifications and adaptation to the conditions of the foreign market.

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## **4. Conceptual formation of a regionally-oriented strategy of promoting helicopters to foreign markets**

Customer orientation is a kind of "adapting to customer", i.e. in its export activity, it is a search for the direction where the company can prove itself in the best way compared to competitors. Many companies, especially those operating in the industrial equipment market, due to its limitations, carefully divide their clientele into numerous segments, thereby achieving the ability to deliver locally tailored goods and services. For example, Boeing considers each customer as a separate market segment. Such consideration of the requirements of each specific consumer of new technology has a very big effect (Gary, 2016). This may be the initial prerequisite for the manufacturer and exporter of helicopters to develop offers to address the requirements of every airline. The effectiveness of export activities in the helicopter industry is largely determined by the chosen strategy for upgrading its products on the world market. Companies that make new products use different market coverage strategies. There are different theories of selling goods in the international market. There is their classification in a lot of works. The most common of them is the mass marketing strategy, when the manufacturer does not take into consideration the differences in segments and makes to the entire market the same offer, without differences in the needs of individual clients (Gorbunova, Prikazchikova, 2016). The first one who used this strategy was Henry Ford, who created and sold one standard and modeless car to a large number of people.

A research of the segment structure of the market may show that not all market segments by type of helicopter operations are quite attractive and have much in common. The most profitable segment should have low competition, high sales and other attractive qualities for both the producer and the operators (Mohr, Sengupta, Slater, 2010). If none of the segments has all these points to the desired extent, then a multi-purpose helicopter, which in the common version will be specialized in performing a certain type of work and, together with it, be able to perform other types of work rather effectively, can be considered as a conceptual export solution. As an example, there is the modification of the Mil Mi-8 helicopter in transport, passenger, and sanitary versions (Aurifeille, Medin, Tisdell, 2009).

In modern conditions, to support market share and stimulate sales, a more exact determination of the desires of consumers in various market segments is required. If there is a basic model, it is possible to create modifications of a deeper level, having differences not only in their purpose, but also having additional capabilities (options) that will allow to modify the equipment and choose the option that is the most suitable for the user's goals. These can be various equipment configurations, engine types, flight performance, maintenance, repair, etc., that are most acceptable for the types of work that are dominant in a given segment of a given airline, and that satisfy customers to a large extent, including in price terms.

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## **5. Conclusion**

The elaboration of a program of action for a helicopter manufacturing company in order to promote its products to foreign markets should be based on the results of extensive international marketing research. A study of each of the potential international markets will make it possible to assess the degree of its accessibility, attractiveness, position of competitors, highlight the target segments and their weight, possible profitability, consumer preferences in each segment, and the possibility of going to one or another foreign market. In the future, it will be necessary to have microsegmentation within a separate foreign country by consumer groups, taking into account geographical, climatic, economic and other needed criteria. Further analysis ought to have answer to the following questions: are the opportunities that open up on the international market combines with the goals of the company and is it possible to technically realize the requirements of the target market by the forces of the company, is there a solvent demand for new helicopters abroad, and is it also possible to get options for new helicopters.

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