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Thesis qualifying work in Management
Expansion of Kitfort's Presence in the Market of Kazakhstan

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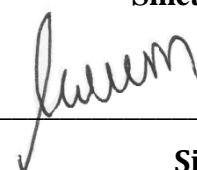
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Table of contents

Introduction	4
CHAPTER 1. Description of activities of the company “Kitfort”	7
1.1 History of “Kitfort”	7
1.2 Kitfort's current strategy in Kazakhstan and managerial problem	9
CHAPTER 2. The external and internal environment: the core factors and tendencies. Macro-environment: PESTEL analysis. Micro-environment: Porter’s 5 forces analysis, Competitors analysis, Key Success Factors	12
2.1 PESTEL analysis of Kazakhstan Market	12
2.2 Key Success Factors	31
2.3 Porter’s 5 forces analysis	31
2.4 Competitors analysis	37
2.5 SWOT-analysis	39
CHAPTER 3. Secondary SWOT analysis to identify strategies	52
3.1 Expansion strategies	53
3.2. Financial plan	59
Conclusion	62
Bibliography List	66
Appendix	73

Introduction

A well-organized entry into new markets is always beneficial for business. This is an increase in the number of customers, a rapid increase in turnover and, as a result, quite a good net profit. However, not everything is so rosy. The process of conquering new markets also involves certain risks.

To minimize them, it is very hard to try. It is necessary to conduct certain research, think over a strategy for entering a new market and ways to stay in it. And, if business makes a serious mistake, it can not only lose some money, but also pay for the business itself.

For an entrepreneur, the goal of entering new markets is to find more customers, increase turnover and eventually increase net profit. It's almost the same as starting a business again, but with nuances. Before starting an expansion, company need to think carefully about a strategy, analyse the market, make a tactical plan and set realistic goals. Otherwise, the exit will be chaotic, and there are more risks to lose.

Conditionally, new markets can be divided into several types, taking as a basis criteria from classical economic theory:

- Geography. The business is expanding its presence by entering new regions and refining the product in accordance with the norms and mentality of customers. For example, a company may start selling to another country or open a branch in another region.
- Client type. The company begins to focus either on individuals, or supply to the state or work under contract
- Industry. The transition to a new industry is also regarded as a transition to a new market, a company selling games or computer software can change the industry and start selling IT technologies.
- Transition to a new format of work. Switching from online to offline trading, for example, to open own points.
- The nature of sales. Adding wholesale or retail sales to the company's activities, depending on the original format.

Study the main product, think about whether it is really worth spending resources specifically on the selected market or there are cheaper and more effective directions from the point of view of expansion.

The purpose of my work is to adapt the strategy of Kitfort's presence in the Kazakhstan market for further expansion.

The main activity of the company is connected with the sale of household appliances in Russia and the CIS countries (Belarus and, more recently, Kazakhstan).

The choice fell on this company for several reasons:

1. I have been working in this company for a year and understand how the company functions, what tasks it performs in the market and what difficulties it faces.

2. The environment in which the company operates is quite well known and it is clear who occupies what positions in the market. But with all this, there are a huge number of pitfalls that have an impact on expansion in a new market.

3. I have a desire to help my company work, thereby contributing to further prosperity, despite the difficulties of sustainable development in a new market.

Kitfort's desire to expand geographically is inherent in many companies that sell not only goods, but also services, but, unfortunately, without a competent strategy and understanding of the new market, this decision will not play into the hands of the company, but on the contrary incur losses that are unlikely to pay off in the near future.

The managerial problem of Kitfort now is the lack of understanding of the Kazakhstan market, which company entered relatively recently by business standards, just a year ago. Without studying the environment of the new market, the company works at zero, that is, the costs of marketing, goods, logistics, etc., do not pay off properly, and sometimes incur losses. It is also worth noting that the company lacks management in Kazakhstan itself, therefore, the Kazakh division has introduced "remote management", as a result of which, many points cannot be regulated, and sometimes are overlooked because the company does not make a profit.

Main objectives:

- To study the company's activities in Russia and Kazakhstan
- Conduct Pestel Analysis
- Conduct Porter's 5 forces for B2B companies in Kazakhstan
- Identify Key Success Factors
- Conduct an analysis of competitors

- Conduct a SWOT analysis
- Identify a strategy for expanding market presence in Kazakhstan
- Make a financial plan for the expansion strategy of the presence
- Identify potential risks to the strategy

Object of study:

The object of the study is a company Kitfort, which produces and sells household appliances in Russia and CIS countries, such as Belarus and Kazakhstan

Subject of the study:

The subject of the research is the strategy of expanding the presence in the market of Kazakhstan. It is important to understand what the company wants to get in the market of Kazakhstan, as well as ways to maximize profits and increase recognition and reduce costs.

For a detailed study of the company's activities, I interviewed a representative of the company "Kitfort"- Sergey Andreyevich Semin, Director of Marketing and Advertising, who has been working for the company for more than 5 years, after which I have found out about the history of the company, its organizational structure, and goals. Also, I took the information from various articles, in order to find out the prospects of this sphere of activity, as well as Federal and municipal laws of Russia and European region to understand the legality of this company.

CHAPTER 1. Description of activities of the company “Kitfort”

1.1 History of “Kitfort”

A Russian firm named Kitfort manufactures and sells home appliances both within the Russian Federation and in the CIS nations of Belarus and Kazakhstan. The business has a B2B business model, which means that it doesn't have any physical storefronts but instead distributes its products to distributors who then resell them.

Induction cookers were being sold by the firm, which was launched in 2011, through a variety of local retailers. The headquarters of the business are in St. Petersburg.

In order to market its products, the corporation recruits retail chains. Citylink, Ozon, Mvideo, Wildberries, Golden Apple, and more brands are among them.

The variety of these items is now available across the Russian Federation thanks to chain stores that span the whole nation. Online shops also sell such products quickly at the same time. The firm has partners in various areas of the nation that help to develop the sales network as well as offer warranty support and service. Kitfort is comfortably in the TOP 5 in the category of online sales of partner retailers.

In 2020, Kitfort entered the market of Kazakhstan, wanting to cover more and more territories for the sale of its products. The company has found partners through whom it sells its products, as well as increasing brand awareness outside Russia. Due to the limitations put in place, the firm is currently attempting to explore other markets, such as Armenia and Uzbekistan. The company made the decision to relocate and transfer forces to the nations of the former post-Soviet region, where the embassy audience is roughly comparable to that of the network in Russia.

For Russian producers, this means that the production facilities where the equipment is manufactured are in China. The organization places a high priority on quality control. Direct control is exercised at the businesses. Because of this, only top-notch goods are allowed to reach the market in our nation.

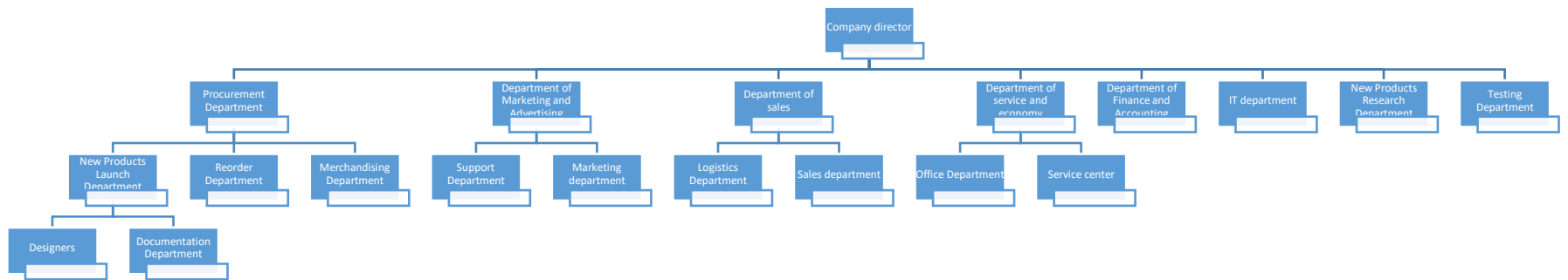


Fig 1. Organizational structure of «Kitfort»

Source of information: interview with a company representative

This organizational structure is functional, that is, when each department has its own head and each department performs its task. In this organizational structure, there is a clear understanding of responsibility for certain blocks of work, and high efficiency is ensured by the distribution of powers and job responsibilities, as well as the responsibility of each employee for the work done.

The downside of this organizational structure is the apparent partial lack of communication between departments, as a result of which there may be a deterioration in teamwork between employees from different areas. And as the enterprise grows and develops, communication and interaction between departments can deteriorate.

1.2 Kitfort's current strategy in Kazakhstan and managerial problem

The Kitfort company has been operating in the Kazakhstan market for more than two years, supplying its products, which include not only the goods that everyone loves in Russia, but also new products that the Kitfort company produces more and more every year, increasing the product matrix of products sold.

The company operates through partner stores such as Sulpak, Technodom and Technograd, working on the B2B scheme, and Kitfort in Kazakhstan operates on the B2C scheme with the help of colleagues from Accent Microsystems, who help with the storage of goods in their warehouses, as well as those engaged in promotion marketing materials, in coordination with the management of the marketing department, as well as the sales department.

Informal sales	2020	2021	2022	Overall
	2821	23003	42754	38449
				104206

Pic 1. Quantity of delivered goods(in number of goods)

Based on the company's data, until 2020, Kitfort equipment was in Kazakhstan through wholesalers who bought the restored Kitfort equipment, and then sold it on the territory of Kazakhstan. From 2020 to 2021, there was an increase in the supply of products to the territory of Kazakhstan, but in 2022 this number decreased.

Analyzing the number of goods supplied to Kazakhstan, one can notice that there is a decline in the number of products supplied to the territory of Kazakhstan. The reason for this decline is reduced presence in the market of Kazakhstan

The Kazakhstan market is different from the Russian market, where the company has been in it for a very long time, knowing and understanding trends in the field of small and medium household appliances, as well as social, political, economic and other factors. Using knowledge about the Russian market, the company is trying to impose an existing expansion strategy on the market in Kazakhstan, combining it with a completely different principle of operation as B2C, as a result of which problems arise, since completely different principles of operation.

Given the fact that Kitfort's market share in Kazakhstan is quite low at 0,7%¹, based on Statista, strategies adopted by the company will work inefficiently, as the market is very little studied.

Describing the activities of the Kitfort company in Kazakhstan, we can say that the company has different equipment for ordering through the official website kitfort.kz, where the entire line of products is transferred from the site in Russia, where Kitfort is considered one of the leaders of the domestic equipment market.

Unfortunately, given the wide matrix of goods, the company has few orders for equipment, which means that there is no clearly verified strategy for the matrix of goods, which should be sold on the territory of Kazakhstan. The company did not take into account the needs of various regions where there is a demand for a certain type of equipment, such as in the southern regions of the country, air conditioners are in very high demand in summer, and heaters in the northern regions in winter². A wide range of goods is good, as demand is created, but first there is need to concentrate in individual regions where there is a need for certain types of goods. Kitfort also began its history in Russia when it began selling induction cookers through small shops in St. Petersburg, switching to an increasing number of partners and gradually covered the whole of Russia³.

The company does not have any advertising in Kazakhstan, which will help to increase brand awareness, as a result of which there is an increase in sales. The company does not take advertising from bloggers, does not promote itself at events, which means there is no advertising. While Kitfort operates in Kazakhstan, he has formed the image of a good company selling high-quality household appliances at a relatively low price to the market, but there are no further advances, which means that the issue of expanding presence comes first.

¹ Statista. *Consumer Market Insights. Household Appliances – Kazakhstan*. URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 01.03.2023)

² Курсив. Анастасия Маркова. «Какую бытовую технику чаще всего покупают казахстанцы?» 01.09.2022 г <https://kz.kursiv.media/2022-09-01/kakuju-bytovuju-tehniku-chashhe-vsego-pokupajut-kazahstancy/> (дата обращения: 11.03.2023)

³ Официальный сайт Kitfort. Раздел «О нас» URL: <https://kitfort.ru/about/> (дата обращения: 18.03.2023)

Kitfort in Kazakhstan is represented in several chain stores where the company operates relatively recently, but at the same time, goods in Kazakhstan are not in great demand among them, and Kitfort's market share is therefore relatively small.

For 10 years, Kitfort has been working under the B2B scheme, since this scheme involves several decision makers in a potential sale. The participants of this scheme have their own channels and ways of promotion, which means that in a new market like Kazakhstan they will contribute to the development and promotion of goods.

Kitfort needs to develop the work of B2B, since this option is very appropriate in the 21st century, when people buy goods on marketplaces and various sales sites.

It is extremely important for the company to develop a strategy for expanding its presence so that the business in Kazakhstan will not be unprofitable in the future.

CHAPTER 2. The external and internal environment: the core factors and tendencies. Macro-environment: PESTEL analysis. Micro-environment: Porter’s 5 forces analysis, Competitors analysis, Key Success Factors

2.1 PESTEL analysis of Kazakhstan Market

PESTEL analysis works through a company's external environment and helps identify opportunities and threats to it. It is an extremely useful tool for developing a business plan, strategic planning, marketing and financial plans. It is the starting point for any strategic decision, including analysis of the internal and external situation the company is in.

Effective strategic planning is critical to the smooth functioning of an organization, providing an understanding of how to respond to certain events in the future and adjust the movement of the company.

<p>Political factors</p> <ol style="list-style-type: none"> 1. Corruption in Kazakhstan 2. Relations between Russia and Kazakhstan 3. Military conflict in Ukraine 	<p>Economic factors</p> <ol style="list-style-type: none"> 1. Inflation in Kazakhstan 2. Currency rates 3. Foreign trade 	<p>Social factors</p> <ol style="list-style-type: none"> 1. Dissemination of information via the Internet and social networks 2. Trends in purchasing power 3. Population size, gender and age groups of Kazakhstan
<p>Technological factors</p> <ol style="list-style-type: none"> 1. Development of mobile apps 2. Improvement of production technology and quality of products made in China 3. The development of Artificial Intelligence 	<p>Ecological factors</p> <ol style="list-style-type: none"> 1. Waste recycling in Kazakhstan 2. Air Pollution in Kazakhstan 	<p>Legal factors</p> <ol style="list-style-type: none"> 1. Consumer protection laws 2. Antimonopoly law

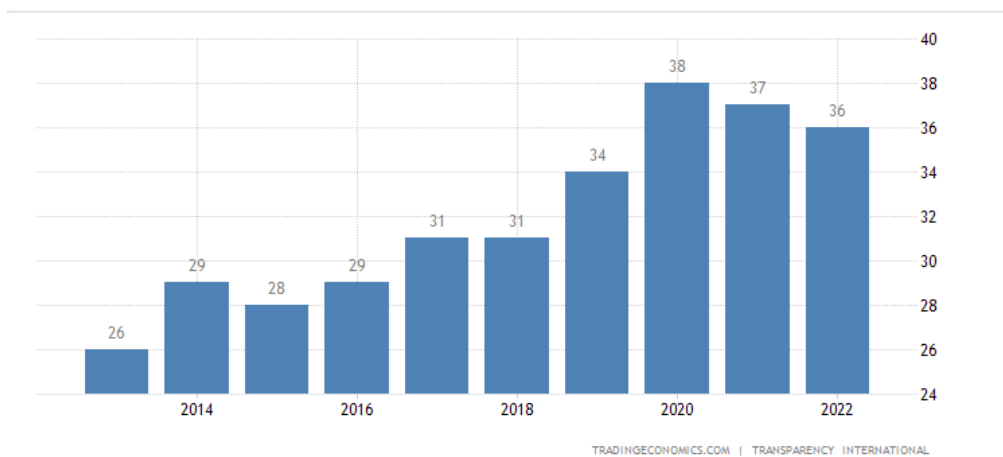
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Table 1. PESTEL analysis

Political factors

Corruption in Kazakhstan

Corruption in Kazakhstan poses a significant challenge to the country's economic and political progress, hindering development. In recent years, Kazakhstan has consistently ranked low in global corruption indices. For instance, in 2022, the country ranked 113th out of 180 countries with a score of 36 out of 100, indicating the pervasiveness of corruption. This is a decline compared to its position in 2020 when it ranked 94th with a score of 38 out of 100⁴. Former President Nazarbayev acknowledged the severity of the issue and initiated "10 measures against corruption"⁵ to combat corruption at all levels of the state and society. However, international organizations and activists have criticized the government's efforts, claiming that they fall short of addressing fundamental human rights violations and widespread corruption.



Pic 2. The level of corruption in Kazakhstan⁶

⁴ Trading Economics. Kazakhstan Corruption Index. URL: <https://tradingeconomics.com/kazakhstan/corruption-index> (дата обращения: 15.03.2023)

⁵ Закон Республики Казахстан от 18 ноября 2015 года № 410-V ЗРК “ О противодействии коррупции”. URL: <https://adilet.zan.kz/rus/docs/Z1500000410> (дата обращения: 15.03.2023)

⁶ URL: <https://tradingeconomics.com/kazakhstan/corruption-index> (дата обращения: 15.03.2023)

The Nazarbayev family itself has faced allegations of money laundering, bribery, and involvement in unlawful activities. Western governments have conducted investigations, including the Kazakhgate scandal, which ultimately concluded without confirming the guilt of the Nazarbayev family⁷.

Additionally, Global Witness, an international human rights organization, accused Kazakhmys of concealing information about its ownership and directors, suggesting personal involvement of President Nursultan Nazarbayev. Furthermore, a former minister in Nazarbayev's government, Zamanbek Nurkadilov, accused Kazakh officials of accepting millions of dollars in bribes from an intermediary for American oil firms during the 1990s⁸.

Corruption affects Kitfort's operations in Kazakhstan as it can create an unpredictable and unfair environment, demanding bribes and unequal distribution of resources, impacting relationships with suppliers, increasing procurement costs, threatening the quality of goods and services, and engaging in corrupt practices or communications with corrupt officials will negatively affect Kitfort's reputation and may alienate customers, investors and partners.

Relations between Russia and Kazakhstan

The relationship between Kazakhstan and Russia is characterized by a high level of political culture, with a strategic partnership based on the Treaty on Good-Neighborliness and Alliance in the Twenty-First Century⁹. Regular meetings and active cooperation in various international organizations demonstrate the depth of their collaboration.

The interdependence between Russia and Kazakhstan has implications for Kitfort, particularly due to their status as important trading partners with diverse economic ties. If the relationship between the two countries deteriorates, it could have a negative impact on the economic climate in the region, potentially affecting Kitfort. This could lead to a decrease in demand for Kitfort's goods and services in Kazakhstan, as well as a decline in investment and business development.

⁷ Department of Justice of the United States of America. «New York Merchant Bank Pleads Guilty to FCPA Violation; Bank Chairman Pleads Guilty to Failing to Disclose Control of Foreign Bank Account». 06.08.2010. URL: <https://www.justice.gov/opa/pr/new-york-merchant-bank-pleads-guilty-fcpa-violation-bank-chairman-pleads-guilty-failing> (дата обращения: 15.03.2023)

⁸ The New York Times. «Ex-Kazakh Official Who Made a Threat Found Slain». 14.10.2015 URL: <https://www.nytimes.com/2005/11/14/world/asia/exkazakh-official-who-made-a-threat-found-slain.html> (дата обращения: 15.03.2023)

⁹ Договор между Российской Федерацией и Республикой Казахстан о добрососедстве и союзнничестве в XXI веке от 11 ноября 2013 URL: <http://www.kremlin.ru/supplement/1560> (дата обращения: 15.03.2023)

Conversely, a stable and positive relationship between Russia and Kazakhstan could enhance economic cooperation, presenting new opportunities for Kitfort in the country. Improved transport infrastructure between the two countries, for instance, could facilitate increased trade and investment, benefiting Kitfort.

In conclusion, the nature of the relationship between Russia and Kazakhstan has the potential to influence the business prospects of Kitfort in Kazakhstan. It is important for Kitfort to monitor and adapt to any changes in this relationship to ensure continued success in the Kazakhstani market.

Military conflict in Ukraine

The military conflict in Ukraine can impact Kitfort in Kazakhstan in various ways:

1. Geopolitical instability resulting from the conflict may affect the economic situation and investment climate in Kazakhstan, potentially impacting Kitfort and other companies operating in the country.

2. Changes in trade relations between Kazakhstan, Ukraine, Russia, and Europe due to the conflict can influence the demand for Kitfort's goods and services in Kazakhstan¹⁰.

3. The conflict may lead to an increase in energy and resource prices, which can affect Kitfort's production costs in Kazakhstan¹¹.

¹⁰ Project Syndicate. Nouriel Roubini. «Russia's War and the Global Economy». 25.02.2022. URL: <https://www.project-syndicate.org/onpoint/russias-war-and-the-global-economy-by-nouriel-roubini-2022-02> (дата обращения: 16.03.2023)

¹¹ Trading Economics. Crude Oil. URL: <https://tradingeconomics.com/commodity/crude-oil> (дата обращения: 16.03.2023)



Pic 3. The cost of oil¹²

4. Security risks could arise for Kitfort's personnel and property in Kazakhstan due to regional instability and the potential rise of terrorist and extremist threats.

Overall, the conflict in Ukraine can have implications for Kitfort in Kazakhstan through economic and geopolitical changes, shifts in trade relations, resource price fluctuations, and heightened security risks.

In conclusion, the political factors analyzed by PESTEL in the home appliance market in Kazakhstan indicate that a stable political environment in the country is generally favorable for the growth and development of the industry. The provision by the government of various incentives and tax breaks for businesses creates opportunities for companies to expand their activities in the market. However, companies should be aware of possible regulations or tariffs that may affect the import and export of household appliances, as this may affect their operations and profitability. In general, for the time being, Kitfort has created pleasant conditions for working in Kazakhstan, if no force majeure situations occur.

Economic factors

Inflation in Kazakhstan

The rising inflation in Kazakhstan, reaching 20.7% in January 2023, has led to price increases across various goods and services. Food products experienced the strongest price

¹² URL: <https://tradingeconomics.com/commodity/crude-oil> (дата обращения: 16.03.2023)

increase at 25.7%, followed by non-food products at 20.2% and paid services at 14.2%. In March, furniture, household items, and personal goods saw significant price hikes. These inflationary pressures have been influenced by external factors, including the special military operation in Russia and resulting disruptions in logistics chains and international market challenges. The National Bank responded by raising the base rate to 16.75% to combat inflation¹³.

Период	Индекс инфляции, %	Инфляция, %	Изменение
2023	103.30	3.30	-16.70 % ↓
2022	120.40	20.40	+12.40 % ↑
2021	108.40	8.40	
2020	107.50	7.50	+2.50 % ↑
2019	104.90	4.90	
2018	105.43	5.43	-1.57 % ↓
2017	107.22	7.22	-0.78 % ↓
2016	108.29	8.29	-5.71 % ↓
2015	113.53		

Pic 4. The level of inflation¹⁴

This inflationary environment can directly impact Kitforts by increasing production and service costs, potentially reducing profitability. Indirectly, it can affect purchasing power, leading to decreased demand for Kitfort's offerings, and introduce market uncertainty that hampers investor confidence and investment in the region. Consequently, high inflation presents challenges to Kitfort's profitability and competitiveness in Kazakhstan.

Currency rates

Currency exchange rates play a crucial role in the business environment, particularly for companies like Kitfort operating in Kazakhstan. In 2023, the national currency experienced a notable strengthening against the dollar, reaching its highest level since June 2022¹⁵. Factors influencing exchange rates include external aspects such as oil prices, the US Federal Reserve's policy, geopolitical conditions, and the stability of Kazakh oil exports. Internal factors include the inflation rate, the base rate of the National Bank, state budget expenditures, and the country's balance of payments.

¹³ Kapital.kz. «Годовая инфляция по итогам января составила 20,7%». 01.02.2023. <https://kapital.kz/economic/112633/godovaya-inflyatsiya-po-itogam-yanvarya-sostavila-20-7.html> (дата обращения: 21.03.2023)

¹⁴ <https://kapital.kz/economic/112633/godovaya-inflyatsiya-po-itogam-yanvarya-sostavila-20-7.html> (дата обращения: 21.03.2023)

¹⁵ Казахстанская фондовая биржа. Иностранные валюты. Тенге к доллару. URL: <https://kase.kz/ru/currency/> (дата обращения: 25.03.2023)



Pic 5. Tenge to dollar exchange rate¹⁶



Pic 6. Tenge to ruble exchange rate¹⁷

On the other hand, the Russian ruble is weakening in Kazakhstan. This decline was triggered by the G7 countries imposing a price ceiling on Russian oil, leading to negative

¹⁶ URL: <https://kase.kz/ru/currency/> (дата обращения: 25.03.2023)

¹⁷ Banki.ru. Курс казахстанского тенге. URL: <https://www.banki.ru/products/currency/kzt/> (дата обращения: 25.03.2023)

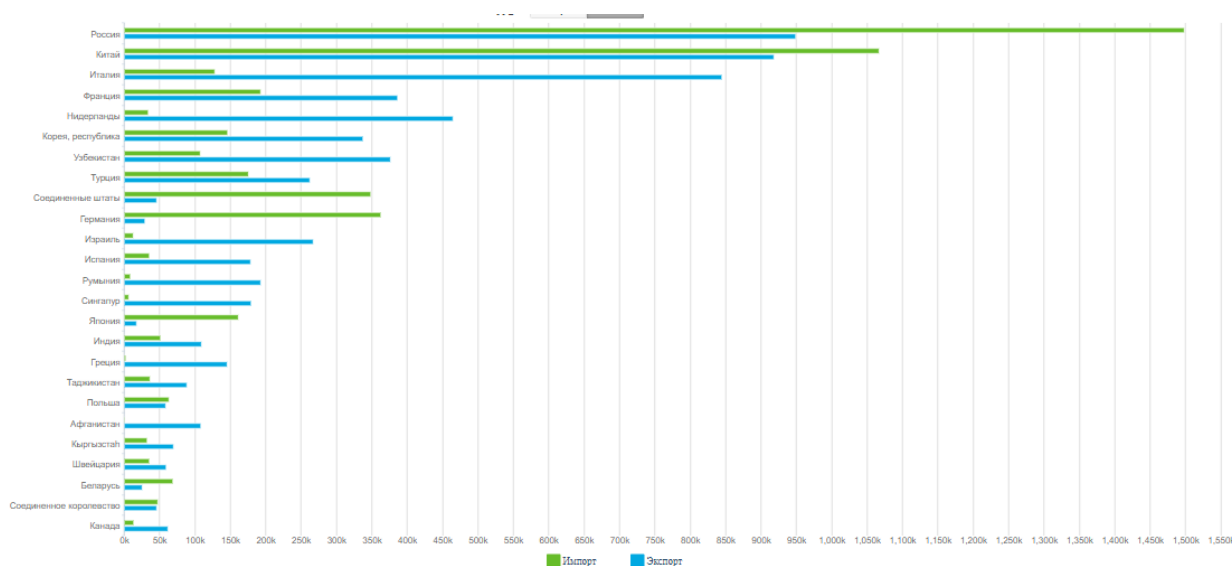
consequences such as reduced budget revenues for the Central Bank and Ministry of Finance in Russia¹⁸. Discussions are underway within the G7 regarding a price ceiling for Russian gas, which would further impact the Russian economy as gas supplies are not easily redirected to alternative markets.

These currency fluctuations have significant implications for Kitfort and other businesses in Kazakhstan. Understanding and managing the effects of these exchange rate dynamics is crucial for making informed financial decisions and ensuring business stability in an ever-changing economic landscape.

Foreign trade

Kazakhstan's foreign trade has experienced a decline in interest from global players despite its accession to the WTO in 2015. Both exports and imports have seen a significant decrease since 2013. However, the foreign economic complex remains a crucial sector in the Kazakh economy, stimulating its growth and addressing important socio-economic challenges¹⁹.

Russia has become the largest trading partner for Kazakhstan, accounting for substantial imports and exports. China holds the second position in terms of both imports and exports. Other significant trading partners include Italy, France, and the Netherlands²⁰.



Pic 7. Partner countries²¹

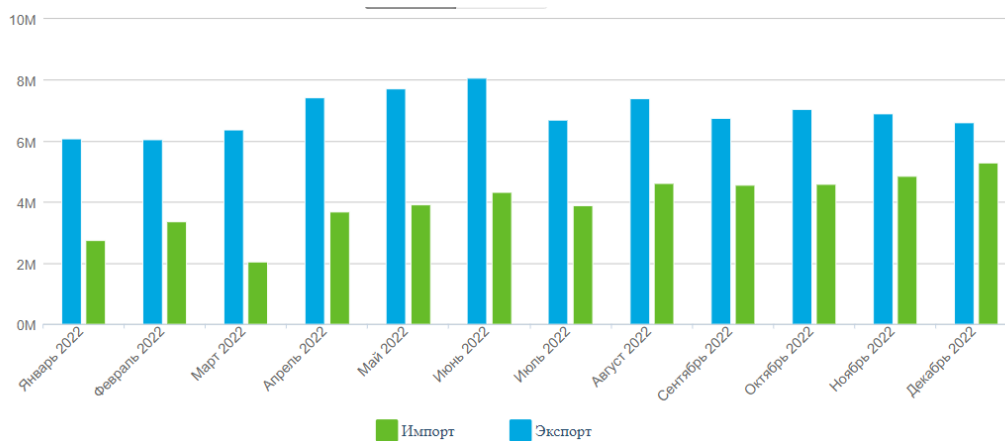
¹⁸ URL: <https://www.banki.ru/products/currency/kzt/> (дата обращения: 25.03.2023)

¹⁹ Kazinform. Рабига Нурбай. «Внешняя торговля Казахстана: исторический рекорд и новые вызовы» 15.03.2023 URL: https://www.inform.kz/ru/vneshnyaya-torgovlya-kazahstana-istoricheskiy-rekord-i-novyye-vyzovy_a4046134 (дата обращения: 26.03.2023)

²⁰ Kazdata. Статистика экспорта и импорта Казахстана. URL: <https://kazdata.kz/01/service-import-export.html> (дата обращения: 27.03.2023)

²¹ URL: <https://kazdata.kz/01/service-import-export.html> (дата обращения: 27.03.2023)

Kazakhstan's trade turnover reached a historic high in 2022, surpassing pre-pandemic levels. The country experienced substantial growth in exports and imports during this period. It is worth noting that Russia and Kazakhstan signed an agreement on parallel imports, leading to a higher import rate for the country²².



Pic 8. Export and import statistics of Kazakhstan²³

In summary, Kazakhstan's international trade can present both positive and negative implications for Kitfort, contingent on the extent of its exports and imports, requiring careful consideration and strategic planning to navigate potential challenges and leverage opportunities.

In conclusion, the economic factors analyzed in the PESTEL analysis of the home appliance market in Kazakhstan indicate that the country's growing economy and large middle-class population create significant opportunities for companies operating in the industry. The increasing consumer spending on appliances reflects a strong demand for high-quality products in the market. However, the fluctuations in the oil and gas industry, which is a major source of revenue for the country, could impact consumer spending and affect the industry's growth. Companies operating in the home appliance market in Kazakhstan must keep a close eye on the country's economic trends and be prepared to adapt to any changes that may arise. By staying attuned to the economic landscape and consumer preferences, companies can effectively target the market and remain competitive in this fast-growing industry.

Social factors

Population size, gender and age groups of Kazakhstan

²² URL: <https://kazdata.kz/01/service-import-export.html> (дата обращения: 27.03.2023)

²³ URL: <https://kazdata.kz/01/service-import-export.html> (дата обращения: 27.03.2023)

The population of Kazakhstan as of March 1, 2023, is 18,776,707, with the urban population accounting for 61.8% and the rural population accounting for 38.2% of the total population. The major ethnic groups in Kazakhstan include Kazakhs, Russians, Uzbeks, Ukrainians, Uighurs, Germans, Tatars, and other ethnic groups, with Kazakhs comprising 70.4% of the population. The gender distribution shows that women outnumber men, with women accounting for 51.2% of the population²⁴.

These demographic characteristics have several implications for Kitfort. Demand for Kitfort products and services may be affected by the age distribution of the population. The gender distribution of a population can influence the demand for certain goods. For example, if there is a significant number of women in a country, the demand for Kitfort products related to health and beauty may be higher.

Thus, the dynamics of population, gender and age in Kazakhstan have a variety of impacts on Kitfort, including the impact on the demand for products. Understanding demographics is critical for Kitfort to effectively meet market needs and plan for future growth.

Dissemination of information via the Internet and social networks

Nowadays, people spend a lot of time with their smartphones and laptops, searching the Internet for the latest news, having fun and finding the information they need. They don't make a choice without reading product and movie reviews, finding alternatives and comparing them. People have a great opportunity to compare prices and amenities and even, for example, contact someone who has already been at a hotel and see what they think of it. Online advertising is also very important. Most customers recognize any company through the Internet. In this regard, every company tries to develop a personal website or social media account, especially in the early stages²⁵.

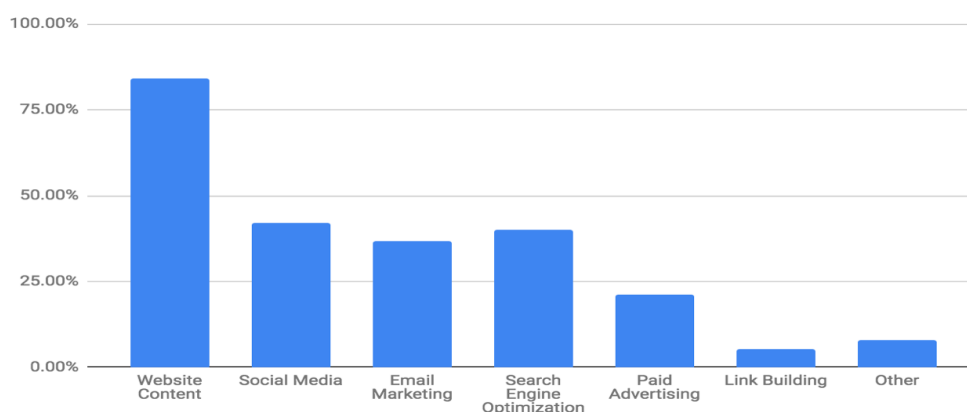
While other advertising methods have their advantages, the Internet is undoubtedly the most promising medium:

- Create targeting
- Paid audience selection
- Endless media possibilities

²⁴ Бюро Национальной Статистики. Численность населения Республики Казахстан (на начало 2023г.). URL: <https://new.stat.gov.kz/ru/industries/social-statistics/demography/publications/6373/> (дата обращения: 27.03.2023)

²⁵ The DSM Group. Bailey Canning. «Which Type of Advertising is Most Effective?». 29.10.2020 URL: <https://thedsmgroupp.com/type-advertising-effective/> (дата обращения: 27.03.2023)

- Budget management



Pic 9. Popular type of advertising²⁶

According to the powderkegwebdesign.com survey²⁷, consumers get the most information about a company from its website, as well as social networks, so it is extremely important for companies to build their website, as well as develop social networks so that customers can learn more about the company.

Trends in purchasing power

Online shopping has firmly entered the life of Kazakhstanis. Now, with the help of e-commerce, people can buy everything from food and clothes to a smartphone and a washing machine. Many industries have moved online due to the pandemic. Changes have not bypassed the sphere of trade²⁸. Quarantine measures have given impetus to the development of e-commerce. In recent years, online trading has become a priority sector in Kazakhstan, especially after the outbreak of COVID-19²⁹. The pandemic and subsequent restrictive measures have led to the suspension of physical retail space, forcing the people of Kazakhstan to change their online shopping habits. As a result, there was significant growth in e-commerce, with online platform sales skyrocketing compared to the previous year³⁰.

²⁶ POWDERKEG. James. «2019 Digital Marketing Survey Results». 27.03.2019 URL: <https://www.powderkegwebdesign.com/2019-digital-marketing-survey-results/> (дата обращения: 27.03.2023)

²⁷ URL: <https://www.powderkegwebdesign.com/2019-digital-marketing-survey-results/> (дата обращения: 27.03.2023)

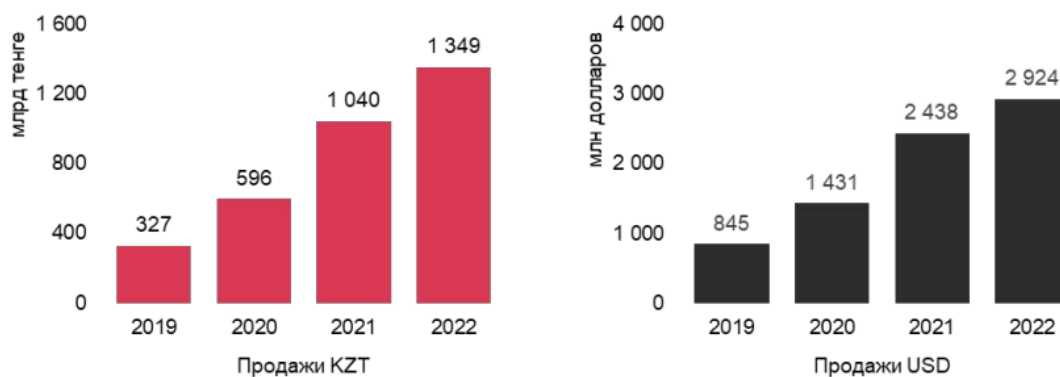
²⁸ КиберЛеника. Ибраева Э.А., Лоу П. «Модели потребительского поведения в казахстанском обществе». URL: <https://cyberleninka.ru/article/n/modeli-potrebitelskogo-povedeniya-v-kazahstanskom-obschestve/viewer> (дата обращения: 29.03.2023)

²⁹ Капитал. Евгения Богатова «Как развивают электронную торговлю в Казахстане» 14.07.2021 URL: <https://kapital.kz/economic/96838/kak-razvivayut-elektronnyuyu-torgovlyu-v-kazahstane.html> (дата обращения: 30.03.2023)

³⁰ Forbes. «Как потомки номадов выбирают современную технику». 10.09.2014. URL: https://forbes.kz/finances/markets/kak_potomki_nomadov_vyibirayut_sovremennuyu_tehniku (дата обращения: 30.03.2023)

According to a study by PwC Kazakhstan and the Digital Kazakhstan Association³¹, retail e-commerce in Kazakhstan will continue to grow in 2022, but at a slower pace than in 2021.

Общий объем продаж за периоды 2019, 2020, 2021, 2022 годы



Источник: анализ рынка розничной электронной коммерции в РК

Pic 10. Growth of the e-commerce market³²

In 2022, the size of the retail e-commerce market in Kazakhstan grew by 30% (the previous annual growth rate was 70-80%) and amounted to more than 1.3 trillion tenge, and the number of transactions increased by 33%. At the same time, average billing decreased by 3 percent.

The share of e-commerce in the total volume of retail trade in Kazakhstan reached 8.2%, exceeding the 2021 figure of 7.5%. In addition, sales from marketplaces and online stores grew by 33% and 19% respectively, the share increased to 89% from 82% last year.

The growth of online shopping has a significant impact on Kitfort in Kazakhstan. The company must actively develop its online presence in order to meet the growing demand and the benefits of online shopping, such as expanding geographic coverage and access to a wide audience of customers. However, it is necessary to take into account competition and ensure the security of payments and delivery of goods.

In conclusion, the social factors analyzed in the PESTEL analysis of the home appliance market in Kazakhstan indicate that the country's young and growing population, increasing urbanization, and tech-savvy nature present significant opportunities for companies operating in the industry. Consumers in the market are increasingly demanding modern and smart appliances that can meet their needs and lifestyles. However, companies operating in the market need to be

³¹ PWC. «Анализ рынка розничной электронной коммерции в Республике Казахстан». 15.03.2023 URL: <https://www.pwc.com/kz/en/publications/e-commerce/pdf/e-commerce-12M2022-rus-final.pdf> (дата обращения: 30.03.2023)

³² URL: <https://www.pwc.com/kz/en/publications/e-commerce/pdf/e-commerce-12M2022-rus-final.pdf> (дата обращения: 30.03.2023)

aware of cultural diversity and language barriers in the country, as this may require them to tailor their products and marketing strategies to specific regions or ethnic groups. By understanding the social factors that influence the home appliance market in Kazakhstan, companies can effectively target their products to the right audiences, enhance customer satisfaction, and remain competitive in this dynamic market.

Technological factors

Development of mobile apps

In the retail sector, companies of all sizes, including industry giants like Amazon³³ and small stores, have built their online presence and e-commerce platforms. These platforms allow customers to access a wide range of product information, including images, videos, descriptions, and reviews. However, the problem lies in the inability to physically interact with the products, for example, to evaluate the quality of the TV.

Today, people most often use mobile devices. Currently, 34 million mobile devices are registered and connected to SIM-cards in Kazakhstan. The number of subscribers per user is 2.5 devices.³⁴

Point-of-sale digital signage and related materials help promote products and improve consumer engagement. Research³⁵ shows that approximately 68% of shoppers make their purchase decisions based on in-store communications, and 29% of shoppers make impulse purchases through these points of presence.

Dissemination of information by means of mailing to phones, as well as promotion through various notifications on the phone, increase awareness of promotions. The main purpose of push notifications is to allow businesses to provide useful content in a timely manner, as well as keep customers engaged. Therefore, many companies use phones to distribute information to their regular as well as potential customers.

The development of mobile applications has an impact on Kitfort's activities in Kazakhstan, providing convenient access to their products and services, but also creating competition from other online platforms. Kitfort must ensure that its mobile app remains competitive and evaluates

³³ AWS. «What is Mobile Application Development?» URL: <https://aws.amazon.com/ru/mobile/mobile-application-development/> (дата обращения: 31.03.2023)

³⁴ Литер. «Стало известно, сколько мобильных телефонов зарегистрировано в Казахстане» 19.02.2020 URL: <https://litter.kz/stalo-izvestno-skolko-mobilnyh-telefonov-zaregistrirovano-v-kazahstane/> (дата обращения: 02.04.2023)

³⁵ TechRecur. «IoT App Development: IoT a Revolution for Retail Stores». 17.12.2020. URL: <https://www.techrecur.com/iot-app-development-iot-a-revolution-for-retail-stores/> (дата обращения: 02.04.2023)

its development and support costs in order to deliver a positive return on investment and improve the overall customer experience.

Improvement of production technology and quality of products made in China

Chinese manufacturers have shifted their focus towards producing quality products, contrary to popular belief. They are leveraging the latest technology and introducing new brands to the global market. While this transformation is not universal across all Chinese productions, the country's industry has made significant advancements in recent decades.

A growing number of Chinese factories are voluntarily opting for third-party product inspections, independent of the buyer³⁶. The owners of these industries value independent opinions on areas of improvement and meeting consumer expectations. Furthermore, they anticipate that foreign companies will recognize the progress being made.

Recently, the branding of goods as "Made in PRC" (People's Republic of China) has emerged both in Russia and worldwide. This is a marketing tactic employed to counter the negative perception associated with the "Made in China" label. Manufacturers recognize that the latter is often equated with lower-quality products. By using "Made in PRC," they aim to avoid such associations and present their goods in a more favorable light³⁷.



Pic 11. Sticker on goods from China

Advancements in production technology and product quality in China can have mixed effects on Kitforts in Kazakhstan. On one hand, it may lead to lower prices and increased demand

³⁶ КиберЛенинка. Нырова, Н.Н. «Качество китайских товаров: проблемы и решения» 05.05.2007. URL: <https://cyberleninka.ru/article/n/kachestvo-kitayskih-tovarov-problemy-i-resheniya/viewer> (дата обращения: 02.04.2023)

³⁷ FDI China. «Made In China 2025: The Plan To Dominate Manufacturing And High-Tech Industries». 22.06.2022. URL: <https://www.fdochina.com/blog/made-in-china-2025-plan-to-dominate-manufacturing/> (дата обращения: 05.04.2023)

for Kitfort products. They can also access higher-quality goods, enhancing their competitiveness. On the other hand, it poses competition from companies producing superior products, requiring potential investments for modernization. Kitfort needs to assess these developments to stay competitive in the changing market.

Technological factors are currently crucial because the speed of improvement and implementation of digital tools is extremely high. the company should be aware that technologies that are currently only at the stage of development will change the future, if this aspect is not involved, the company will be able to leave the market very easily for its own reasons, as it will lag behind its competitors. in the analysis of technological factors, it is important to take into account not only how the process of creating Noise products and services develops, but also factors that help, such as distribution, advertising, as well as product promotion. the analysis showed that quite a lot of improvements are taking place in the world, which will help improve the market not only in Kazakhstan, but also the whole world as a whole.

The development of Artificial Intelligence

Artificial intelligence (AI) technology has rapidly advanced and become integrated into our daily lives, drawing from various fields of knowledge such as computer science, mathematics, philosophy, and more. Its applications are widespread in public and private sectors, enhancing security, optimizing business processes, and enabling information processing, event prediction, and natural language processing.

The AI market is projected to grow to \$190 billion by 2025, with significant global spending on cognitive and AI systems. As AI permeates all industries, it creates new job opportunities in development, programming, testing, support, and maintenance. Furthermore, AI-related roles offer some of the highest salaries today, making it a major emerging technology trend³⁸.

Machine learning, a subset of AI, is also experiencing widespread adoption, leading to a high demand for skilled workers. Experts predict that AI, machine learning, and automation will generate 9 percent of new jobs in the U.S. by 2025, ranging from robot monitors to data analysts and automation specialists.

AI development can positively impact Kitfort in Kazakhstan by enhancing production efficiency, optimizing processes, and improving sales strategy and product quality. However, it

³⁸ *Markets And Markets. «Artificial Intelligence Market Analysis & Report Summary, Global Size» URL: <https://www.marketsandmarkets.com/Market-Reports/artificial-intelligence-market-74851580.html> (дата обращения: 05.04.2023)*

may also lead to job reductions and increased competition. To stay competitive, Kitfort should invest in employee training, embrace new technologies, and adapt to the evolving AI landscape.

In conclusion, the technology factors analyzed in the PESTEL analysis of the home appliance market in Kazakhstan indicate that the market is highly receptive to modern and innovative appliances that meet the needs of tech-savvy consumers. The growing demand for energy-efficient appliances presents significant opportunities for companies that can develop products that meet these requirements. However, companies operating in the market must be aware of the challenges of technology adoption and infrastructure development in the country, which may affect the accessibility and affordability of advanced appliances. To remain competitive in the market, companies must continue to invest in research and development and keep up with the latest technological advancements in the industry. By doing so, they can effectively cater to the growing demand for modern and innovative appliances, enhance customer satisfaction, and gain a competitive advantage in the home appliance market in Kazakhstan.

Ecological factors

Waste recycling in Kazakhstan

In Kazakhstan, in 25 years of independence, it has not been possible to build a single large waste processing plant³⁹. Paradoxically, only one waste-sorting plant works in all of Central Asia, and it is not at full capacity - it is located in Astana, which sorts waste and recycles plastic and paper using equipment made in Spain, Italy, Austria and Finland. The €36 million project is designed to recycle 250,000 tons of solid waste per year. But according to experts, the plant is currently working at 30 percent capacity⁴⁰.

There are more than 100 enterprises of small and medium business sorting and processing waste in the regions. Sorting lines have been installed in seven cities, 23 waste-sorting and recycling facilities are planned for construction, and existing small waste-processing plants are being upgraded in 19 localities⁴¹.

³⁹ *InformBuro. Санат Урналиев, Герард Ставрианиди. «Жизнь столичной свалки. Как выглядит мусоропереработка и полигон для отходов Нур-Султана». 20.05.2022 URL: <https://informburo.kz/stati/zizn-stolicnoi-svalki-kak-vyglyadit-musoropererabotka-i-poligon-dlya-otxodov-nur-sultana> (дата обращения: 05.04.2023)*

⁴⁰ *Министерство Экологии республики Казахстан. «Информационная бюллетень о состоянии окружающей среды Республики Казахстан». 2020 год. URL: https://www.kazhydromet.kz/uploads/calendar/5/year_file/6055ce6014bbbyulleten_2020-god.pdf (дата обращения: 05.04.2023)*

⁴¹ *Steppe. Эрика Неринг. «Работает ли сортировка мусора в Казахстане?» 09.09.2020 URL: <https://the-steppe.com/obshchestvo/rabotaet-li-sortirovka-musora-v-kazahstane> (дата обращения: 06.04.2023)*

Based on the above data, we can say that Kazakhstan has a problem with waste recycling in Kazakhstan, in connection with which the state is trying to actively address this problem in order to reduce land pollution.

Recycling in Kazakhstan can have both positive and negative impacts on Kitfort. Recycling creates new business opportunities and promotes environmental responsibility. However, this may require significant investment and face increased competition. Kitfort can stay competitive by exploring recycling opportunities, investing in new technologies and adhering to higher environmental standards.

Air Pollution in Kazakhstan

Kazakhstan faces severe air pollution issues caused by industrial emissions, soot from oil and gas operations, and vehicle exhaust. Most cities suffer from excessive pollution, with some exceeding acceptable levels by 8-10 times. Only Aktau and Petropavlovsk have clean air. Nur-Sultan, Aktobe, Ust-Kamenogorsk, Karaganda, Balkhash, and Zhezkazgan consistently experience high pollution levels⁴². Industrial emissions account for over 85% of pollutants. Kazakhstan ranks 64th in air pollution index rankings. Over 2.5 million tons of waste is emitted annually, projected to increase to 3.6 million tons by 2030. Roadmaps are planned to reduce pollution in ten cities by 2025 and improve overall environmental conditions⁴³.

Air pollution in Kazakhstan negatively affects Kitfort. It poses health risks to employees and can impact production processes, product quality, and overall competitiveness. Environmental problems resulting from air pollution can damage the company's reputation. Kitfort should prioritize environmental safety, adopting eco-friendly technologies and collaborating with relevant organizations to address air pollution and improve air quality in Kazakhstan.

Legal factors

Consumer protection laws

Consumer protection laws play a vital role in Kitfort's operations in Kazakhstan. These laws ensure that the company adheres to specific regulations when manufacturing and selling its

⁴² *Казахстанская правда*. Жанат Тукпиев. «Нечем дышать! В каких городах Казахстана самый опасный воздух?». 16.03.2018. URL: <https://kazpravda.kz/n/nechem-dyshat-v-kakih-gorodah-kazahstana-samy-opasnyy-vozduh/> (дата обращения: 07.04.2023)

⁴³ *Официальный информационный ресурс Премьер-Министра Республики Казахстан*. «Увеличение доли переработки отходов и продвижение экологических инициатив — М. Мирзагалиев рассказал о проделанной работе». 10.06.2020 URL: <https://primeminister.kz/ru/news/reviews/uvelichenie-doli-pererabotki-othodov-i-prodvizhenie-ekologicheskikh-iniciativ-m-mirzagaliyev-rasskazal-o-prodelannoy-rabote-1053421> (дата обращения: 05.04.2023)

products and providing services. Compliance with these laws is crucial for Kitfort to maintain its reputation, instill consumer trust in its products, and enhance its market position⁴⁴.

One key aspect of consumer protection laws is the requirement for Kitfort to meet quality and safety standards for its products. This ensures that customers receive goods that meet their stated specifications and are safe for use. Additionally, these laws grant consumers the right to return or exchange products that do not meet the expected standards.

It is important for Kitfort to understand that non-compliance with consumer protection laws can result in penalties, fines, or legal actions. Therefore, the company must prioritize adherence to these regulations to avoid legal repercussions and protect its business interests.

By abiding by consumer protection laws, Kitfort can not only fulfill its legal obligations but also foster consumer satisfaction and loyalty. Demonstrating a commitment to consumer rights and providing high-quality products will enhance the company's reputation, build trust among customers, and contribute to long-term business success in the Kazakhstani market.

Antimonopoly law

Anti-monopoly laws in Kazakhstan have a significant impact on Kitfort's operations and the overall business environment. These laws aim to regulate market competition, prevent monopolistic activities, and protect consumer rights. By complying with these laws, Kitfort can ensure fair competition and maintain a positive reputation in the market⁴⁵.

One key aspect of Kazakhstan's anti-monopoly laws is the prohibition of abuse of dominant market positions. This means that companies with a substantial market share must adhere to competition rules and avoid using their dominance to exclude or restrict competition.

Moreover, anti-monopoly laws in Kazakhstan protect consumer rights by prohibiting fraudulent practices, unfair advertising, and misleading product information. This ensures that consumers can make informed choices and have confidence in the companies they engage with. Additionally, antimonopoly laws govern mergers and acquisitions, requiring companies to follow specific procedures and regulations. This ensures that such transactions do not lead to inconsistent or anti-competitive market structures.

⁴⁴ Закон Республики Казахстан. "О защите прав потребителей".
https://online.zakon.kz/Document/?doc_id=30661723 (дата обращения: 09.04.2023)

⁴⁵ Қазақстан Республикасы Бәсекелестікті қорғау және дамыту агенттігі. Бәсекелестікті қорғау. URL:
<https://www.gov.kz/memleket/entities/zk/activities/4226> (дата обращения: 09.04.2023)

Overall, the impact of antimonopoly laws in Kazakhstan is to create fair competition conditions, protect consumer rights, and maintain a dynamic business environment. By understanding and complying with these laws, Kitfort can navigate the market successfully while contributing to a competitive and consumer-friendly marketplace.

In conclusion, the legal factors in Kazakhstan's home appliance market support businesses overall. The government promotes investment and transparency. However, companies should comply with regulations on safety, intellectual property, and consumer protection to avoid negative consequences. Compliance ensures competitiveness, customer trust, and a market advantage.

In general, the analysis of the above factors showed that Kitfort, as a company in Kazakhstan, is influenced by many factors, both external and internal. However, some of them may have a more significant impact on the business than others.

- Political factors, such as the stability of the government and the level of corruption, can affect the company's business, but at the moment the situation in Kazakhstan is relatively stable.
- Economic factors such as inflation, exchange rates and purchasing power trends have a significant impact on Kitfort's business. It is necessary to take these factors into account when developing the company's strategy.
- Social factors, such as demographic trends and the spread of information through the Internet and social media, can also influence a company's business.
- Technological factors, such as the development of mobile applications, artificial intelligence, and recycling, present new opportunities for the company in Kazakhstan.
- Environmental factors, such as air pollution, may affect public health and working conditions in Kazakhstan, which could affect the production and consumption of goods and services.
- Legal factors, such as consumer protection laws, may also impact Kitfort business.

Geopolitical events, currency exchange rates, inflation, regulations, product quality, labor productivity, market competition, and new technologies all impact Kitfort. To succeed, Kitfort must monitor and adapt to these factors, improve quality, optimize processes, comply with regulations, and innovate.

2.2 Key Success Factors

Key success factors are the main elements or components that play an important role in achieving successful results and outstanding performance of a company or organization. These factors determine how a company can succeed in its industry, stand out in the market and ensure sustainable growth and development.

There are several key success factors in the home appliance market in Kazakhstan that can have a significant impact on the company's results⁴⁶.

Product quality: Product quality is one of the main factors determining the success of the company. The company must offer high-quality, reliable, functional products that meet the expectations of consumers.

Effective distribution network: The presence of a wide and efficient distribution network allows the company to reach more consumers and ensure the availability of its products in various regions of the country.

Marketing and advertising: High-quality marketing and advertising strategies help to attract the attention of consumers, create demand for products and strengthen the competitiveness of the company.

Pricing: Correct and competitive pricing helps the company to attract customers and retain them, taking into account the factors of quality of products and services.

All these factors are interrelated and important for a successful presence in the home appliance market in Kazakhstan. A company that pays due attention to these key success factors has a better chance of achieving high results and becoming an industry leader.

2.3 Porter's 5 forces analysis

Michael Porter's theory for assessing potential risks was developed back in 1979, but has retained its popularity to this day. It consists in the assessment of possible adverse events that may somehow affect the business in the future. The analysis is conducted in terms of 5 factors, or so-called forces⁴⁷.

⁴⁶ Рамблер. Вечерняя Москва. «На что обращать внимание при выборе бытовой техники.» 05.08.2018. URL: <https://news.rambler.ru/other/40031714-na-cto-obraschat-vnimanie-pri-vybore-bytovoy-tehniki/> (дата обращения: 21.05.2023)

⁴⁷ Porter, M. E. (2008). *The five competitive forces that shape strategy*. Harvard Business Review, 86(1), 78-93.

Porter's 5 forces affecting business development:

1. Consumers;
2. Suppliers;
3. Current competitors;
4. New competitors;
5. Substitute Products

The creator of the theory argues that each of these factors puts some pressure on the business. To some extent, they are considered external (because the company cannot influence them in any way).

The home appliance market in Kazakhstan is a highly competitive industry with various established global and local brands vying for market share. The market is characterized by a range of products, including refrigerators, washing machines, dishwashers, ovens, vacuum cleaners, and other small appliances. The following is an extended analysis of the five forces of Porter's analysis for the home appliance market in Kazakhstan in B2B.

1. Threat of New Market Entrants:

The market for small and medium household appliances in Kazakhstan is a very competitive environment in all respects. The Kitfort company competes everywhere and always with many major brands, such as Bork, Samsung, Polaris, etc. Due to its location, Kazakhstan is a good country for international trade, but it should not be forgotten that the country has regulatory norms, such as laws, certification procedures related to imports, quality and safety standards, financial barriers, which are that starting a new business requires significant financial resources to invest in production, marketing, logistics and distribution, as well as the barriers associated with the fact that many brands have their own logistics network and partnerships with distributors, which will be very difficult to compete with many big-name brands.

2. Bargaining Power of Suppliers:

The main suppliers of companies in Kazakhstan are the companies themselves, but located outside of Kazakhstan, since basically all companies operating in the territory of this country and

selling household appliances are importers of their goods and services⁴⁸. They directly depend on headquarters in other cities and countries.

The implementation of Kitfort's work in Kazakhstan is based on the fact that goods from China are transported to a warehouse in St. Petersburg, where they are then sent to Kazakhstan to partner warehouses, where the equipment is subsequently sold. The main principle of work is that the supplier is China, as well as Kitfort itself, which means that it itself supplies goods to the Kazakh market. Being a supplier of goods and given the decline in the delivery of goods to the market in Kazakhstan, the company itself has problems with the supply of goods, which means that the main difficulty in the issue of the supplier will be in it.

3. Bargaining Power of Buyers:

Consumers of household appliances are different groups of the population, differing in terms of purchase purposes, incomes, as well as purchase priorities.

If we talk about how people choose a product from the segment of household appliances, then it is important for them to think in advance why they buy this or that equipment, and they are determined between products that have similar functions⁴⁹.

The segmentation of the market in Kazakhstan allows it to be divided into several categories based on the pricing policy of companies, since people mainly pay attention to the price, and only then to the function that the equipment has:

- Cheap appliances are mainly mass market or goods that are very little known, such as massmarket and
- Average cost equipment, it includes Kitfort, Polaris, Philips, as well as Tefal
- Expensive equipment, it includes Bork, Samsung, as well as LG

The main market share falls on companies that have already gained a reputation in other countries, as well as brands that are on everyone's lips, such companies include LG, Samsung, and Philips, as they conquer markets with their scale and reputation⁵⁰.

Basically, people buy goods from the segment of medium quality or expensive, because brand awareness is important for buyers, because it is a guarantee of quality.

⁴⁸ Караван. «Обзор рынка бытовой техники». 10.08.2009. URL: <https://www.caravan.kz/articles/obzor-rynka-bytovoj-tekhniki-376045/> (дата обращения: 20.04.2023)

⁴⁹ Наша газета. «Топ-3 критериев успешной покупки бытовой техники». 10.02.2020. URL: <https://www.ng.kz/modules/news/article.php?numberid=0&storyid=37641> (дата обращения: 20.04.2023)

⁵⁰ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 21.04.2023)

If these indicators are not taken into account, then the consumer can easily switch to the products of another company, since his awareness in this industry is usually high, and if necessary, having found a price or quality advantage from a competitor company, the consumer will use his products. And for each, increasing the number of consumers should be the main goal."

3. Threat of Substitutes:

The main substitute products are cleaning services, as well as food delivery.

The main essence of cleaning is that it is a professional cleaning of various premises, furniture, vehicles using special knowledge and a guarantee of results, in fact, people can not buy vacuum cleaners, window cleaners, etc., but simply order cleaning and then enjoy the result from extended work.

Food delivery is also a substitute for household appliances, since people will not need to buy various appliances, but will be content with food from restaurants and cafes without wasting time on cooking.

All these services are quite in demand in Kazakhstan and everyone uses them. The food delivery market is fast growing in Kazakhstan, in 2022 the food delivery market in the regions grew 9 times⁵¹, which shows the rapid development in the field of e-commerce. Cleaning companies are becoming more and more in demand in Kazakhstan, which is why there are more and more of them. In fact, opening a cleaning company is not difficult, but it is important to know what companies need to open, as well as take into account the demand in the regions⁵².

Also, substitute products can be new innovative devices that combine several functions, for example, a coffee maker combined with a coffee grinder, as well as a built-in cappuccinatore, in fact, these are three devices in one, which means there is no need to buy three separate products, because customers can buy one. Residents of Kazakhstan very often resort to what they are looking for in this kind of technology for multifunctionality and simplicity, which means they will give preference to multifunctional devices.

4. Competitive Rivalry:

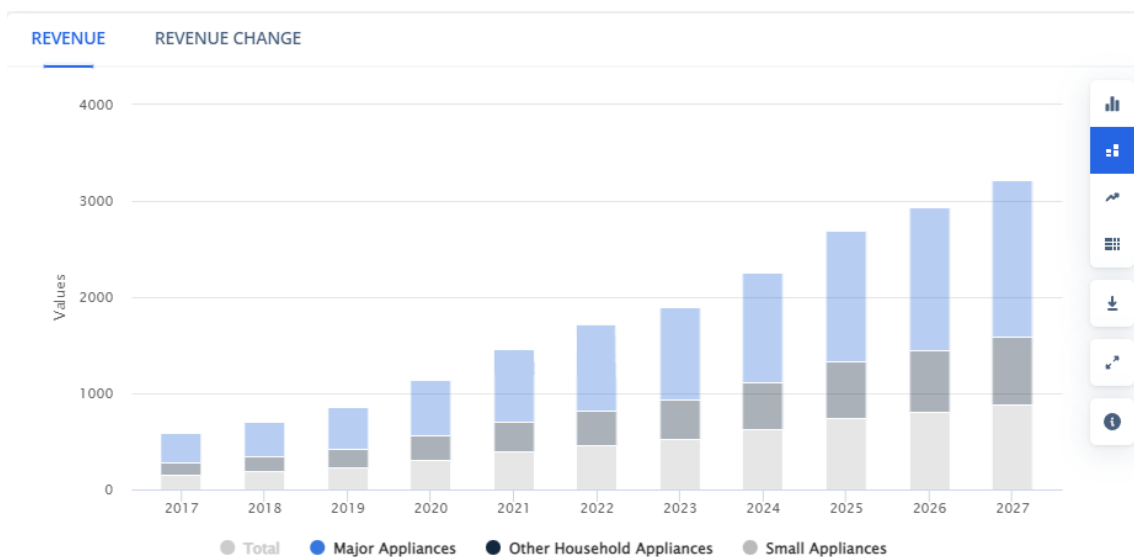
The competition in the Kazakhstan market is very high, it is represented by many factors, which is that companies face competition from local players such as Arman, Daewoo Electronics

⁵¹ *Inbusiness.kz*. Мария Галушко. «Доставка еды – самый быстрорастущий рынок электронной коммерции». 11.11.21. URL: <https://inbusiness.kz/ru/news/dostavka-edy-samyj-bystrorastushij-rynok-elektronnoj-kommercii> (дата обращения: 17.05.2023)

⁵² *Бизнес Идеи*. Водоватов. «Бизнес план клининговой компании казахстана». URL: <https://oroalbero.ru/biznes-plan-kliningovoj-kompanii-kazahstana/> (дата обращения: 17.05.2023)

and Beko, who have a better understanding of the local market and can quickly respond to changes in consumer demand. In addition, they can build relationships with local suppliers, which gives them a cost advantage. Companies can also face competition from international players such as Samsung, LG and Bosch, they have a global presence and often have significant resources to invest in research and development. They may also have established relationships with suppliers, which gives them a cost advantage.

Basically, companies with global publicity have a larger market share than others, which means I have a significant advantage over other competitors. Market shares are divided in such a way that most of the market is covered by them, having more than 50% of the current market.



Pic. 12. The growth of the home appliance market⁵³

The market is growing there and the revenue in the Household Appliances market is projected to reach US\$316.20m in 2023, which means that everyone's sales volumes are growing and will continue to grow⁵⁴.

It is also worth noting that price competition in the market for small and medium household appliances in Kazakhstan is intense. Consumers are highly price sensitive and competitors often engage in price wars to gain market share.

For companies like Kitfort, this market creates a very competitive struggle for customers, where companies need to manage resources wisely, as well as build a competent strategy in order to stay in the game with all the changes in the field of household appliances.

⁵³ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 21.04.2023)

⁵⁴ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 21.04.2023)

Overall:

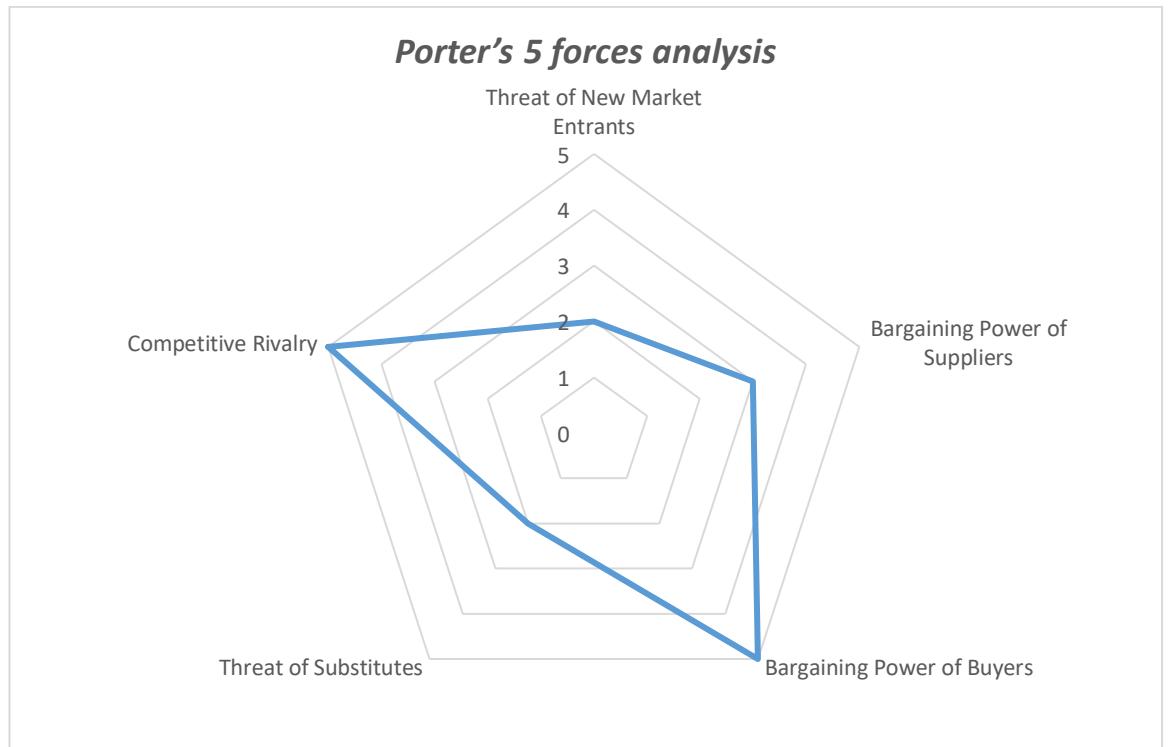


Fig. 2. Porter's 5 forces analysis

After conducting Porter's Five Forces Analysis for the Kazakhstan Small and Medium Appliance market, it was clear that Kitfort was facing a number of challenges in this competitive industry.

First of all, it is too competitive in the market, which is caused by a large number of players, as well as big players such as Samsung, LG and Bosch, who are known for their success in the international arena.

Also, the power of buyers in this area is very strong, because due to the large diversity of companies, as well as opportunities, there is a high need for the purchase of household appliances, as well as choice, it is not for nothing that they say that demand creates supply, which means that with an increase in demand, the number of companies will increase.

With regards to suppliers, there is no serious need for close attention to this aspect, but it is worth noting that recently parallel imports from Russia to Kazakhstan have been reduced⁵⁵, which means that logistical problems with the delivery of goods to the territory of this country will be observed very soon, which means that companies from Russia have to be extremely careful.

⁵⁵ Московский Комсомолец. «Казakhstan прекращает параллельный импорт в Россию, прогнувшись перед США». 24.03.2023. URL: <https://www.mk.ru/economics/2023/03/24/kazakhstan-prekrashhaet-parallelnyy-import-v-rossiyu-prognuvshis-pered-ssha.html> (дата обращения: 17.04.2023)

With regard to the emergence of new competitors, there are certain barriers in the market in Kazakhstan, which lie in the fact that the market is quite large, which means that it will be very difficult to compete at first, but with a well-coordinated strategy, everything can be done. The low valuation is due to conditions that some smaller companies cannot afford.

There are substitute goods or services, but so far their volumes, as well as their capabilities, cannot compete with technology, but still, innovative products create a special environment for replacing existing models of technology.

In conclusion, while Kitfort is facing challenges in the Kazakhstan SME market, it can use its strengths and capabilities to maintain a strong market position. By constantly improving product quality and innovating, building strategic relationships with suppliers and differentiating ourselves from the competition, Kitfort can remain successful in this competitive industry.

2.4 Competitors analysis

Analysis of Kitfort's competitors in the Kazakhstan market allows to assess their strengths and weaknesses, as well as identify potential opportunities and threats.

The analysis of Kitfort's competitors will be conducted on the basis of Key Success Factors, companies from the same price segment, as well as market leaders will participate in the comparison.

Polaris is one of Kitfort's main competitors not only in Russia, but also in Kazakhstan. They offer a wide range of home appliances including kitchen appliances, electronics and home appliances. Polaris is known for its quality and innovative solutions, which makes them attractive to consumers. The pricing policy of the company is very similar to that of Kitfort, which makes it a direct competitor, for example, the average price for an upright vacuum cleaner for both companies is 80,000 tenge. Unfortunately, the breadth of the assortment presented by Polaris is less than that of Kitfort and the market share of Kazakhstan Polaris is 0.4%⁵⁶. The company, like Kitfort, works according to the B2B scheme, which means that it sells goods not directly, but through various sites, such as satu.kz, the distribution network is much lower than that of Kitfort

Bosch is also a strong competitor to Kitfort in the home appliance market in Kazakhstan. They offer a wide range of products including kitchen appliances, washing machines, dishwashers, refrigerators and other home appliances. Bosch is known for its quality, reliability and innovative capabilities. Bosch has a wide product diversification, making it the immediate market leader in

⁵⁶ URL: <https://www.statista.com/outlook/cto/household-appliances/kazakhstan> (дата обращения: 15.05.2023)

Kazakhstan. The market share covered by Bosch is 17%⁵⁷, which makes it the immediate leader among brands. Kitfort sells only small and medium household appliances and does not sell large ones, as Bosch does, but at the same time, due to the name and reputation, Bosch is one of the leaders in the market. The company, unlike Kitfort, sells goods directly to customers under the B2C scheme, and also has offline points so that people can safely look at the equipment.

LG is one of the leading home appliance manufacturers in the world and they are also present in the Kazakhstan market. They offer a wide range of products including TVs, refrigerators, washing machines, dishwashers, microwave ovens and other home appliances. LG is known for its innovative technology and modern design. LG is also at the top of the sales leaderboards with 15%⁵⁸ of market turnover, making it the immediate leader among small and medium household appliances. The company is quite well-known outside of Kazakhstan, due to its fame, as well as the quality of its products, it was able to conquer the market. The company sells on a B2B basis, and does not have points of sale, but it is worth noting that the company itself sells not only small and medium-sized household appliances, but large ones, which is the explanation for the larger market share.

Samsung is also a significant competitor of Kitfort in Kazakhstan. They offer a wide range of home appliances including TVs, refrigerators, washing machines, dishwashers, vacuum cleaners and other home appliances. Samsung is known for its quality, innovative features and recognizable brand. Samsung is also one of the leaders in the field of household appliances, having won 12%⁵⁹ of the market due to quality, as well as brand name. The company, like other brands, has a wide range of products and it is precisely due to this that it will prevail in the market. The company works according to schemes such as B2B and B2C, successfully combining both schemes.

Philips is also a significant player in the household appliances market in Kazakhstan. They specialize in household products such as lighting, irons, vacuum cleaners and other appliances. Philips as well as Polaris are direct competitors of Kitfort for the reason that they are in the same price segment and are not luxury brands like Bork, but at the same time, Philips is in the lead with 8%⁶⁰ of the market, which is a good indicator as for a brand that does not produce large household appliances.

⁵⁷ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 15.05.2023)

⁵⁸ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 15.05.2023)

⁵⁹ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 15.05.2023)

⁶⁰ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 15.05.2023)

	Kitfort	Polaris	Bosch	LG	Samsung	Phillips
Price	Medium	Medium	Medium	High	High	Medium
Market share	0.7%	0.4%	17%	15%	12%	8%
Business model	B2B, B2C	B2B	B2C	B2B	B2B, B2C	B2B
Product diversification	Medium	Low	High	High	High	Medium
Availability of offline stores	No	No	Yes	No	Yes	No

Table 2. Competitors analysis

Compared to competitors, the company's price range is almost the same as that of competitors, with the exception of market leaders who inflate the price for the brand name. Business models are mainly B2B, which makes them competitive, unlike those who trade according to the B2 scheme. The diversification of products among companies is mainly high, since it is extremely important to cover the market more and more with new and innovative products. Not everyone has offline points of sale, but this does not prevent companies from trading on the Internet, as there is an increase in online sales. Thus, the analysis of competitors showed that Kitfort, based on its capabilities, as well as other aspects, makes it a very powerful player in the market with its advantages.

Competitor analysis helps Kitfort better understand the market, identify its competitive advantages, and develop strategies to attract and retain customers. It is important to constantly monitor the actions of competitors, analyze their products, prices, marketing strategies and reactions to changes in the market environment. This will help Kitfort develop effective strategies for successful positioning in the Kazakhstan market.

2.5 SWOT-analysis

SWOT analysis is a strategic planning method for assessing internal and external factors that affect the development of the company. SWOT analysis is needed to assess the strengths and weaknesses of the company and determine the prospects for development and threats from the outside. The SWOT analysis methodology allows to understand current situation and build a business development strategy.

<ul style="list-style-type: none"> • Strengths 1. Strong reputation 2. Product innovation 3. Wide range of products 	<ul style="list-style-type: none"> • Weaknesses 1. Limited distribution network and development of online sales channels 2. Limited marketing and advertising
<ul style="list-style-type: none"> • Opportunities 1. Growing Demand for Home Appliances 2. Development of online trading 3. Growth of advertising in Kazakhstan 	<ul style="list-style-type: none"> • Threats 1. Increased competition from other manufacturers 2. Changes in legislation and regulation

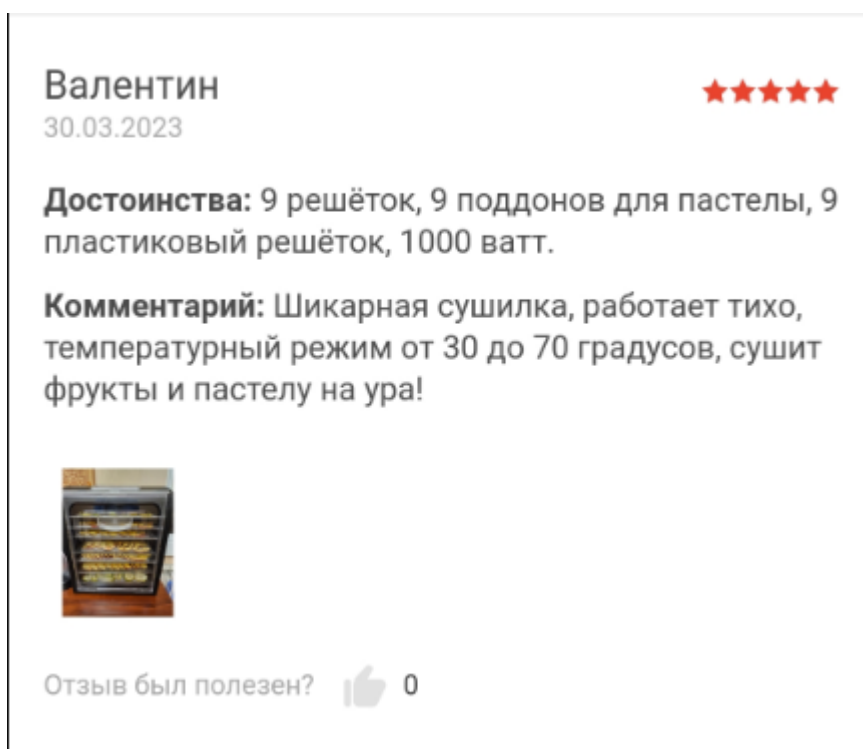
Table 3. SWOT analysis

Strengths

- Strong reputation

Kitfort's strong market reputation in Kazakhstan is one of the key elements in Kitfort's SWOT analysis. A company's reputation can have a significant impact on its success and competitiveness.

Kitfort is known for its high quality products. The company strictly monitors the production processes and controls every stage to ensure high quality standards. This allows the company to create reliable and durable home appliances that fully meet the expectations of consumers. If customers rely on reviews about the company in Kazakhstan, then customers are very pleased that the Kitfort company pays attention to detail, thereby trying to please even the most spoiled client.



Pic 12. Customer feedback

Kitfort attaches great importance to the quality of its customer service. The company is committed to providing professional and friendly support to consumers by answering their questions, solving problems and providing a positive interaction experience. This helps to strengthen the relationship with customers and create a positive impression of the company. Kitfort has its own mobile application, where customers can get help with product maintenance 24/7, as well as find out what to do if the product is broken. If the goods break down, then the company has certified "Service and Warranty" centers in many cities of Kazakhstan, such as Nur-Sultan, Almaty, Pavlodar and so on, thereby taking care of customers, giving them the opportunity to enjoy the equipment even after a breakdown and subsequent repair⁶¹.

Kitfort's strong market reputation in Kazakhstan creates benefits for the company such as increased consumer confidence, brand loyalty and competitive advantage. This allows the company to retain and attract new customers, as well as successfully compete with other market participants.

- Product innovation

Kitfort is constantly developing and introducing new products with innovative functionality. The company researches the needs and requirements of the market and follows the

⁶¹Официальный сайт Kitfort в Казахстане. «Сервис и Гарантия» URL: <https://kitfort.kz/about/guaranty/> (дата обращения: 12.05.2023)

latest technological trends in order to offer unique and advanced solutions. Kitfort considers it important to develop more and more new products, thereby trying to surprise customers. For example, the Kitfort company has begun introducing photoepilators for home use in Kazakhstan⁶², which can remove unwanted hair from the body. Kitfort photoepilators use Intense Pulsed Light (IPL) technology, which can carry out cosmetic surgeries painlessly and without risks to the skin. This allows the company to differentiate itself from competitors and attract the attention of consumers who are looking for innovative and modern solutions in home appliances.

Kitfort is also constantly improving its existing products, introducing improvements and new features. They are based on customer feedback, market research and forecasting future needs. This helps Kitfort meet customer expectations and stay competitive. One of the examples are two waffle irons KT-1693⁶³ and KT-1646⁶⁴, the latter model is one of the most popular waffle irons, which is loved by many for its simplicity and functionality. The company listened to claims that the model's cord was too short and therefore released exactly the same model that everyone loved, but with a cord longer than twice, thereby trying to improve the old product, based on the wishes of customers.

Kitfort actively follows the development of technologies and implements them in its products. The company uses advanced technologies in electronics, automation, energy management and other fields to create innovative and smart solutions for home appliances. This allows Kitfort to offer consumers products with high performance, energy efficiency and ease of use. The company is trying to abandon harmful plastic in the blender bottle and is gradually starting to use BPA-free plastic, which is absolutely safe for both humans and nature in general.

Kitfort's innovation is a key success factor as it enables the company to develop and offer unique and innovative products, meet customer needs and differentiate itself from competitors. This helps the company to strengthen its market position in Kazakhstan and attract a large audience of consumers.

- Wide range of products

A wide range of products is one of Kitfort's strengths as Kitfort offers a wide range of home appliances including kitchen appliances, home care devices, air conditioners, small appliances and

⁶²Официальный сайт Kitfort в Казахстане URL: <https://kitfort.kz/catalog/fotoepilyatory/fotoepilyator-kitfort-kt-3129/> (дата обращения: 12.05.2023)

⁶³Официальный сайт Kitfort URL: <https://kitfort.ru/catalog/vafelnitsa/vafelnitsa-dlya-belgiyskikh-vafel-kitfort-kt-1693/> (дата обращения: 12.05.2023)

⁶⁴Официальный сайт Kitfort URL: <https://kitfort.ru/catalog/vafelnitsa/vafelnitsa-dlya-belgiyskikh-vafel-kitfort-kt-1646/> (дата обращения: 12.05.2023)

more. The company provides consumers with a variety of categories to choose from to suit different needs and preferences. The company tries to display more and more products every month, gradually covering more and more categories, as well as increasing its product matrix.

Each category of Kitfort products has a wide range of models and options. Customers can choose among different sizes, designs, functionality and features depending on their individual preferences and requirements. This allows the company to meet the diverse needs of the market, as well as individual customers who value multifunctionality, but at the same time simplicity.

Kitfort constantly offers new models and innovative solutions in its product range. The company follows the latest technological trends and incorporates them into its products in order to offer customers cutting-edge solutions. Thanks to this, Kitfort remains relevant and attractive to consumers.

Kitfort also offers products in various price ranges, ranging from affordable models to more premium options. This allows the company to appeal to a wide range of consumers, given their budget constraints and preferences.

A wide range of Kitfort products allows the company to meet various customer needs, attract a large audience and remain competitive in the market in Kazakhstan. This creates an advantage for the company in attracting and retaining customers, as well as increasing sales and expanding market share.

Weaknesses

- Limited distribution network and development of online sales channels

The lack of a wide distribution network, as well as the lack of retail outlets, is one of the weaknesses of Kitfort in Kazakhstan.

Kitfort cooperates with some retailers in Kazakhstan, there are only 6 of them⁶⁵, while in Russia there are 40 such distributors⁶⁶, especially since the company cooperates with large stores, but does not focus on regions where there is demand, but there is no sufficient supply, as a result, in regions such as the south, center and east of Kazakhstan, there is a hegemony of some brands of household appliances, and, as such, there is no competition there.

The limited development of online sales channels at Kitfort in Kazakhstan is one of the weaknesses that requires attention and improvements. In the modern business world, e-commerce

⁶⁵Официальный сайт Kitfort в Казахстане. «Где купить?» URL: <https://kitfort.kz/stores/> (дата обращения: 14.05.2023)

⁶⁶Официальный сайт Kitfort. «Где купить?» URL: <https://kitfort.ru/stores/> (дата обращения: 14.05.2023)

is becoming increasingly important and provides companies with great opportunities to expand their customer base and increase sales.

Kitfort in Kazakhstan does not have its own functional online store where potential customers could easily and conveniently purchase the company's products. The main sales of Kitfort are carried out through partners, in particular the company AcCent Macrosystems, which operates on behalf of Kitfort and also sells products under the Kitfort brand. Thus, most of the activities are carried out by extended management, which means there are problems in the creation and promotion of goods via the Internet. The online sales model is also different, Kitfort is used to working according to the B2B scheme, delivering goods to the partners' warehouse and selling goods through marketplaces, and in Kazakhstan the company combines B2B and B2C, thereby trying to work in both schemes, having no experience with B2C, resulting in various difficulties with the sale of goods, since Kitfort does not have its own warehouse in Kazakhstan.

Kitfort also lacks the development and implementation of an effective online marketing strategy. At the moment, Kitfort supplies a large number of goods to Kazakhstan, but, unfortunately, due to low awareness of new products, as well as low brand awareness, everything comes to naught, and therefore the goods are stored in warehouses. This leads to limited brand visibility in the online environment and insufficient attraction of potential customers, as a result of which sales do not grow.

The limited development of online sales channels may also affect the ability to deliver products to customers in different regions of Kazakhstan. The lack of well-organized logistics and delivery can restrict customers' access to Kitfort products and create inconveniences when shopping.

- Limited marketing and advertising

One of the weaknesses of Kitfort in Kazakhstan is its limited marketing and advertising efforts. The company has not invested as much in marketing and promotional activities compared to some of its competitors, which can result in lower brand awareness and limited reach to potential customers.

Kitfort's limited marketing and advertising presence in Kazakhstan can be observed through its relatively low visibility in various media channels, including television, print, and digital advertising. The company may not have implemented extensive marketing campaigns or promotional initiatives to create strong brand recognition and attract customers.

One example of Kitfort's limited marketing and advertising activities is its relatively low presence on social media platforms in Kazakhstan. The company has a Facebook page with only about 1,500 followers, which is relatively low compared to its competitors. In contrast, some of its competitors have a significantly higher following on social media platforms such as Instagram, Facebook, and YouTube.

In contrast, some of Kitfort's competitors in the small and medium appliance market in Kazakhstan have taken a more proactive approach to marketing and advertising. They have implemented comprehensive advertising campaigns across multiple platforms, including television commercials, online advertisements, and social media promotions. These efforts have helped to increase their brand visibility and reach a wider audience.

To address this weakness, Kitfort can consider adopting more robust marketing and advertising strategies. This can include targeted advertising campaigns through popular television channels and online platforms, collaborating with influencers or celebrities to promote their products, and utilizing social media platforms effectively to engage with customers and increase brand awareness.

As a result, Kitfort may be missing out on potential customers who are more likely to be reached through newer and more targeted advertising channels. By investing in digital marketing and advertising, Kitfort can increase its brand awareness and reach a wider audience in Kazakhstan. By investing in marketing and advertising initiatives, Kitfort can enhance its brand visibility, attract new customers, and gain a competitive edge in the market.

Opportunities

- Growing Demand for Home Appliances

Market growth is one of the significant factors that indicates opportunities for development and increase in demand for the company's products.

Kazakhstan is one of the largest economies in Central Asia. The growth of the country's economy creates favorable conditions for the growth of the household appliances market. Increasing household incomes and improving living standards are driving demand for quality and innovative products such as those offered by Kitfort. In 2022, there is a good growth of the economy of Kazakhstan, at the end of the year, GDP growth of 4% is expected, which is the largest indicator not only among the CIS countries, but among the EU members. The IMF predicts GDP

growth of 4.5% in 2023 and 2024⁶⁷. Also, according to the estimates of the IMF and other analysts, this trend will continue in the future if there are structural changes in the industry in the country. An export-oriented economic model guarantees a trade surplus⁶⁸.

With the development of society and increasing awareness of home appliances, consumers are becoming more and more interested in purchasing products that make their lives easier and better⁶⁹. The growing demand for innovative and functional products provides an opportunity for Kitfort to increase its market share.

It is also worth mentioning the growth of the market for small and medium household appliances, according to Statista.com, revenue in the Household Appliances market amounts to US\$2.00bn in 2023⁷⁰. The market is expected to grow annually by 5.48% (CAGR 2023-2028).

Market growth represents an opportunity for Kitfort to expand its market presence and increase its market share. However, to successfully capitalize on this opportunity, a company must remain innovative, pay attention to changes in consumer demand, and use its marketing and distribution strategies effectively.

- Development of online trading

E-commerce is an efficient and fast growing distribution channel that can bring a number of advantages and benefits to a company. Many people now order on the Internet what they need, because they do not need to go to the store to view.

In 2022, online commerce in Kazakhstan continues to grow moderately. In the first half of this year, Kazakhstanis made 19 million transactions, with 93% of purchases made via mobile phones. It is believed that the active development of e-commerce is associated with an increase in the number of logistics, marketing and service companies. Thanks to these companies, finding, paying for and receiving goods purchased online has become not only easy, but also safe. The online platform offers a convenient way to shop for home appliances, allowing customers to

⁶⁷ International Monetary Fund. *Real GDP Growth*. URL: https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/MECA/KAZ/OEMDC (дата обращения: 14.05.2023)

⁶⁸ *Капитал. Меруерт Сарсенова. «Всемирный банк ожидает рост экономики Казахстана до 3,5% в 2023 году»*. 06.04.2023 URL: <https://kapital.kz/economic/114536/ysemirnyy-bank-ozhidayet-rost-ekonomiki-kazakhstan-a-do-3-5-v-2023-godu.html> (дата обращения: 14.05.2023)

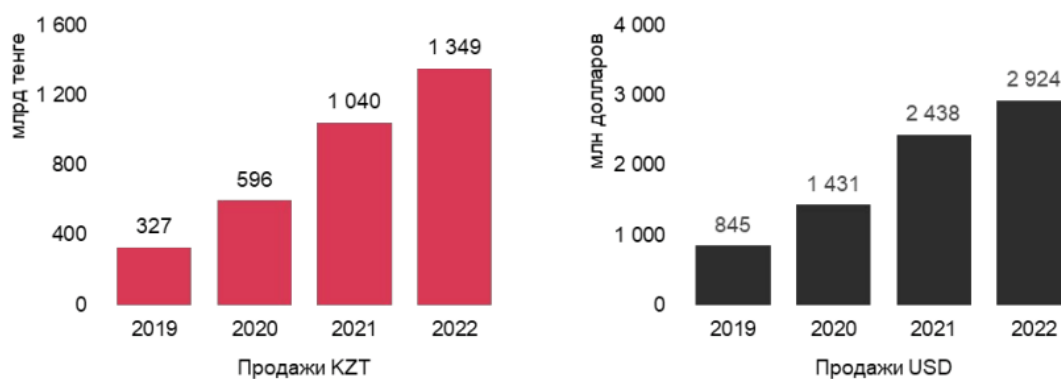
⁶⁹ *Капитал. Арсен Аскараров. «Ханс-Вернер Винтерхофф: Спрос на инновации в Казахстане есть, но его нужно повышать»*. 12.07.2019. URL: <https://kapital.kz/economic/79690/khans-verner-vinterkhoff-spros-na-innovatsii-v-kazakhstane-vest-no-yego-nuzhno-povyshat.html> (дата обращения: 14.05.2023)

⁷⁰ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 15.05.2023)

browse the range, compare prices, read reviews and shop anytime, anywhere. This provides customers with more flexibility and convenience when choosing and purchasing Kitfort products.

The Kazakhstani retail e-commerce market continued to grow in 2022, but the growth rate is expected to be slower than in 2021. Total sales in 2022 exceeded 1.3 trillion tenge, up 30% year-on-year, while the market almost doubled in 2021⁷¹.

Общий объем продаж за периоды 2019, 2020, 2021, 2022 годы



Источник: анализ рынка розничной электронной коммерции в РК

Pic 13. Growth of the e-commerce market⁷²

As in previous years, in 2022, marketplaces are the most popular among Kazakhstanis. Most often, citizens buy tickets for online events (61.7%), electronic devices and gadgets (12.2%), training courses (6.7%), medical and beauty products (5.1%) and broadcast subscriptions. platforms (4.9%)⁷³.

Order categories have slightly different percentages of order value:

- Electronics and home appliances - 47.9%;
- Goods from China - 43.9 percent;
- Online education - 3.4 percent.

The development of online trading represents a significant opportunity for Kitfort to expand its market presence in Kazakhstan and increase its market share. A company can develop

⁷¹ URL: <https://www.pwc.com/kz/en/publications/e-commerce/pdf/e-commerce-12M2022-rus-final.pdf> (дата обращения: 15.05.2023)

⁷² URL: <https://www.pwc.com/kz/en/publications/e-commerce/pdf/e-commerce-12M2022-rus-final.pdf> (дата обращения: 15.05.2023)

⁷³ Уральская Неделя. «Интернет-торговля в Казахстане: развитие и тренды». 20.12.2022. URL: <https://www.uralweek.kz/2022/12/20/internet-torgovlya-v-kazaxstane-razvitie-i-trendy/> (дата обращения: 15.05.2023)

a strategy that includes creating and optimizing an online platform, improving customer interactions, and promoting its brand and products online.

- Growth of advertising in Kazakhstan

Advertising is of great importance for Kitfort in Kazakhstan because advertising allows to attract the attention of potential customers and make the Kitfort brand more recognizable in the home appliance market. Advertising messages and campaigns help create a recognizable image of the company and establish its presence in the minds of consumers. Advertising also provides an opportunity for Kitfort to present its unique advantages and characteristics of its products.

According to Forbes.kz, in the first quarter of 2023, the media market in Kazakhstan grew by an impressive 26 percent, but compared to 2021, the growth rate is also about 27%.



Pic 14. The growth of types of advertising in Kazakhstan⁷⁴

In the first quarter of 2023⁷⁵, TV demand on an annualized basis remained at approximately the same level.

The high growth dynamics in the online advertising sector, which reached 45% in the first quarter of 2023, was due to the low base in the same period of 2022 in relation to external events affecting the overall advertising market.

⁷⁴ Forbes. «Объём рынка рекламы в РК в I квартале 2023 года превысил 17,3 млрд тенге» 23.05.2023. URL: https://forbes.kz/economy/marketing/obyem_reklamyi_v_rk_za_1_kvartal_2023_goda_prevyisil_173_mlrd_tenge (дата обращения: 25.05.2023)

⁷⁵ URL: https://forbes.kz/economy/marketing/obyem_reklamyi_v_rk_za_1_kvartal_2023_goda_prevyisil_173_mlrd_tenge (дата обращения: 25.05.2023)

The first quarter of 2023 was a strong springboard for outdoor advertising in Kazakhstan compared to the previous two years, showing a growth of 59% compared to the first quarter of 2022. Q1 2023 saw growth of 45% compared to Q1 2022.

The radio sector grew by 27% in Q1 2023 compared to the same period in 2022.

The media advertising market in Kazakhstan is therefore developing very strongly, which means that it is important to capitalize on this growth. Advertising is an important tool for Kitfort in Kazakhstan, helping to attract attention, promote its unique benefits, increase sales, maintain customer loyalty and strengthen its market position given its low market coverage.

Threats

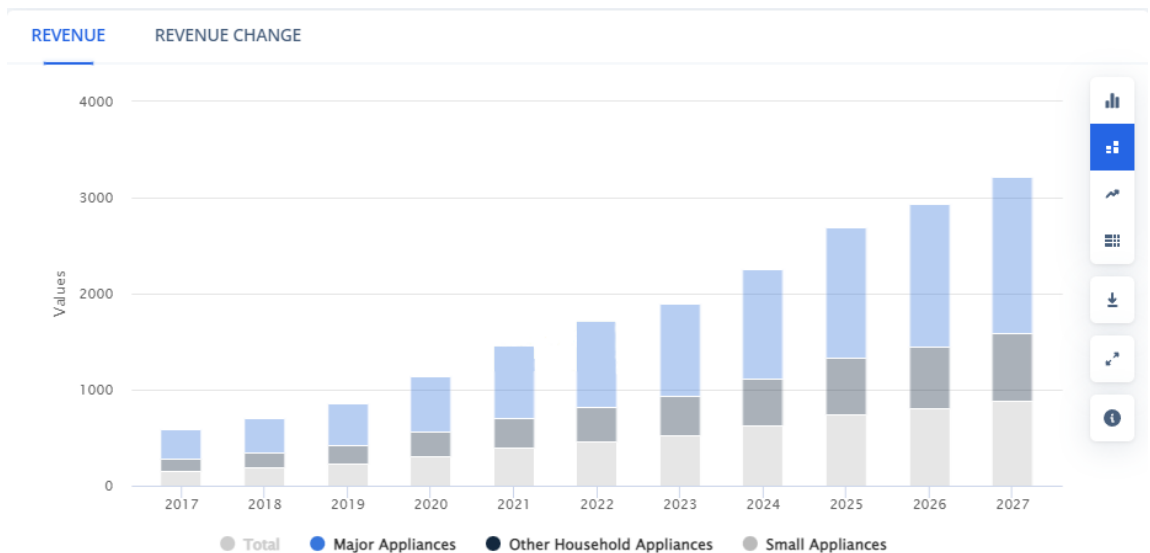
- Increased competition from other manufacturers

There is strong competition in the domestic appliance market in Kazakhstan from other companies producing similar products. This could create problems for Kitfort in terms of attracting and retaining customers, as well as lower prices and profit margins. Competition from other manufacturers is a significant threat to Kitfort in the Kazakhstan market. The presence of strong competitors can lead to a decrease in market share and loss of customers. Competitors offer alternative products and services, capture consumer attention, and strive to dominate the market.

Kitfort has a fairly small market share of just 0.7%⁷⁶, which makes it not particularly competitive compared to other home appliance manufacturers such as Bosch, Philips and Polaris.

Regarding the current situation on the market, it is noted that the emergence of new competitors is not very low, but at the same time, at the moment, it does not pose any threats. It all depends on the ability and desire of competing companies to develop, improve their products, as well as the desire to cover more and more regions of Kazakhstan.

⁷⁶ URL: <https://www.statista.com/outlook/cto/household-appliances/kazakhstan> (дата обращения: 18.05.2023)



Pic 15. The growth of the home appliance market⁷⁷

It should be noted that the market of Kazakhstan is growing rapidly, which will create difficulties for further companies, as the turnover of competing companies, as well as market leaders, will grow rapidly.

Kitfort needs to correctly analyze the current situation on the market and try to identify vulnerabilities in order to maintain the ability to compete with market leaders in the future.

- Changes in legislation and regulation

Changes in laws and regulations may affect Kitfort's operations. New requirements for quality, product safety, environmental standards and other regulations may require additional costs and efforts on the part of the company to meet them.

One example of a new regulation is the ban on parallel imports to Russia, which will obviously further worsen trade relations between Russia and Kazakhstan. According to the Bureau of National Statistics of Kazakhstan⁷⁸, in 2022, exports to Russia increased by 25% (from \$7.02 to \$8.78 billion) compared to 2021. In particular, the number of washing machines imported from the country to the Russian Federation has increased from almost zero to 100,000.

It is also worth noting the recent order dated May 27, 2022 “On some issues of regulating the export of polyethylene terephthalate waste”⁷⁹, which is a small step towards resolving the

⁷⁷ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 18.05.2023)

⁷⁸ URL: <https://www.mk.ru/economics/2023/03/24/kazakhstan-prekrashhaet-parallelnyy-import-v-rossiyu-prognuvshis-pered-ssha.html> (дата обращения: 18.05.2023)

⁷⁹ Zakon.kz. «В Казахстане вводится запрет на вывоз пластиковых бутылок и отходов из пластмассы». 06.06.2022. URL: <https://www.zakon.kz/6016345-v-kazakhstane-vvoditsia-zapret-na-vyvoz-plastikovyykh-butyllok-i-otkhodov-iz-plastmassy.html> (дата обращения: 18.05.2023)

environmental situation in Kazakhstan. Most of Kitfort's equipment is made of plastic, which is very hard to recycle and burn, polluting the atmosphere. The company is gradually switching to BPA-free plastic, which is harmless to both humans and nature, thereby taking a step towards social and environmental responsibility.

In order to effectively manage changes in legislation and regulation, Kitfort must carefully monitor changes in legislation and follow updates from regulators.

CHAPTER 3. Secondary SWOT analysis to identify strategies

	Strengths <ol style="list-style-type: none"> 1. Strong reputation 2. Product innovation 3. Wide range of products 	Weaknesses <ol style="list-style-type: none"> 1. Limited distribution network and development of online sales channels 2. Limited marketing and advertising
Opportunities <ol style="list-style-type: none"> 1. Growing Demand for Home Appliances 2. Development of online trading 3. Growth of advertising in Kazakhstan 	<ol style="list-style-type: none"> 1. Expansion of the product range and development of products for regions (S2, S3 – O1) 	<ol style="list-style-type: none"> 1. Intensify marketing and advertising (W2 – O3)
Threats <ol style="list-style-type: none"> 1. Increased competition from other manufacturers 2. Changes in legislation and regulation 	<ol style="list-style-type: none"> 1. Strengthening customer engagement (S1 – T1) 	<ol style="list-style-type: none"> 1. Distribution network development (W1, W2 – T1)

Table 4. Secondary SWOT analysis

3.1 Expansion strategies

- Expansion of the product range and development of products for regions (S2, S3 – O1)

Expanding the product range is an important strategy for expanding Kitfort's presence in the Kazakhstan market. This strategy is aimed at meeting the diverse needs and preferences of consumers, as well as creating a competitive advantage.

Kitfort should actively study the Kazakhstan market, analyze the needs and preferences of consumers. This will identify niches in which there is potential for expanding the product range. For example, a company may start producing and supplying air conditioners to Kazakhstan. The demand for air conditioners in Kostanay is lower than in Aktau. This is easy to explain if to take look at what summer is like in these regions. In Kostanay, the average temperature this month is 22°C. Residents of Mangystau should worry when the thermometer does not fall below 24°C, but reaches 47°C at the maximum. This is the explanation why Mangystau ranks second in sales of air conditioners in the Technodom network - 13.6% of all air conditioners sold in 2021⁸⁰. On the contrary, the situation is in the northern regions, where there is a need for heaters, as the temperature in winter is in Nur-Sultan, where the temperature in winter drops below 20°C. The company may also consider the option of promoting goods for motorists. The most motorized region of the country is Almaty. There are 25 cars per 100 people here. The North Kazakhstan region is in second place - 24 cars per 100 inhabitants, the Almaty region and Nur-Sultan are in third place – there are 23.9 cars per 100 people here. In general, there are 20 passenger cars per 100 inhabitants of the country. Thus, on average, every fifth citizen of Kazakhstan has a car⁸¹.

Kitfort can begin to focus on the needs of certain regions in a certain kind of goods:

- In the southern regions of Kazakhstan, the company can increase the supply and sale of its air conditioners and fans, the demand for which is very high on various marketplaces, since the summer is very hot there.
- In the northern regions of Kazakhstan, Kitfort can increase the supply and sale of its heaters, because winters in the north of Kazakhstan are very cold, which means there is a need for them.

⁸⁰ URL: <https://kz.kursiv.media/2022-09-01/kakuju-bytovuju-tehniku-chashhe-vsego-pokupajut-kazahstancy/> URL: (дата обращения: 18.05.2023)

⁸¹ Семей Сити. «Где в Казахстане больше всего машин?». 08.10.2019 URL: <https://semej.city/novosti-kazahstana/37358/> (дата обращения: 18.05.2023)

- In such regions as Almaty, Astana and the North Kazakhstan region, increase the volume of supplies of goods for cars, such as car pumps and car dryers.

Based on this strategy, these tasks and goals will not increase logistics costs, as well as the company's production costs, since Kitfort produces more than 3 million units of goods per month, which means that the costs will be insignificant.

Kitfort must offer a wide range of products to meet the different needs of the customers. For example, a company might expand its line of home appliances to include cookers, microwave ovens, coffee makers, refrigerators, and so on. In addition, they may offer different models with different features and specifications. For example, a company may start manufacturing and selling large household appliances in Kazakhstan, which are made by Kitfort's competitors, such as Bosch, Samsung or LG⁸². Due to the hegemony in the market of large household appliances, as well as high recognition, they conquered the market of all appliances.

The expansion of the product range will allow Kitfort to attract more customers, meet the diverse needs of the market and strengthen its competitive position in the Kazakhstan market. This strategy will help the company expand its footprint and increase its market share in the rapidly growing home appliance industry.

- Intensify marketing and advertising (W3 – O3)

Intensifying marketing and advertising is an important strategy for expanding Kitfort's presence in the Kazakh market. This strategy aims to increase brand awareness, attract new customers and strengthen relationships with existing customers.

Kitfort must develop a comprehensive marketing strategy that includes various tools and channels. This may include television and radio advertising, online marketing, social media, print, outdoor advertising and other communications media. As noted, now there is an increase in advertising in Kazakhstan, which means there is a need for its use. Kitfort can use outdoor advertising, which has seen a 56% increase as one of its advertising tools, to increase brand awareness. The cost of placing outdoor advertising in Almaty is 250,000 tenge⁸³, which is compared to Russia, where the average price for placement in large cities is 100,000-150,000 rubles per month. Kitfort can use this tool, because the demand for outdoor advertising has always been, is and will be.

⁸² URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 18.05.2023)

⁸³ НРР. «Стоимость размещения баннеров» URL: https://nrr.kz/upload/file/nrr_prays_list_na_2023_almaty.pdf (дата обращения: 19.05.2023)

The company must devote sufficient resources to marketing and advertising in order to effectively market its products and brand. Now the Kitfort company spends 3% of the turnover in Kazakhstan on marketing, which is quite small compared to Russia, where 20% of the turnover is spent on marketing (inside information), but it should be borne in mind that Kitfort is more successful and recognizable in Russia than in Kazakhstan, which means there is an illiterate distribution of resources for marketing. This will allow the company to achieve maximum audience coverage and strengthen its presence in the market.

Kitfort can use a targeted advertising strategy to accurately target his target audience. Determining the demographic, psychographic, and behavioral characteristics of their target audience will allow a company to create more relevant and engaging advertising messages. Kitfort may start to focus on beauty and personal care products, as the percentage of women in Kazakhstan exceeds the number of men⁸⁴, which means that the main focus should be on women.

The company may consider the possibility of cooperation with famous personalities, bloggers or influencers who have a wide audience in Kazakhstan⁸⁵. Kitfort may consider advertising from many bloggers that fit the company's product matrix, for example, he may consider advertising from Aizhan Baizakova (@bayzakova), who is a popular blogger in Kazakhstan. Her content is for moms since she is a mother herself, and she might start promoting cleaning products or baby products. Having listened to her reviews, her audience will begin to pay attention to Kitfort, and this will entail an increase in recognition. On average, the price of advertising integration for a millionaire blogger costs from 300,000 to 500,000 tenge. Collaboration with such individuals can help increase the brand's visibility and enhance its appeal to consumers.

The company can actively participate in industry exhibitions, fairs and events related to household appliances and more. For example, Kitfort might consider collaborating with the Burabike Bike Ride⁸⁶, which takes place every August in Kazakhstan. The company can act as a sponsor who will reward participants and winners. This will allow the company to present its products to a wide audience, establish contacts with potential customers, and improve its reputation and visibility in the market. Participation in such an event as a bike ride will form the image of a healthy company that cares about the health of its customers.

⁸⁴ URL: <https://new.stat.gov.kz/rw/industries/social-statistics/demography/publications/6373/> (дата обращения: 19.05.2023)

⁸⁵ Блоггеры Казахстана. <https://bloggers.kz/bloggers> URL: (дата обращения: 19.05.2023)

⁸⁶ Официальный сайт «BuraBike» URL: <https://burabike.kz/> (дата обращения: 19.05.2023)

The implementation of these strategies will help Kitfort expand its presence in the Kazakhstan market, attract more customers and strengthen its position in the home appliance industry.

- Online distribution network development (W1, W2 – T1)

The development of a distribution network is an important strategy for expanding Kitfort's presence in the Kazakhstan market. Improving and expanding the distribution network will help the company achieve a broad market coverage, improve the availability of its products and meet the needs of consumers.

In addition to cooperation with large partners, such as Alser, Mechta and Sulpak, Kitfort can start focusing on regional chains of stores, since the scale of volumes there is low, which means there is an opportunity for development in them. Such a store is Evrika, whose chain stores originate from Shymkent and are historically concentrated in the southern regions of the republic, where the share of purchases on credit in individual cities and villages reaches 90% and where there is a need for household appliances⁸⁷.



Pic 16. The growth of the home appliance market⁸⁸

Kitfort should also actively develop online sales, giving consumers the opportunity to buy their products online. This may include developing own online store, partnering with popular online platforms, or using e-commerce to sell and deliver goods. Now there is an active growth in online sales, which means there is room for expansion through online stores and online sales services.

Improving the logistics infrastructure is also one of the components in this strategy. The company must pay attention to the development and improvement of the logistics infrastructure for the efficient distribution and delivery of its products. Optimization of logistics processes,

⁸⁷ URL: <https://kz.kursiv.media/2022-09-01/kakuju-bytovuju-tehniku-chashhe-vsego-pokupajut-kazahstancy/> (дата обращения: 19.05.2023)

⁸⁸ URL: <https://kz.kursiv.media/2022-09-01/kakuju-bytovuju-tehniku-chashhe-vsego-pokupajut-kazahstancy/> (дата обращения: 19.05.2023)

warehouse operations and delivery will help reduce time costs and improve customer service by quickly delivering materials or the goods themselves for sale. One of the options for this step will be the delivery of goods from factories in China directly to Kazakhstan, this will reduce the cost of delivery, as well as reduce the waiting time for goods in the warehouse.

The implementation of the distribution network development strategy will allow Kitfort to increase its presence in the Kazakhstan market, improve the availability of products to customers and strengthen its competitiveness.

- Strengthening customer engagement (S1 – T1)

Strengthening customer interaction is an important strategy for expanding Kitfort's presence in the Kazakhstan market. This strategy is aimed at creating long-term and fruitful relationships with customers, increasing their satisfaction and loyalty, as well as increasing the volume of repeat purchases.

Kitfort should strive for a high level of customer service. This includes prompt responses to requests and complaints, polite communication with customers, providing complete and accurate information about products, as well as solving problems and complaints with minimal delays. The company has a support service that works every day, answering customer questions about equipment. Russian and Kazakh are two languages in Kazakhstan, and not all Kazakhs know the Russian language quite well according to the Language Policy Committee⁸⁹. It will be an important step for the company to hire hotline employees who will know the Kazakh language in order to help with technical issues.

The company can create loyalty programs that motivate customers to make repeat purchases. This can be a cumulative system of bonuses, discounts on the next purchase, inviting a client to exclusive events or providing additional benefits for regular customers. Kitfort has a mobile application⁹⁰, where people can register goods and get KitCoins for it (the internal currency of the Kitfort application for participation in contests), but at the same time the company can use registered checks to form a loyalty program that will increase the discount on the next purchase, thereby motivating to buy more and more goods. Given the fact that Kitfort operates in Kazakhstan according to the B2C scheme, this mechanics successfully fits into the current work strategy, and will also develop the internal network.

⁸⁹ Караван. «92% казахстанцев, по официальным данным, говорят по-казахски: что не так с этой цифрой». 16.03.2023. URL: <https://www.caravan.kz/news/92-kazakhstancev-po-oficialnym-dannym-govoryat-pokazakhski-cto-ne-tak-s-ehtoj-cifroj-920369/> (дата обращения: 19.05.2023)

⁹⁰ Официальный сайт Kitfort. «Мобильное приложение». URL: <https://kitfort.ru/download-app/> (дата обращения: 20.05.2023)

Kitfort should also actively collect feedback from customers and use it to improve products and services. This may include collecting feedback and ratings, conducting questionnaires and focus groups, as well as a systematic analysis of customer complaints and suggestions.

In general, strengthening customer interaction will allow Kitfort to create a solid base of loyal customers who will recommend products and attract new customers. This helps to increase sales, increase brand awareness and strengthen the company's position in the Kazakhstan market.

3.2. Financial plan

Table 5. Financial plan for Kitfort

	Service	Monthly (Tenge)	Year (Tenge)	Monthly (Dollar)	Year (Dollar)
Intensify marketing and advertising					
Outdoor advertising	4 billboards	1 000 000,00 ₸	12 000 000,00 ₸	\$ 2 242,50	\$ 26 910,00
Advertising from a blogger	3 bloggers	1 200 000,00 ₸	14 400 000,00 ₸	\$ 2 691,00	\$ 32 292,00
Collaborating with the Burabike Bike Ride	1 festival	750 000,00 ₸	750 000,00 ₸	\$ 1 681,88	\$ 1 681,89
	Total	2 950 000,00 ₸	27 150 000,00 ₸	\$ 6 615,31	\$ 60 883,89
Distribution network development					
Warehouse operations	1 warehouse	990 000,00 ₸	11 880 000,00 ₸	\$ 2 221,00	\$ 26 552,00
Logistics	1 truck(500 kg)	668 640,00 ₸	8 023 680,00 ₸	\$ 1 500,00	\$ 18 000,00
	Total	1 658 640,00 ₸	19 903 680,00 ₸	\$ 3 721,00	\$ 34 552,00
Strengthening customer engagement					
Mobile application development	Adding the Kazakh language	1 392 500,00 ₸	1 392 500,00 ₸	\$ 3 123,93	\$ 3 123,93
Developmet of support service	Hiring an employee with knowledge of the Kazakh language	180 000,00 ₸	2 160 000,00 ₸	\$ 403,81	\$ 4848,00
	Total	1 572 500,00 ₸	3 552 500,00 ₸	\$ 3 527,74	\$ 7 971,93
	Overall	6 181 140,00 ₸	74 173 680,00 ₸	\$ 13 864,05	\$ 103 407,82

These expenses are formed from information from company websites, as well as direct contact with bloggers, developers and organizers.

To implement the strategy of expanding its presence in the Kazakhstan market, it is important to calculate how much this strategy will cost and whether it will be beneficial for the company itself.

It is important to understand that the implementation period of this financial plan is from 1 to 5 years, since the business is quite large and the steps that are being taken to develop Kitfort in Kazakhstan will cost him a lot.

- Intensify marketing and advertising

As already mentioned, outdoor advertising had the fastest growth in advertising in Kazakhstan, so it is worth considering it as one of the advertising tools.

One billboard will be missing, so the company needs to develop the idea of using 4 billboards in Astana, firstly it is the capital, and secondly a lot of home appliance stores are located there. The cost of 1 billboard is 250 thousand tenge⁹¹, which means that the cost of 4 is 1 million tenge. Outdoor advertising has shown its effectiveness in Kazakhstan, so why shouldn't the company start using it.

Advertising from bloggers as an advertising tool is very good. A blogger can show kitfort's equipment in his social networks, post a link and people inspired by advertising will go to buy their own goods. The average cost of an advertising post on Instagram for a millionaire blogger is 400 thousand tenge, which means that to increase the scale, there is need to take three people from different spheres in order to show the diversification of Kitfort products. (Direct information from bloggers)

Burabike Bike Ride, which takes place every year in August, can act as one of the possible collaborations with the event. Participation as a partner costs 750 thousand tenge, this price includes placement on banners, booklets, highlighting in social networks, as well as prizes for the winners. Such advertising will form a pleasant review of the company as one that cares about the health of its customers. (Direct information from organizers)

- Online distribution network development

⁹¹ URL: https://nrr.kz/upload/file/nrr_prays_list_na_2023_almaty.pdf (дата обращения: 19.05.2023)

Renting one warehouse in Kazakhstan costs 1 million tenge⁹², it is a small warehouse that will fit the goods. Placing own warehouse on the territory of Kazakhstan will reduce the costs of storing goods with partners, as well as speed up the delivery time to the partner store in case of an order or the delivery time in general to the territory of Kazakhstan.

Logistics in the case of Kitfort will be very useful, since Kitfort will not spend a lot of money on transporting goods first from China to St. Petersburg, then to Kazakhstan, and immediately from the Factory in China to the warehouse in Kazakhstan, namely in Astana, where the warehouse will be located. The cost of all costs, as well as the cost of transportation itself, is 668 thousand tenge per truck with a product weight of 500 kg⁹³. Such mechanics will speed up the delivery of goods to the warehouse, which means that it will appear faster in stock for the order.

- Strengthening customer engagement

The development of a mobile application, namely the addition of the Kazakh language for the company that develops the Kitfort application on mobile devices is 1,392 million tenge. (Direct information from developers)

Hiring an employee, namely a hotline employee with knowledge of the Kazakh language is on average 180 thousand tenge⁹⁴.

- Total:

For a month of using strategies to expand Kitfort's presence on the market in Kazakhstan, the company can spend up to 6,181 million tenge on average. if take it for a year, it will be 74,173 million tenge. During the five years of implementation of the terms of implementation of the strategies, the company will spend 371 million tenge. Such a massive company should be very strong. and also to improve the presence of Kitfort company in Kazakhstan and after some time all costs will pay off.

This table shows only expenses, since it is very difficult to estimate how much a company will make profit using this strategy, because it depends on a number of factors that do not depend on the company.

⁹² *Krishna.kz. «Аренда промышленной недвижимости в Казахстане» URL: <https://krisha.kz/arenda/prombazy/kazakhstan/> (дата обращения: 28.05.2023)*

⁹³ *ChinaElectronics. «ДОСТАВКА ГРУЗА ИЗ КИТАЯ В КАЗАХСТАН АВТОТРАНСПОРТОМ ЗА 15 – 18 ДНЕЙ — ЦЕНА ОТ 1.2\$ ЗА КГ» URL: <https://1688-master.com/services/dostavka-gruza-iz-kitaya-v-kazahstan-avtotransportom-za-15-18-dnej-tsena-ot-0-8-za-kg/> (дата обращения: 28.05.2023)*

⁹⁴ *НН.KZ. «Работа оператором горячей линии в Казахстане» https://hh.kz/vacancies/operator_goryachey_linii (дата обращения: 28.05.2023)*

Conclusion

In my final qualifying work, the topic of Expansion of Kitfort's Presence in the Market of Kazakhstan was raised, the main task of which was to develop recommendations for companies to expand their presence in the market of Kazakhstan. The management problem was that the company did not have a well-developed strategy, as a result of which Kitfort's market share was small.

To develop recommendations, an analysis of the external environment was carried out using PESTEL analysis, which showed which factors from the external environment affect the company, as well as an assessment of their impact.

To analyze the internal environment of household appliances, Porter's 5 forces analysis was used, which showed that Kitfort is most influenced by the power of consumers, as well as competitors, of which there are a lot in Kazakhstan, both local and international companies such as Samsung, Bosch and LG. Also, to analyze the internal environment, a competitor analysis was conducted, which considered the main competitors in the price range, as well as large brands, because based on their experience, strategies for expanding their presence can be identified. Based on the conducted analyses, key success factors for Kitfort were compiled, which showed what the company should focus on when developing strategies.

Based on Pestel analysis, Porter's 5 forces analysis, competitor analysis, and CFU, a SWOT analysis was conducted, the task of which was to identify the strengths and weaknesses of the company, as well as opportunities and threats.

One of the strengths of Kitfort is its strong reputation in the Kazakhstan market. This gives the company an advantage in attracting and retaining customers. The company is also innovative in developing and offering new products, which contributes to its competitiveness. In addition, Kitfort offers a wide range of products, which allows it to meet the diverse needs of customers.

However, the company also faces a number of weaknesses, such as limited market share, limited development of online sales channels and limited marketing and advertising opportunities. This creates challenges for expanding the company's presence in the market.

In the context of opportunities and threats, Kitfort can take advantage of the growing demand for household appliances, the development of online commerce and the growth of advertising in Kazakhstan. However, it also faces increased competition from other manufacturers and changes in legislation and regulation.

In order to expand its presence in the market of Kazakhstan, based on Kitfort's SWOT analysis, the following strategies were identified:

1. Product range expansion: The company can add new products to its product range to meet the needs of different market segments and attract new customers. Kitfort needs to determine the importance of product categories, identify the necessary ones and continue to develop them.

2. Intensification of marketing and advertising: The company should actively promote its products through various marketing and advertising channels. This may include strengthening the presence in social networks, conducting advertising campaigns and cooperation with partners.

3. Distribution network development: The company should actively develop its online sales on various marketplaces for the convenience of buying and delivering goods, and the company should also expand its distribution network, partnership with additional retail outlets and geographical expansion. The company does not need to change the form of presence, Kitfort can also continue to exist by developing an online distribution network, but have a warehouse and delivery directly from factories in China in order to speed up the receipt and availability of goods in Kazakhstan.

4. Strengthening customer engagement: The company should actively interact with customers, improve the quality of service, offer additional services and assist in solving customer problems.

Otherwise, it's important to know about risks. Risk assessment of Kitfort's expansion strategy in the Kazakhstan market includes identification and analysis of potential threats and possible negative consequences that may arise during the implementation of the strategy. The Company should consider the following risks and find mitigation for them:

- Competition from other manufacturers.

Expanding its presence in the market may lead to increased competition from other manufacturers of household appliances. As already mentioned, the market of Kazakhstan is growing quite rapidly⁹⁵, which means in response to the increased presence of Kitfort in the market of Kazakhstan. This can lead to lower prices, the need to step up marketing efforts and more aggressive schemes to promote products from competitors. In the event of this threat, Kitfort will need to draw up a detailed and more realistic action plan, identify new goals, and review key success factors. This will help to control the expansion process and manage risks.

⁹⁵ URL: <https://www.statista.com/outlook/cmo/household-appliances/kazakhstan> (дата обращения: 28.05.2023)

- Changes in legislation and regulations.

Political, legal and regulatory changes in Kazakhstan may affect the company's operations. Now Kazakhstan has refused parallel imports to Russia, which may lead to a decrease in the level of trade relations between Russia and Kazakhstan⁹⁶. Then the supply of goods will definitely need to be concentrated through direct delivery through China, this will reduce the risks of closing trade and allow the company to always sell goods.

- Financial risks

Expanding your market presence may require additional financial resources. Lack of financial resources or inefficient use of resources can lead to financial difficulties and deterioration of the company's financial performance. In this case, Kitfort will need to revise the financial plan, as well as develop a new one that will take into account all the financial problems of the company, as one of the options is to cancel cooperation with a store that brings less profit than others and redistribute resources to the remaining ones

- Unforeseen risks and variable factors.

With any strategy of expanding the presence, unforeseen risks may arise, such as economic crises, natural disasters, political instability, etc. Such factors may have a negative impact on the implementation of the strategy. In such cases, Kitfort will need to promptly develop a new expansion plan that will take into account all the features that may arise.

- Management-related risks.

Expanding the presence requires good project management, communication and coordination between departments. The lack of appropriate skills and resources to manage the expansion can lead to delays in the implementation of the plan and undesirable results. In this case, Kitfort should start investing in the training and development of its staff so that they are ready for new challenges and requirements of an expanding market. This will help the company to increase efficiency and provide a high level of customer service.

The implementation of these risk reduction strategies will help Kitfort successfully expand its presence in the Kazakhstan market and achieve sustainable growth.

The implementation of these strategies will help Kitfort strengthen its presence in the Kazakhstan market, attract new customers, improve the loyalty of existing customers and increase

⁹⁶ URL: <https://www.mk.ru/economics/2023/03/24/kazakhstan-prekrashhaet-parallelnyy-import-v-rossiyu-prognuvshis-pered-ssha.html> (дата обращения: 28.05.2023)

its competitiveness. It is extremely important for the company to continue to develop in Kazakhstan, because this is a very promising market where companies can meet competition, as well as study and improve its products in order to become one of the leaders in Kazakhstan in the future, as the company did in Russia.

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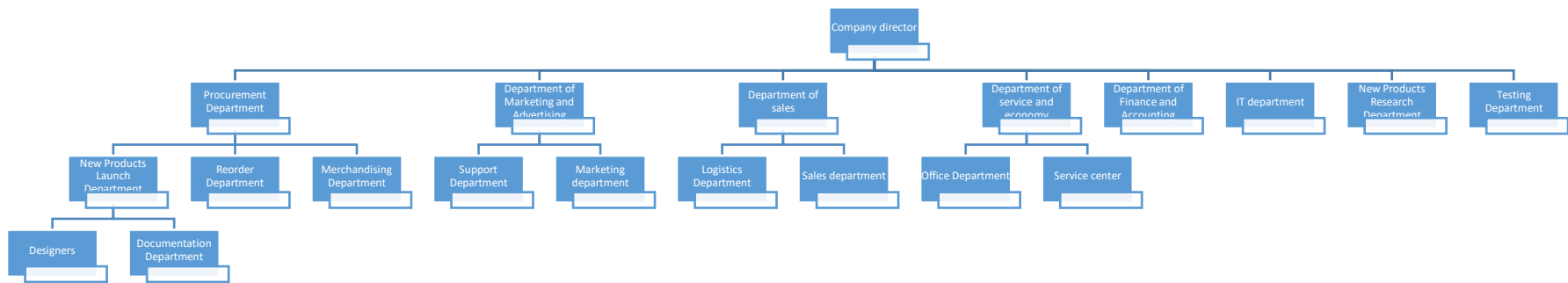
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Appendix



Organizational structure of «Kitfort»

Appendix

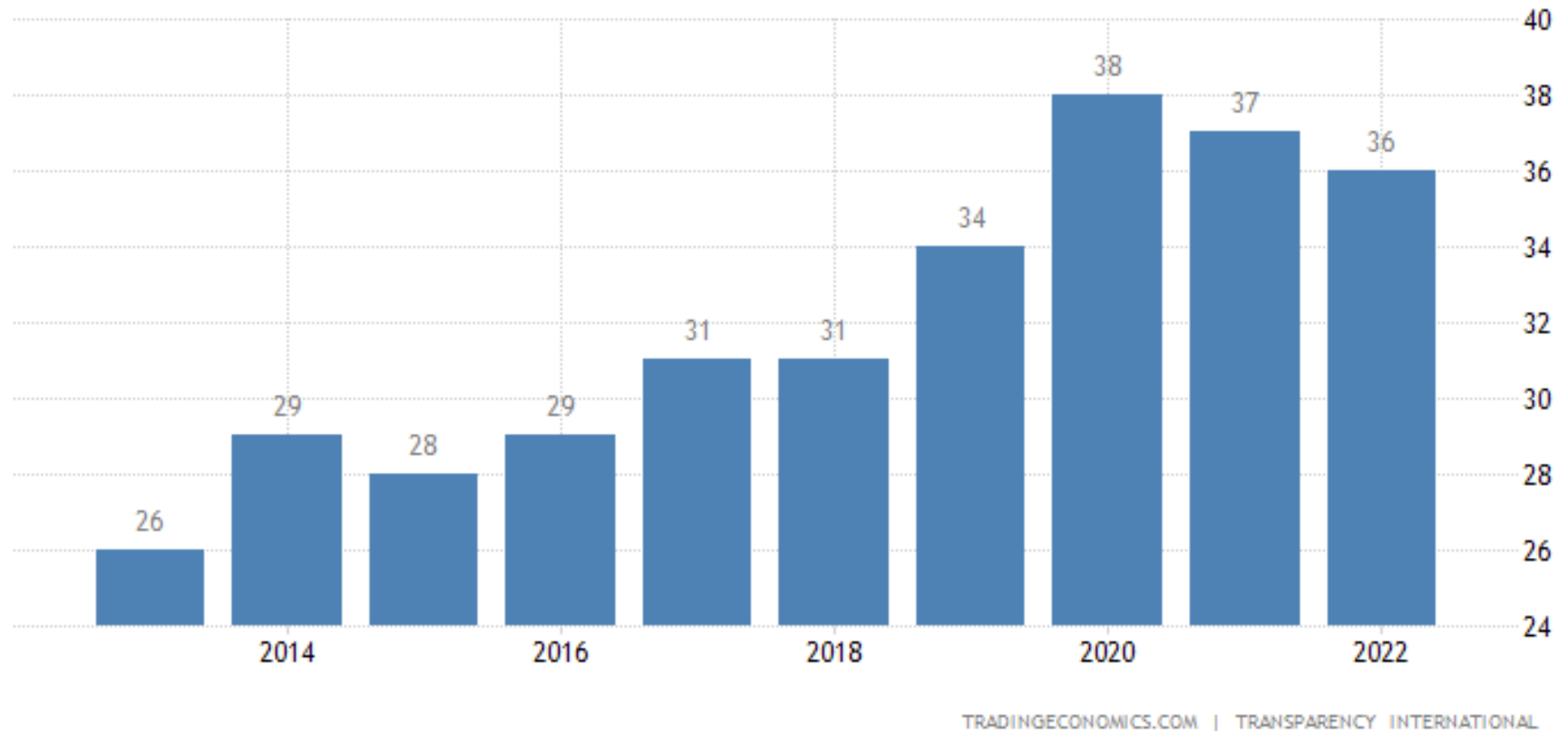
Informal sales	2020	2021	2022	Overall
	2821	23003	42754	38449
				104206

Quantity of delivered goods(in number of goods)

Appendix

<p>Political factors</p> <ul style="list-style-type: none"> 4. Corruption in Kazakhstan 5. Relations between Russia and Kazakhstan 6. Military conflict in Ukraine 	<p>Economic factors</p> <ul style="list-style-type: none"> 4. Inflation in Kazakhstan 5. Currency rates 6. Foreign trade 	<p>Social factors</p> <ul style="list-style-type: none"> 4. Dissemination of information via the Internet and social networks 5. Trends in purchasing power 6. Population size, gender and age groups of Kazakhstan
<p>Technological factors</p> <ul style="list-style-type: none"> 4. Development of mobile apps 5. Improvement of production technology and quality of products made in China 6. The development of Artificial Intelligence 	<p>Ecological factors</p> <ul style="list-style-type: none"> 3. Waste recycling in Kazakhstan 4. Air Pollution in Kazakhstan 	<p>Legal factors</p> <ul style="list-style-type: none"> 3. Consumer protection laws 4. Antimonopoly law

PESTEL analysis



The level of corruption in Kazakhstan

Appendix



The cost of oil

Appendix

Период	Индекс инфляции, %	Инфляция, %	Изменение
2023	103.30	3.30	-16.70 % ↓
2022	120.40	20.40	+12.40 % ↑
2021	108.40	8.40	
2020	107.50	7.50	+2.50 % ↑
2019	104.90	4.90	
2018	105.43	5.43	-1.57 % ↓
2017	107.22	7.22	-0.78 % ↓
2016	108.29	8.29	-5.71 % ↓
2015	113.53		

The level of inflation

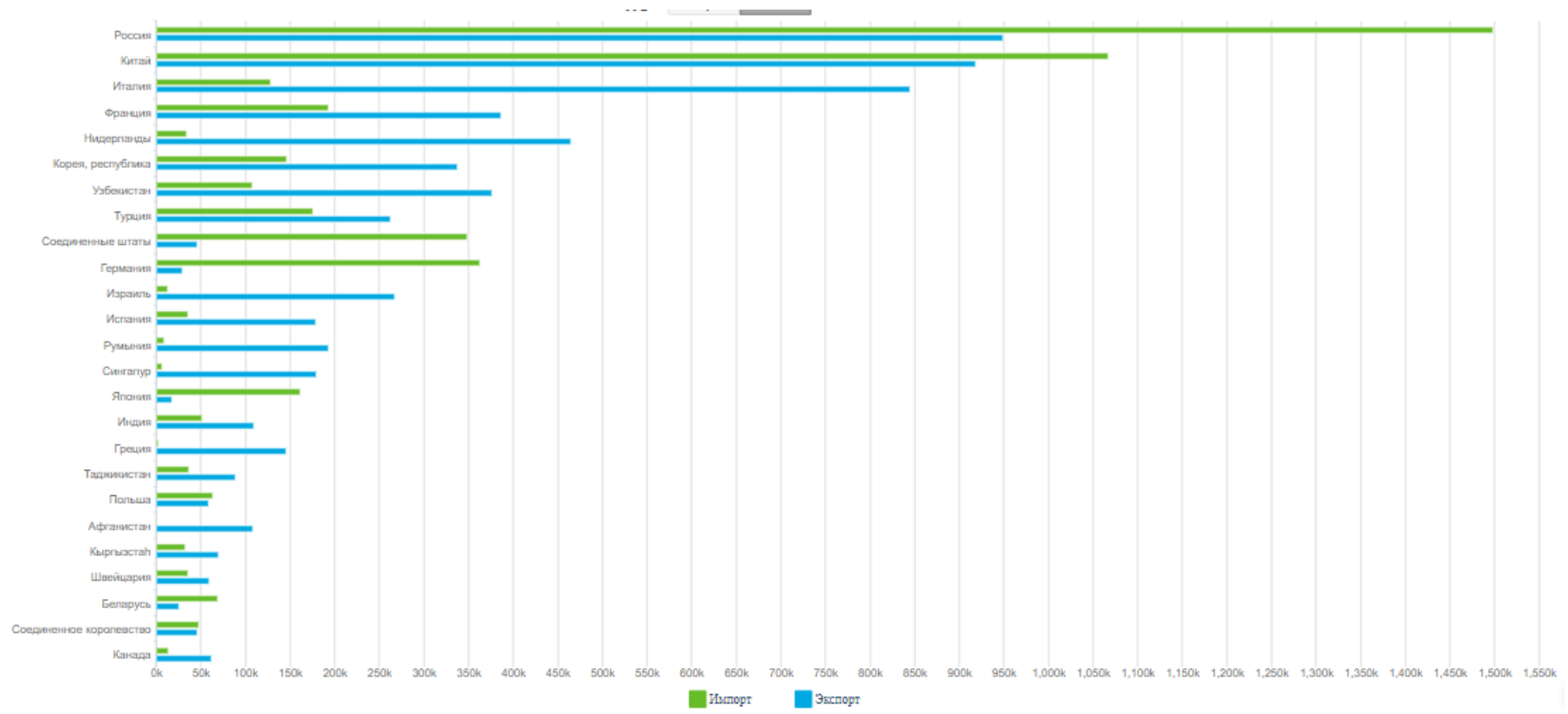
Appendix



Tenge to dollar exchange rate

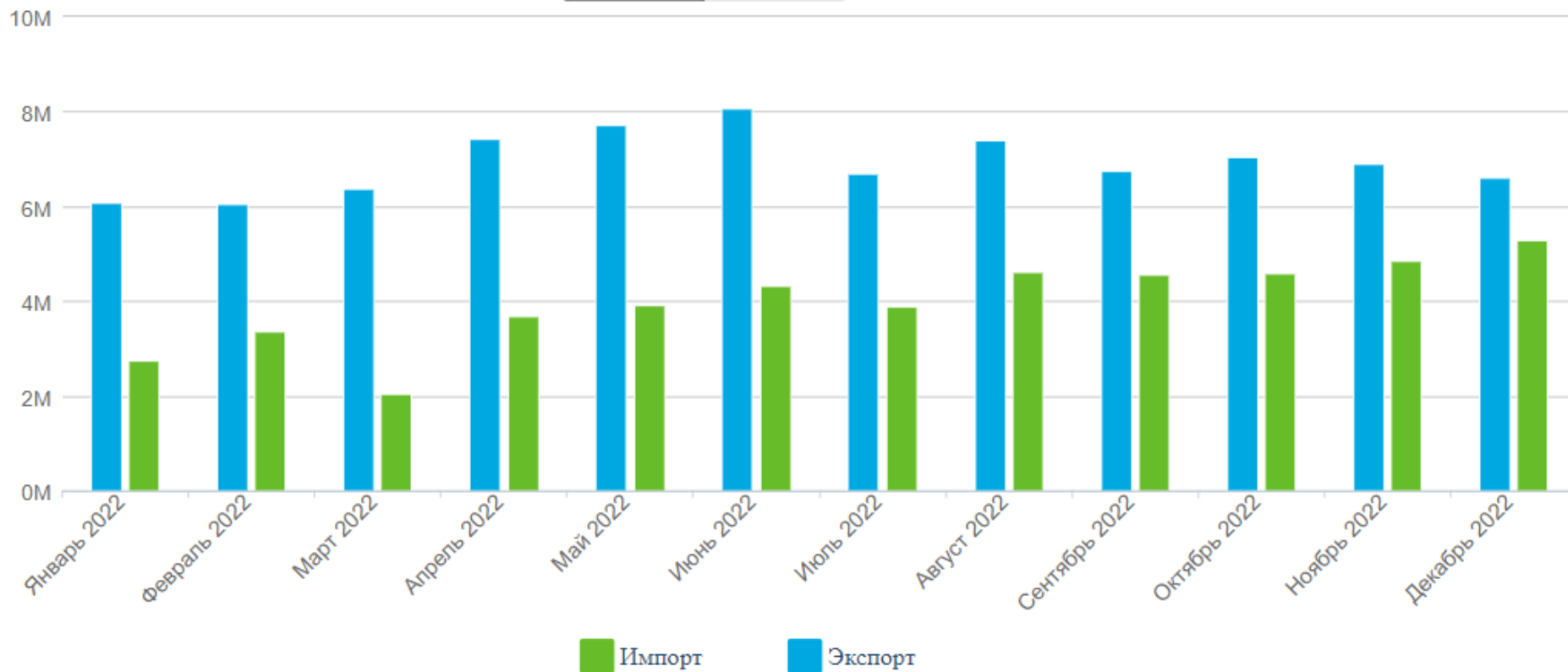


Pic 6. Tenge to ruble exchange rate



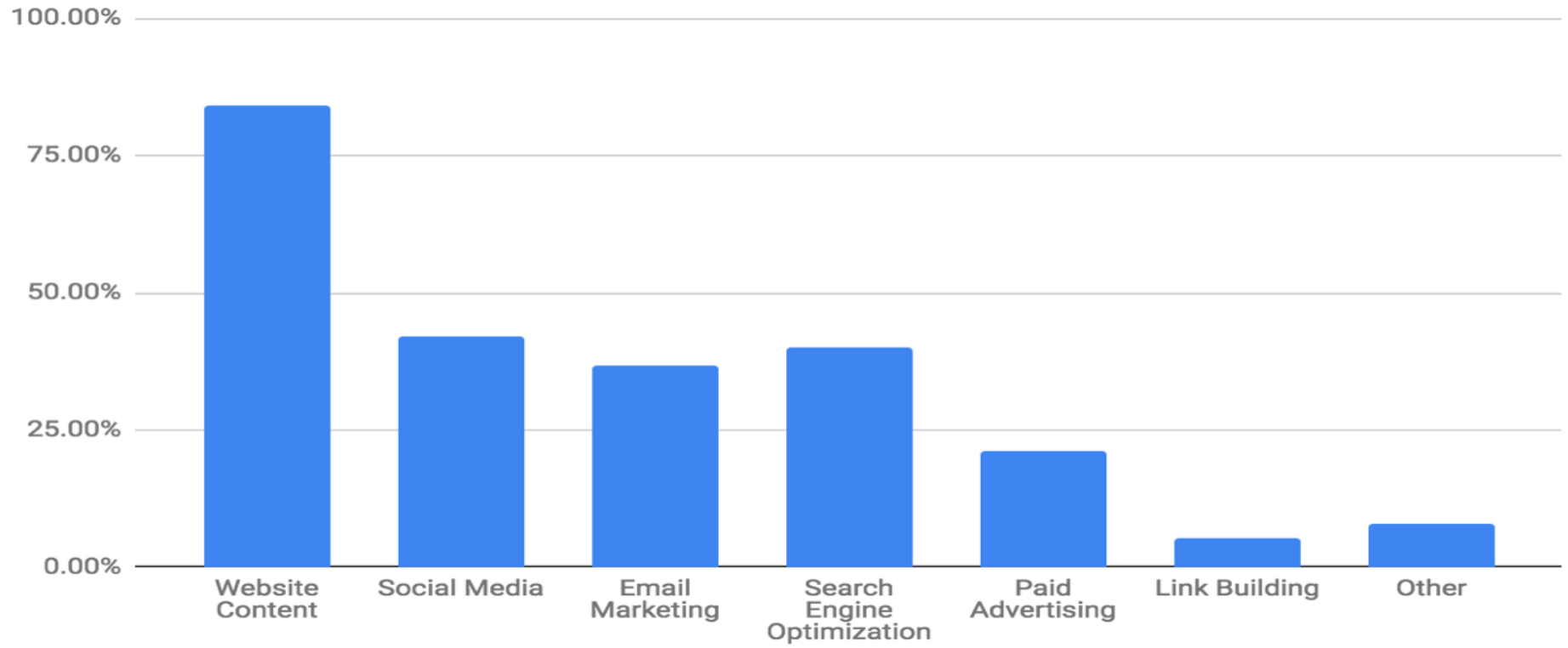
Partner countries

Appendix



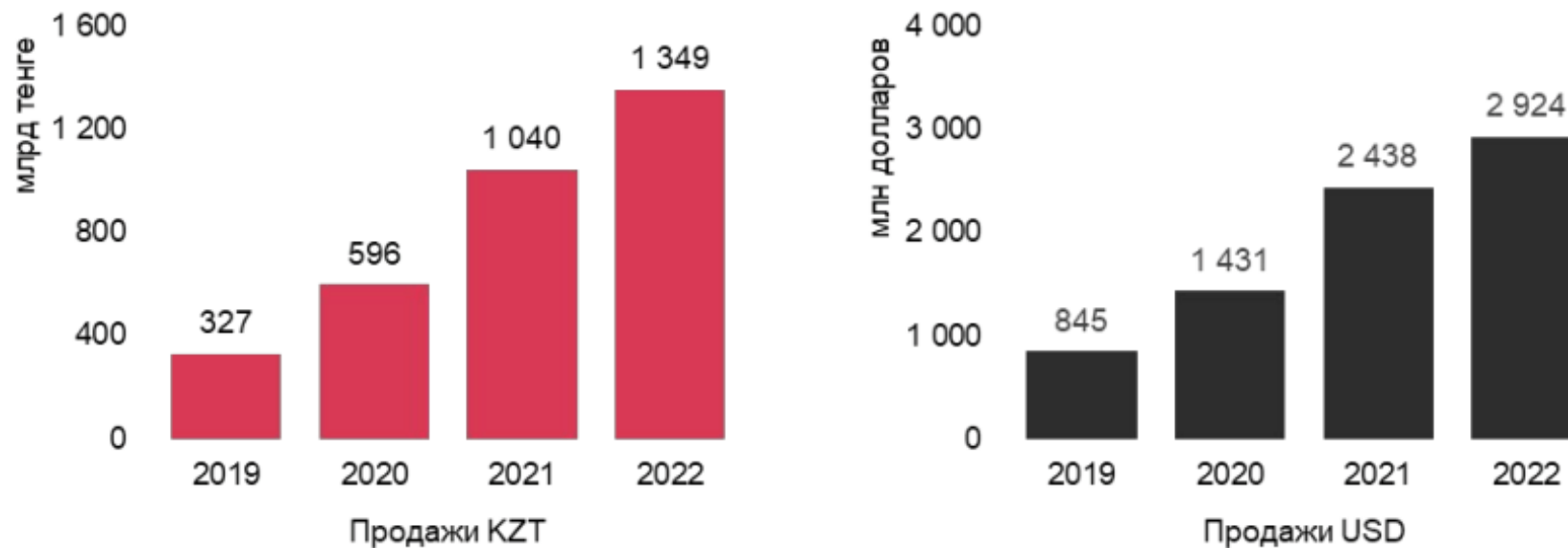
Export and import statistics of Kazakhstan

Appendix



Popular type of advertising

Общий объем продаж за периоды 2019, 2020, 2021, 2022 годы



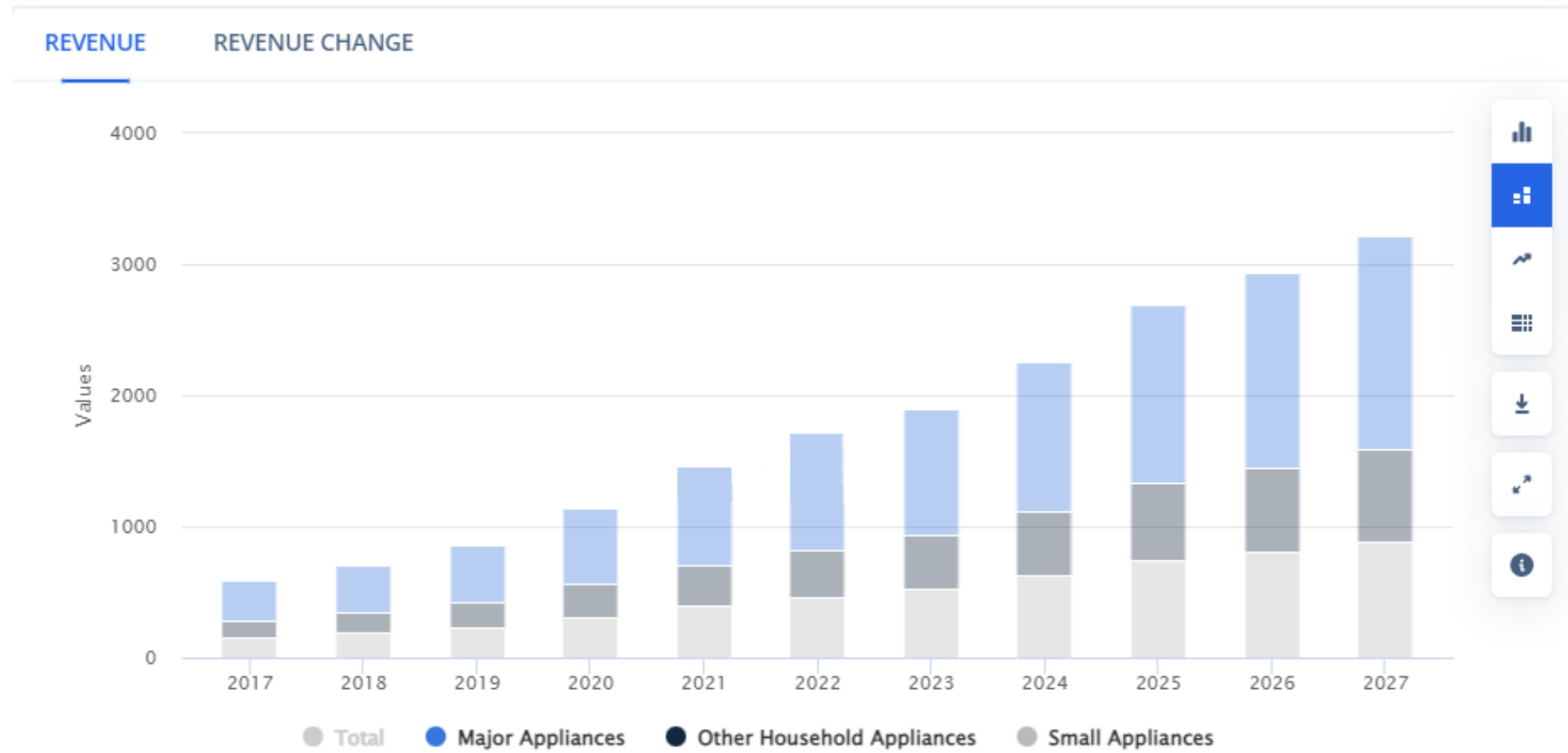
Источник: анализ рынка розничной электронной коммерции в РК

Pic 10. Growth of the e-commerce market

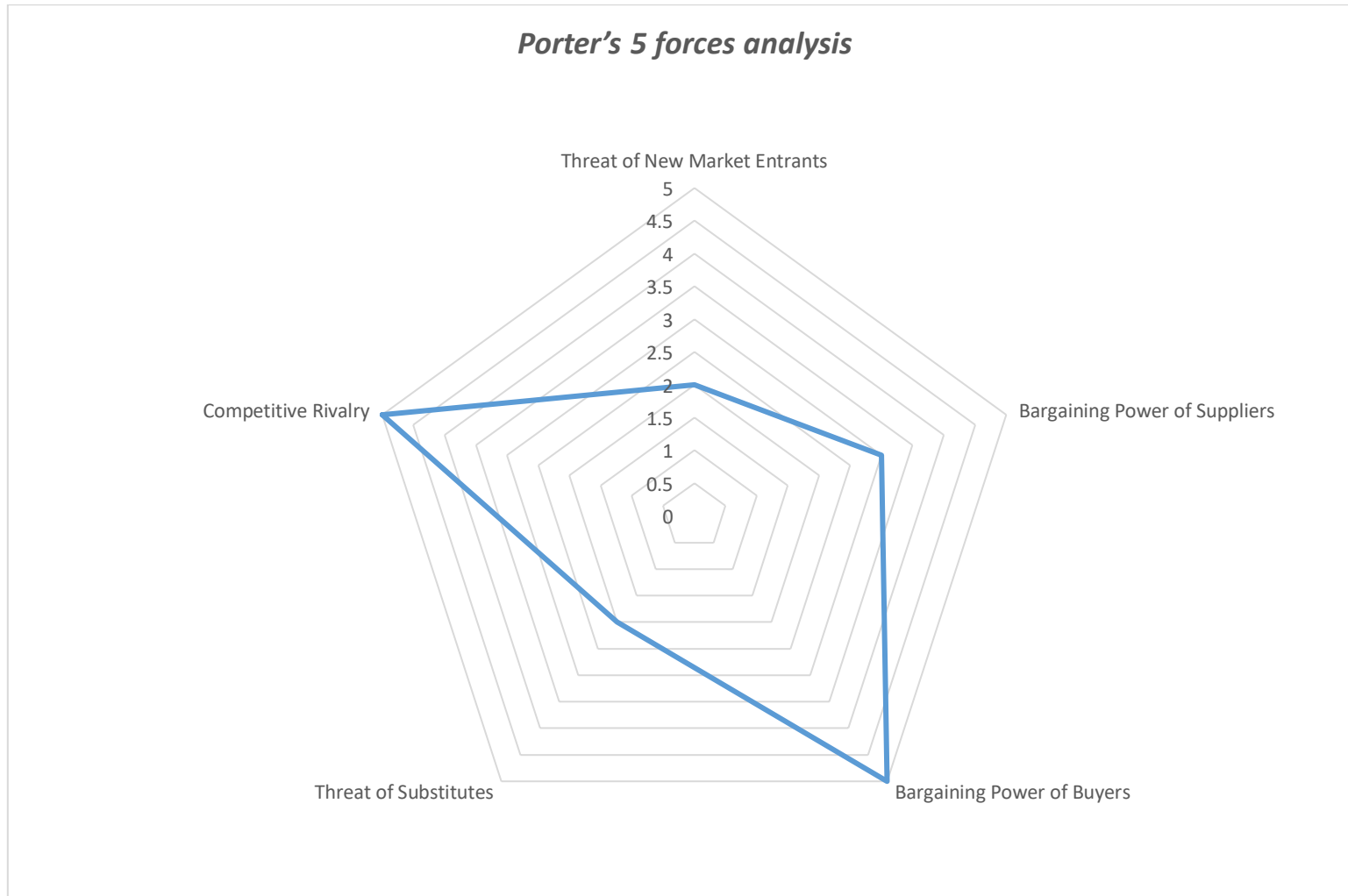


Sticker on goods from China

Appendix



The growth of the home appliance market



Porter's 5 forces analysis

Appendix

	Kitfort	Polaris	Bosch	LG	Samsung	Phillips
Price	Medium	Medium	Medium	High	High	Medium
Market share	0.7%	0.4%	17%	15%	12%	8%
Business model	B2B, B2C	B2B	B2C	B2B	B2B, B2C	B2B
Product diversification	Medium	Low	High	High	High	Medium
Availability of offline stores	No	No	Yes	No	Yes	No

Competitors analysis

Appendix

<ul style="list-style-type: none">• Strengths <ol style="list-style-type: none">4. Strong reputation5. Product innovation6. Wide range of products	<ul style="list-style-type: none">• Weaknesses <ol style="list-style-type: none">3. Limited distribution network and development of online sales channels4. Limited marketing and advertising
<ul style="list-style-type: none">• Opportunities <ol style="list-style-type: none">4. Growing Demand for Home Appliances5. Development of online trading6. Growth of advertising in Kazakhstan	<ul style="list-style-type: none">• Threats <ol style="list-style-type: none">3. Increased competition from other manufacturers4. Changes in legislation and regulation

SWOT analysis

Валентин



30.03.2023

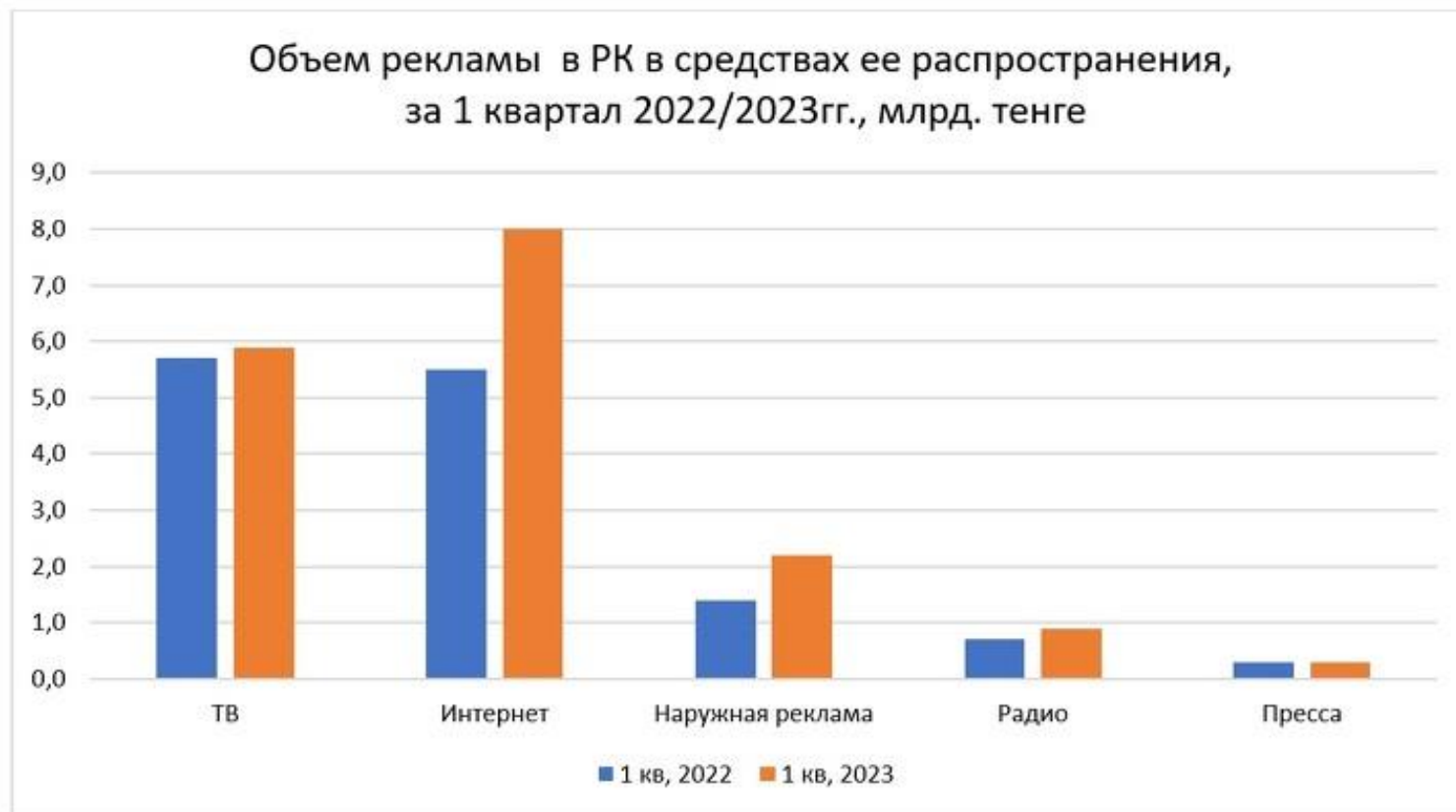
Достоинства: 9 решёток, 9 поддонов для пастелы, 9 пластиковый решёток, 1000 ватт.

Комментарий: Шикарная сушилка, работает тихо, температурный режим от 30 до 70 градусов, сушит фрукты и пастелу на ура!



Отзыв был полезен?  0

Customer feedback



The growth of types of advertising in Kazakhstan

Appendix

	<p>Strengths</p> <ul style="list-style-type: none"> 4. Strong reputation 5. Product innovation 6. Wide range of products 	<p>Weaknesses</p> <ul style="list-style-type: none"> 3. Limited distribution network and development of online sales channels 4. Limited marketing and advertising
<p>Opportunities</p> <ul style="list-style-type: none"> 4. Growing Demand for Home Appliances 5. Development of online trading 6. Growth of advertising in Kazakhstan 	<ul style="list-style-type: none"> 2. Expansion of the product range and development of products for regions (S2, S3 – O1) 	<ul style="list-style-type: none"> 2. Intensify marketing and advertising (W2 – O3)
<p>Threats</p> <ul style="list-style-type: none"> 3. Increased competition from other manufacturers 4. Changes in legislation and regulation 	<ul style="list-style-type: none"> 2. Strengthening customer engagement (S1 – T1) 	<ul style="list-style-type: none"> 2. Distribution network development (W1, W2 – T1)

Secondary SWOT analysis



The growth of the home appliance market

Financial plan for Kitfort

	Service	Monthly (Tenge)	Year (Tenge)	Monthly (Dollar)	Year (Dollar)
Intensify marketing and advertising					
Outdoor advertising	4 billboards	1 000 000,00 ₸	12 000 000,00 ₸	\$ 2 242,50	\$ 26 910,00
Advertising from a blogger	3 bloggers	1 200 000,00 ₸	14 400 000,00 ₸	\$ 2 691,00	\$ 32 292,00
Collaborating with the Burabike Bike Ride	1 festival	750 000,00 ₸	750 000,00 ₸	\$ 1 681,88	\$ 1 681,89
Total		2 950 000,00 ₸	27 150 000,00 ₸	\$ 6 615,31	\$ 60 883,89
Distribution network development					
Warehouse operations	1 warehouse	990 000,00 ₸	11 880 000,00 ₸	\$ 2 221,00	\$ 26 552,00
Logistics	1 truck(500 kg)	668 640,00 ₸	8 023 680,00 ₸	\$ 1 500,00	\$ 18 000,00
Total		1 658 640,00 ₸	19 903 680,00 ₸	\$ 3 721,00	\$ 34 552,00
Strengthening customer engagement					
Mobile application development	Adding the Kazakh language	1 392 500,00 ₸	1 392 500,00 ₸	\$ 3 123,93	\$ 3 123,93
Developmet of support service	Hiring an employee with knowledge of the Kazakh language	180 000,00 ₸	2 160 000,00 ₸	\$ 403,81	\$ 4848,00
Total		1 572 500,00 ₸	3 552 500,00 ₸	\$ 3 527,74	\$ 7 971,93
Overall		6 181 140,00 ₸	74 173 680,00 ₸	\$ 13 864,05	\$ 103 407,82