

Market Plan

Heinz Ketchup

Russia



Prepared by:

Hailey McEntire, Chloe Heilman, and Alyjandra Greene

Executive Summary

Russia will make a great market for Heinz Ketchup to expand into. In this marketing plan, we analyze some of the major factors that play a role in the introduction of a product to a foreign country. It is important to understand all these prominent aspects of Russia and how they compare to Heinz's home country, America, because these differences will determine the new market mix to implement. Thoroughly investigating Russia's political/legal climate, history, geography, and cultural values will guide Heinz to develop the best marketing plan for introducing ketchup in the host market. A well-thought-out market plan sets Heinz on the track of having a smooth transition into Russia, where their ketchup will hopefully become a well-known and regularly used product and maintain the successful brand image of Heinz.

Looking at a brief introduction of Heinz demonstrates aspects of the company that make them successful in the global market as well as aspects that need to be improved on. Analyzing these advantages/disadvantages is how Heinz forms strict goals and objectives to stay focused on what they hope to accomplish in the new foreign market. Heinz must set goals such as a percentage of total market share they hope to obtain to keep them on track towards success. If they can successfully follow their goals and objectives, it will benefit them in the long run by creating a familiar and likable product in Russia.

For Heinz Ketchup to become a recognizable and commonly used brand, they must first familiarize themselves with other brands competing in the market. Not only are competitors found domestically in Russia, but there are multiple foreign competitors involved in the market as well. It is Heinz's responsibility to be up to date on the newest manufacturers entering the market because this information is crucial for reaching high levels of brand recognition and loyal consumers compared to the competition. Heinz must strategically work around fellow competitors if they wish to become the most popular producer of ketchup in the market.

Another factor that needs to be completed before entering a new market is a SWOT analysis. This allows Heinz to understand every aspect of their company that needs adjustment before making the leap and infiltrating their brand into the Russian market. SWOT analysis focuses on the strengths, weaknesses, opportunities, and threats present which ultimately help prepare Heinz with a realistic representation of their company in the Russian market. Following this, Heinz can dive deeper into truly assessing the market by analyzing the demographic, economic, historical, political/legal, and geographic factors of Russia to gain a complete understanding of the country and its culture.

After Heinz has successfully evaluated the exterior factors of Russia's country, they must focus on the consumers and their personal values as a nation. These values have stemmed from their past experiences and what they have had to overcome. Their culture is based on working together in groups doing what they must to survive. These morals have stuck with Russians for centuries and likely will never disappear from their lives. Heinz must capture these values and portray them in their brand to form a life-long connection with the Russian consumer.

To ensure Heinz is aware of the exact values Russians identify with they need to compare their culture to specific cultural models. These models rate the primary values that citizens of a country identify with in comparison to other countries to see just how important each value is to the culture. The cultural models most useful for Heinz when expanding into a foreign market include the Lewis model of cultural types, Hall's 10 Primary Messaging Systems, and Hofstede's Cross-Cultural Values. Evaluating Russia's culture using all three of these models together will give Heinz insight into how Russians think, interact, and feel. Knowing these crucial aspects of Russian culture is key for Heinz to successfully connect their brand to the target market.

Finally, after all of the factors listed above have been intensely studied and acknowledged, Heinz has reached the stage where they can create the marketing plan. Heinz will decide how to implement the market mix through the decisions they make regarding the four P's: Product, Price, Placement, and Promotion. It is crucial to take into consideration the cultural values and practices of Russia during this planning stage or the marketing plan is likely to fail. After deciding how to implement the four P's, Heinz can decide which entry strategy to follow and designate a budget that will fulfill the required costs of this strategy and the planned promotional activities.

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Introduction to Heinz Ketchup in Russia

Kraft Heinz Company is a food manufacturing company which produces and markets many products. Heinz has been a leader in the food industry for over 150 years and sells noticeable brands globally across 200 countries with brands that lead the market in over 50 countries. Kraft Heinz Company focuses on three categories in the food manufacturing industry: Ketchup and Sauces, Meals and Snacks, and Infant/Nutrition.ⁱ In total, Heinz performs in multiple business segments including the U.S. Foodservice, Northern American Consumer Products, Europe, Asia Pacific, and the rest of the World.ⁱⁱ

Goals and Objectives of the Firm in Russia.

Heinz is a well-known global food company with many goals and objectives for extending its operations in Russia. Russia is one of the largest consumers of ketchup in the world with an average annual consumption estimated at more than 3 pounds per person. They oftentimes smother this condiment on many foods Americans would never even consider to pair ketchup with, making it a very profitable market for Heinz to expand into.ⁱⁱⁱ Since the consumption of ketchup is so widespread in Russia, the target market for Heinz in this country is very large and doesn't exclude many consumers. Ketchup goes with many meals in Russia, compared to only being used as a cheap dipping sauce as it is here in America. This allows Heinz to target their ketchup to virtually all Russian consumers as a quality condiment that can be paired with a variety of meals and occasions.

The goal for Heinz entering the Russian market is to create a strong presence and brand recognition while striving for lifelong loyal consumers. In Russia, Heinz aims to achieve 60% of the market share by introducing the most popular and iconic products first and adapting to local taste preferences later. Another big objective for Heinz is profitability, which means keeping up with quality standards while decreasing distribution costs to optimize production and stay competitive in the market. Long-term success in Russia also means aiming to establish sustainable business models that will increase return on investment for Heinz through carefully managing costs to maximize revenue. This strategy could include local partnerships to ensure long-term success in Russia.

Long-term success means establishing strong relationships with local suppliers to help with the microeconomy, operations and brand recognition. Company growth and increasing sales levels are an integral part of expansion. Setting measurable targets for increasing growth yearly is the first step to getting there. Tracking performance on these targets will help the company determine reasonable and attainable goals and being able to adjust accordingly to meet their goals is crucial for the company.

The company can build positive brand images and nurture relationships with the consumers to create positive brand perception and help with customer loyalty which will increase products sold. Aggressive marketing strategies and campaigns, quality assurance, and high customer engagement will increase brand loyalty. Heinz can

also decide to focus on its distribution channels across Russia to be able to expand to other territories and magnify potential sales.

COMPETITIVE ANALYSIS OF THE MARKET FOR THE SPECIFIC PRODUCT

Domestic Competitors.

The main domestic competitor that is found in the Russian market is a brand called Ketchup Moya Semya.^{iv} While this is a domestic competitor that was originally created by a Russian entity, it did not stay this way completely. This brand was originally fully ran under the ownership of the Russian company called Petrosoyuz, which was partly taken over by Heinz after it had entered the country.^v While Heinz is still known in Russia as a foreign brand, they wanted to enter into a joint venture with a local brand that captured the Russian market even more than Heinz could before. Many consumers will be more drawn to buy a local product over something being imported. This is a competitive strategy for a company to make because it gives them a different identity and assumption than what typically comes to mind when Russian consumers think of the Heinz brand.

Even though Heinz is a well-known and recognizable brand throughout the world, this does not always mean consumers want to buy it. The company needs to be able to create a relationship with the customer, encouraging the customer to continue being a loyal consumer. Whichever brand the consumer feels most connected to will affect their purchasing decision almost every time. Competitors must adapt as much as possible to appeal to the target market in order to continue increasing their market share. The Petrosoyuz company in partnership with Heinz to produce and sell the Moya Semya brand is seen as one of the leading competitors relative to ketchup and condiments in Russia. Currently this brand is in the second position for sales of Ketchup with a market share value of 23.7%.^{vi}

If Heinz had not taken this opportunity when they were given the chance many years ago there is a good chance this company would not be in the position it is today economically in Russia. Heinz was able to give the Petrosoyuz business a strong ground to build on top of. With Heinz being a very successful corporation globally and Petrosoyuz already having a full understanding of Russian culture, bringing the two together was a wise strategic idea. Together they were able to balance out each other's strengths and weaknesses, overall creating a well-balanced and rounded domestic Ketchup company in Russia.

Foreign Competitors.

Heinz ketchup has been largely successful at overpowering their other foreign competitors in the Russian market throughout the past couple of decades since they first expanded there. However, this does not mean that they do not still face intense competition. The next largest producer/seller of ketchup in Russia is a

British company called Unilever.^{vii} Unilever is a British consumer goods company that was founded in 1929. It is headquartered in London and sells a large variety of products with some of its most well-known brands including Axe, Ben and Jerrys, and Dove.^{viii}

Unilever became largely successful in Russia by purchasing what once was a Russian-owned brand of ketchup called Baltmor. This brand was the original and largest Russian ketchup brand and held the most market share for years before Heinz came along. They have been very successful through their branding that employs iconic Russian imagery to portray this ketchup as a quality Russian brand.^{ix} Since Unilever acquired the Baltmor brand in 2009^x they have exceeded at keeping the brand uniquely Russian and attracting consumers by appealing to their strong identity with Russian heritage and history. Over the years since purchasing Baltmor, Unilever has only rebranded slightly and continues to put emphasis on the Russian influence and culture associated with this brand. Additionally, Unilever was able to turn one of Baltmor's other brands, Calvé, into another leading ketchup brand in the Russian market.^{xi}

However, since the introduction of Heinz ketchup in 2006^{xii} it has grown to be the largest brand of ketchup in the Russian market, overpowering even the original Russian brand Baltmor.^{xiii} This is likely because of the company's strong brand recognition worldwide considering that Heinz is known in over 200 countries as a leading American ketchup brand. Additionally, Heinz started out in Russia by becoming the nation's choice of ketchup in all of their McDonald's restaurants, which gave them brand recognition in Russia before they even began actually selling their product in stores.^{xiv} Because of these factors coupled together, Heinz ketchup was able to secure their spot as first in market share in the Russian ketchup market, but other competitors such as Unilever are not far behind them. They will have to continue researching and marketing their product wisely to hold onto this control of the market.

SWOT Analysis of Heinz

A **SWOT** analysis is used to help further understand a company and analyze which aspects of their business and industry play a role in how the company will react to the environment of its current market as well as a new/foreign market. SWOT is an acronym that stands for **Strengths, Weaknesses, Opportunities, and Threats**. Analyzing the strengths and weaknesses of a company allows us to get an inside look at the firm and how it operates. Using this method allows the company to assess what is working and focus on what needs to be improved. The opportunities and threats help the firm evaluate the best direction and marketing plan to follow based on the surrounding environment. It is crucial for any company looking to expand into a foreign market to heavily research the country and the market environment before attempting to expand there, that way they can properly plan how their brand/product should be positioned in a way that will lead to success and profit.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Strong Global Presence • High levels of brand recognition and loyal consumers • Variety of products/flavors (strong brand portfolio) 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Operating costs too high to sustain competitive prices • Reliance on key customers
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Expand products to fit local taste preferences (global-localization) • Expand into Russian restaurant/commercial industry • Create healthier options 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Unstable economic/political conditions • Changing consumer preferences • Intense competition

Strengths

Strong Global Presence: Heinz Company is one of the largest food and beverage companies not only in North America where they originated but worldwide. They are present in more than 190 countries and territories, with North America being their largest market and Europe coming in second, comprising about 20-25% of sales.^{xv} Since they have so much prior experience expanding into foreign markets, this allows them to infiltrate the Russian market with less difficulty than other competitors because of their familiarity with dealing with diverse people and cultures.

Heinz has a very reliable supply chain, giving them a strong advantage against their competitors.^{xvi} A well-operated supply chain is the key to success in both domestic markets and globally. Heinz has years of experience as a company which is why their supply chain is ran so efficiently. Their reputation proceeds them across the world, allowing them to expand into countless foreign markets and find success in all of them.

High levels of brand recognition/loyal consumers: Heinz ketchup is one of the most recognizable brands worldwide, including in Russia. Due to this high level of brand recognition, Heinz has gained an incredibly large group of loyal consumers over the years that don't think twice about picking Heinz as their go-to ketchup at the store. This is hands down the most important strength a company can have because brand loyalty is the key to long-term success and profitability. Once a company has successfully infiltrated the subconscious of consumers to automatically choose them without consideration of other products, they are doing something right, and Heinz has mastered this.

One reason for their large success in brand recognition is because Heinz Co. always demands premium shelf space for their ketchup.^{xvii} This increases visibility for them and makes it easier for consumers to continue to pick Heinz as their first choice routinely. This strategy has established Heinz as a dominant force in the ketchup market, as well as many other markets, for years. If they can continue to expand with deals demanding premium shelf space in the major grocery stores of Russia, they are likely to continue being the number one selling brand of ketchup in this country.

Variety of product (large brand portfolio): Heinz Ketchup is one of the Heinz Company's largest and most successful brands, but the company offers an extensive line of diverse products/brands. Heinz company is now technically referred to as Kraft Heinz Co. (KHC) because they merged with Kraft in 2015^{xviii} and this allowed them to grow their product/brand portfolio even further. Not only do they make a large variety of ketchup flavors and other condiments that they could bring to foreign markets they are already present in, such as Russia, but they could also eventually expand to sell their full product line there.^{xix} This gives them a major competitive advantage because it allows them to sell their main products as well as products that consumers commonly purchase together (such as selling both ketchup and mustard), plus this adds to their revenue in both domestic and foreign markets.

Weaknesses

High operating costs to sustain against competitors: In the past, Heinz has been faced with situations that caused them to struggle to keep prices relatively low while still maintaining a profit.^{xx} During times of high inflation, such as now after the pandemic, companies must react effectively to keep their company running. Heinz must make difficult decisions in order to do what is best for their company, but this can result in a disregard to the consumer at times. In order to maintain profitability, they must raise their prices on commodity items to enhance revenue. Although it is sometimes necessary for Heinz to raise prices enough to provide support for their distributions and supply chain, this does open an opportunity for competitors. When prices increase on items such as ketchup, consumers may look elsewhere.

Competitors can take this chance to gain new customers in the market who had previously been loyal to Heinz. Since Heinz is a commodity product, customers expect prices to be relatively low and when they aren't they search for a new brand. This ultimately hurts Heinz as a company because they end up losing some market share.

Reliance on Key Customers: Since Heinz is a huge presence in the food realm, they are found at many modern grocery stores. While this is a strength when they are in familiar environments such as North American stores, this can be a different story when moving globally. In North America, 21% of the net sales for Heinz

Company in 2023 came from stores such as Walmart Inc.^{xxi} This high of a sales level coming from one store poses as a weakness when moving to new areas. Most countries don't have these exact stores which might negatively affect Heinz when expanding into their market. In North America, Heinz can become reliant on these distributor stores to push their product and when they don't have access to them it can hurt them.

Heinz must find similar wholesaler and retail stores where they can deliver their product to the consumers in new foreign regions. While doing this they can find a secure location to gain new key customers from various locations around the world. But this can be tricky if certain countries aren't accommodated with large retail stores such as the ones found in North America. Pressure to create a relationship with the new target market is crucial for a company to stay in business and keep key customers coming back.

Opportunities

Expand Products to fit Local Taste Preferences: Every single country and culture has its own distinct flavor profile they are accustomed to incorporating in their meals. When being involved in the food and beverage industry like Heinz this is a huge factor that must be considered. For a country to indulge in their product Heinz must target it around their preferences. While many countries use condiments, they may use them in different ways and with various cuisines that could be unfamiliar. Doing extensive research on all aspects of a new country is the most important task a company needs to complete. Understanding how to target Heinz's Ketchup to a specific group will help them obtain new consumers.

Although they do already use Ketchup with a large variety of food products in Russia such as eggs, french fries, and all kinds of meat, they also have a lot of local condiments with very different flavorings compared to Ketchup. Russians are typically known for having a more zesty flavor combination that the taste of Heinz Ketchup does not typically fall into. These flavors range from black peppercorn, mustard, dill, and spices like cumin, coriander, ginger, etc.^{xxii} With ketchup being a lot milder and sweeter relative to these distinct palates it creates a great opportunity to innovate the product. Heinz can expand their product line and create Ketchup flavors that incorporate Russian preferences which will pair perfectly with their cuisine. Consumers will feel more seen when companies base their products around the local customs, helping Heinz create lifelong consumers in Russia.

Expansion into Restaurants/Commercial Industries: When the average person living in North America is asked about Heinz they usually would reply and say it is the most common ketchup used everywhere in the country. When going out to dinner or even to a baseball game and you ask for ketchup you are almost always going to get Heinz in return. Building these relationships with various companies and businesses around the world allows your brand to constantly flow through your various target markets, making it the most recognizable taste and brand that consumers desire.

When expanding to a new country like Russia, researching popular food chains and major industries that sell food can allow Heinz to know who to approach first. This is a good opportunity to grow the market and smoothly introduce Heinz ketchup into the Russian culture. When consumers are presented with an easily accessible product, they are likely to try it and eventually become adapted to it. It would be a great opportunity for Heinz to expand into as many restaurants and commercial markets of Russia on top of being found in stores in order to further adapt to the local consumer's needs and preferences.^{xxiii}

Creating Healthier Options: Now more than ever health has become a predominant aspect in most people's lifestyles, including Russian citizens. Incorporating these trends within Heinz's products can incentivize consumers to make it their number one choice every time.^{xxiv} When a company can align their products to not only taste good but be good for you as well there is no reason a customer wouldn't choose their brand. Health is a subject that every person of any age must focus on, making it applicable to every consumer in the world. If Heinz can successfully market itself as both a cheap and healthy condiment, this would only continue to grow their market share and sales levels.

Threats

Unstable Economic/Political Conditions: Although Russia provides a great opportunity for foreign firms to expand into because of its large population and immense middle-class market, it is no secret that they are known for being a corrupt country. In a 'World Bank's Doing Business' report in 2020, Russia ranked only 28th out of 190 economies comparing the best places to do business.^{xxv} This is largely because of Russia's corrupt government. Their judicial system is heavily biased in favor of the state, and recent political affairs such as their invasion of Ukraine have made it even more difficult for foreign firms to conduct business in Russia. U.S. investors must maintain full compliance with sanctions posed against Russia, and following their invasion of Ukraine the U.S. along with many countries involved in the United Nations have imposed intense sanctions on doing business in Russia.^{xxvi}

This poses a threat for firms expanding into Russia for multiple reasons. In general, this makes it more expensive to conduct business in Russia because these firms have to spend additional money on legal teams and research to make sure they are not violating any of the countless sanctions placed on conducting business here. On top of this, the war with Ukraine has caused Russia to lose much profit from their most economy-driving industry, the oil industry. Russia is experiencing even higher rates of corruption and political uproar due to the rising level of poverty and general unease that Russian citizens are living through right now. This is not good for businesses expanding into this market because higher poverty levels result in less purchasing from consumers and therefore less money for the business.

Russia's corrupt environment and current political affairs are leading many foreign firms to stop investing in the market or spend much less time and energy on

expanding their business in this country. This definitely poses the greatest threat to Heinz ketchup currently while trying to expand in this country, but hopefully in the future when the war has come to an end Russia can make amends with the rest of the world and continue to be a powerful economy that many foreign firms find success in.

Changing Consumer Preferences: Consumer preferences are constantly evolving and changing, especially in the food and beverage industry.^{xxvii} This naturally poses a threat for Heinz ketchup that has been selling the exact same product for years. Especially in a foreign market that already has different taste and flavor preferences, Heinz needs to work hard in their research and development department to stay on top of consumer demands if they want to stay competitive and profitable in the market. However, while this poses a threat, it also presents opportunities such as we discussed earlier to create new products that better meet consumer demands in Russia and could push Heinz to further develop their product line.

Intense Competition: The food and beverage industry is one of the largest and most profitable industries in the world, so naturally it is filled with many competitors. While Heinz has established themselves as a very recognizable brand in many countries across the globe, this does not protect them from the risk of competition taking over their market share and sales levels.^{xxviii} Especially in Russia since it is one of the BRICs countries, referring to the current best countries for firms to expand/invest in, there is naturally a lot of competition that Heinz ketchup is either already facing or will face in the future. In order to combat this, Heinz needs to keep a competitive price and hold onto their loyal consumer base to stay profitable, which will be a challenge in such a large and intense market. It is crucial that Heinz continues to innovate and maintain strong relationships with key customers and retailers in Russia to maintain this pressure from competition.^{xxix}

Market analysis of Russia

MARKET ASSESSMENT

Russia is the largest country in the world, spanning across two continents. With its vast landscape, comes diverse markets and distinct characteristics. To establish a market, one must understand the infrastructure, economic and demographic factors, as well as market intensity.

Russia is not well known for making the best use of the endless amount of space that is provided to them. They are the ninth most populous country in the world, however they rank eleventh on contribution to the GWP and a majority of their citizens are not wealthy. Since the Soviet Union dissolved in 1991, Russia has sought out to improve their connections with the world and the livelihood of their citizens and has slowly succeeded.

They are officially a developed country with widespread access to most high-end

technologies available. On top of this they have joined multiple regional trading blocs and continue to be the leading provider of oil in the world. They are a great market to target because of their growing middle class and efforts to improve on their infrastructure and production. Below we will expand on the specific demographic and economic factors that demonstrate why Russia is an attractive market to target as a foreign firm.

Demographic Factors.

Geographically, Russia is the largest country in the world. Understanding Russia's demographic factors is crucial to understanding its social, economic, and political dynamics. When it comes to population, Russia is more concentrated in the western most areas, with the southeast being more isolated.^{xxx} Russia has a slightly declining **population of 142M**,^{xxxi} with a **growth rate of -0.48%**, making Russia the **#9th** highest population in the World.^{xxxii} This is a relatively low population for geographic land compared to other countries. For the 142M Russians, there are **69M households** bringing the average number of people per household to **2**.^{xxxiii}

The decline in the population is due to a higher death rate (per 1,000 people) than birth rate. The birth rate is 10.7 births for every 1,000 people (2018) with the total fertility rate or **replacement rate** being **1.61**.^{xxxiv} For a population to remain constant, the replacement rate should equal 2.1.^{xxxv} The **mean age** in Russia for a woman to have a child is **25.2**^{xxxvi} (2013). 68% of women ages 15-44 years old receive contraceptives.^{xxxvii} Because of this, Russia has a negative growth rate as outlined above.

Age of Russian Population. The median age for other countries ranges from 15.1 (Niger) to 56.2 (Monaco),^{xxxviii} with the world average being 32.7^{xxxix}. Russia is ranked #48 in the world; The **median Age** is **41.5** (2023).^{xl} Breakdown with respect to age and gender:^{xli}

0-14 years: 17.21% (male 12,566,314 /female 11,896,416)
15-24 years: 9.41% (male 6,840,759 /female 6,530,991)
25-54 years: 44.21% (male 30,868,831 /female 31,960,407)
55-64 years: 14.51% (male 8,907,031 /female 11,709,921)
65 years and over: 14.66% (male 6,565,308 /female 14,276,798) (2018 estimate)^{xlii}

Measures of Quality of Life Index. The Quality of Life Index is a measurement that considers many distinct aspects that could affect an individual's life, and happiness. Some factors include healthcare, income level, employment, labor market, infrastructure, living conditions, safety of living, demographic situations, environmental and climate conditions, etc.^{xliii} The purpose of this index is to consider all these factors and compare them to other regions to be able to determine the areas with the best "quality of life". Russia's quality of life index

varies over regions with urban areas with a higher standard of living and a higher quality of life compared to more rural areas. The index is scored on a scale of 100. In Russia, Moscow has the highest Index with a score of 83, while Samara Oblast has the lowest score of 63.2.^{xliv} The average **QOL INDEX in Russia** is **51**.^{xlv}

Satisfaction With Life Index. The satisfaction with life index (SWLI) is comprised of factors including health, wealth, education, and happiness.^{xlvi} Satisfaction can fluctuate based on economic and other social conditions compared to various countries. Russia's **SWLI** is **143.33** and is ranked #167 out of 178.^{xlvi} The country with the highest index is Denmark with a score of 273.4, while the country that scores the lowest is Burundi with a score of 100.^{xlviii}

Demographics play a huge role in analyzing the **positives and negatives** of entering a market. Some negatives include a declining population, and quality of life index for more rural areas such as Samara Oblast. Some Demographic positives include high quality of life indexes in urban areas such as Moscow and St. Petersburg, and a relatively high median of age. The population of Russia being so high could lead to growths in markets looking to expand, however geographical and terrain factors in more rural areas could make entering a new market difficult. With Russia being a part of BRICS, and a growing middle class, the positives outweigh the negatives.

Economic Factors.

A **country's GDP** measures the total value of all goods and services produced in their economy throughout one year. Russia has a moderately high GDP, as shown below. This indicates they are an efficient country with an active economy. Russia is one of the countries included in the BRICS. Therefore, this GDP is very likely to increase in the near future because of the great market potential in Russia due to their increasing middle class.

IMF: 1.9T^{xlix}

Statista: 1,986.85Tⁱ

Sources of GDP^{li} in Russia primarily come from services, however a considerable amount is also gained from their industry.

Agriculture: 4.7% (2017)

Industry: 32.4% (2017)

Services: 62.3% (2017)

Russia ranks **eleventh**^{lii} in the world based on their total gross domestic product. Once again showing they are a powerful, growing market with a lot to fuel their production and economy.^{liii}

Russia's **GDP per capita** in 2024 is approximately **\$13,300**. This indicates that Russia is technically considered a developed country, however, they are on the lower end of the scale compared to many other DC's such as the United States.

IMF: \$13,320^{liv}

Statista: \$13,324.12^{lv}

Russia's **real GDP growth rate** is very low for 2024 at **approximately 1%**. It has been considerably higher in the past, but due to the pandemic and especially the recent war between Russia and Ukraine, Russia's economy took a large hit and they are still recovering from these events.

IMF: 1.1%^{lvi}

Statista: 1.05%^{lvii}

Russia has an **adjusted GDP per capita with purchasing power parity (PPP)** of **\$36,307.8(2022)**.^{lviii} This indicates that the goods and services they produce are worth around 2.7 times more when converted to US dollars, demonstrating that compared to the United States, Russia has a much lower purchasing power. Their currency (the ruble) is weaker compared to the US dollar and therefore causes extra strain on Russia's middle class because their dollar does not get them very far.

As previously stated, Russia ranks eleventh in the world for total GDP and reflectively is responsible for **producing about 1.78%^{lix} of the gross world product**. Considering their population of about 142 million, the ninth-most populous country in the world, this isn't too high an amount of goods/services contributed to the GWP. However, their market intensity is fairly high compared to many other countries. The average global consumer has a GDP per capita of \$11,470, and the adjusted GDP per capita with PPP in Russia was \$36,307.8. This indicates a **market intensity of about 3.17**, meaning the Russians consume roughly 3 times more of the world's goods and services than the average consumer. This is high considering that Russia is not a very wealthy country.

A GINI coefficient is a measurement ranging from 0-1 that describes the inequality of wealth across a country's population, with 0.30 being very egalitarian and anything above 0.55 being largely unequal. Russia has a **GINI coefficient of 0.36**, meaning their economy is relatively equal.^{lx} There is not a very large discrepancy in the amount of money different classes are making, which represents the existence of a very large and growing middle class in Russia.

The **unemployment rate** in Russia is **2.9% (2023)**^{lxi} which is significantly lower than it used to be during times of the pandemic, demonstrating that their economy is starting to bounce back and once again showing their growing middle class. As stated earlier, the primary contributor to GDP in Russia comes from their services so it is not surprising that the majority of their labor force works in the service sector.^{lxii} This includes jobs such as working in tourism, health, or education. However, their industry sector is also huge in Russia considering they are the leading provider of oil in the world. Many Russians work in this industry as well.

Russia's **economic freedom score is 53.8** which is relatively low compared to other countries with similar GDP's.^{lxiii} It ranked 43rd out of 44 countries in the European region based on its level of economic freedom.^{lxiv} This is largely due to the high amount of corruption and lack of judicial independence that is present in Russia, which can sometimes make this a risky market to invest in.

Russia has averaged an **inflation rate of about 7.7%** throughout the past 10 years.^{lxv} Their inflation rate stayed consistent despite two large spikes in 2015 and 2022. 7.7% is a fairly high inflation rate, however it is technically below the European average and lower than the American inflation rate as well.

Russia's **savings rate** fluctuates slightly but on average is **about 32.8%**.^{lxvi} Russians tend to value saving their money much more than spending it "paycheck to paycheck" style. They are fairly frugal as a country and have some of the highest savings rates compared to other developed countries. In 2019, 68% of surveyed Russians said that they believe "it is better to spend the minimum now, trying to save the most for the future".^{lxvii}

The percentage of citizens in Russia aged 15+ who had a credit card in 2021 was 25.08%.^{lxviii} This is not extremely high, however, it was still above the world average in 2021 of 22.26%. This shows that Russia is embracing the idea of credit and the use of credit cards, they are just a little behind some other developed countries in this area, such as the United States.

Russia is the largest country in the world, equivalent to 11% of the total world's landmass.^{lix} Therefore, they have endless domain and resources to create various infrastructures. They put a high priority on having innovated infrastructure and their **network of roads and highways ranks 5th globally**.^{lxx} Since the pandemic, Russia has been focused on recovering their transportation sectors. A comprehensive plan costing 6.3 trillion Ruble has been put into place to rebuild and improve on the country's highways, railways, airports, etc. by 2030.^{lxxi} Some of the measurements of Russia's infrastructure are depicted below:^{lxxii}

Roadways: 1,538,875 km (2019)

Railroads: 85,600 km (2022)

Waterways: 317,505 km (2017)

Vehicles: 58,116,046

Airports: 177 (2023)

Trade is a crucial part of Russia's economy and has been since they were originally the Soviet Union. Their contribution of goods traded (exports + imports) to their GDP has averaged about 40% recently, compared to only 20% for the United States.^{lxxiii} Additionally, they **ranked 13th amongst world goods exporters** in 2021.^{lxxiv} They are involved in multiple regional trading blocs including the **World Trade Organization (WTO)** as well as the **Eurasian Economic Union (EAEU)** which was founded by Russia in 2014. The EAEU includes Russia, Belarus, Kazakhstan, Kyrgyzstan, and Armenia. The EAEU has formed trade agreements with Vietnam, Iran, Singapore, and Serbia and in 2018 signed a trade cooperation agreement with China.^{lxxv} Based off of this information it is not surprising that the number one country Russia exports goods to is China, followed by the Netherlands, Germany, Turkey, and Belarus.^{lxxvi} Similar to this list they receive the most imports from China, followed by Germany, the United States, Belarus, and Korea.^{lxxvii}

The micro-economic factors of a country are a good way to judge just how

developed they are and where they are headed in the future. Some of the things we look at to judge this are a country's communications, such as tv penetration, telephone & internet usage, etc. In Russia, approximately 113.3million out of their population of 142m watch TV with **97% of Russians owning a TV set.**^{lxxviii} This shows that television has been widely embraced throughout this country. They are also consistent smartphone users with 120.14m of the 142m using a smartphone, making the **smartphone penetration rate** in Russia **82.4%.**^{lxxix} **Internet penetration** in Russia is **83.42%** with a forecasted amount of nearly 125million mobile internet users by 2028.^{lxxx}

Another thing people commonly look at to judge the micro-economics of a country is extent of travel. The **amount of hotel beds/rooms** in Russia has been steadily increasing every year, with a recent measurement of **about 1.6million (2022).**^{lxxxi} Russians are also starting to embrace and use passenger cars more in frequent years. In the capital of Russia, Moscow, there were **about 297.35 privately owned cars per 1000 residents.**^{lxxxii} On top of this they are starting to produce many more cars. In July of 2023 the production of passenger cars increased by 2.1 times the amount from the previous July.^{lxxxiii} This is a strong indicator of a growing middle class in Russia. Once the majority of citizens are wealthy enough to afford their own vehicles, we can interpret that they are wealthy enough to be considered middle class.

We can also analyze the health expenditures in Russia to determine how developed they are as a country. From measurements taken in 2019, Russia has **8 hospital beds per 1000 people** and **about 4.16 doctors per 1000 people.**^{lxxxiv} This is actually a very high amount compared to most other developed countries and shows that Russia truly puts effort into the health and well-being of their citizens. Additionally, in 2020 it was found that Russia had **about 3.5 dentists per every 10,000 people.**^{lxxxv} This is another strong indicator of a growing middle class because it shows that Russia's citizens are finally wealthy enough to afford not only medical but dentistry as well. The **average life expectancy** in Russia is **69.36 years** and their **death rate** is about **16.7 deaths per 1000 people.**^{lxxxvi}

Russia does not have very many vending machines. A study from 2018 said that they have about 178,000 total in the entire country.^{lxxxvii} Considering their population of 142million, this is a very low amount. This equals to **1 vending machine per every 800 people**, which is way less than other countries such as Japan and the United States. This is because Russia has a vast amount of space so vending machines are not needed for this issue and also because labor costs in Russia are relatively low. Russia **consumes about 66 liters of Coca Cola per capita**, making it the 13th largest consumer of Coke in the world.^{lxxxviii} This shows us that consumption rates in Russia are fairly high and that there have been many other foreign firms to successfully expand into Russia.

In conclusion, these economic factors demonstrate to us various reasons why Russia has a strong market to target. As stated earlier, Russia is one of the 'BRICs' countries because of its growing middle class, large population, and vast potential to become one of the largest consuming markets in the world. They are a

developed country with a high market intensity and an advanced micro-economy in multiple aspects. The above demographic and economic factors can be analyzed to help figure out just how to target and position a marketing strategy for Russia.

Significant Historical Factors that Shape the Culture.

Early History and the Mongol Invasion/Rule: Humankind in the eastern most part of the world surrounding Russia can be traced back to early Paleolithic Times. Some tangible writings explain how people in Greece engaged in trade with tribes around the Black Sea and the Crimean region.^{lxxxix} By the ninth century, Slavs from the Easternmost regions settled in Russia, Belarus, and Ukraine. Kyivan Rus was established in present day Ukraine in 862 C.E., becoming the first Slavic state. About one century later in 988 C.E. the statehood was Christianized, and orthodoxy became the state religion of Russia.^{xc} This was the beginning of the immense influence that the orthodox church holds over the Russian people that has been a part of their culture and identity for centuries. The Mongols, also referred to as the Golden Horde, succeeded in taking control over Russia in 1237 after Batu Khan invaded Kyivan Rus from his capital.^{xcj} The Rus' remained under Mongol control for the next two centuries, destroying the political organization and economy that had previously been in place. Only because the Mongols believed in religious toleration, the Orthodox church was able to maintain a sense of unity and keep alive the Russian language, literature, and traditions.^{xcii} The Mongols did leave an impact on the Russians in areas such as military tactics and transportation as well as pushing the upcoming Muscovy leaders to be the best and most strategic leaders possible. The Principality of Moscow was established in the central river system of Russia and surrounded by forests and marshes for protection. This eventually became the center of the Russian orthodox church and this territory continued to expand throughout the 14th century through purchase, war, and marriage.^{xciii}

Tsardom of Russia and the Romanov Dynasty: The first tsar of Russia reigned from 1547-1584 and was known as Ivan the Terrible. He was a ruthless monarch who was not afraid to destroy anyone who stood in his way. Despite his brutal reputation, he did successfully reform Russia in multiple ways by creating a new code of laws, establishing the first Russian feudal representative body, and creating the first regular army in Russia.^{xciv} During his time as the tsar, he opened new areas for Russian expansion and began the colonization of Siberia. However, after he brutally murdered his son and passed away, a period of civil wars and foreign intervention known as the 'Times of Trouble' soon began.^{xcv} This time in Russia resulted in the devastation of many cities and depopulation of the rural regions, leaving Russia vulnerable to invasions from foreign countries. They lost much territory to the Polish-Lithuanian Commonwealth as well as to the Swedish Empire. However, due to the strength of the government's central bureaucracy, the Russian statehood survived the Times of Trouble and rule of weak tsars.^{xcvi} After the chaos of these times, Michael Romanov was elected to the throne and the Romanov dynasty ruled Russia until 1917. During this time Russia luckily faced less conflicts with Poland and Sweden due to them being at war with each other, giving Russia

the opportunity to continue their conquest of Siberia. By the late 1640s, the Russians reached the Pacific Ocean.^{xcvii}

During the time of the Romanov dynasty there were many great leaders to rule Russia and leave their mark on the country's rich history and culture. One of these memorable names is Peter the Great. Peter was different from other tsars that had ruled before him, he had a brighter future in mind for Russia. He spent a considerable amount of time in Europe after gaining sole possession of the throne and became determined to modernize the Russian state and westernize its society.^{xcviii} After returning from Europe, Peter established an immense amount of reforms in Russia including the reformation of the Russian army and creation of the Russian navy. With the new military power he had created, Peter successfully gained access to the sea and immediately began on the creation of what would become the new capital of Russia at the time, St. Petersburg.^{xcix} While many people opposed Peter the Great and many of his reforms, by the end of his reign Russia had become a great European power and many tsars, including the well-known Catherine the Great, would follow in Peter's footsteps to continue to expand the Russian Empire's power.

The Russo-Japanese War and WWI: Jumping forward to the end of the Romanov dynasty, political tensions in Russia were beginning to grow as the Industrial Revolution began to exert significant influence over Russian citizens. Politically, there were three competing parties at this time, the constitutional democratic party or Kadets, the Socialist-Revolutionary Party or Esers, and the Russian Social democratic Labour Party(RSDLP) which eventually split into two wings: the radical Bolsheviks led by Lenin and the moderate Mensheviks.^c These groups were emerging as Nikolai II was under control of political power and responsible for growing Russian existence in the far most eastern regions of the continent, specifically expansion into Manchuria^{ci} causing turmoil between Russia and Japan.^{cii} In 1904, Japan led their first attack on Russia, leading to the Russo-Japanese war which came to a devastating end for Russia.^{ciii} These losses coupled with political turmoil caused civil unrest that shook the empire. In January of 1905, an enormous crowd of citizens protested and marched on the Winter Palace in Saint Petersburg. Upon arrival the masses were fired at, causing the deaths of hundreds and becoming known as the Bloody Sunday massacre.^{civ} This massacre set a fire under the bottoms of Russian citizens who were fed up with the overbearing rule of the tsars. This began the Revolution of 1905, which demanded a democratic republic. By October of 1905, Nicholas hesitantly issued the October Manifesto, which created a national Duma(legislature). The Duma granted Russian citizens the right to vote and no law was to be put into place without confirmation of the Duma first.^{cv}

In 1914, World War I arrived on the most western borders of Russia. Russians took the offensive against Germany and Austria-Hungary and fought alongside allied powers of Britain, France, Italy, and the United States.^{cvi} Still paying for the war with Japan, the economic climate in Russia was declining, leaving the people terrified. With lingering costs of the previous war, the military was spread thin and subsequently suffered extreme defeats due to being poorly led, having severe

shortages in food, and overall under-equipped to battle this war. As a result, Russia soon fell into an economic collapse.^{cvii}

The Bolshevik Revolution and the creation of the Soviet Union: The economic collapse of Russia had the people looking for change. Riots in St. Petersburg led to the establishment of workers councils and, in an attempt to restore order, a 'Provisional Government' was set up. The provisional government called for more rights granted to workers and citizens, however, it was unwilling to withdraw from the war which is what the Soviets were looking for. The provisional government under Aleksandr Krensky failed to establish its authority, while at the same time the Soviets were increasingly growing support for the Bolsheviks. With the growing support of the people, Vladimir Ilyich Lenin led an attack on the Palace on October 25th and overthrew the Kerensky government.^{cviii} The people blamed the weak provisional government for continuing in the war, further leading to the growing economic crisis.^{cix} While the Bolshevik's had growing support in the major western cities, they didn't have the support of the whole country; but they knew that taking Russia out of the war was what the people wanted. Not long after successfully removing Russia from World War I, the country was faced with a civil war. The Bolsheviks emerged triumphant, and the Red Army went on to control Ukraine, Belarus, Azerbaijan, Georgia, and Armenia. After these successes, Moscow formed a new state in 1922, creating the Union of Soviet Socialist Republics (The USSR).^{cx} Strong opposition soon developed towards the new ideologies of communism that came with the Soviet Union, leading to Lenin establishing the New Economic Policy (NEP). Under this policy, private retail trading was permitted while the state was still responsible for banking, transportation, heavy industry, and public utilities. This program proved to be beneficial in Russia and finally revived the economy.^{cx} This time did not only transform the economy but dramatically altered the social life of the people. Women were granted equal status towards men, the soviet government pursued a policy of eliminating illiteracy, and industrialization and urbanization were in full force.^{cxii}

Following Lenin's death, Joseph Stalin established total control of the Soviet Union with practically no restraint on power. Lenin's NEP was replaced by a five-year plan that heavily forced communism onto the Russian people. Agricultural lands became state-run farms, industrial development was pushed along at rapid speeds, and production switched from consumer goods to almost purely capital equipment.^{cxiii} Individualistic ideologies were almost completely suppressed at this time including art and literature, religion, and any opposition to Stalin or the communist party in general. The Soviet Union had become the most strictly government-regulated country in history. The confiscation of wheat and other food products combined with bad weather led to the deaths of seven to ten million peasants, mostly in Ukraine and southwest Russia, along with the migration of desperate peasants to growing cities, once again fueling industrialization.^{cxiv} Stalin was growing aggressively power hungry as he continued his totalitarian reign. The great purges began and led into a period of strict penalties for often un-deserving citizens. Convicts were forced to work in labor camps of the gulag system, which Stalin used as an important component in his industrialization effort. An estimated 18 million people passed

through the Gulag system and another 15 million experienced some form of forced labor.^{cxv} Approximately 1.6million people died while going through these camps with hundreds of thousands of others executed under Stalin's rule.^{cxvi} Joseph Stalin was one of the most brutal leaders in world history let alone Russian history and this period of time shaped Russian culture in many ways. This is one of the many reasons Russia suffers from distrust of the government and corruption in both law enforcement and the political environment. They went through years of forced suppression, shaping their culture to be weary of leaders above them, with even the ones in power constantly in fear and distrust of the people surrounding them. This period of communism in Russian history was a pivotal turning point for Russia, with much power gained but at the loss of so much.

World War II: The Soviet Union had no way to prepare itself when the second World War started. Because of past political turmoil and World War I, the military found itself lacking experienced leadership and means of production for the equipment needed. In 1939, Germany and the Soviet Union decided to split Poland between the two powers with the Molotov-Ribbentrop non-aggression pact which meant Soviet military invaded and occupied the region.^{cxvii} Once the Soviet Union was able to divide Poland, the border was extended westward. The treaty fell though leading to a German invasion of the Soviet Union on the western borders causing destruction and besieged cities in an attempt to control Caucasus oil fields. As a result of war, the Red Army as well as civilians faced many casualties with estimated death toll ranging from 26-27 million people.^{cxviii} The industrialization of the Soviet Union was moved eastward to escape German advances, ramping up production and in turn helped lay the foundation for post war reconstruction. The Soviet Union's help in German defeat changed the course of World War II, and once Germany was pushed eastward, it led to the Soviet's capturing Berlin.^{cxix} The Soviet Union emerged stronger at the end of the war then when it had started which gave the people hope for the future when it was considered one of the great world powers.^{cxx} However, there was a decline in standards of living, famine due to hardships in agricultural production, restrictions on political freedoms, and more death after the war had ended. During the war, the use of propaganda to promote patriotism had a long-lasting effect. The war was posed as a fight against imperialism, with the Soviet state reinforcing the idea of socialism and duty to the state. The emphasis of military strength led to new ideologies, geopolitical aspirations and influenced the identity of the nation.

The Collapse of the Soviet Union: With an increase in human-right violations in the 1970's, it was clear that there was a need for reform. Mikhail Gorbachev (general secretary) pushed for a new Soviet Union which was characterized by two words, "glasnost" (openness) and "perestroika" (restructuring).^{cxxi} The purpose was to instill hope in the government and boost the economy. There was a wave of investigation into government corruption and a loosening control of the economy. The people lost hope in Gorbachev when it came to light that the government had waited to tell the public about Chernobyl and the effects that the radiation could

have on the people. This brought about the first available public discussion about the mismanagement of resources, involvement in wars, government corruption, and the country's economic state.^{cxxii} This was a pivotal moment for the people and led to open elections and public political involvement which in turn led to an increase in widespread criticism of the government. The Independence movement led to strikes and demonstrations criticizing the Communist Party's claims that its purpose aligned with the rights of the workers. As the economy continued to decline, consequently there were food shortages, and an increase in crime. After political battles for power, coups, and the implementation of food rationing caused more economic turmoil, the country had to receive food aid from abroad. On December 12th 1991, after the Belavezha Accords, the Supreme Soviet of Russia withdrew Russia from the Soviet Union and on December 25th 1991 the Russian Federation came into power and the Soviet Union officially ended.^{cxxiii} As a result of the transfer of power and the effect of the food shortages plaguing the country, the Russian government lifted the price control. In turn, prices rose, but there were no more food shortages. The shift from a central, controlled economy to a market economy changed state-owned institutions to privatized industries which significantly shifted production of goods and services, changed distribution channels, and the way the market worked. This was the introduction to competition in the marketplace. Adding a wide array of choices made previously scarce items accessible to the people, and boosted globalization opportunities.^{cxxiv} Privatized businesses and the transition to a market economy allowed for job creation, unique innovation and created countless new opportunities for Russian citizens, but it also widened the social and inequality gap between its citizens.

Political and Legal Factors that Shape the Marketplace.

After the fall of the Soviet Union in 1991 Russia was finally given the freedom to have various political parties which was forbidden before. This allowed the creation of the Constitution of the Russian Federation on December 12th, 1993. This was put to use as early as December 25th, 1993.^{cxxv} This was Russia's final chain link that was broken away from the Soviet Union allowing them to finally get to make their own decisions. Due to the rise of different parties such as the United Russia, the Communist Party, the Liberal Democratic Party of Russia, and A Just Russia^{cxxvi}, this caused the shift from the Socialist USSR to what Russia is now, a federation and a semi-presidential federal republic.^{cxxvii} This form of government has a President who serves 6 years with a max of 12 years consecutively running.^{cxxviii} As well as a Prime Minister who terms are also 6 years in office^{cxxix}, together they are both in charge of the country. However, the President's role is to run the state whereas the Prime Minister controls the government.^{cxxx} The federal government in Russia is set up in a similar way as the USA, composed of three separate branches: Legislative, Executive, and Judiciary.^{cxxxi}

The Legislative Branch comparable to the USA's Congress consists of State Duma with 450 members and a Federation Council with 166 members which

creates the bicameral Federal Assembly.^{cxxxii} They also resemble duties the USA Congress are accountable for such as creating laws, declaring war, approving treaties, and having the ability to impeach the current President if necessary.^{cxxxiii}

The Executive Branch just like America's is made up of the President of Russia who is also seen as the commander-in-chief for the military.^{cxxxiv} Through this branch the President is given the power to decline any bill or law they don't seem fit, as well as make the decision of who the members of the Cabinet and various officers in charge of laws and policies.^{cxxxv}

The Judiciary Branch is made up of what used to be three separate courts whose members are only chosen by people the President suggests to the Council of Federation.^{cxxxvi} These courts include the Constitutional Court, the Supreme Court, and the Higher Arbitration Court which now has been discontinued since September of 2014 and taken over by the Supreme Court.^{cxxxvii} The Constitution Court is the only one assigned a certain number of judges, 19.^{cxxxviii} The Supreme Court on the other hand has varied with the total number of members. In 2002 there were only 115 members assigned but after the Arbitration Court was terminated, they increased the number to 170 in September 2014.^{cxxxix}

Stability of the Russian Government. The stability of the Russian government has varied over the course of time. While Russia has been seen as a country that functions through democratic features it would still be viewed as much less democratic compared to other countries such as the USA. Their democracy is managed^{cxl} by the leaders in position giving the Russian citizens a small taste of total democracy. When Vladimir Putin first came into office, he was seen to be very effective in taking advantage of the resources Russia offered. He made sure to continue the ability to keep pursuing the high oil prices, the relatively low cost of domestic goods/labor, and keeping an intact relationship with those from the Western regions.^{cxli} While all of these factors resulted in helping the economy it did not stay like this forever. During the second term of Putin's presidency, this is where the factors started to head into a negative direction for Russia. Some being the strict administrative reforms being put into place that resulted in a heavily restricted government, the largest oil manufacturer in Russia was dismantled, protests began to form on issues of social benefits, etc.^{cxlii} This can cause the Russian government and leaders to be seen as ineffective in the way they lead their citizens and country as a whole.

As far as the general stability of government, the Russian government has many strengths but is also known to be quite corrupt at times. When looking at the CPI, Corruption Perceptions Index Russia is rated 141/180 as 2023 in comparison to countries/territories.^{cxliii} Along with this they also provided a Global Corruption Barometer where Russia scored 27%.^{cxliv} Which indicates that 27% of Russian public service users were offered a bribe and accepted it in the last year.^{cxlv} There is

commonly known to be embezzlement, nepotism, and bribery throughout the government's proceedings and law enforcement. This is something that foreign firms should be aware of when entering the Russian market because it is a lot riskier to enter an unsteady political market than into a country where you know you'll be heavily protected as a business.

When analyzing the Country Risk Rating in Russia it is classified as a D, which indicates high risk politically and economically.^{cxlvi} This can pose a very big threat when thinking of entering the market of Russia due to the unpredictability of how a business might interact with the certain conditions present. The Business Climate Rating also helps evaluate how risky the business realm is and how difficult it would be as a business owner in the country, Russia rated a D again, classifying it as highly risky.^{cxlvii} Since Russia invaded Ukraine in 2022 they have seen a peak in the riskiness of their country. The PRI, Political Risk Index, measures the ranking of the riskiness of a certain country. This measurement can be found through Country Watch where several factors are accounted for. The Index values range from 0-10 with zero being the highly risky and ten being highly stable politically. The Russian Federation's PRI value was rated as a 6, which ranks it as moderately risky when it comes to politics.

After Russia had invaded Ukraine this caused their GDP to increase by a significant amount to what it was before the war between them. It was projected that the total budget for the army was going to stay above 30% which was twice the amount it was before.^{cxlviii} After the GDP was projected for the year amounting to hopefully 150 trillion rubles (1.635 trillion in USD) they dedicated 6.4% or more towards military spending. In relation to other countries, this is about three times more than what most decide to put towards their defenses which is 2.1.^{cxlix} In 2022 Russia was ranked third out of the countries with the highest military spending which was 86.4 billion USD, they were behind China which was second, and the USA which was first.^{cl}

The Economic Freedom Score is a ranking that was made by the Heritage Foundation which helps us determine how much freedom a country has when allowing new ideas and businesses. The scores can range from 100 which would be ultimate economic freedom everywhere in that country with no restrictions while 0 being the lowest indicates absolutely no economic freedom. Russia ranked 125 out of 184 countries with its Economic Freedom Score equaling 53.8.^{cli} The average Economic Freedom Score during 2023 was 59.3, and Russia fell a little bit below this mark.^{clii} The average of the countries and Russia's score fall between 50 to 59.9 symbolizing a "mostly unfree" country.^{cliii} This could have a negative impact on the marketplace in Russia as it is deemed to be unfree to most coming to expand their businesses. Many businesses might not see Russia as a fit country to expand their market globally because of the repercussions it could have. This Economic Freedom Score can give Russia a bad reputation in its marketplace place making it difficult for it to expand its environment economically.

Counterfeiting, Copyrights, Trademarks, and Patents. The Russian Federation acknowledges many different types of rights that pertain to intellectual property.

They have established federal laws that are out in place to protect citizens and businesses from the threats of getting their IP assets stolen. Similar to the USA and other countries they have created rights such as patents, trademarks, copyrights, etc.^{cliv} Countries need to have laws implemented like these if they want new businesses to enter their market. If new business makers want to be successful, they must pick countries to expand to where their information and assets will be protected. If not, this could cause a business to suffer and ultimately cost them their entire company. Viable governments should always have laws created to help ensure everyone and everything is protected.

Rule of Law in Russia. Looking at the World Justice Project on the Rule of Law Index it analyzes various countries in order to understand how they operate in regards to the overall universal rule of law.^{clv} The Index ranges from 0 being the lowest score representing a weak correlation to 1.0 shows a strong representation. The Russian Federation ranked 113 out of 142 other countries with their index value equaling 0.44..^{clvi} This demonstrates how Russia has a moderately low following of the rule of law based on the lower ranking and index score. This can be threatful to new business members coming into the market because it could be much different than other countries whose rule of law is higher making it harder to adapt to new laws and regulations.

Russia Regulations. In comparison to the USA and its various regulations for many different scenarios, Russia also has a good selection of regulations that must be understood. Without knowing all the regulations when getting involved in the market creates confusion and the potential to break the law without realizing it. Some of Russia's major regulations that are executed involve factors such as taxes, the environment, labor, licensing and permits, imports/exports, etc. These regulations help shape the smooth running of businesses and make sure they follow what is expected. Most of the regulations can be related to the process of entering a new market and making sure you correctly expand.

The Russian Federation's political government has gone through several changes over time and was allowed to grow into a new nation. After breaking away from the Soviet Union, the citizens of Russia finally got to experience what it was like to have a sense of freedom without being told what to do constantly. The inhabitants of Russia can live in a way that would have been unimaginable during the reign of the USSR. While Russia might not be the most politically stable or efficient country, being able to reset its government after a long reign of communism has given it a fresh start.

Geographic Factors' Impact on the Culture.

Russia is the **largest country in the world** at 17,098,242 sq km in total including 16,377,742 sq km of land.^{clvii} It is more than 2.5 million sq miles larger than the second largest country in the world, Canada.^{clviii} Russia expands across two continents and is located in North Asia, extending from Eastern Europe to the Northern Pacific Ocean.^{clix} Despite the vast size of Russia, it can be considered

unfavorably located in relation to a significant lack of major sea lanes.^{clx} Russia's immense geographic size has had a huge impact on the country's culture throughout its history. This country spans various landscapes and eleven different time zones, bringing about a diverse blend of traditions, cuisines, and cultural identities. As mentioned in the demographic analysis of Russia, most of the population is located in the westernmost area of the country because of the harsh terrain and freezing temperatures present in many of the eastern regions. Compared to the USA, Russia is about 1.8 times bigger in size.^{clxi} This demonstrates just how large of a land mass Russia occupies. This country went through centuries of wars, various leaders (some great and some borderline tyrants), extreme economic downturns, and overall harsh conditions in order to gain the amount of territory they control today. This is represented in the resilience and strength present throughout the Russian culture and people.

Terrain. Considering the extremely large size of Russia, ranging 6,000 miles East to West^{clxii}, this country exhibits a diverse terrain that covers most different types of biomes. Russian terrain includes broad plains with small hills to the west of the Urals, large coniferous forest and tundra in Siberia, and uplands and mountains along the southern border regions.^{clxiii} Russia can approximately be split into two plains; Eastern European and West Siberian Plains, three lowlands; North Siberian, Central Yakutian, and East Siberian, two plateaus; Central Siberian and Lena Plateau, and two systems of mountainous areas; East Siberian mountains and South Siberian mountains.^{clxiv} The lowest point in the country is the Caspian Sea, which reaches as low as -28 meters. On the other hand, the highest point in Russia is the Gora Elbrus mountain peak that reaches an elevation of 5,633 meters.^{clxv} The diverse terrain in Russia has forced their citizens to develop high self-reliance while knowing how to successfully operate in a group. Since the land is so vast, Russia's population density is only about 23 persons per square mile, making it one of the most sparsely populated countries in the world.^{clxvi} Although majority of the citizens reside in the westernmost fifth of the country and large tracts of the north and east are inhospitable^{clxvii}, this still leaves a large area for Russian citizens to spread out in.

Factoring in that Russians are both spread out as well as living in a wide range of environments, it is no surprise why their citizens can be perceived as somewhat introverted to a foreigner considering many Russians have been accustomed to being isolated and self-dependent for centuries. This also partially demonstrates why Christianity and the Russian Orthodox Church is an important part of life for many Russian citizens because it provides them with a sense of community and belonging as well as some peace to combat the harshness of everyday life that certain terrains of Russia endure. These varied terrains and environments also have an impact on the development of languages throughout the country. The official language is Russian and is spoken by 85.7% of the population, but some minority languages are spoken as well such as Tartar (3.2%), Chechen (1%), and other various and Native languages (10%).^{clxviii} The exact percentages of different Terrains present in Russia are unknown, but we do know that 49.4% of the land is comprised of forest, 13.1% is agricultural land, and the other 37.5% is made up of the various mountains, plains, and water masses that occupy the country.^{clxix}

The Eastern most region, especially the Kamchatka Peninsula is defined by a strip of volcanos known as the Ring of fire. This area is largely uninhabited because of the high level of natural disasters that occur here such as frequent earthquakes and active volcano eruptions. This area bordering East Russia accounts for about 90% of the world's earthquakes and 75% of the world's volcanic activity ^{clxx} For the few Russians that do occupy this land, life is definitely more difficult and can be dangerous, explaining again why most of the Russian population is concentrated on the western side of the country, ranging from the Baltic Sea to the Caspian Sea and stretching towards the Kazakh Border.

Minerals and Resources. Russia is blessed with many sought after resources such as natural gases, coal, oil, and timber. It holds as much as half the world's coal reserves and even larger reserves of petroleum. Russia also holds around forty percent of the world's natural gas reserves. ^{clxxi} The western most part of Russia, as in the European region, is known for industrial and agricultural resources while the far east and Siberian region has an abundance of metals, oil, natural gases, and coal. Agricultural land amounts to 13.1% of the total land mass in Russia but only 7.11% of the vast area is arable land, and permanent crops only account for 0.1% of the land with 5.7% used as permanent pasture. ^{clxxii} Most of the land itself is either too dry or frozen over to the point where it is extremely difficult for crops to grow. Because of this, Russia has never been a country that could rely on its own agriculture to supply for its citizens nevertheless be a good source to drive its economy. Therefore, Russia turned to the surplus of natural resources available in the country to drive its economy and grow its power. Russia is one of the largest producers of oil in the world and until 2022 Russia was by far the world's largest natural gas exporter. ^{clxxiii}

The retrieval and production processes to gain these natural resources is demanding and expensive, so the Russians have always had to be diligent and wise workers in order to successfully exploit these natural resources. This highlights the large amount of importance that Russia has placed on industrialization throughout its history. Since they were not provided with adequate resources to "live off the land", Russia was forced to adapt to use what was provided to them if they wanted to survive. At many different points in history, Russians were corralled as a labor force and told what they needed to do by the ones in charge of them. The tsars of early Russian history pushed industrialization through constant expansion into new territories and constructing of new cities. Throughout the reign of communism under the Soviet Union, Russians were forced to work towards industrializing the country either by their own free will or by sheer force. This created a culture of self-resilience in Russia. Russians are social and hospitable people, however, they tend to be untrustworthy of most others besides their family. This comes from years of Russians being given little to no freedom when it comes to how hard they must work to survive. They were often used simply as a pawn of the government to satisfy whoever is in charge, leading to a culture of people who must fight for themselves and the ones they love by working together in group to accomplish that.

Russians have always had to band together in order to accomplish something for themselves, they did this in major revolutions, wars, and in their years of communism as a society. This can be seen in the way that they trade oil as a main source of income. The extraction of oil and natural gases is extremely hard labor and tiresome for the real workers on the bottom and middle levels, while the government on the top simply sells it for majority of the profits. Demonstrating the aggressive top-down society that has been present in Russian culture throughout most of its history that led its citizens to a culture of persevering as a group in order to survive as one.

Access to Water Transportation. When analyzing a country, it is crucial to look at where it is in relation with water. Some countries are completely landlocked and must rely on outside borders if they need to obtain something. Being directly connected to waterways can be a very important resource that can be extremely beneficial to a country and its economy. Waterways are used for many reasons but one of the major reasons is using it to initiate trade with other regions. Russia is known for being large in size along with this two-thirds of its landmass is surrounded by water.^{clxxiv} The more water that country is enclosed by the greater the opportunity to be able to expand your market. The ports in a country create more opportunities to flourish as a nation than in comparison to other countries that have little to none.

Access to ports in warm waters such as the Black Sea and the Pacific has had a huge geopolitical impact on foreign policy in Russia. A giant waterway system links the Baltic Sea, White Sea, Caspian Sea, Sea of Azov, and the Black Sea (2009) totaling over 72,000 km long.^{clxxv} The major ports include Arkhangelsk and Murmansk connecting with the Arctic Ocean, Kaliningrad, Primorsk, and Saint Petersburg connecting the Baltic Sea, Novorossiysk on the Black Sea and Nakhodka, Vladivostok, and Vostochnyy connecting the Pacific Ocean.^{clxxvi}

While all these ports are extremely useful the only downside is the Gulf Stream, which creates a current that causes cold coastlines. This causes negative impacts when much of the coastline is located in a place that freezes over due to the harsh temperatures.^{clxxvii} These effects can stay in place for a majority of the year making it unpredictable as to when the next shipment of a good could go in or out. But when the ports are unfrozen, they play an integral part of the economy. This is because of the lack of viable agriculture, the country has to engage in extensive import and export arrangements. Russia's rivers and ports play a central role in the economic development and the integration of other cultures and expansion. Ports like Saint Petersburg connected Russia with European countries and the Baltic Sea. Russia is given many opportunities to persevere through the hard times it has gone through as a country. The access that Russians have to water transportation has allowed Russians to explore new regions and stay updated with the cultures and countries they border as well as ones they do not. The ports and waterways in Russia will continue to amplify them as a country giving them a leg up when needing to receive or send out imports and exports across the world.

Shape and Location. On a standardized map of the world, you would locate Russia on the northern-east side surrounded by both the Arctic and Pacific Ocean whose shape slightly resembles a half moon. Russia extends all the way outwards towards most of eastern and northeastern Europe regions and entirely covers northern Asia.^{clxxviii} Russia is classified as the largest country in the world with a total area equaling 6,0601,665 miles squared which includes both land and water areas.^{clxxix} Russia has a coastline spanning 37,653 km^{clxxx} which covers a majority of their outer land mass. Not only does it have immense access to water, Russia shares borders with several other regions. Russia shares its borders with the more countries than any other country/region in the world.^{clxxxi} Russia borders the edges of 14 sovereign states along with 2 separate maritime boundaries involving the USA and Japan.^{clxxxii} These borders were created in 1956 and are still drawn out the same way today.

With this vast mass of land, Russia is covered with various types of terrain and weather that had to be accounted for properly. When in Russia one could be in a region that has tundra, deserts, mountains, etc. One must depend on the location they are in and learn how to utilize their strengths to be able to effectively work and live in that area. This represents why the Russian culture is so perseverant because they have no choice. From the past, it is apparent the dedication and work that Russians have put into their lives and work to be able to live a better life. While half of the country is surrounded by water the other half borders various states which can cause people with opposite lifestyles to display many cultural and traditional differences. Along with this, people living in the northern regions have access to water and trade which makes it easier for them to gain access to various business opportunities. Russians living in the South have never experienced a resource like this. All they have had access to has been other regions of land. This can cause isolation in these areas, pushing Russians to stay closest to their inner circle, specifically family they can trust.

Climate. Considering the large size of this country, it is no surprise that Russia experiences an immense variety in climate. It ranges from steppes in the south to mostly humid continental weather through much of European Russia, subarctic in Siberia to tundra climate in the polar north.^{clxxxiii} Throughout much of Russian territory, there are only two distinct seasons including winter and summer (spring and autumn are usually brief periods between extreme low and high temperatures).^{clxxxiv} The well-known cold winter climate in Russia has become a huge part of Russian culture that can be seen in the way they dress and some of their favorite recreational activities.

Russia's extremely diverse climate is yet another reason why Russians had to learn to be so creative and resilient in order to survive because they had to deal with such harsh and diverse climates spanning throughout the country. Some of the climates in Russia are so intense it makes the area completely uninhabitable. Their extreme climate is also the main reason why agriculture is difficult in Russia. Only 7.3% of their land is arable because the rest of the soil is either too dry or too cold to grow anything. Once again explaining why the Russians have always had to rely on industrialization in order to persevere as a country because their climate and

terrain did not provide them with too much to rely on. Climate pushing Russia towards industrializing can also explain the heavy push towards urbanization that is seen in Russia. As of 2022, about 75% of the Russian population lived in urban areas.^{clxxxv} Once again showing how the Russian culture is known for coming together in order to survive, the Russians tend to band together in large cities/metropolitan areas in order to have a higher chance to succeed. Living in closer proximity makes working together easier despite the harsh climate and rough terrain prevalent in many parts of Russia.

Conclusions. To conclude, it can be observed that Russian geography is vast and diverse. Considering it is the largest country in the world after its rich history of expansion and conquering, it is not shocking that a vastly diverse terrain and extreme climate conditions would be present throughout this country. This has made a lot of aspects of life difficult on the Russian people. They've had to suffer under a climate which oftentimes made agriculture and simple survival strenuous, on top of feeling isolated and "on their own" due to the immense amount of land and space present in Russia. Through these challenges and years of defeats and triumphs, the Russians learned to place a heavy importance on industrialization and urbanization in order to take advantage of the natural resources provided to them. Russia was successful in doing this and has established its country as one of the major powers in the world with a rich culture that exemplifies self-resilience and strength.

RELEVANT CONSUMER BEHAVIOR AND CULTURAL VALUES

Cultural Values:

A country's culture is shaped by the values they uphold. There are countless aspects that play a role in forming a country's values, but usually the most influential factors include geography, history, and religion. These come together to define the crucial aspects of life for a country and create a "cultural onion" of values. The cardinal value falls in the center and all other values grow around this core belief. In Russia, the cardinal value is **endurance**.

Russians have had to endure countless hardships throughout the thousands of years since the country became inhabited. Due to the extremely large land mass and numerous countries bordering them, Russia has had to experience years of attempted invasions with no natural borders to serve as defenses.^{clxxxvi} On top of this, Russia lived through some of the most brutal rulers in history including Joseph Stalin who was responsible for the deaths of millions of his own people.^{clxxxvii} This engraved the ability to withstand extreme levels of political and economic turmoil into Russian culture which is still evident today in the way Russian citizens are persevering through major disruptions caused by the war with Ukraine. Russia's history taught their people how to continue through hard times no matter if it's caused by war, corrupt governments, or just everyday challenges. Russia is a culture that excels in being knocked down but getting back up again stronger and

more determined than before. Demonstrated in their most respected art form, the Russian ballet is the epitome of endurance. Dancers go through years of intense training and countless hours of practices/rehearsals in order to perform at the level the Russian ballet expects. Their endurance is the main attribute that makes the Russian ballet so unique and truly embodies Russian culture.

The physical environment of Russia also heavily contributes to the endurance found in Russian people. Due to their geographical location, Russia experiences remarkably cold temperatures and extreme weather conditions.^{clxxxviii} This environment forces Russians to adapt to harsh conditions to survive. They have no access to arable land for months during wintertime, leaving them no choice but to learn how to plan for changing seasons and survive on very little. This has been the way of life in Russia since the dawn of their civilization, reinforcing this mentality of endurance into their culture. Russians endure hardships in every aspect of life, whether it be from brutal governments, societal class levels, corruption, limited resources, or harsh physical environments. The Russian value of endurance has shaped their country into a dominant force. They would not be the global powerhouse they are today if Russians lacked the resilience it takes to maintain life no matter what comes their way.

Primary Values:

Family. Russian citizens have lived through countless hardships in the past and still face many challenges today. Life in Russia is not easy, so having an outlet to escape from the cruel reality of their society is a necessary part of life. In Russia, this outlet is their family. There is nothing that Russian people place higher importance on than family. Throughout all of history, Russians have turned to family to help them through any challenges they face. It is common practice for large Russian families to live together in extremely close quarters, sometimes even sleeping atop one another to survive the freezing winter temperatures.^{clxxxix} A dependence on the family has been engraved in Russian culture and is still highly valued today.

Russians are also commonly stereotyped for their cold and stony exterior, portraying them as unfriendly and serious people. However, this is most definitely not the case. Most Russians are quite humorous, warm, and emotional people, they just only show it to those they truly love and care for. As stated in Gannon's text, *Understanding Global Cultures*, "Among friends and family, Russians become the wonderful, flowing, emotional people of Leo Tolstoy novels, sharing humor and sorrows and confidences".^{cxc} Russian people have so much soul and so much love to give, having family to connect and spend time with is their most valued part of life. Without their family, Russians would not have the strength or skillset to endure the corrupt and harsh aspects of life in Russia.

Community. Second to the family, the community that Russians choose to surround themselves with is of great importance in their culture. Society in Russia is extremely ranked and historically has been an autocratic nation.^{cxc} The people on

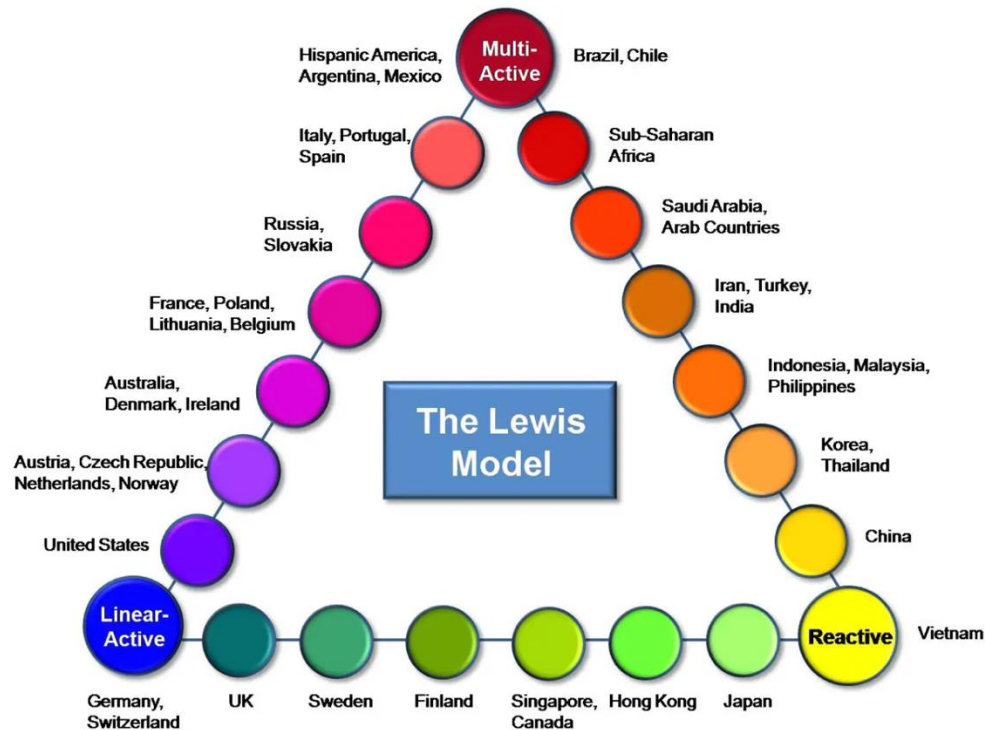
top hold the majority of the power and diminishing levels of prestige and influence follow below them. Life and success in Russia revolve around who you know. Forming connections is the only way to get ahead, therefore, the community Russian's choose to surround themselves with is of great importance to them. These are the people they turn to for everything. They are usually of a similar "ranking" to one another, they lean on each other for support, and without one another it would be nearly impossible to survive in this harsh society.

An emphasis on the group can be traced back to the *mir*, or the small village, that made the farming decisions, collected taxes, and resolved conflicts within a community all the way through the 1900s in Russia.^{cxcii} This way of regulating life enforced a loyalty and dependence on the group into Russian culture. They learned centuries ago that it was much easier to endure life in Russia with the support of a community around them and that leaning on one another was the best way to grow and improve, not just as individuals but as a group all together. Russians continue to place extremely high value on their connections and the community around them. The community protects them, comforts them, and allows Russia to sustain its strong and resilient culture.

Respect. Another primary value that is deeply rooted in Russian culture is respect. Russians are taught from a young age to listen and obey those above them. Russia implements a very high-power distance, people are given designated roles and must respect them. Along with this, they know that those who are of a higher ranking hold order over them and they both understand and respect this. A quote from Landon Pearson describes this aspect of Russian life; "a respectful and, indeed, slightly fearful attitude to adult authority is inculcated into Soviet children from the moment they set foot into an educational establishment".^{cxci} Even after the Soviet Union fell, Putin wanted to make sure that Russians did not lose this value. He continued to have the constant message of respect engraved into the young student's minds. This is to ensure that no person, especially those of high authority, will ever be treated without respect because it is such a valued part of Russian life and society.

Control. The Russian culture has a complex relationship with the idea of control and power. Respect for authority and the systematic hierarchy is represented by Russia's high PDI score, which highlights the facts that unequal power dynamics in society and organizations are not just accepted by the culture but expected. On the other hand, there is a distrust of centralized authority because of its tumultuous history leading the culture to express skepticism towards the government. Russians also have a strong ability to adapt to their surroundings which can be attributed to their extreme environment and history of political and social unrest which can lead them to look for situations to control in other aspects of their lives. This is why corruption and power are so prevalent in Russian society. This polarizing view can lead to contradictions in behavior and attitudes because they must navigate a culture that encourages control and power dynamics to complete goals while being cautious of centralized authority. In conclusion, Russians have a complicated view on control and power which is reflected by the country's complex history and deep cultural values.

Lewis Model of Cultural Types. This model is used to understand how countries react to different aspects of life. The countries in this model are positioned relative to three different categories; linear-active, multi-active, and reactive. Russians are primarily multi-active but they lean towards linear-active as well. This is evident throughout their high context and collectivist culture. Russians are people-oriented and value emotional connections over any material goods. In order to make an impact on Russian culture, new brands need to implement a marketing mix that appeals to Russia's multi-active society.



Secondary Values. The cardinal value of endurance is the core that upholds Russian society. This expands into many secondary values that additionally help define Russian culture. Usually, a country has about 9-14 secondary values that help uphold the cultural union and the value at its core. From a young age, Russians are taught values such as:

Acceptance: Russians accept their role and way of life without question

Tradition: History and heritage affect all aspects of Russian life

Adaptability: Learned to survive both an extreme environment and government

Security: The need to escape from their dangerous and corrupt society

Generosity: Gift giving helps build relationships and grows one's inner circle

Pragmatic: Russians are taught not to expect much from life at a young age

Vulnerability: Opening up to someone shows how much they trust you

Cautiousness: Nothing should ever be decided without thorough consideration

Patience: Rather take their time to do it the right way than rush and make a mistake

Education: Russia is a developed country that values and expects their citizens to be educated

When analyzing the Russian consumer, it is important to understand they come from a group-oriented, collective culture that can be hesitant to adopt new products. For a product to be well received in Russia it must connect with Russian citizens. They are accepting of products they believe to be practical as well as impactful. Russians become habitual users of products they find to be beneficial in the long term. They strive to build connections and grow their status, so Russians tend to shop for products that fit their role in society and help them relate to the group.

The Russian society has been taught to work in relation to those around them. When being presented with a product like Heinz, it is important the values that resonate most with the Russian culture are also found within the marketing mix. Advertising how this product can be used for the family in the household as well as for the community at social gatherings will resonate with Russian citizens and help them form a real connection with the brand.

Analysis of Hall's 10 Primary Message Systems

Introduction: Edward Hall's model of ten sequential primary message systems is used to describe universal elements that all cultures address. These elements include interaction, association, subsistence, procreation, learning, time perspective, use of space, cultural effects, defense, and materialism and exploitation. These elements are all interrelated, with the first three being the most influential on a country's culture and the following seven coming into place after. These universal elements are rooted in biology and help explain in depth many different aspects of a country's culture and society including why people of different cultures behave, live, and interact the way they do. Hall's work has been studied and used in consumer behavior and marketing research for years and is a great way to analyze and learn more about a unique country such as Russia.

Interaction. Hall's model states that a country's interaction with the cosmos (gods) is the single most important primary message system of them all. Depending on where a country's dominant religion falls on a matrix measuring humanism vs. determinism and pluralistic vs. singular views of life will largely affect the culture and almost all other aspects of everyday life in that country. Religion is interesting in Russia considering that it was forced to change many times throughout history due to the country's revolving door of tsars, emperors, and different governments in the centuries since it was founded. In the 10th century, Prince Vladimir I adopted Christianity as the official religion for Russia and for nearly 1,000 years following this the Russian Orthodox Church was the country's

dominant religious institution.^{CXCIV} However, after the communists took power in 1917, many of Russia's religious institutions suffered. The Soviet Union claimed to guarantee religious freedom but still greatly constrained membership in religious organizations. However, since the 1990s after the dissolution of the Soviet Union, it became evident again that the Russian Orthodox Church is still a major element of Russian culture.^{CXCV} About 53.1% of the population is affiliated with Russian Orthodox Christianity, a large majority of the population compared to the next largest religion, Islam, which about 8.2% of the population practices (2005).^{CXCVI} These religions interact with the gods in very different ways, so we will focus on Russian Orthodox Christianity since it is the most prevalent religion in the country.

Russian Christianity is very closely related to eastern European Catholicism. The beliefs of Christians in Russia fall almost directly in the middle between humanism and determinism. This means that Russians practice both of these concepts, they expect to have some power over their destiny and think they can affect the outcome of their life, however, they still believe that many aspects of life are decided for them and cannot be controlled or altered (fate). This is clearly shown in the way that Russians tend to easily accept their role in society, even if it is considered a "poor" or "low-class" position. Russians will juggle working as hard as they can to form connections and be successful in school and in their occupations (attempting to control the outcome of their lives) while also enthusiastically following an almost tyrannical leader and corrupt government simply because they have respect for their high-ranking positions and superiority compared to themselves (fate). Another aspect of interaction that Hall considers is whether the religion believes in a circular/pluralistic view of the world or a singular/one-dimensional one. Christianity strongly believes in only one-dimension. Therefore, Russians tend to think that there is only one right way to do something which comes from the singular dimension perspective; "there is only one way to serve god". Because of this, Russians are very direct and confident in their ways. They believe that the Russian way of life, work, war, etc., is the correct way to live and rarely question this concept.

In conclusion, Russians juggle being both humanistic and deterministic, but strongly believe in only a one-dimensional, single approach way of life. These ideologies exert much influence over Russian culture; however, it should be considered that religion is not a huge aspect of life in Russia. Due to the many challenges Christianity has faced since being adopted in Russia, many citizens lost faith in this religion and a lot of Russians nowadays define themselves as non-believers. Therefore, these concepts might not have as great of an influence on Russian culture compared to other more religious countries, but it is still crucial to consider and analyze the topic of interaction.

Association. In Russia, relationships are a crucial aspect of a civilian's life due to their culture. Russian culture revolves on who they know and the connections they can make with those around them. But Russians do not create this connection with every single person they come across in their day-to-day life. They can be quite choosy with whom they decide to become close with. Russians are known to be very standoffish and stoic when being out in public. In Gannon's work

“Understanding Global Cultures”, he describes how on the outside Russians are using maskirovannoye, also known as a false front.^{cxcvii} Russians will be hesitant to reveal themselves fully to anyone they meet before knowing they can trust them. They are on high alert and tend to put a guard up around everyone, and this includes both men to men, women to women, and vice versa.

One of the main reasons that Russians are known to stay close to their inner circle is because the ranking system is a huge part of Russian culture and society. Just as there are echelons present in the Russian ballet, they are also present throughout every aspect of Russian life. Who they are, who they know, and what role they play in society defines a Russian citizen throughout their lifetime. When looking at Russia’s Power Distance Index they are found in the extremes with a score of 93 in Hofstede’s study. This score indicates just how important ranking truly is to them. Russians can be given a rank from their family, job, income, age, etc., and are taught that this is a normal aspect of life that must be respected. They are aware that in life they will come across people who are of higher status than them and they have no choice but to deal with it. They must report to those that are higher above them because that is their role and they are okay with this. The ranking system pushes Russian society to group together with others that are similar to themselves and allows citizens to form strong and unbreakable connections that will last a lifetime. This is one of the main ways that Russians protect themselves and each other from the dangers that exist throughout Russia’s environment and corrupt society. While this may portray Russia’s citizens as unequal to each other in every aspect, this is not the case when it comes to gender.

It was found in the GLOBE study that Russia “scores high on gender egalitarianism”.^{cxcviii} While echelons are prevalent in their culture, they are not based on gender like many other countries may be. As we discussed previously, Russians rank people based on many factors but rarely on gender differences. This could be because Russia is a very feminine country. In Hofstede’s study, they scored a 36 on a scale to 100 for MASC/FEM scores. Russians are actually a nurturing and sharing society with unisex roles, despite how many foreigners perceive them to be. When forming associations, Russians will be less concerned about gender and more focused on status. The higher ranked a person is, the more appeal they have for Russians to form a connection with them. This is because the people that they know allow them to excel further in life and give Russians access to advantages. They view the people they know as opportunities to achieve something, without their inner circle they would have nothing. Association in Russia is almost like climbing a ladder to the top because it is impossible to get anywhere on your own in this society.

Subsistence – Food and work. Russian cuisine has been influenced by many different cultures and reflects the geographical diversity of the vast country with its abundance of flavors. Food is the centerpiece of traditions and brings people together. Even though Russians do eat individually, eating communally during special occasions is the cultural norm. Food is not only viewed as a substance to keep the body going, but as an excuse to be together and celebrate. These gatherings involve an abundance of many kinds of foods shared together fostering

the Russian sense of community and togetherness. When it comes to Russian hospitality, preparing food together is used to foster camaraderie and create new connections. The Russian terrain and weather solidified the importance of preserved food such as fermented, salted, and smoked products because the harsh conditions halted the availability of food, especially in the winters. The harsh climate contributes to the strong connection between food and gathering.

Russian cuisine has been divided into four groups based on significant historical periods. First, *Old Russian cuisine* (9th-16th century) consisted of starches, grains, and berries. Staples like a loaf of bread and salt welcome people together and the presence of *Kasha* in the Russian home represents "Wellbeing to the household".^{ccix} Kasha was the name of the wedding feast in Russia because this dish cooked from buckwheat and oats was a symbol of good fortune and welfare used to bless the couple.^{cc} Second, *Old Moscow cuisine* (17th century) was segregated based on economic class and status. The lower class had access to simple and easily accessible foods while the upper class started to get more access to meats and rarer foods. As Russia continued to annex new countries, the diversity of the food expanded and evolved.^{cci} The lower-class food became simpler while the country itself experienced "the highest development of Russian cuisine that had already been extremely diverse".^{ccii} Russian soups such as solyanka and rassolnik began to appear during this time. In Russian culture, Solyanka is known as a hangover cure because of its rich flavor and is enjoyed in the winter because of its warming and filling properties.^{cciii}

Then, *Peter and Cathrine the Great cuisine* (18th century) was influenced by European practices such as using minced meat. During this time there became a distinction from the Russian "Soup" and "pokhlyobka" which referred to a first dish of a meal.^{cciv} And lastly, *Saint-Petersburg cuisine* (end of 18th century to the 1860s) saw the popularization of particularly French influence through potato and tomato dishes while also incorporating German, Dutch, and Italian foods. These foods remain a staple in Russian Culture because of the extreme conditions that are endured.^{ccv} These historical times and geography shaped Russian culture and cuisine for what it is today. With its vast regions, come many different practices and rituals revolving around cuisine.

Russia has a very high power distance meaning there is a strong separation between those in power and those who are not. They expect and accept that there is an unequal distribution of power in the country and thus status symbols are prevalent in the culture. It is a multi-active and somewhat linear-active society according to the Lewis Model which means the culture is more people-oriented than job-oriented. It is a culture that trusts on a relationship basis, rather than trusting based on tasks. Since they are a being culture, they work to live rather than live to work and tend to mix their professional lives with their personal lives. Russia scores low (36) on the Hofstede model regarding motivation towards achievement and success, which means they aren't interested in standing out (status symbols are more relevant to Power Distance), and success is measured more so by their quality of life than their occupation. Russians are more focused on liking what they do, than wanting to be the best.^{ccvi} Because of this, manual work is often

appreciated and respected because it is a necessity for the country's development and a way to work to live. Russians oftentimes appreciate the relationships they make in the job more than the job itself. Because of the geography of the country, Russians pride themselves on their ability to be self-sufficient and hard working to achieve success and financial goals, however, their strong appreciation for family time and socializing comes before any job-related tasks.

Procreation. The concept of procreation is very important in Russian culture because the family is such an important aspect of life. Russians are extremely close with their families, oftentimes the "nuclear family"; the couple and their immediate children, will live in close quarters together with extended family despite the vast land space available in the country.^{ccvii} Therefore, the way that Russians date, marry, and continue the family is very important to them because many aspects of their life revolve around the family. Dating and marriage in Russia is similar to many English-speaking Western cultures, however, Russians tend to go about dating with a more serious, long-term mindset. There is less of a "hookup culture" present in Russian society compared to American society, when Russians date they are committed to that person and are dating to marry.^{ccviii} Russians do not believe in arranged marriages or having multiple spouses, most of the time a man and woman meet through mutual friends or even on dating sites (in more recent years). Russian men are definitely not known for being the most romantic, but it is still considered the man's responsibility to "win the woman over" through charm, gifts, and other romantic gestures.^{ccix} Most Russian couples will get married in their early 20s, usually after graduating from a university and securing occupations, very similar to many Western cultures such as America.

Once the couple is married, having children is the next task on the list. Most Russians admire children and desire to have their own, however recently there has been a trend to remain unmarried and focus on one's education and career rather than growing the family.^{ccx} As of 2021, the reproduction rate in Russia was only 1.5^{ccxi}, which is alarmingly low considering that the rate needed to sustain a population is 2.1. This trend is likely due to increasingly poor economic and political conditions in Russia because of the war Putin has created with Ukraine, causing many economic sanctions to be placed on Russia by outside countries they previously traded with. Life in Russia has been difficult for their citizens all throughout history, but the increasing isolation they are experiencing from the outside world has negatively affected Russia's economy and society in many ways and is likely the number one reason why family continuity and reproduction rates have gone down significantly. If they do not make changes soon to correct this trend, it could be detrimental to the country's future. Considering this is one of the BRICs, they have a promising economy ahead of them as long as they can reproduce enough to sustain the population and close family bonds that Russian life revolves around.

Learning. Like most developed countries, education and being knowledgeable is important in Russian society. A well-organized and developed schooling system is highly valued by Russian citizens. Since they are a part of the BRICs, they have a promising growing middle class which encourages them to strive to have successful

students growing with it. In a study done by the World Economic Forum's Global Competitiveness Report, Russia ranked 43rd out of 138 countries^{ccxii} as having one of the most highly regarded education systems worldwide, which they take immense pride in. Along with this the literacy rate found in adults is 99.73% (2018), placing Russia as the 4th highest literacy rate in all of Europe.^{ccxiii} Since almost every single person is educated in Russia, when it comes to their offspring Russians believe it is crucial to engrave high educational expectations for them to uphold. Their schooling systems are created to build strong minds using a mix of learning styles, but they primarily use memory-based activities (rote memorization). Cultures that learn using memorization are typically visual learners, which is important to know when creating the IMC promotional messages for Heinz Ketchup.

Unlike other cultures where a student is praised for being an individual, Russians are praised for keeping up with the group. They are put in group settings where they must compete against those around them. If students don't meet the set criteria implemented on them or perform well in comparison to their peers, they are looked down upon. It can even go as far as to affect the parents as Gannon stated, "teachers and other officials often chastise parents for the failure of offspring to meet social norms".^{ccxiv} With the monumental amount of stress and pressure to provide an exceptional child back into the world, parents spend considerable time finding the best schooling for their children. However, Russia is filled with corruption, and this does not exclude the education system. Russia offers both free public schooling as well as private schooling. Providing your child with the best education will come at a cost, but many parents are willing to pay this and more. Parents will bribe their way to the top to ensure their child has a spot in the best institutions while other civilians are simply put on waitlists and will likely never get the spot even if they applied years in advance. Once again preserving the echelons of Russian society, those who know someone higher up have an increased chance to succeed based on their connections.

Time Perspective. Russia is a polychronic culture. They are committed to people and relationships first, which leads them to be easily distracted from work-related tasks. However, being polychronic also means that they can start and stop working on multiple tasks at once. When time is involved in plans, it is seen as more of a suggestion than a deadline. Time is viewed as something that people do not have control over but can adjust to accordingly.^{ccxv} According to the Lewis Model, Russia is primarily a multi-active culture which means it is a being culture rather than a doing culture. Russia is also a linear country which leads them to view the world as one-dimensional and/or to believe there is only one way to do something. When it comes to communication, Russia is a high context culture because they are so people-oriented and collectivist. Combining all of these factors explains why the construct of time is viewed as flexible and ever changing in Russia.

Russia is primarily past-oriented which is shown through their strong traditional values. They value their heritage and show respect for those who came before them by idolizing historic buildings. St. Basil's Cathedral and the Church of the Saviour on Spilled Blood are pillars of fantastic architecture and impressive artworks that have

been restored through time to represent the endurance of the country. The Kremlin in Russia is the epitome of being past-oriented as many iconic religious leaders were buried here. It represents the base of political power in the country being the symbol of Russian statehood.^{ccxvi} Being past-oriented means Russia is extremely risk adverse, citizens regularly factor in logic and responsibility when making any new changes/decisions. However, Russia can also be present-oriented. They are able to shift and adapt, as shown through their long history of revolutions, different leaders, and new governments. They strive to live in the moment and have a good time, which partially explains why alcoholism is such a big issue in this country.

Use of Space. Despite the vast size of Russia as a country, personal space is not something that is valued in their culture. Russia is very much a collectivist society that puts immense importance on their inner-circle and community, therefore, they have grown to be intimate people who enjoy being close to others around them, especially those that they love and care for. Gannon's analysis of Russia in his book, "Understanding Global Cultures", states that "intense eye contact, frequent touching, close physical distance, and smiling are emphasized" in Russian culture. He also comments that "physical contact such as jostling or pushing among total strangers is typical in crowds, as is holding hands among friends of the same sex".^{ccxvii} This type of physical connection and intimacy in Russia stems from multiple things, but primarily from Russia's harsh physical environment and brutal winters. Throughout the years, Russians have adapted to survive their extremely cold and isolated winters that most of us Americans can't even begin to imagine. Russian families and even whole communities were forced to grow comfortable living closely together in tight quarters to preserve heat. Some Russian families even slept on top of one another to stay warm. After years of living this way, it was embedded into Russian culture to be comfortable sharing space with others, in fact; "no Russian word exists to describe isolation (privacy) in positive terms".^{ccxviii} So despite that fact that out in public most Russians are perceived as stony, careful, and passive, they are actually quite warm and welcoming people who value physical contact as not only a way to communicate but a way to share their compassion and form deeper connections with those around them.

Cultural Effects. As discussed above, Russia is very people-oriented and often they find comfort in being able to make connections with those around them. Generations of Russians have dealt with corruption in their everyday lives, so they turn to a variety of hobbies to distract themselves from reality. Russians found that drinking vodka does the trick and it is widely considered the "national pastime" of the country. Drinking is not looked down upon in this culture, instead it is an understood and accepted part of life with Russia being ranked 4th in the world for total alcohol consumption per capita by the World Health Organization.^{ccxx} Russians find relaxation in being able to take the edge off at the end of the day with a sip of Vodka. Although vodka can be used to help ignore the hard times it is also used to celebrate the great ones. Russians look forward to the moments they can be themselves and have a drink around those they trust. However, this has had some negative effects on their health with alcoholism becoming a prominent issue throughout the country. Russia has attempted to crack down on this issue in recent years, leading citizens to search for more ways to enjoy themselves.

After the revolution and overthrow of the previous government, Bolshevik came into power in 1917 and Russians started to experiment more with art. One of the art forms that they quickly became infatuated with was ballet and the ideologies behind it. Through these dances, they found ways to express themselves like they never had before. The ballet performances represented issues everyday Russians were facing and the mindsets of socialism they wanted to achieve. Russians could relate to what they were watching and admired the dedication of both the dancers, referred to as "artists of his Imperial Majesty"^{ccxxi}, and those behind the scenes. The ballet was respected and considered a cultural event that all Russians were inspired to go to.^{ccxxii} What inspired them was the way they were able to forget about their problems. In Gannon's work he explained how, "Russians place great value on the theatrical component of the performing arts".^{ccxxiii} Having time to fully self-indulge is rare in Russia, but attending these performances allows them to escape from their lives for a while and fantasize about the extravagant plot of the ballet.

Russians also enjoy many activities that involve competing with their friends and peers. One of their favorite pastimes is Chess because Russians have a great ability to think out their decisions prior to committing them. This is a strategy Russians implement in everyday life as they prefer to thoughtfully think out decisions rather than making them on the spot.^{ccxxiv} Sports are also commonly played by children with soccer, hockey, and track and field being some of the most popular.^{ccxxv} All of these different activities shape life in Russia and give them outlets to express themselves creatively and emotionally.

Defense- Internal and External. In 2023, the total market size for vitamins, herbal medicines, supplements and tonics in Russia totaled 30.92 million (USD).^{ccxxvi} In addition, over 81 billion Russian rubles were invested in the production of medicine and medical materials. These numbers have decreased following the high amount of money invested during 2020 due to the pandemic.^{ccxxvii} In Gannon's book, *Understanding Global Cultures*, he states "Health care spending as a percentage of GDP is only 6.2% (in Russia) as compared to the United States where it is 17.9%. The main state programs for health care are underfunded and lack resources".^{ccxxviii} The same source also mentions that Russia as a whole performs inadequately relative to other countries in areas including public safety and health. Based on this information, it is clear that Russia is more reactive than preventative when it comes to their approach to medicine. With less resources than other countries and a past-oriented society, holistic and natural remedies are intertwined with formal healthcare practices to treat citizens with illness or injury.^{ccxxix} Russia definitely has room for improvement in their health care system. It has begun to evolve in recent years, but historically Russia tends to under-value the importance of their citizens so it is unlikely for their healthcare system to ever compare to other developed countries such as America.

The rule of law in Russia is based on a civil law system and supports judicial review of legislative acts.^{ccxxx} Laws are consequential but are viewed as arbitrary rather than principled.^{ccxxxi} That being said, Russia is a High PDI culture with collective tendencies which is consistent with a rule of man legal perspective. This is

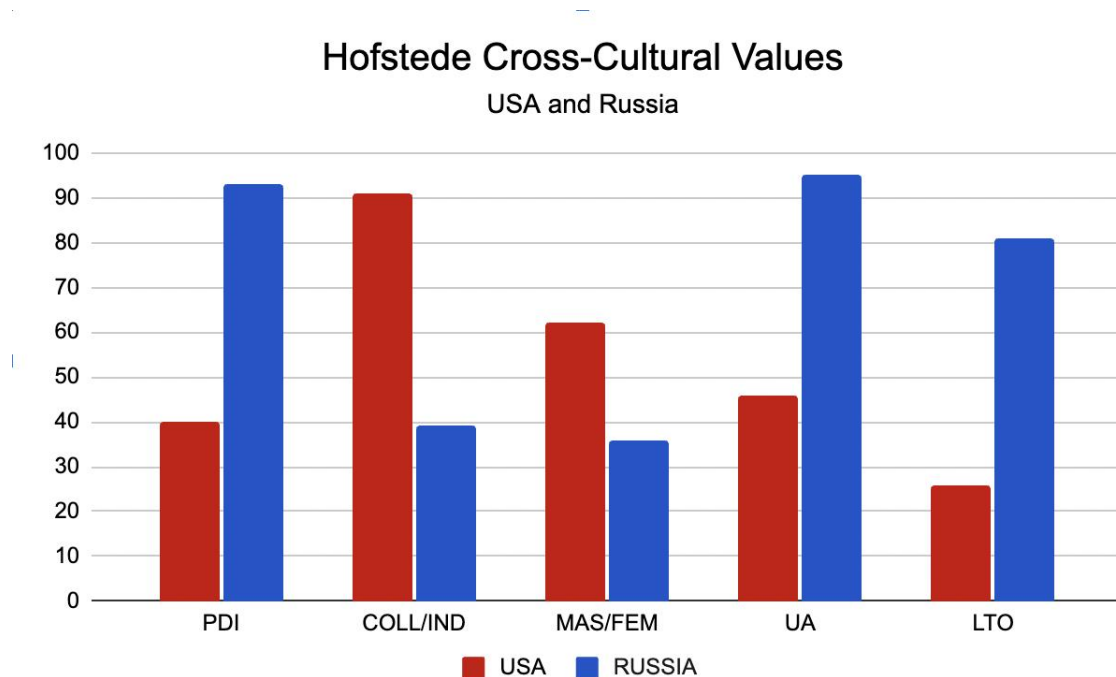
prevalent in their highly coercive and corrupt society, where bribes and other measures are considered an acceptable way to do business or “get ahead” in life.

When it comes to the defense of the country, Russia’s military is known for valuing a high volume of people rather than relying on weapons. Throughout both World War II and the recent war with Ukraine, Russia suffered immense losses of people, yet still manages to grow the size of their military because of the immense pride Russian people hold in their country/military. The Armed Forces of the Russian Federation is the 5th largest military force in the world, yet corruption in this sector impacts their ability to influence the behavior and interests of other political entities.^{ccxxxii} In conclusion, Russia is known for valuing people over the use of weapons.

Materialism and Exploitation. Russians are quite the opposite of Americans when it comes to being materialistic. Majority of Russian citizens are middle to low-class with 11% of the population being below the poverty line as of 2021.^{ccxxxiii} Being without money has become a standard way of life for majority of Russian citizens, and due to this they are not materialistic in the slightest. Russians have no problem sharing with others and in fact this is a very common practice in their everyday life. As discussed previously, many Russian families live with a lot of extended relatives in small apartments/houses and enjoy spending close time together. Since Russians are so people-oriented, they value their relationships with family and friends more than anything. This is one of the main reasons why they do not care much for material possessions because Russians are satisfied just by having good people around them.

Despite Russia having the largest country in the world by size, their physical environment is one of the harshest and does not provide them with much. They endure brutal winters and have permafrost covering nearly half of the land, leaving it uninhabitable. Russians have had to learn to survive off of so little for years, especially during winter time where it can be impossible to farm or hunt for months at a time. The Russian people have adapted very well to live off of what little they have, and in turn have become non-materialistic people who highly value personal connections and family over any material goods. This is partially why Russia makes such a great market for ketchup because they are already well-adjusted to eating bland and simple food. Ketchup is a great condiment to add flavor to otherwise boring dishes, making it very profitable and useful in Russia.

Analysis of Hofstede's Cross-Cultural Values



Power Distance 93: In the host country, Russia, high power distance is one of the most dominant aspects of their culture. This part of Russian society affects every citizen's lifestyle and the way they view others around them. As stated before, there are distinct echelons of the population that have been in place for centuries. The use of these echelons has been found in the ballet, families, jobs, connections, etc. They serve as a way to understand where people fall and the status they uphold. On a scale to 100, Hofstede gives Russia a score of 93, making it an extremely high power distance country. They understand that no one is equal and this is how it is always going to be. Russians have started learning from a young age "to accept without too much bitterness the fact that their world is not perfect".^{ccxxxiv} This power distance gap primarily stems from the autocratic government that has ruled Russia for centuries. Despite their many different rulers and forms of government, it has always been clear in Russia that those who are on the top hold all the power and those below them have no choice but to deal with it. Russians accept their position in society whether it is above or below those around them and do not question it. While this might be shocking to low-scoring power distance countries, high PDI believe that everyone has their place and they embrace their roles enthusiastically. This is seen in the ballet when a dancer is given a solo to perform. While he/she might be the only one on stage receiving attention, it is known and respected by the audience that there is work being put in by those behind the scenes to make this solo possible. In Russian society, everyone has a dependency on those around them in order to function at full capacity. This is why Russians are okay with taking orders from those of higher status to them because they know the task they are completing helps keep the ball rolling.

Contrast to USA PDI: In comparison to Russia's score the USA ranks relatively low regarding their Power Distance Index. Americans are very different than Russians when it comes to their views on power/rank. They are less focused on who holds more power compared to another, instead Americans tend to view their peers as equals to themselves since freedom and individuality are such major values in the U.S. Along with this, the U.S. implements a democratic government, where everyone has a valued voice. It doesn't matter who somebody is, what their job title is, how much money they make, etc. their opinion matters and is considered. It is important that Heinz takes into consideration how Russian consumers view themselves in comparison to those around them. When implementing the marketing mix in Russia, it would be wise for Heinz to relate their product to powerful figures in Russian society that are respected by all citizens. Unlike American products that are primarily related to the common individual, Heinz would be more successful in Russia by connecting their product to figureheads of Russian society because their citizens are already acclimated to follow the lead of this "upper-class" group.

Individualism/Collectivism 39: This value analyzes how each culture views priorities of the individual with respect to the group, the degree of interdependence that is socially acceptable, and if people are defined in terms of "I" or "We". Collective countries view the groups' needs as more important than the individuals' needs while individualistic cultures emphasize personal desires. Russia scores moderate but leaning more towards a collectivistic culture with a Hofstede cross-cultural value of 39. A collective culture works well in a society with scarce resources because people learn to rely on each other and take care of their 'in groups' in exchange for their loyalty. This can be attributed to Russia's diverse geography and harsh terrain. Russia is a high-context and polychronic culture with an external locus of control, all of which are major attributes of collectivism. When it comes to collectivism, things and places are shared amongst the group which is significant to the value that Russian's place on connections and their relationships. Friends and family are relied on to navigate through the challenges of day-to-day living. This is relevant to developing a marketing mix in Russia because word-of-mouth, either positive or negative, has strong influence in Russia and can significantly impact a product or brand because of the value placed on relationships as a way of gathering information.

Contrast to USA IND/COLL: The USA is rated as the most individualistic country in the world with a Hofstede score of 91. There is a dramatic difference between the USA and Russia in this regard, and because of this an American company would need to adjust the marketing mix to fit a more collective society. American consumers differ from Russians because they are more specific when it comes to communication and have an internal locus of control versus external, meaning they believe inconsistencies and what goes on around an individual to be in their control rather than out of their hands. Americans are also much more focused on themselves and their own individual goals/desires compared to Russians who identify themselves primarily within a group and care just as much about their friends and family as they do about themselves. Success in the Russian market can

be achieved by positioning the product to focus on group needs rather than the individual. This could be done through larger ketchup bottles to serve a big family or community gathering. Heinz could also implement group/community interactions and environments in their IMC messages to relate the product to the group rather than the individual consumer, which would strongly appeal to the Russian market.

Masculinity/Femininity 36: The masculinity and femininity of a society is the degree to which a culture values competition, materialism, and ego. Russia has a Hofstede score of 36, making it a more feminine society. In a feminine culture, achievement and accomplishment are self-driven and should not be bragged about, which aligns with the Russian ideal to never stand out in the group. Another characteristic of these values has to do with the perception of size, feminine cultures tend to favor products that are smaller, more comfortable, and emphasize a clever product design; while masculine cultures appreciate large scale material items that take up space. Russians prefer to share with others and use products for as long as they can rather than simply purchasing new products just to satisfy a material desire. Russia is a collectivist culture and values nurturing and sharing with people over a need to be competitive. As a country, it also scores high on gender egalitarianism where roles of society tend to be unisex. The GLOBE study concluded that Russia was associated with its Eastern European cluster which scores high on gender egalitarianism.^{ccxxxv} Many people assume Russia is a masculine culture because their people come off as cold and tough on the exterior, but they are really a feminine society that values relationships and the nurturing of those around them more than anything.

Contrast to USA MAS/FEM: Of all 5 values, the contrast between Russia and the USA when it comes to the masculinity/femininity measurement is the least significant. Both scores are moderate and are within 30 points from each other (Russia:36, USA:62) making this measurement somewhat irrelevant. When applying this information to create a viable marketing plan, it is important to note that neither score is dramatic which means there is no significant adaptations that need to be made.

Uncertainty Avoidance 95: When a culture scores high under Hofstede's Uncertainty Avoidance it signifies that they are threatened by the unknown. Russia scores extremely high in this category, only shy 5 points of the highest score possible (100). Therefore, it is no surprise that their culture is very risk-adverse. Russians become uneasy when they find themselves in situations where they are unsure of the outcome. They always avoid making decisions in situations where they haven't had enough time to fully consider all options.^{ccxxxvi} They fear of what could result if they don't logically analyze each possible route available. As previously stated, chess is one of the common pastimes in Russia and is a good example of their view on uncertainty avoidance. In order to get ahead in the game, they must have the ability to plan ahead strategically. In chess, one must continuously analyze their next moves to see if it will affect them negatively or positively, while also trying to understand what the opponent is going to do next. This constant planning has caused their culture to be on high-alert at all times. Corruption has also had a role in how Russians plan out their future. While the

future can be unpredictable, Russians do their best to look ahead and prepare for different scenarios. Russians hope to gain an integrated number of connections throughout their lifetime. Part of the reason they develop such strong bonds with those around them is because they never know when they might need their help.

Since Russia's population is filled with uncertainty-avoiders this alters the way that they view coming to a final solution. They want their questions to be answered accurately with solid truth, science, or facts backing it up. It is uncomfortable for Russians when they are given an unclear or imperfect answer. From the start of school when answer a question students must provide the "right" answer. Along with this, they allow the answers to be shared amongst those who don't know.^{ccxxxvii} There is always a correct answer to a question, and it is important that everyone is aware of what it is. Overall, Russians fight against the uncertainty of life in their own way and prepare in-depth for the risks they are destined to face.

Contrast to USA UA: Avoiding uncertainty is a strong aspect of Russian culture, but this is not the case when it comes to the US. Americans are not concerned about avoiding risk and instead are more likely to take them. The United States scores a 46 on uncertainty avoidance, meaning they fall into the region where unpredictability has little effect on the culture. Fortunately, Heinz is traditionally a risk adverse company which makes Russia a great market for them to expand into. Heinz has been known for producing the same generic product for years which is likely why it does so well in Russia. Russians know what to expect when they buy a bottle of this ketchup and this satisfies their need to avoid risk. Therefore, there is not much for Heinz to adjust in the marketing mix regarding uncertainty avoidance.

Long-term Orientation 81: This Cross-Cultural Value interprets how concerned a culture is with focusing on the future and what could possibly come from it. Hofstede's study of Russia's Long-term Orientation resulted in a score of 81, signifying how well they are able to look past the present and plan for the future. This might seem contradicting to what was discussed in Hall's analysis of Russia's time perspective because according to Hall, Russia is past and present-oriented. However, because of their environment Russians also possess great ability to plan ahead and think out the future. Russia is considered past-oriented in time because they are a country who takes immense pride in their history/heritage and do not like to change their traditions, but society and everyday life in this country still forces Russians to think with a long-term perspective. Their emphasis on LTO partially originates from the extremely high power distance in Russia. The ranking system in Russian society works as a guideline for citizens to follow. Since it ranges from those who are wealthy being extremely wealthy to those who are poor being extremely poor, there is little to no opportunity for Russian citizens to "climb the ladder". Therefore, from a very young age most Russians have a good idea of what life will look like for them. They know their role in society starting in grade school and are taught to accept it and make the best of it. Russians learn to start thinking ahead for as long as they can remember. They must work towards planning out their future accordingly in order to achieve their fullest potential, especially since they will face many challenges along the way. So although they are very past and present-oriented, Russians have an amazing ability to strategize and think ahead,

hence their very high long-term orientation score.

Another main reason why Russians have such a high long-term orientation is because they must plan ahead to survive the wintertime. During the winter, Russia's inhabitants suffer through severely cold weather ranging from 25-14 degrees Fahrenheit with absolute lows reaching -44 degrees in major cities like Moscow.^{ccxxxviii} For as long as people have inhabited the land, there has been only a short window of about 5 months to harvest crops before frost begins to cover the soil.^{ccxxxix} Due to this, Russians have been adapted to thinking ahead for centuries. During the 5 months they have of usable soil, Russians must farm enough crops to last a large population throughout extremely long and harsh winters. This has implemented a long-term orientation mindset into Russia's culture because if they did not look into the future they would not survive. Geography plays a crucial role in shaping the culture of a country, and this is one of the most crucial ways that geography has shaped the culture of Russia. Their physical environment taught them how to strategize and look into the future, which is one of the aspects of Russia that has helped them win so many wars and maintain such a dominant force in the world for thousands of years.

Contrast to USA LTO: In regards to the Long-term Orientation in the United States, Hofstede scored them extremely low at a 26. Americans' views are opposite to Russians when it comes to their attitudes of looking towards the future. Americans are obsessed with obtaining the latest products on the market. They are always on the hunt for what is coming next and will be the newest obsession. People in the U.S. have little to no patience and are strongly appealed by the idea of instant gratification. In America, we are accustomed to discarding old products to create something new. A common saying in America is "if it ain't broke, don't fix it", which demonstrates how little of a long-term perspective the U.S. has as a country. Americans rarely think about the longevity of products, instead they think about how to maximize profit in the shortest amount of time. Regardless of the impact it will have on the future, we will still take the risk to gain any benefits available in the moment. Russians have very contradicting views to this, they consistently plan out their decisions and act strategically. As stated in Gannon's text, "Russians have little authority to make on-the-spot decisions and prefer not to make decisions spontaneously". This is very aligned with their long-term perspective because it shows how they are always taking time to think ahead. A way that Heinz could adjust their marketing mix to fit Russia's LTO is by portraying themselves as a product that consumers can use for a lifetime. In their IMC promotions, Heinz could advertise the product being used by all different generations, encouraging Russians to see this brand as a part of their future.

Consumer Behavior Generically resulting from the Cultural Etics

The first etic model we discussed was Edwards Hall's primary message systems. Hall related 10 major PMS' that affect all countries worldwide. He focuses on aspects of life that every country might view differently but are still universal factors that have to be considered in order to understand culture. Hall studies how cultures address different elements including interaction, association, subsistence,

procreation, learning, time perspective, use of space, cultural effects, defense, and finally materialism/exploitation. Analyzing these various factors can help brands promote their product effectively in the host country. All of Hall's messages directly relate to the consumer and their preferences. This model helps us understand how a culture operates as a whole and identifies which key components stand out. Russia is a very collective society so it is easy to learn what the community/culture values most and then apply it to individual consumers. Hall's model allows businesses to make sure they are reaching their target market by first understanding their consumer's behavior and appeals.

The next model was from Gerard Hofstede's work, which has been quite beneficial to company's when it comes to analyzing other cultures and their values. Through his work he has created a guideline scoring from 0-100 for five of his Cross-Cultural Values. These values can be expressed as Power Distance, Individualism/Collectivism, Masc/Fem, Uncertainty Avoidance, as well as Long-term Orientation. Hofstede found importance in these specific values because of how prominently they are found in every culture. When a country's score ranges between 35-65 that signifies how this value has less of an impact on the culture. In retrospect, other countries can face extremes which are below 35 and above 65. Understanding these scores will help brands learn the prominent factors that stand out in any specific culture they are trying to target. This ultimately relates back to how consumers are going to react in regards to a product. Consumer behavior is primarily based upon how countries move individuals. So it is important that companies understand their host country and how they go about their everyday lifestyles. Hofstede's values are the most monumental values that brands need to focus on when entering a new market mix. If a company misinterprets the values demonstrated in the Hofstede model, they will likely misinterpret their entire target market and lose a lot of money on their product.

In Conclusion, when developing a marketing plan it is crucial to consider both of these important etic models. They help create a smooth transition into the host country when introducing a new product. By allowing brands to gain a full understanding of the country's values and what they need to implement to capture the targeted consumer behavior.

Consumer Behavior in the Specific Product Category

Russia's consumer behavior includes being high-context, implicit communication styles, and an emphasis on shared understandings and non-verbal cues. Applying this consumer behavior to the product category, it would be useful to utilize cultural context and prioritize subtle messages when targeting customers. Russia being a multi-active culture indicates the importance of relationships and adaptability. This means Russian's prioritize the social aspect of cooking and eating together which could influence how they view the importance of condiments such as ketchup. Positioning the product with archetypal brand personalities such as a caregiver or lover would be in the company's best interest. With consumers aware of the high power distance structure of the culture, respect for authority and social structures could influence consumer purchasing decisions for companies such as Heinz

because of its well-known reputation. With Russia being more of a collectivistic culture, marketing campaigns could highlight the importance of the communal aspect of sharing food with family and friends. Overall, understanding these behaviors and adapting marketing strategies are crucial when wanting to increase market share and be successful in the host country.

Marketing Plan

A marketing plan is essential to the success of a company when entering a foreign market. It is necessary for a company to first complete extensive research on aspects of the host country including its government, history, geography, and cultural values before deciding how to implement the best marketing plan. A marketing plan details what decisions a company will make regarding the four P's: product, price, placement, and promotion. A company will decide exactly how to market a brand to the new country through the four P's and follow this as a guide throughout the introduction stage of the product in the host market.

Product Decisions.

When entering the Russian market, Heinz should implement a similar product mix to the one they have here in America, however the breadth of the mix needs to be adjusted. The breadth of their product line in Russia will be small because this marketing plan is focused on Heinz ketchup, only one of Kraft-Heinz's many brands/product lines. However, the mix has a deep assortment of products because there are many different flavors (SKUs) that Heinz can market to Russian consumers. Besides from the already existing famous "57 varieties" that Heinz ketchup manufactures, there is room for Heinz to add additional depth to their product mix through the introduction of ketchup flavors accustomed to the local taste preferences of the Russian consumer. This is the best product mix approach for Heinz to take because only introducing one of their product lines will increase brand recognition and loyal consumers to Heinz ketchup in the host country while implementing a deep assortment of SKUs that offers enough ketchup flavors to appeal to each and every consumer in Russia.

There are not any modifications that must be made to the features of the product in order for it to function in Russia. Ketchup is a highly consumed condiment in this country, so Russians are already very familiar with the product and the typical glass/plastic bottles that it comes in. There are also no adjustments to the brand needed before introducing Heinz ketchup to Russia. The brand name, "Heinz Tomato Ketchup", comes from the family name of Henry John Heinz who founded the company in 1869.^{ccxl} Since it is a family name there is no existing meaning or definition of 'Heinz' in the Russian language, making it a perfect brand name to use in this country because the only association Russians will form with the word Heinz is to a ketchup brand. Heinz ketchup also lacks a brand personality. It comes in a simple bottle with very minimal writing on it besides its name. Therefore, this aspect of the brand requires no adjustment because there is no existing brand personality to clash with Russian culture. The plain and simple branding of Heinz

ketchup is perfect for Russia because Russian consumers are not individualistic, meaning they do not need a product to "stand out" or relate to them in any way to pursue them to purchase it. Russians also score very high in Hofstede's study on uncertainty avoidance because they like to avoid taking risks and always make educated, thought-out decisions. This aspect of their culture is perfect for a plain and promising brand like Heinz because nothing about the brand will imply to consumers that they are being risky through purchasing this ketchup and they will know what to expect from Heinz every time, something Russians highly value.

Russians are very practical people. They have learned to endure through endless hardships and grown to survive extremely harsh conditions. Due to this, they have become clever people who stick to what works. Therefore, the best way to position Heinz ketchup to appeal to Russian consumers is by showing the value it provides and what it can be used for. Positioning the product by value and use will be highly regarded in Russia because these positioning strategies simply show a consumer why they need to purchase a product and what it can do for them. This is all Russians are concerned about when making a purchasing decision anyways, they always aim to go with the least risky product for the best value. When it comes to packaging, not much needs to be adjusted to fit the Russian market. As stated before, Russian consumers are already familiar with the bottles ketchup comes in and will resonate with the plain branding that decorates the bottle. The only thing that should be adjusted in the Russian market is the package sizing. It is common practice in Russia for many extended family members to live together under one roof, and even if not living together many Russian families regularly gather for meals. Therefore, larger package sizes could be very profitable in the Russian market compared to the smaller bottles sold here in America. Large bottle sizes or packages that sell three to four bottles at once could be a good way for Heinz to increase profits in Russia while appealing to Russian culture and family/group dynamics.

Finally, there are many opportunities for new product development in Russia. As discussed before, it would be wise for Heinz to deepen their product mix in this country by adding ketchup flavors that appeal to the Russian taste palate. Russians already use ketchup on a large variety of foods, so introducing new flavors that pair well with Russian preferences will be very profitable for Heinz. Additionally, after introducing Heinz ketchup to Russia they could eventually widen their product assortment and bring other product lines to this country as well. They will already have brand recognition from Heinz ketchup to help them sell additional products under this name and eventually they can add new flavors/SKUs that fit Russian tastes to these other product lines as well, further increasing profits for Heinz in the Russian market.

Pricing Decisions.

After analyzing Russia's market, Heinz needs to decide which route to take when developing a price. Since Heinz's Ketchup is an average commodity product, it will be priced much lower in comparison to something like a luxury item. The penetration pricing objective will be the most effective for introducing Heinz to the

Russian market. This objective subconsciously causes consumers to become habitual purchasers of a product. This is achieved by pricing the product, in this case ketchup, at a very low price when first introducing it to the market. When the price of the product is low, consumers are much more likely to buy it. As this cycle continues, buyers become more habitual with their purchases and become committed to the brand they know best. After Heinz obtains these recurring and loyal users, they can slowly start to increase the ketchup's price. Even though the price increases may be noticeable, Russians will likely stick to Heinz because of the relationship they will have built with the brand by this point. Looking back at Hofstede's Cross-Cultural Values, it is important to note that Russia scored extremely high on their views of Uncertainty Avoidance. This indicates that even if Heinz were to raise prices, Russian consumers would likely continue buying their brand because they are so risk adverse. They would rather stay brand loyal to a more expensive product that they are familiar with than switch to something cheaper but unknown to them.

As time goes on it is important for Heinz to declare a relative pricing strategy they can use throughout the maturity of their product life cycle. The strategy that Heinz should use after they have established recognition in Russia is a cost-plus method. This approach allows Heinz to establish their own target profit percentage on top of the product's manufacturing costs. Heinz has already been selling their ketchup from manufacturing plants and distribution centers locally owned and operated in Russia, so they will benefit most from using a cost-plus pricing strategy. The manufacturing costs such as overhead, material, and labor are relatively low since they are being sourced in Russia, therefore, this strategy allows Heinz to make a good profit while still keeping the final price of the ketchup low since the total unit manufacturing costs in Russia are generally low. Ultimately this will allow Heinz to price their ketchup competitively in order to compete in a very saturated market, all while maintaining a steady profit in the long run.

Heinz must compare the prices that ketchup is being sold for in both their home country as well as the new host country. If Heinz were to enter the market unaware of how much Russians on average pay for ketchup, it could completely ruin their chances of obtaining loyal consumers. When comparing the wholesale prices in 2024 from both Russia and the United States, there is not a huge discrepancy in prices. In Russia, ketchup prices range between \$0.78 to \$1.61(USD) per kilogram and in the U.S. it is \$0.69 to \$2.76(USD) per kilogram.^{ccxli} Since both of these ranges are quite similar, Heinz does not need to adjust their price much to fit what Russian consumers expect to pay for ketchup. Most Russian and American consumers are part of the middle to low class, so it is important for products to be in their price range because this is all they can afford. When switching over to the Russian market, if the price is reasonable and within the range Russians can afford, they are likely to adopt this product quickly.

After Heinz has determined their set price, they should try to keep it consistent over time. They should consider fine-tuning only if it is necessary to keep consumers purchasing the product. Since ketchup is just a commodity, fine-tuning the price is not as important as it might be for other items. When Heinz enters

Russia, this is not a factor that should be of top concern when declaring a final price. Concerning Russia's legal issues regarding pricing, there are very minimal sanctions regarding how products are priced. Foreign entities who participate in the Russian market primarily have free range on how they would like to price their products and won't be asked to change it. However, due to the recent Ukraine War, the Russian government has implemented restrictions on mark-up prices on food items. They have allowed chain stores to put price limits on certain items, so food is affordable during this time of need.^{ccxliii} Heinz should take all these factors into consideration to develop the best pricing strategy for high brand loyalty and a high market share in the Russian market.

Placement Decisions.

Since ketchup is a commodity product, customers will expect it to be available at almost all markets, similar to America. Anywhere that groceries can be purchased Russians will expect ketchup to be sold there, especially since ketchup is such a commonly used product in Russia. Heinz ketchup should be intensively distributed throughout Russia in order to maximize profits. The more places that Heinz can be sold at the better. An intensive distribution system is necessary to meet the target market's demand for the product considering that the target market for ketchup in Russia includes all consumers of every age, gender, class, etc. and the product is used so heavily in everyday life. This type of distribution will allow the product to reach the maximum number of consumers throughout this vast country.

As stated earlier, this product would likely be distributed and sold at all markets selling food and groceries. However, unlike America where most consumers shop for groceries at large-scale supermarkets such as Walmart, these types of stores are not common in Russia. Most groceries in Russia are purchased at smaller shops and/or convenience stores. Heinz will need to adapt to this different aspect of the Russian market considering that in America they heavily rely on large stores like Walmart and Target for sales. Heinz must make it a priority to form good connections with the most popular local convenience stores and shops, especially in large cities such as Moscow or St. Petersburg, to successfully infiltrate the market and distribute their product to as many places as possible, making it easy for Russian consumers to find it.

The best approach for Heinz to take regarding channel decisions would be to employ a long channel for distribution. Although this will increase the time required to get the product to the customer, longer distribution channels allow the product to reach more buyers and also to reach buyers in remote places which is important for Russia considering that the country is so large and the population is very spread out (despite the majority that resides in/around cities). Heinz should always hold a decent amount of ketchup in inventory in case of a spike in demand, however, ketchup is always highly demanded in Russia so for the most part their inventory should go straight from the manufacturer to the retailer without sitting in plants or distribution centers for too long. Since Heinz is employing a long distribution channel, their ketchup will go through multiple intermediaries on its way to the customer. The ketchup will be made in a manufacturing plant and then shipped to a

distribution center where it will be sent out to a variety of retailers across the country. Once again, this requires the product to take a long path before reaching the final consumer. However, since ketchup has a long shelf life this is not a big enough deterrent to combat all the advantages that a long distribution channel provides.

The flow of information in the host marketplace will make things difficult for Heinz when first introducing its ketchup to the market. Due to the high levels of corruption present in Russia, reliable information can be hard to find and bribery/other means of getting ahead are some of the primary ways that businesspeople communicate with each other in this country. Heinz will have to carefully manage the people they choose to trust with company information and logistics or they can easily find themselves in trouble since misinformation and crime is a prominent issue when doing business here. Therefore, the personnel in charge of distribution in Russia needs to be highly involved. It would be wise for Heinz to hire a Russian citizen to manage their supply chain operations/logistics because they will have more knowledge of doing business in this environment and experience dealing with corruption. This type of personnel will also be able to form better connections with local distribution centers and retailers, further allowing Heinz to distribute its ketchup intensively across Russia to maximize profits.

Promotional Decisions.

The target market for ketchup in Russia falls into the knowledge stage of the marketing hierarchy of effects. Russian consumers are already aware of what ketchup is and they are very familiar with the product considering that it is a staple condiment in many Russian meals. Additionally, many Russians will likely have already heard of or known the brand Heinz before introducing Heinz ketchup to Russia because it is such a well-known global brand. Therefore, the appropriate promotional message to market Heinz in Russia needs to communicate to consumers why they would like this specific brand and grow to prefer it over other brands. These are the next two steps of the hierarchy of effects that consumers must pass through before they begin to actually purchase the product.

The main media platforms that Heinz ketchup will market through in Russia include television advertisements, billboards, point-of-sale promotions, and social media marketing (which we will discuss in more detail later). As stated in the economic factors section of this marketing plan, 97% of Russians own a TV set and watching television has become a widely accepted and routine part of life throughout this country. Therefore, television advertisements to market Heinz ketchup will be one of the best ways to reach the target market in this country. TV is watched together by all members of the family from kids to grandparents and men to women, so these advertisements will not exclude any potential consumers of Heinz ketchup and will surely be a great way to grow brand recognition and awareness in the host country. On the cost side of things, television advertisements in Russia are significantly cheaper than here in America. Typical 30-second advertisements in America range from \$100,000-\$150,000 US dollars and can exceed this amount

significantly if the advertisement is purchased during a prime television broadcast. In Russia, a 30-second advertisement ranges from only \$2,000-\$66,000 US dollars, making this a very affordable and effective medium for Heinz to market through. Billboard advertisements would also be effective in this country because a large majority of the population lives in or around the major cities so promotions on billboards would be able to reach a significant portion of the target market. Billboard advertisements are also much cheaper in Russia, costing only about \$200-\$1,200 US dollars a month depending on where its located compared to a range of \$750-\$15,000 a month in America. Finally, point-of-sale promotions would be a great way to market Heinz ketchup in Russia because ketchup is a classic commodity product, meaning that consumers typically do not think too hard about their purchasing decision before buying ketchup. It is easy to persuade consumers one way or another when purchasing these types of products because they oftentimes do not have too much attachment to a specific brand, which is why point-of-sale advertisements would be so effective for Heinz. POS advertisements will point unknowing consumers in the direction of Heinz, create more brand recognition/awareness, and hopefully create more loyal consumers as well. Since there is such a wide variety of point-of-sale promotions to use, it is hard to find specific cost estimates for this channel of advertisement. We do know it is similar to the TV and billboard advertisements previously discussed because POS ads in Russia are much cheaper than here in America. Once again demonstrating a great way for Heinz to market their ketchup in Russia because its affordable and effective.

Russia scored a 36 in Hofstede's study comparing masculine and feminine cultures, meaning that they are much more feminine as a country. Therefore, the marketing campaigns for Heinz ketchup should be executed in a romantic way rather than a bold/dramatic way to be most effective in this host country. Russian consumers will resonate more with advertisements that demonstrate love and caring for others than big advertisements that are aggressive and competitive. Concerning consumer promotions, it will be wise to offer a lot of free samples of Heinz ketchup in the most popular grocery shops and convenience stores. Russia scored extremely high on uncertainty avoidance at a 95, meaning as a country they are very risk-averse and always make it a priority to thoroughly think through decisions before making a choice. Therefore, they would highly value free samples because it allows them to try out the product before making the final decision to purchase it. This eliminates the risk in their decision and forms positive associations with the Heinz brand because Russians will respect the opportunity Heinz is giving them to try out the product before buying it. One of the best trade promotions for Heinz to implement in Russia would be to pay retailers extra to secure themselves the best shelf space. Since ketchup is a commodity product, many consumers purchase the first product they see without putting too much thought towards it. If Heinz could secure the best shelf spots (usually around eye level to the average adult) then this could significantly increase their sales and eventually lead to habitual purchasers of their brand.

In advertisements, Heinz should place their product in group settings, either showing the ketchup being used in a family dynamic or at an entire community

gathering. Russia is a very collectivist culture that places a huge importance on the groups they identify themselves with, especially their families. Advertisements will resonate with Russians the most if Heinz is marketed as a product to be shared with the group rather than marketed at the individual consumer. Additionally, Russia scored very high on Hofstede's dimensions of power distance at a 93, demonstrating that their culture holds immense respect for authority figures and follows their lead without question. Heinz could take advantage of this aspect of Russian culture in their marketing by linking their product to well-known and beloved authority figures in Russian society. Citizens of this country are already acclimated to follow the lead and obey the commands of these figures without question, so if Russians were to believe that someone like Putin prefers the brand Heinz ketchup, they will too! This is the only form of public relations that Heinz should focus on using in Russia. Anyone of a significantly higher class or respected position in society would make a good representative for the brand because Russian citizens hold the utmost respect and support for any decisions that their leaders make.

Social media marketing has become huge in the past decade or so since social media first gained popularity, and this is true in Russia as well. About 70 million Russians, 49% of the population, are active on social media sites^{ccxliii}, making it an indispensable outlet to reach our target market for Heinz ketchup. However, social media in Russia differs from the Instagram, Facebook, and Twitter sites we are accustomed to here in the west. In Russia, many of these platforms have been dwarfed and modified by Russian giants into sites such as Odnoklassniki (OK) and the most popular, VKontakte (VK).^{ccxliv} These platforms offer many of the same tools that western social media does such as the ability to message friends, create groups and/or pages, share posts, and even play games. However, unlike our social media where individuals post primarily about themselves and their own achievements/activities, Russian social media is much more focused around groups and communities and Russian citizens spend most of their time on social media posting and participating on group pages. Heinz needs to spend considerable time and research mastering these local apps and infiltrating the groups their target market follows to successfully promote their ketchup on these platforms. If done well, this will be a great outlet for Heinz to communicate directly to their target market and likely the only form of "personal selling" that is necessary to implement into their promotional strategies.

Entry Strategy and Budget to Enter Russia

The entry strategy Heinz should use when expanding into foreign markets is a WOFE. A WOFE is a Wholly Owned Foreign Enterprise which is a foreign-owned company that enters a foreign market without any domestic partnerships. The foreign entity in this strategy, in this case Heinz, has complete ownership when entering a new country which allows the company to be the sole decision-maker in the host country. This strategy was selected because there is a greater chance for profit maximization and complete control over operations and brand management in the Russian market. This strategy is often rarer than the other strategies and can

vary time-wise when it comes to the implementation process. Some factors to the timeline include legal proceedings, regulation approvals, as well as establishing operations in Russia which can take anywhere from a couple months to a year. Considering this strategy has the most control over the decision-making process, full control over the marketing mix, and greater profit potential, Heinz will not switch to another strategy later, even though this strategy is the most high-risk.

Creating a budget depends on many different factors such as the extent of the marketing campaign, advertising channels, promotional activities, and the cost of market research. Since Heinz is entering Russia as a wholly owned foreign enterprise, rather than partnering with established domestic companies, Heinz must budget for a complete set up of operations in Russia. This is a long and expensive process because total costs go beyond the set-up phase of the project. Since Heinz is entering Russia's market as a WOFE, profit potential will be greater and will extend the budget once operations are up and running, however, to start off Heinz will need to invest \$1-1.5 million into marketing and operations in Russia. This should be enough to fund all of the manufacturing plants and distribution centers that are necessary to market/sell Heinz ketchup throughout this large country. After initially introducing the product to the Russian market, Heinz can increase this budget and their operations once they begin to see a return on their investments and actual profits coming in.

CONCLUSIONS.

Combining these different elements of the four P's is the best way to capture market share in the Russian ketchup market. Luckily for Heinz, ketchup is already highly used throughout Russia so they do not need to be concerned about teaching consumers what their product is or how to use it, all of their marketing focus should be on convincing consumers their ketchup is the best brand out there. The best way for Heinz to do this is by intensively distributing their product across the country. If they can make Heinz ketchup available to all Russian consumers even in the most remote places, then they are doing the job well. Since Heinz will be entering the market as a wholly owned foreign enterprise, they will have full control over all of their manufacturing and distribution operations so placing the product intensively across the country is doable. It is also necessary that Heinz advertises this product on multiple of Russia's most-used media channels including television and social media. Both of these platforms are used by more than half of the population (almost all of the population for TV) and will be crucial for Heinz to reach their target market. Making sure that these advertisements appeal to crucial aspects of Russia's culture such as their high power distance, collectivist nature, and risk aversion is key to making Heinz's advertisements resonate with the Russian consumer enough to encourage them to purchase the product.

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