

Issues related to international trade marketing essay

[Business](#), [Marketing](#)



The project required students to select a country and a product and discuss the issues related to international trade with the selected country. I have decided to trade from United States to Russia a product which would be a wonderful choice, and would result in generating considerable profits at the end of the day. I have selected Russia as the country of choice for selling the Victoria's Secret brand clothes and lingerie as the choice of a product. In the current paper there will be discussed the trade relationship between the United States and Russia, the geography and population of Russia, the exchange rate between the two countries, the Russian economy, the details about the product, and also reasons why this product will be a good idea to export from the United States to Russia. The essay will show the current situation of the Russian market and the possibilities of the market of the United States to implement new products.

Country Analysis Russia (officially - the Russian Federation) – is a country in Eastern Europe and Northern Asia. Is the largest country in the world (17, 075, 400 km² or 11. 46% of the entire Earth's land, or 12. 65% of land inhabited by man, almost twice more than the second-ranked Canada). The population in 2010 is 141, 927, 296 people; the country currently ranks ninth in the world on this indicator. Official language – is Russian. Capital – is the Hero City Moscow. Total in Russia there are 11 cities with populations over one million people: Moscow, Novosibirsk, Nizhny Novgorod, St. Petersburg, Samara, Yekaterinburg, Chelyabinsk, Kazan, Rostov-on-Don, Omsk, and Ufa.

Considering the cooperation between the United States and Russian Federation, U. S., has traditionally been one of the leading trading partner of Russia. In 2005, bilateral trade reached 19. 2 billion dollars, while Russian

exports amounted to 15.3 billion, imports - 3.9 billion. On November 19, 2006 in the framework of Russian-American summit at the APEC summit in Hanoi was signed a protocol on completing bilateral negotiations with the United States under the terms of Russia's WTO accession package with intergovernmental agreements on agricultural biotechnology, the sale of beef on the inspection of about pork trade, protection of intellectual property rights and the procedure of import licensing of products containing cryptographic means. In 2005, shipments to the U. S. of the Russian oil and oil products reached a level of 466 thousand barrels per day. If this trend continues, Russia could enter into the four major energy exporters in the U. S. In 2003, Gazprom has begun work on project delivery in the CSHA liquefied natural gas. In 2005, were carried out first "swap" of delivery. In the mid 2000's the United States took place in June (8.3 billion dollars) over the volume of accumulated foreign investment in Russia (6, 5% of total), with approximately half of U. S. private equity invested in the energy complex. Among the major projects - are Sakhalin-1 and the Caspian Pipeline Consortium. At the Russian car factories are assembly halls of American cars Ford, General Motors. On non-productive sphere around a quarter of direct U. S. investments directed primarily in banking and insurance activities, as well as within the scope of information services. However, there are a few representatives of the light industry of the United States in Russia. Russian direct investments in the U. S. economy exceeds \$ 1 billion in the U. S. operate Russia's LUKoil, Norilsk Nickel (the plant for the production of platinum group metals), Severstal (steel manufacturing company), "EvrazGrup" (manufacturing plant Vanadium),

Interros (hydrogen energy) and some others. Cooperation in the field of high technology, innovation and science. Built by a Russian-American Innovation Council on High Technology, operates the Intergovernmental Committee on Science and Technology, the Russian companies involved in innovative forums in the United States. Leading companies in the U. S. aerospace industry – are Boeing, Lockheed Martin, Pratt & Whitney - for many years actively cooperate with Russian companies in projects on the ISS, space launch, manufacture of aircraft engines, development of new aircraft models. U. S. companies show significant interest in developing trade and economic cooperation with Russian regions. During more than 10 years of cooperation, the Russian American Pacific Partnership, bring together representatives of business, science, social circles, the federal and regional authorities of the Russian Far East and U. S. West Coast. Consequently, it can be said that there are many perspectives in the relationship between the United States and Russian Federation, as there can be achieve good results via cooperation and both countries can get corresponding benefits from business. Especially, there are many perspectives of cooperation in the light industry. Product Analysis Russian market of clothes and underwear is not developed enough. There are many niches that allow Victoria's Secret Limited Brands to offer their best products to people in Russia. Considering the official website of the Limited Brands, " Limited Brands, through Victoria's Secret, Pink, Bath & Body Works, La Senza, C. O. Bigelow, White Barn Candle Co. and Henri Bendel, is an international company that sells lingerie, personal care and beauty products, apparel and accessories. The company operates more than 2, 600 specialty stores in the United States,

and its brands are sold in more than 700 company-owned and franchised additional locations worldwide, according to Victoria's Secret Secret (2011). Additionally, the company's products are available through the Victoria's Secret Catalogue and online at [www. VictoriasSecret. com](http://www.VictoriasSecret.com), [www. BathandBodyWorks. com](http://www.BathandBodyWorks.com), [www. HenriBendel. com](http://www.HenriBendel.com), and [www. LaSenza. com](http://www.LaSenza.com). Limited Brands recorded sales of \$8. 6 billion in 2009 and employs more than 90, 000 associates throughout the United States.", according to Victoria's Secret Official Website (2011). Victoria's Secret is an American company that designs lingerie and other feminine beauty products. The company was founded in San Francisco, California, in 1977 by Roy Raymond, who sold it in 1982 to the corporation " The Limited Inc." and is now owned by its successor, the company Limited Brands. Since the property conveyed the brand, the company has been based in Columbus, Ohio. Its first owner, Raymond committed suicide in 1993, the Golden Gate Bridge jump. In 2005 the company achieved sales revenue of more than 2, 400 million dollars through its 900 stores in the United States. The Victoria's Secret products are also available for sale through catalogs, Victoria's Secret Direct, with sales of approximately \$ 870 million, according to Victoria's Secret Stores Inc (2011). The company gained notoriety in 1990 after it began to hire famous models for their advertising campaigns and fashion shows. Some supermodels who worked for Victoria's Secret: Gisele Bundchen, Naomi Campbell, Tyra Banks, Alessandra Ambrosio, Adriana Lima, Claudia Schiffer, Karolina Kurkova, Heidi Klum, Sandra Moreno, Miranda Kerr, Amanda Byrnes, Eugenia Silva, Esther Canadas, Coco Rocha, Izabel Goulart, Hurlington Rosie, Monica Sanz, Katja Schekina, Abbey Lee and Valeria Mazza, according to

Victoria's Secret: 5 Things you did not know (2011). Victoria's Secret world-famous bra & panty, lingerie, and beauty collections are in a great demand among Russia women. There are many online orders that are made each day from the Victoria's Secret website. The brand is extremely popular and it obvious why. There are no analog brands with a similar success in Russia, which is why the products of Victoria's Secret brands will be in a considerable demand. According to the statistics, more and more Russian people make purchases of the goods from eBay. Women, who are interested in the lingerie, clothe and shoes, make regular purchases via internet at the official website of Victoria's Secret, as the brand becomes more and more popular there. Considering the competition it can be said that there are other Russian brands, but the price is rather high in comparison with the level of the Victoria's Secret brand. There are also many clothes and lingerie imported from China, but the brands are unknown and not popular. Consequently, it can be said that opening Russian market for Victoria's Secret is a great opportunity to provide people with the quality goods, with the products that are still unknown for the majority of people in Russia and that will definitely have success, as the brand is loved worldwide, according to Marketing Victoria's Secret (2006). Financial abilities of the population can allow people to purchase any goods from the Victoria's Secret, as the prices are affordable and the quality is high. The target market will include women, adolescents and men, who want to buy and exclusive gift for their women. Also, the price can be named as between 4 USD- 300 USD per item. The exchange rate for Russian Ruble (RUB) and the US Dollar (USD) is 29. 4433 Ruble for 1 USD, according to Exchange rates- U. S. Dollar- Ruble (2011).

There is a wide range of choices among cosmetics, lingerie, clothes, shoes, etc, according to Victoria's Secret Official Website (2011). Although it can happen the way that the exchange rate can move against me and the prices will go up. In this case the situation will not be very favorable and there will have to be invented different approaches that will solve the situation. In this case the exchange rate can be a disadvantage to the current business idea, as the exchange rate can fluctuate - for example, several years ago U. S. Dollar was much stronger than now, and the Ruble nowadays also has considerable positions on the world market. If the Dollar becomes stronger then it becomes not so profitable to sell the goods at the same price. In this case the company will have an agreement with the conditions considering the exchange rate and the possible fluctuations, along with the possible solutions and plans how to cope with that. But anyway, the whole idea makes me believe that the arrival of Victoria's Secret to the Russian market will be very beneficial. And also, I think that Victoria's Secret products will be very useful and profitable in the Russian market. Values and Beliefs of the Company are: " Driven By Passion. Guided By Values." As well there are different beliefs that a company shares with the companies: " The Customer Rules! - Everything we do must begin and end with an insatiable drive to anticipate and fulfill our customers' desires.", according to Limited Brands Official Website (2011)." Passion Leads to Success. - We pursue excellence because we are emotionally, intellectually and spiritually engaged in our work ... and that makes our talents formidable and our results extraordinary.", according to Victoria's Secret Official Website (2011)." Inclusion Makes Us Stronger. - We cherish our diversity because embracing

others' thoughts, experiences, hopes and dreams makes our own more complete and connects us to our customers.", according to Victoria's Secret Official Website (2011). "It Matters How We Play the Game.", according to Limited Brands Official Website (2011). The devotion for the brand to their clients and constant updates and improvements in services and products makes the company a leader in the industry of lingerie, available for the majority people all over the world, according to Victoria's Secret Stores Inc (2011). There are many issues that should be discussed before starting the whole process, also there will be many contradictive points and different opinions considering the way the business has to develop abroad. But, anyway, the try and risk are definitely worth it and there can be seen many perspective and positive moments in cooperation of those two countries that can certainly do successful business together. Victoria's Secret is starting to open stores all over the world- in United Kingdom and in Australia first, according to The secret's finally out - Victoria's coming to Australia (2011). This shows the way how the corporation is famous. It can seem that from the brand only women will feel the benefits, but in reality Victoria's Secret is a huge corporation with enormous perspectives and the positive image in the world, according to Marketing Victoria's Secret (2006). This should be taken into consideration, and considering the trends of new openings outside the United States and Canada, the decisions have to be taken quicker.

Conclusion In the current paper were described and explained the trade relationship between the United States and Russia, the geography and population of Russia, the exchange rate between the two countries, the Russian economy, the details about the product, and also reasons why these

kinds of products will be a good idea to export from the United States to Russia. The essay has shown the current situation of the Russian market and the possibilities of the market of the United States to implement new products in Russian Federation. The trade relations between the United States and Russian Federation are favorable, which makes the export of the Victoria's Secret products to Russia a good business choice. Due to good trade relations between the two nations, there are no tariff and non-tariff issues of concern. The economical price and other associated benefits of these products can make it an exclusive product on the Russian market, available for the majority. All in all, it can be said that any woman and any man can find the products they are looking for in the Victoria's Secret for the unforgettable gift. The unique service and many other benefits will be positively accepted in the Russian market. It can be said that considering the worldwide demand for the products of Victoria's Secret, and other limited Brands, the demand in Russia considering the products will be very high. "Limited Brands is committed to building a family of the world's best fashion brands offering captivating customer experiences that drive long-term loyalty and deliver sustained growth for our shareholders.", as stated at the official website.