ROLE OF COMMUNICATION STRATEGIES IN DEVELOPMENT OF INTERNATIONAL BUSINESS BY EXAMPLE OF TRANSNATIONAL CORPORATIONS

Abstract. The modern world has many special requirements for businesses in order for those to become successful. When entering the market, the company must have a clear business strategy and risk management calculations to prevent the devastating effect of unforeseen obstacles. Today, one of the most important factors for the success of any business is effective cooperation with customers and well thought-through interaction plan within the company itself. In order to succeed in the business field, business owners need to maintain close contact with consumers, clearly know the customers’ preferences, be able to anticipate changes in demand, correctly interpret customers’ desires through production and more. Given the combination of various factors that affect businesses and companies on a daily basis, a properly planned communication strategy has one of the greatest influences on the success of the company. This is especially true for TNCs, as their activities receive special attention from society due to their great influence on both regional and global development.

Keywords. Transnational companies, strategy, communication, society, impact.

The communication strategy of the enterprise should be viewed as complex interaction of the organization with its internal and external environment in order to create favorable conditions for its stable and profitable growth in the free-market economies [1]. In the basis of creation of a communication strategy lies a dual principle, both in terms of internal and external communication. According to this
principle, any action by the company is met by feedback from the consumer in the form of a positive or negative reaction to these actions. An important part of any general communications strategy is the marketing strategy. It is developed based on the company's established market goals. The purpose of its development is to outline the main marketing goals, which determine the company's course of activities, and a description of ways to achieve them. Usually, the main goals mostly include achieving profit and developing product distribution to as many regions of the world as possible. These goals also determine the desired position of the company on the market in relation to its competitors in the future. As in the situation with the overall communication strategy, the timing of setting market goals depends on the scale of both the company and the goal. The external environment and influencing factors should also be taken into account. The correct formulation of goals determines the main direction of developing a company's marketing strategy. Also, in addition to the goals, the development of the strategy takes into account a comprehensive study of other factors of influence, such as regional and social characteristics, political factors and so on.

The scope of communication strategy is not limited to marketing and PR only. Communication strategy in management plays a crucial role, because the effective exchange of information between managers at all levels and departments is the key to success and efficiency not only of their activities, but also the company in general. In the case of management, this strategy is designed to establish an atmosphere of understanding to simplify the process of company’s goal achieving.

A company’s active socio-environmental policy as a form of external communication strategy has become the key to the global success of any TNC in the 21st century. Another important role in gaining the commitment of a conscious consumer is the responsibility of the producer to society for the practices the producer uses during the creation of the product. To ensure the active implementation and development of socio-environmental dialogue, each manufacturer must consider a number of important catalysts for analyzing the reaction of society to any decision and action. This reaction is well displayed when analyzing the activity of one of the biggest TNCs of all time, Nestlé. In the context
of environmental practices, Nestlé, unfortunately, shows rather mediocre results. According to Greenpeace, in 2018 Nestle was among the top three TNCs-active plastic pollutants in North America, South America and Europe. If the dialogue is set up incorrectly and the manufacturer does not listen to the reaction of their consumers, often they decide to abandon the purchase of goods from the said manufacturer in favor of a substitute from another company. Considering Nestlé's water sales statistics, the sales distribution share of Nestlé Waters in the European region dropped from being 40% in the year 2010 to 25.3% in 2019 [2]. This declining trend is particularly noticeable in regions, where consumers tend to analyze their choices in the presence of a large amount of diversity in food and beverage options. The United Nations estimates that by 2025, 1.8 billion people will be living in dire water shortages. This stimulates the race to find and exploit unused natural water sources. Anticipating shortages, companies such as Nestlé are trying to appropriate as much of the world's water resources as possible. Former Nestlé CEO Peter Brabek-Letmate caused an international sensation when he praised the commercialization of water in a 2005 documentary, saying: “One of the practices followed by various companies is that access to water should be considered a human right. Another view is that water is a product. And like any other product, it must have a market value.” [3].

An equally important aspect in the analysis of the effectiveness of social dialogue management is the analysis of the interaction of the company and its main driving force – its employees. The main issue that seems to be beyond the effective management of various TNCs across the globe is the usage of unauthorized child labor in developing countries. In 2021 famous brands like Adidas, GAP, Hershey and many more still use sweatshops and child labor [4-5]. Many of these worldwide famous companies are developing strategies to tackle the issue, but some of those decisions still turn out to have very little efficiency and the number of child employees grows with each year. As a result of this issue, many TNCs face multibillion lawsuits and reputation losses.

As already previously mentioned, marketing and PR campaigns are also a very big part of establishing communication with the customer and sending a clear
message as about what exactly the company stands for. In order to analyze the effectiveness of marketing communications, it is first necessary to consider the overall marketing strategy of the company. A TNC should different strategies in different markets. The company has to take into account demographic, geographic and behavioral differences of every region to meet the ever-changing customer needs. In this situation companies need to be specifically careful as to what messages they send to the public as a form of communication. A failure in this aspect can lead to a significant drop in sales and reputational losses. Regarding unsuccessful marketing messages, in this case it is worth mentioning the example of PepsiCo, when one advertisement undermined the reputation of the whole brand due to an ill-considered message. In 2017, PepsiCo released a new advertising campaign with a famous American model in the lead role. The point of the advertisement was that the model stopped the confrontation between the rioting community and the police only with the help of one Pepsi drink can, which allegedly united the two sides of the confrontation. Consumers did not understand the message of the advertisement at all and were very upset with the company oversimplifying the essence of the public response to authorities’ behavior in a form of a riot. This miscommunication incident emphasizes the importance of the connection between the company and the reality in which the consumer society lives. The devaluation of social values shown in the commercial completely counters the main advertising slogans of unity and understanding, which is used very often in big brands’ commercials [6].

It is, however, worth to mention that some of these big companies learn from the mistakes and try to implement better ways of connecting and communicating with the customer. In this case, it would be useful to consider the positive examples of other TNCs affecting the development of the region where they operate. According to the 2019 Forbes rating (The world’s most reputable companies for corporate responsibility), Danone took 2nd place in regards to the company’s communication and impact on the society. In Argentina, Danone is working with non-profit organizations and local governments to build the first medical center for children in Salta, where nutritionists and pediatricians are ready to help parents of newborns during the first 1,000 days of their children's lives. In New Zealand, the
company has taken steps to achieve its goal of carbon neutrality by 2050, investing $20 million in a plant that converts raw milk into infant formula to reduce the plant's CO2 emissions by 20,000 tons each year [7]. Such steps show that some companies are ready to make good impact and provide to the communities, where they operate.

Another great example of TNCs attempting to work together and communicate with society is tackling the devastating impact of the COVID-19 pandemic. In 2021, Nestlé announced its readiness to help the population of developing countries. Nestlé worked with the International Federation of the Red Cross at the beginning of the pandemic to donate money, food, bottled water and medical supplies to the most affected countries [8].

In conclusion, the communication strategy has a very diversified functionality and ensures the effectiveness of the company’s activities in various fields. Mainly the communication strategy impacts the following three areas of application:

– market strategy (based on analysis of knowledge about potential consumers, competitors, products; this knowledge is essential for the development of positioning concepts);

– creative strategy (strategic formation of the image and elements of the brand, involves the creation of a key idea, that will be associated with the organization for the target audience);

– media strategy (provides for the choice of media for advertising and information messages that will convey information to potential consumers) [9].

Also, in today’s world, the company's internal communication strategy cannot be neglected, as it provides communication between departments, within management clusters, and between these clusters and the center of the TNC.

Based on the study of primary sources and statistical information, a number of communicational issues, that need to be optimized and improved, can be identified among various TNCs. First, the problem of environmental pollution not only remained unresolved, but also brought significant reputational losses to multiple companies. The societal feedback to these companies has been greatly influenced by the issue of the environmental dialogue. Secondly, the question of the origin of products, commercializing the resources necessary for human life, sweatshops and
child labor has been a crucial element of establishing dispute and misunderstanding between the company and its’ consumers. Third, the problem of marketing messages, that are not always clear and often lead to misunderstanding on the external level. A vast majority of TNCs need to ensure a proper development of communication strategy to establish a good level of the company-customer interaction and be able to operate catering not only to personal needs and profits, but also with the society in mind.

References: