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QUALIFICATION PAPER

on the topic “TRADEMARKS IN THE WORLD MARKET STRUCTURE OF
INTELLECTUAL PROPERTY”

Specialty 292 “International Economic Relations”

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group ME-72a.en

It is submitted for the Bachelor's degree requirements fulfillment.

Qualifying Bachelor's paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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ABSTRACT

on bachelor's degree qualification paper on the topic
“TRADEMARKS IN THE WORLD MARKET STRUCTURE OF
INTELLECTUAL PROPERTY”

student Kateryna Kyrylenko

The main content of the bachelor's degree qualification paper is presented on 29 pages, including references consisted of 11 used sources, which are placed on 1 page. The paper contains 5 tables and 1 figure.

Keywords: TRADEMARKS, INTELLECTUAL PROPERTY, WORLD MARKET STRUCTURE, MARKETING, BRAND

The purpose of the bachelor's degree qualification paper is to identify the role of the trademarks in the world market structure of the intellectual property.

The object of the study are brands in the structure of the world market.

The subject of the study are brands in the structure of the world market intellectual property.

In the process of research depending on the goals and objectives, we used relevant methods of studying economic processes, including method of theoretical generalization, hypothetical and axiomatic methods, methods of induction and deduction, historical method, content analysis, factor analysis, comparative analysis, causal analysis.

The information base of the work is legislative and normative acts of national and international level (United Nations, Council of Europe, Verkhovna Rada), scientific articles and abstracts of domestic and foreign scientists, analytical reports of international organizations (Transparency International, GRECO, United Nations, OECD, IMF, World Bank), press materials (New York Times, Washington Post, BBC, Ukrainska Pravda, Radio Svoboda, Finance.Liga) and other internet-resources.

According to the results of the study the following conclusions are formulated:

1) The main essence of a multi-brand strategy is the use of several brands, i.e. the creation of several brands for one product group. But it is also possible to choose to use both the manufacturer's brand and a private label. In this case, there are advantages for both manufacturers and retailers;

2) A term "trademark" is also used in Ukrainian law. In particular, the terms "service mark" and "trademark" are terms defined by the Civil Code of Ukraine;

3) The main requirement for a trademark is its compliance with the legislation of the country in which it is registered. In Ukraine, it must be registered in accordance with the law "On protection of rights to trademarks and service marks" and "Rules for the creation and submission of applications for registration of trademarks and services";

4) The main methods of approaching income are: the method of direct capitalization, the method of discounting cash flows (indirect capitalization), the method of excess profits, the method of royalties, the method of exemption from royalties;

5) The direct income capitalization method is used when the forecast is constant and equal to the forecast periods of net operating income, the achievement of which is not limited in time. Capitalization means determining the value of the object of evaluation on the basis of expected income from its use;

6) The method of discounting cash flows is based on the principles of financing, i.e. includes a discount rate. This method is used when the amount of royalty cash flows varies in size and occurs over a limited period of time. A typical application situation is the assessment of intellectual property used in the production activities of the enterprise on the basis of a license agreement, under which the company obtains a right to use the objects of exclusive rights for a certain period according to the agreement;

7) The method of excess profit is similar to the method of discounting cash flows, i.e. IPRs are valued by the same algorithm. However, the difference is that cash flows are treated as a surplus of net income (after tax) arising from the use of intellectual property;

8) The royalty method is based on the international practice of exchanging technologies and selling licenses. This method reduces the annual cash flows received under the license agreement;

9) The income approach is based on the assessment of the ability of intellectual property to generate income. Its disadvantage is that it requires a fairly accurate forecast of market development, which is the subject of evaluation, being professional, and therefore quite subjective, unreliable information, as well as quite expensive one;

10) The existence of numerous varieties of brands requires their systematization and separation of the main features of classification. This will allow you to quickly and easily make decisions about choosing a brand during its development and choosing a brand strategy in the process of creating and managing a brand;

11) The main classification features include: brand owner, distribution region, brand use, competitive position. The proposed classification of brands has theoretical significance to emphasize aspects of branding, as well as practical value, as it will expand the understanding of brand marketing departments, facilitate the process of their creation and positioning, identifying development strategies and maneuverability.

The obtained results can be used in the process of the creating the own trademark and fixation the rights for it as an intellectual property.

Results of approbation of the basic provisions of the qualification Bachelor work was considered at: International Economic Relations and Sustainable Development: materials of the II International scientific-practical conference, Sumy, May 21, 2021 / general. ed. Yu. M. Petrushenko. – Sumy: Sumy State University, 2021.

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«__» _____ 2021 .

TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations ")

student IV course, group IE-72a.en

Kyrylenko Kateryna Volodymyrivna

1. The theme of the paper is Trademarks in the world market structure of intellectual property approved by the order of the university from « 19 » April 2021 №0193-VI
2. The term of completed paper submission by the student is « 19 » May 2021
3. The purpose of the qualification paper is to identify the role of the trademarks in the world market structure of the intellectual property.
4. The object of the research are brands in the structure of the world market.
5. The subject of research is development of international anticorruption cooperation of Ukraine.

6. The qualification paper is carried out on materials: legislative and normative acts of national and international level (United Nations, Council of Europe, Verkhovna Rada), scientific articles and abstracts of domestic and foreign scientists, analytical reports of international organizations (Transparency International, GRECO, United Nations, OECD, IMF, World Bank), press materials (New York Times, Washington Post, BBC, Ukrains`ka Pravda, Finance.Liga) and other internet-resources.

7. Approximate qualifying bachelor's paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 Theoretical basis of trademarks as objects of intellectual property – 16.04.2021

Chapter 1 deals with representation of the existence of numerous varieties of brands requires their systematization and separation of the main features of classification. The proposed classification of brands has theoretical significance to emphasize aspects of branding, as well as practical value, as it will expand the understanding of brand marketing departments, facilitate the process of their creation and positioning, identifying development strategies and maneuverability.

Chapter 2 Analysis of “H&M” TM activity – 03.05.2021

Chapter 2 deals with showing that H&M stores have always been in the most advantageous places for doing business, be it a city or a shopping center. H&M has been adhering to this principle since opening its first store and still adheres to it today. H&M conducts street surveys of potential buyers, analyzes local stores and traffic. It then compares all this with the characteristics of this retail space. Sometimes H&M decides to open a boutique concept for young people, sometimes a family store opens with the greatest commercial potential. The main thing is to choose the right format for this particular case. The undoubted advantage is that H&M rents commercial space.

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1	Petrushenko Y.M, Head of the IER Department, Professor, Doctor of Economics	09.02.2021	16.04.2021
2	Petrushenko Y.M, Head of the IER Department, Professor, Doctor of Economics	10.04.2021	03.05.2021

9. Date of issue of the task: « 09 » February 2021

Research Advisor: _____ Petrushenko Y.M.

The tasks have been received: _____ Kyrylenko K.V.

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INTRODUCTION

In a market economy, the concept of marketing, as part of improving the enterprise management, becomes an integral part of its activities. With a number of controlled marketing variables, businesses can influence customers, stimulate them, encourage them to certain market activities desired by the company. One of the elements of the marketing complex is the brand.

It is highly important to consider this as one of the principal marketing factors that can make business successful. This success is largely due to the choice of the appropriate branding strategy. This choice, as well as the strategy of positioning and brand development directly depend on the chosen market.

Knowing the value of intellectual property rights is crucial in making management decisions about the stages of creation, legal protection, commercialization. The need to assess the value of intellectual property rights also arises when processing them in accounting, determining the price of a license, insuring and transferring intellectual property as collateral for obtaining a loan, also in case of bankruptcy of the enterprise during its liquidation in order to satisfy creditors' claims, as well as in other cases.

Recent studies have shown that there are different approaches to the classification of brands. As follows, V.R. Praude and O.B. White distinguish between a trademark with an individual name and a trademark with a family name [1]. Examples of single trademarks, confirmation marks and independent trademarks can be found in the book "100 techniques of effective branding" [2, p. 39-43].

F. Kotler, G. Armstrong, D. Saunders, W. Wong distinguish between a manufacturer's brand, private label, license mark, and joint mark [3, p. 558]. O.B. Moroz, OV Pashenko note that there are three ways to create a branded product: the use of the manufacturer's brand, private label or use of franchising concept [4, p. 26-27]. They also identify four approaches to brand naming:

individual brand name, a single brand name for all products, collective brand name for product families, trade name of the company with individual brands [4, p. 27-29].

The object of the study are brands in the structure of the world market.

The subject of the study are brands in the structure of the world market intellectual property.

SECTION 1. THEORETICAL BASIS OF TRADEMARKS AS OBJECTS OF INTELLECTUAL PROPERTY

1.1 The essence of trademarks

When a company chooses a particular type of brand, depending on how the brand name is used, it chooses a specific brand strategy. These can be a multi-brand strategy, a corporate brand strategy, a group brand strategy, a non-brand product strategy or a combined brand strategy. The main essence of a multi-brand strategy is the use of several brands, i.e. the creation of several brands for one product group. But it is also possible to choose to use both the manufacturer's brand and a private label. In this case, there are advantages for both manufacturers and retailers: control over the brand; several market segments coverage; brand and store commitment stimulation; improvement of sales channels cooperation; fair profits distribution; maximized sales, etc. [12].

Moreover, F. Kotler, G. Armstrong, D. Saunders, W. Wong [3] note that the company can use brand strategies, such as expanding the product line within the brand, brand expansion and strategies of new brands. Expanding the range within a brand means the using a recognized brand offering additional benefits of a product from a certain category under the same brand, such as new color, taste, shape, packaging, and so on. Current issues of brand development in international economic relations were discussed in the works of both domestic and foreign scholars [12-20].

A term "trademark" is also used in Ukrainian law. In particular, the terms "service mark" and "trademark" are terms defined by the Civil Code of Ukraine.

The owner of the trademark is a person (individual or legal entity) who can register a trademark in Ukraine. A trademark can be registered by both a citizen of Ukraine and a person who is not a citizen of Ukraine. Moreover, the number of trademarks for one person is not legally limited.

A logo is a graphic representation of a trademark. The logo can have verbal and pictorial parts. The logo becomes a trademark only after registration, passing

the relevant examination and, above all, its registration as a trademark and service mark.

A brand is a product that has gained a worldwide recognition and confirmed its reputation (well known to consumers, society and popular with the public).

The main requirement for a trademark is its compliance with the legislation of the country in which it is registered. In Ukraine, it must be registered in accordance with the law "On protection of rights to trademarks and service marks" and "Rules for the creation and submission of applications for registration of trademarks and services." Trademark registration has clear limitations, the main of which is that it must be different from trademarks that are already registered or applied for.

After submitting documents for trademark registration in Ukraine, you can submit documents for its international registration in accordance with the Madrid Agreement "On International Registration of Trademarks" or in accordance with the Madrid Protocol "On International Registration of Trademarks". In addition, you can register a trademark in accordance with European law, for example, to register a trademark in Europe. Trademark registration for certain goods and services is carried out in strictly defined classes.

Therefore, trademark rights relate, in particular, to goods and services clearly indicated in the certificate. Information on classes and goods is indicated in the trademark application and then in the trademark certificate.

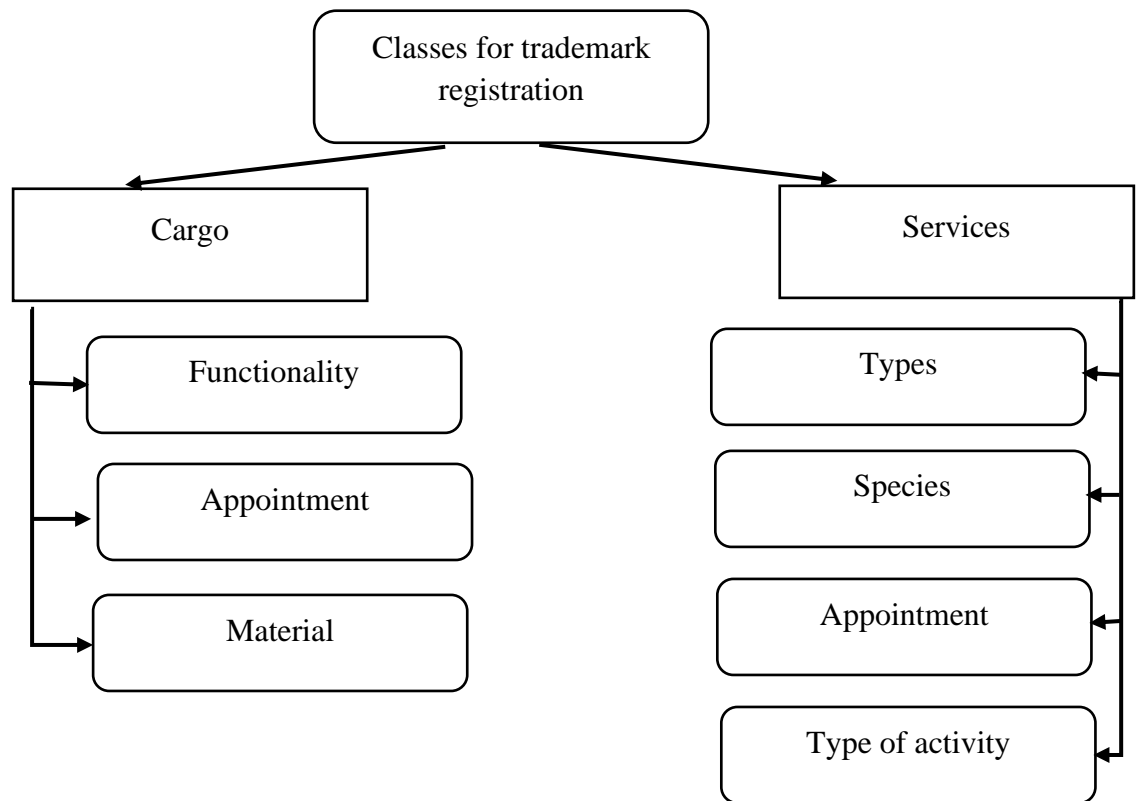


Figure 1.1 - Characteristics of trademark classes

Determining the class for trademark registration is important because a mistake can result in violation of the owner`s rights.

1.2 Stages and methods of assessment of intellectual property rights

In scientific practice, there are many methods of assessing intellectual property. In general, they can be considered in the following three approaches: consumption, analogue and income. So, I decided to consider the advantages and disadvantages of each.

The concept of the income method is based on the recognition of the causal relationship between the functional (physical, technical, economic) properties of an intellectual property object and the results of its use. This method is based on the value transfer of a particular object, as defined today, to future periods of reproduction of a particular object. It is assumed that no one will invest in the

acquisition of intellectual property, if the same profit can be obtained differently [1, p. 243].

The main methods of approaching income are: the method of direct capitalization, the method of discounting cash flows (indirect capitalization), the method of excess profits, the method of royalties, the method of exemption from royalties.

1.1. The direct income capitalization method is used when the forecast is constant and equal to the forecast periods of net operating income, the achievement of which is not limited in time. Capitalization means determining the value of the object of evaluation on the basis of expected income from its use [5]. This income is capitalized by dividing by the capitalization ratio, which characterizes the rate of return on invested capital (equity and / or debt) and the rate of return on it [3, p. 242].

1.2. The method of discounting cash flows is based on the principles of financing, i.e. includes a discount rate. This method is used when the amount of royalty cash flows varies in size and occurs over a limited period of time. A typical application situation is the assessment of intellectual property used in the production activities of the enterprise on the basis of a license agreement, under which the company obtains a right to use the objects of exclusive rights for a certain period according to the agreement [3, p. 242]. In other countries, when using this method for the lower limit of the discount rate one should take into account the yield on government bonds.

1.3. The method of excess profit is similar to the method of discounting cash flows, i.e. IPRs are valued by the same algorithm. However, the difference is that cash flows are treated as a surplus of net income (after tax) arising from the use of intellectual property. This method can be used to evaluate IP objects that are a device, a technology or a method of producing competing products in order to enter the market.

1.4. The royalty method is based on the international practice of exchanging technologies and selling licenses. This method reduces the annual cash flows received under the license agreement.

The amount of royalties is influenced by various price factors that characterize the subject of intellectual property: the state of the industry in which the entity will be used, the market situation; availability of legal protection of intellectual property rights; functional, consumer, economic, environmental and other features of such a subject; level of novelty; demand for products (goods, works, services) that can be manufactured (sold or delivered) using IPR [3, p. 242].

1.5. Assessment of intellectual property rights using the method of exemption from license fees is carried out at the following stages [3, p. 1]:

- 1) specification of the volume of the IP object. Accordingly, the most probable level of royalties is determined by the royalty tables in the industry;
- 2) estimation of the forecasted volume of production taking into account a life cycle of the goods;
- 3) determination of the real economic useful life of an intangible asset;
- 4) calculation of the expected license fee, from which the costs associated with the granting of intellectual property rights are deducted.

Thus, the income approach is based on the assessment of the ability of intellectual property to generate income. Its disadvantage is that it requires a fairly accurate forecast of market development, which is the subject of evaluation, being professional, and therefore quite subjective, unreliable information, as well as quite expensive one [4, p. 66]. Another negative aspect of this method is its limited effectiveness, in particular in assessing the knowledge of employees, retail chains, corporate practices and methods. So, this approach can only be used as a secondary approach. And the evaluation of software, such as IPR, using this method is usually inaccurate and ineffective.

The cost method is to determine the value of restoring the original cost of intellectual property within the intangible assets of the enterprise, including their further improvement or replacement by the definition of depreciation for further use to determine its true value. As a rule, expensive valuation methods are used in the early stages of the intellectual property life cycle, which relate to the social sphere,

space, defense programs, and so on. The value of intellectual property rights, determined by using the initial cost method, is also called historical because it is based on the actual costs incurred in the company's financial statements over the past few years. At the same time, it is important to pay attention to their size and date of completion, if necessary, they are adapted to the real conditions of the company and depending on the statute of limitations (method of costs) [1, p. 243; 7, c. 2-6].

The basis of a similar (comparative) method of assessing the value of intellectual property rights is a comparative analysis of sales. The essence of this method is to directly compare the valued position with others, similar in quality, purpose and usefulness, sold for a comparable time in a similar market.

According to this method, the value of intellectual property rights is determined by the price that the market can pay for similar quality, purpose and usefulness of the object at the time of evaluation, taking into account appropriate adjustments for differences between the object being evaluated and its analogue [1, c. 244].

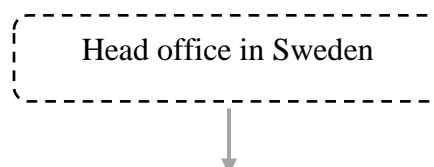
2.1 Research of the marketing complex TM «H&M»

The H&M brand is a popular Swedish brand that produces clothing lines for women, men and children. The collection also includes modern models of shoes, accessories and cosmetics. The main principles of the company are: a wide range of products, repeatability of modern trends and affordable prices. Since 2000, the Swedish retailer has won the title of the most popular clothing brand in the world. The brand's clothing is designed for young boys and girls who want to look stylish, inexpensive and at the same time change their appearance with the release of each new clothing collection. And although H&M is a fast fashion brand, the company strongly supports environmental programs and relocates production with minimal damage to the environment.

H&M and its subsidiaries operate in 71 countries out of 4,968 stores as of November 2019. It is the second-largest global clothing retailer, after the Spanish corporation Inditex (owner of brands: Zara, Oysho, Massimo Dutti, Bershka, Pull and Bear). Figure 2.1 shows the organizational structure of H&M in Ukraine.

The general director carries out the general management of production and economic activity of the enterprise. This person takes full responsibility for management decisions, efficiency of the enterprise and the preservation of property.

Recruitment Department deals with the organization of selection, recruitment and hiring of personnel of the required qualification and in the required amount; creates effective systems of full-time employees; develops career plans for employees; develops personnel technologies.



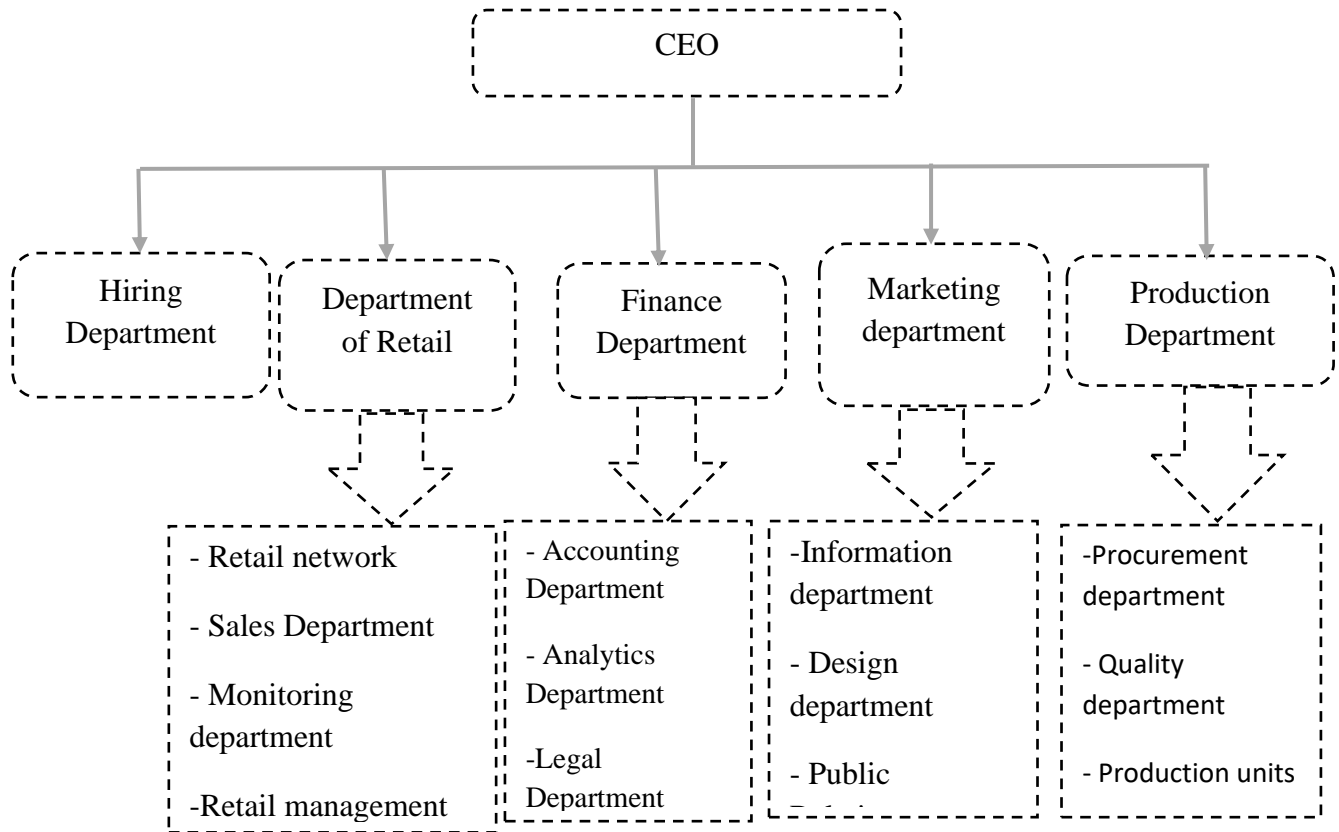


Fig. 2.1 - Organizational structure H&M

The Department of Retail organizes the sale of products in retail and keeps records of sold products. The following structural elements have been created for the effective implementation of the department's functions:

- retail network is a set of trade units that are located in a certain area and sell products to the public under a single management [16];
- the monitoring department collects and analyzes information about the market situation and the place of the enterprise in it;
- retail management provides operational management of the retail network.

The finance department manages all financial activities of H&M. In order to optimize the activities in the structure of the department, the following departments have been created:

- the accounting department prepares financial and economic reports;

- the analytics department is engaged in the financial analysis of the enterprise, develops recommendations to increase the economic efficiency of the company;

- the legal department ensures compliance with the law in the activities of the enterprise, regulates economic relations, deals with contracts, claims, drafting legal documents, filing lawsuits.

The marketing department determines the sales policy of the enterprise taking into account the available resources and the existing market dynamics, coordinates the work of the retail department. The structure of the marketing department includes:

- the information department, that collects and analyzes information on the commercial activity of the enterprise, the factors that affect the sale of products, develops a strategy of market activity and recommendations for sales activities of the enterprise;

- the design department, that ensures the competitiveness of products due to the artistic and design formation of aesthetic and functional qualities of products, the use of advanced design experience;

- the public relations department is engaged in activities aimed at establishing and maintaining mutual understanding between the company and the public.

The production department provides and organizes production. The department consists of:

- procurement department - provides material and technical base of production;

- the quality department ensures the production of high-quality and competitive products by the enterprise, prevents the production of products that do not meet the requirements of standards and technical conditions;

- production units (shops, departments, sections, teams, laboratories), which are engaged in direct production;

- the stock department provides storage of finished products and raw materials, controls the timely replenishment of stocks.

H&M has in its assets a very wide line of clothing, namely:

Table 2.1

Segmentation of the company's consumers H&M

Sex	Women's	Men's	Women's	Men's
Age	12-25	12-25	25-65	25-60
Income level	Low and medium	Low and medium	Середній та високий	Середній та високий
Sphere of employment	Schoolboy, student	Schoolboy, student	Working	Working
Place of residence	Ukraine	Ukraine	Ukraine	Ukraine
Emotional motivation	Follow fashion	Self-realization	Sexuality and attractiveness	Status
Motivation is rational	Saving	Physiological need	Comfort and quality	Physiological need

In the H&M store, the product range belongs to the non-food industry. H&M's philosophy embodies the creation of quality clothing and its implementation at the optimal cost. An invariable condition of quality for H&M is that the products must be created in excellent conditions. The company is responsible for how it influences the environment and the population, so the company's numerous team is working to create an "environmental" fashion.

H&M's approach to the quality and safety of its products begins at the designing stage and is maintained throughout the production process. Prior to that, the product passes a number of tests: the product is tested both by their own and in independent laboratories. The H&M range is diverse, the brand takes into account everyone's taste. The range in the store is updated daily. The main lines of this brand can be divided into seven groups [16]:

1. Women's clothing is a wide selection of styles that offers a complete wardrobe from classic models with fashionable details to clothing with an emphasis on modern design trends, as well as sportswear and lines for pregnant women. These collections include underwear, dresses, skirts, blazers, vests, pants and many other items of clothing. And for each line you can choose the right accessories, underwear and shoes.

The women's department is divided into the following concepts:

- Everyday - Everyday wardrobe with basic things.
- Modern classic – classic models, office style
- LOGG – clothes made from natural fabrics of higher quality, offering pastel colors and a loose comfortable cut.
- Basic – basic models, jersey.

2. The men's collection is the embodiment of timeless and proven classics. The lines range from modern seasonal models to casual wear. Here you can choose from a variety of shirts, blazers and suits, cardigans and sweaters, T-shirts and tank tops and more. H&M men's collection, as well as women's, includes underwear, shoes, accessories.

3. Clothes for children - this line is divided into collections for babies (from 0 to 18 months), for school-age children (from 1.5 to 8 years) and for young people "H&M Young" (from 9 to 14 years). Clothes for the little ones are not only stylish, but also practical, safe, comfortable and convenient.

The first three are also internally divided into concepts that reflect different styles: pure (classic style), punch (youth style), value (rural style), cozy (democratic style). H&M clothing is made of three types of "durable" materials - organic, recycled and Lyocell.

Organic raw materials are made from plant fibers that were grown in environmentally friendly conditions (without using artificial fertilizers and chemical pesticides), recycled materials - from household waste and residues after production (this significantly reduces the amount of resources used, including energy, water, chemicals) and Lyocell is made of cellulose fibers, which are certified by the forest management board.

Table 2.1

Communication policy H&M

Advertising	Sales promotion	Public relations	Personal sales	Direct marketing
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Internet	Contests and certificate draws	Annual reviews	Buyer consultation	Subscribe to newsletters through the site
Printed publications	Seasonal promotions in honor of the holidays	Donation to the fund H&M Foundation	Social networks	Purchase and delivery through the online store
Outdoor advertising in cities	Discounts and sales	Collaboration with celebrities and beginners designers	Retail chains across the country	Telephone communication with shops or the main office
Advertising in the mall	Trade-in	Sponsorship		
Advertising on social networks	Discount card	Entering new markets		
	Key models at low prices	Bright openings of new stores		
	Limited design collections			

It all starts with choosing a point of sale. Before H&M enters a new market, a thorough analysis is always performed. Firstly, H&M assesses the market potential of this country. Factors such as population structure, purchasing power, economic growth, infrastructure and political risk are analyzed in advance. Then the assessment of potential customers and the location of stores on site. Ideally, the first store should be large, located in the best place in the city, and then supplemented by a number of smaller stores offering a full or partial range. H&M can then expand to open stores in other cities.

H&M stores have always been located in the most profitable places for business, be it a city or a shopping center. H&M has been adhering to this principle since opening its first store and still keeps things like that today. H&M conducts street surveys of potential buyers, analyzes neighboring stores and traffic. Then compares all this with the characteristics of this commercial space. Sometimes it is decided to open a concept boutique for young people, sometimes a family store opens with the greatest commercial potential. The main thing is to choose the right format for this particular case. The undoubted advantage is that H&M rents commercial space. This makes it easier to move the store to another location in a

particular city. H&M offers a variety of types of stores, from large full-service stores to small concept boutiques. The area of the store ranges from several hundred to several thousand square meters.

2.2 Management structure analysis TM «H&M»

All H&M stores are built similarly. At the beginning of each season, each outlet receives a visual guide that includes future collections, key models, trends, wall systems, and recommendations for the location of equipment in the shopping area. But if you go to any store, you may notice one common problem - the amount of goods in the trading floor. Most of the equipment is overloaded, which makes the polished visual part look inaccurate. This situation is typical of the most popular products, which are sewn from year to year, come to stores in large quantities, have a wide range of colors and are usually 4-5 sizes.

Two years ago, a program was developed to improve customer service and optimize employee workflows. One of the points was - a reasonable replenishment of goods from the warehouse. Each day of the week is registered and assigned to a specific department, which must be analyzed for lack of size and replenished from the warehouse to the warehouse.

The goods in the warehouse are presented in the ABC system [17]:

- Category "A" - is in an accessible place, replenished daily.
- Category "B" - stored next to the product "A". This does not require frequent analysis of the presence on the trading floor. Replenished once a week.
- Category "C" - seasonal products. It is located in the back of the warehouse.

In order to solve the problem of equipment overload in the sales area, it is recommended to create warehouses of category "B" in a warehouse with the most popular models, coming in large quantities and leave 2-3 lines in the hall, depending on the area of the store and 70 norms of sales of a particular product, the rest should

be taken to the warehouse. Replenishment takes place twice a week: on Friday and Monday. The influx of buyers increases since the weekend.

The H&M brand stands out well among competitors, and it is almost impossible to confuse it with another brand. The main colors of this company are red and white. Red (color of dynamics, activity) reflects the internal ideological attitudes in the company: an active life position, leadership qualities, the desire for development. All this weakens the white color of the background, which is a symbol of purity, freedom, adds a logo of light, air and space, making it more modern and understandable.

Table 2.2

SWOT- analysis H&M

	Opportunities	Threats
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	<ol style="list-style-type: none"> 1. Expand the product line for girls' clothing 2. Availability of highly qualified staff. 3. Rent premises and produce clothes using foreign technologies 4. Search for investors to expand the company 	<ol style="list-style-type: none"> 1. The threat of bankruptcy 2. Difficult economic situation due to COVID_19 3. Increasing competitors in the market 4. Closing the borders due to the epidemic 5. The threat of hostilities in the east 6. Falling demand for the company's clothing due to the advent of cheaper clothing
Strengths	Strengths and opportunities	Strengths and threats
<ol style="list-style-type: none"> 1. The price is 20% lower than the imported one 2. Low staff turnover 3. Established links with wholesale companies 4. A small increase in the market, which allows the company to control its share 	<ol style="list-style-type: none"> 2. Expand the company and the clothing line. 3. Expand the customer group by holding promotions and developing new clothes. 4. Improve equipment at the enterprise. 5. Improve social conditions for employees of our company. 	<ol style="list-style-type: none"> 1. Quality management will avoid the threat of bankruptcy. 2. Improve the quality of clothing. 3. Prepare to design your own clothes to minimize threats to close borders 4. Introduction of budget clothing

Continuation of Table 2.2

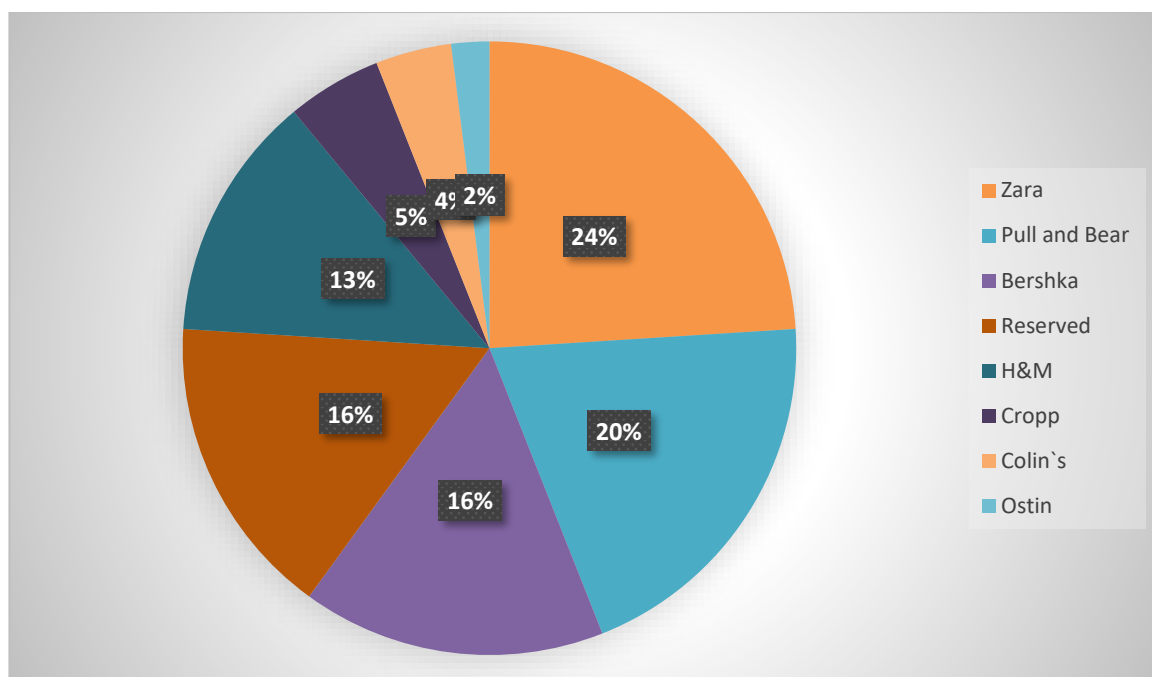
Weak sides.	Weaknesses and opportunities.	Weaknesses and threats.
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<p>1. Lack of premium clothing.</p> <p>2. Due to the difficult economic situation in the country, there is a possibility of falling demand</p> <p>3. Import dependence of the enterprise</p>	<p>1. Improve product quality to increase demand for it.</p> <p>2. Expansion of the clothing product line.</p> <p>3. To develop domestic products, exclusively for Ukraine</p> <p>4. To increase the salaries of employees of the enterprise, to improve their working conditions and to attract young specialists to work.</p>	<p>1. Development of budget for the price category of clothing</p> <p>2. Develop an anti-crisis strategy</p> <p>3. Development of high-level clothing</p> <p>4. At the age of five, we need to take a leading position in the market, for this we need to carry out serious reforms within the company, and develop long-term strategies.</p>
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Therefore, based on the study, it should be noted that during the times of pandemic in the world COVID_19, which affected all types of economic relations, this company also suffers losses due to the situation in the country. It should be noted that in order to maintain a competitive position, it is necessary to set up production in Ukraine, in a period when there is a possibility of delayed supply of clothing, the company can take even more market share, invite more professionals.

It is also worth mentioning that today among the brands that are in demand among Ukrainians, we can observe the following trend:

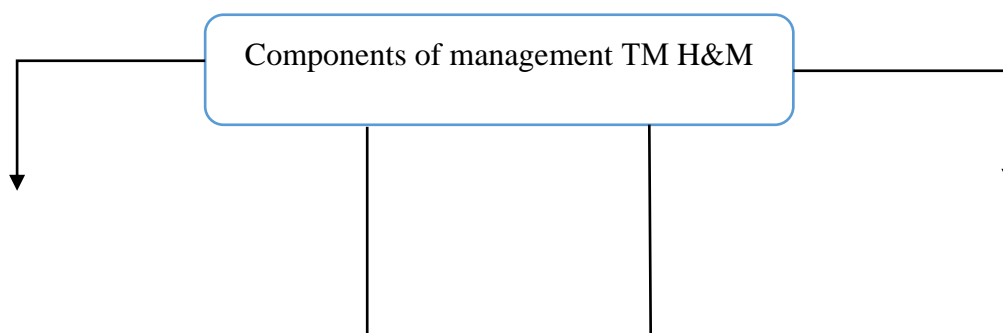
1. Zara – 24%
2. Pull and Bear – 20%
2. Bershka – 16%
3. Reserved – 16%
4. H&M – 13%
5. Cropp – 5%
6. Colin`s – 4%
7. Ostin – 2%



Puc 2.2 – Demand for brands in the Ukrainian market

As can be seen from Figure 2.2, H&M is not the market leader, but has its market share. This is primarily due to the fact that, unlike all participants in this rating, H&M is not represented in all cities of the country, for example there are no H&M stores in Kharkiv.

H&M relies on the following components of the brand, which are presented in Figure 2.3.



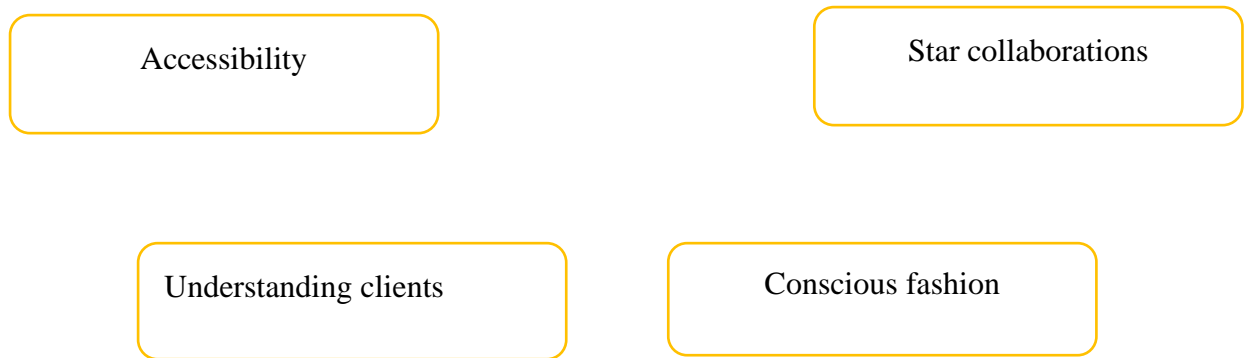


Fig. 2.3 - Components of management TM «H&M»

Accessibility. This simple and unpretentious concept makes the brand understandable to many and makes you immediately go in search of a store abroad. Finding two cherished letters on a white background is easy - often in one city there are several stores online. In addition, the brand does not buy, but rents space, which allows him to choose landmarks in the center. In the range you can find anything - basic things, swimwear, elegant outfits, accessories, lingerie, sportswear or household items. And offer all this at very affordable prices. An important role is played by the ability to place an order online - delivery usually takes about 2 weeks, and you can send back things that do not fit [18].

Understanding your clients. H&M's advertising campaigns are being developed at headquarters in Stockholm, and regional teams are adapting them to clients in their countries to avoid cultural taboos. At the same time, they have a clear and understandable message. Posters representing models of different appearance in everyday poses on a neutral background have long been part of the urban landscape and remind of the inclusiveness of the brand. So in 2015, hijab model Maria Idrissi became the face of the Close the Loop campaign for the first time in H&M history.

Conscious fashion. The company has been repeatedly criticized for the negative impact of its production on the environment and poor working conditions. In response to such attacks, in 2013 it launched a line of organic cotton and recycled items that can be returned to stores. Now sustainable development is one of the key

values of the brand. H&M plans to completely switch to recycled or environmentally friendly materials by 2030. So far, this reaches only 26% [19].

In the already mentioned "Close the loop" campaign, the idea that the only rule in fashion is to recycle clothes arose. In early 2017, the company released a new video "Bring it on", urging everyone to bring unnecessary things to the nearest H&M, which is likely to get a second life, and one recycled T-shirt will save the planet about 2,000 liters of water. In addition, in 2016, the company launched the World Recycling Week initiative, the main goal of which is the skillful use of the planet's resources.

Collaboration with the stars. Every year, H&M presents a collection developed in collaboration with famous designers and fashion houses, thus giving the opportunity to buy products of the highest quality at market prices. It all started in 2004 with a collaboration with Karl Lagerfeld, in 2011 was Versace, in 2014 - Alexander Van, in 2015 - Balmain, in the promotion of which the Kardashian-Jenner family played an important role, and in just a few weeks a new collection of Erdom. H&M also regularly attracts celebrities such as Naomi Campbell, Lana Del Rey, Katy Perry, Miranda Kerr, David Beckham, Iggy Popp to its advertising campaigns. And last year, a Christmas video starring Adrian Brody was shot by Wes Anderson.

Table 2.3

Analysis of the internal environment

Functional subsystem	Functional subsystem factor	The state of the factor	The key to success	Weak (-) Strong (+)

Marketing product	Product	Non-food products of the fashion industry are produced	A lot of time on the market, the products match the price	-
	Price	The price is 20% lower than competitors	high quality products for a small price	+
	Pricing method	The price is formed based on the seasonality of the product and their promotions	Good price that satisfies consumers in the market	+
	Trademark	The brand is associated with products of European level	The company needs to strengthen its market position	-
Research and development	Research base	Close cooperation with Ukrainian shops	Lack of their own shops	-
	Research staff	The company only implements R&D	More innovative capacities need to be introduced	-

Continuation of Table 2.3

Enterprise activity management	Specialization of production facilities	Has extensive experience in the fashion industry	Production meets all world quality standards	+
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	The state of the production potential of the enterprise	Production facilities at the enterprise are constantly updated	Quick equipment upgrade allows you to not lose quality	+
	The level of product quality	The quality of H&M products is low, but at affordable prices	Low product quality does not allow the company to occupy a larger market share	-
Financial management	Financial condition of the enterprise	The financial condition of the enterprise is satisfactory, there are no debts, the enterprise is liquid	Despite occupying a position and low quality, the company has high financial performance	+

So, as can be seen from the study, H&M has its buyer in the market. It should be noted that H&M needs to expand and enter new markets in Ukraine, it will increase the company's competitiveness and strengthen its market position, which will take even greater share. It should be pointed out that companies need to take many steps to improve communication with the consumer, because the company needs to improve the advertising campaign.

CONCLUSIONS

The existence of numerous varieties of brands requires their systematization and separation of the main features of classification. This will allow you to quickly and easily make decisions about choosing a brand during its development and choosing a brand strategy in the process of creating and managing a brand. The main classification features include: brand owner, distribution region, brand use, competitive position. The proposed classification of brands has theoretical significance to emphasize aspects of branding, as well as practical value, as it will expand the understanding of brand marketing departments, facilitate the process of their creation and positioning, identifying development strategies and maneuverability.

H&M stores have always been in the most advantageous places for doing business, be it a city or a shopping center. H&M has been adhering to this principle since opening its first store and still adheres to it today. H&M conducts street surveys of potential buyers, analyzes local stores and traffic. It then compares all this with the characteristics of this retail space. Sometimes H&M decides to open a boutique concept for young people, sometimes a family store opens with the greatest commercial potential. The main thing is to choose the right format for this particular case. The undoubted advantage is that H&M rents commercial space. This makes it easier to move the store to another location in a particular city. H&M offers a variety of stores, from large, full-service stores to small concept boutiques. The area of the store ranges from several hundred to several thousand square meters. It should also be noted that H&M is not a market leader, but has its own market share. This is primarily due to the fact that, unlike all participants in this ranking, H&M is not represented in all cities of the country.

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