

## DEVELOPMENT TRENDS OF LLC «FERRERO UKRAINE» IN THE CONFECTIONARY MARKET

T.Belova, V.Cherkasova, O.Krainiuchenko

*National University of Food Technologies*

**Annotation** This article examines the origins and a nascence of LLC «Ferrero Ukraine» on the confectionary market and its marketing activities. Here is the review of the confectionery market of Ukraine, its trends and prospects of development. Also the position of the enterprise and its competitiveness on the Ukrainian market are proved.

**Keywords:** confectionery market, market trends, competition, competitors, marketing activity.

**I. Introduction** Ukrainian market is becoming more and more finical to the products every day. At the same time, Ukraine is practicing a policy of protectionism to protect Ukrainian enterprises. That is why the transnational corporations who supply the Ukrainian market with their products should be very competitive in order to survive in these conditions.

Ukrainian confectionery market is not an exception. LCC "Ferrero Ukraine" has its own features. The image of the company was formed over the years to entrench in the Ukrainian confectionery market. And now products are becoming more and more popular with Ukrainian consumers.

Relevance of the topic lies in the fact that the problem of the return of any company in the Ukrainian market or the markets of other countries have always been the main point for researchers, entrepreneurs and corporate executives. That's why the experience of LLC «Ferrero Ukraine» can be useful for them and will also allow to working successfully in the market.

**II. Problem** Confectionery market of Ukraine is developing rapidly and dynamically. In 2009 1204,1 tons of product was produced, in 2010 the production

increased to 1258,0 thousand tons [6]. And now a total consumption of the confectionery is growing. This can be explained by an increase of the income of the population and by the change in the culture of sweets consumption. Confectionery consumption in Ukraine was increasing annually and in 2010 was 27,7 kg per year [6].

Competition between manufacturers as well as barriers to market entry are extremely hard. That's why the producers, who were the first to respond to the change of consumer preferences, to dynamically update the product range, now occupy the leading positions.

More than 850 companies work in the confectionery market. At the same time, 9 confectionery manufacturers control two-thirds of the total market and three quarters of the export. There are some of them: «Roshen», «AVK», «Conti», «Svitoch» (Nestle), «Kraft Foods Ukraine», «Biscuit-Chocolate», «Zhytomyrski lasoshi», «Poltavakonditer», «Svit lasoshiv» and others. Competition is kept at a high level between 12-15 first major companies - both in price and non-price (quality, packaging, etc) parameters [6].

In these conditions LLC «Ferrero Ukraine» could not only enter the Ukrainian confectionery market, but also it continues to work successfully here.

The aim of the research is to highlight the activities of LLC «Ferrero Ukraine», its positive experience of work and the ways of retaining its position in the confectionery market of Ukraine.

**III. Results** «Ferrero» company – is an Italian transnational family corporation specialized in the confectionery manufacture. The company was founded in 1946 by Pietro Ferrero in Alba, Italy [1]. The company occupies one of the leading positions in the global confectionery market for more than 60 years and also it is among the top 10 of the largest companies in the world.

Today Ferrero is a large international company. As for 31 August 2011, the Ferrero Group included 72 companies, including 38 commercial units, 15 factories, 3 research institutes and 3 «Social Enterprises» (South Africa, India, Cameroon). Products

of the company are available in more than 100 countries. And according to Candy Industry in 2012, Ferrero Group (Italy), took 7th place among the world's top 10 of confectionery companies in terms of net sales – it had 5.63 billion dollars [3].

In Ukraine the Group Ferrero opened its official representation and presented brands «Raffaello», «Kinder Surprise», «Tic Tac», «Nutella» and «Kinder Chocolate» to the Ukrainian market in 1996. During 2000-2002 years, the company «Ferrero» began to expand its product range and sales of such brands as «Ferrero Rocher», «Kinder Delice» and «Kinder Bueno». After that, in 2003, LLC «Ferrero Ukraine» was founded. That's why this moment is believed to be actually the beginning of the commercial activity of the company. The main benefits and values of the company and the company in general, is a high quality, exclusive recipes, unique production technology, and the fact that a basis of all the products is simple. Just natural ingredients like milk, nuts, cocoa and sugar [4].

The range of products presented by the company at the Ukrainian market is quite various. However, there is no factories in the country, so all the products on the supermarket shelves are manufactured by overseas factories and they are imported to Ukraine by LLC «Ferrero Ukraine». The main producers are countries such as Italy, Germany, Poland, Russia and Belgium. The main product groups are pralines, chocolate, chocolate eggs, nut butter, snacks, cooled products and candy-coated tablets [5]. The product range is not very wide, but even now it is familiar to consumers.

The research of demand for confectionery products in the Ukrainian market in 2005-2009, conducted by M.V. Kozachko, showed that the main competitors for LLC «Ferrero Ukraine» in the category «candies in boxes» are «Kraft Foods Ukraine», the concern «Roshen», LLC «Conti Ukraine» and «AVK».

In the segment «chocolate bars» the major competitors for the enterprise («Kinder Bueno», «Kinder Country») are «Mars» («Bounty», «Mars», «Snickers») and «Nestle» («Kit Kat», «Nesquik», «Nuts»).

In the segment «chocolate» the main competitors for «Kinder Chocolate» in the

Ukrainian market are «Kraft Foods Ukraine» («Corona», «Milka»), «Roshen» (chocolate "Roshen ") and «Nestle» («Svitoch») [2].

For some time a nut butter «Nutella» was the only one of its kind in the Ukrainian market, but recently there are more and more similar products and brands like «Pralinutta», «Bureshka», «Nussenia».

Cooled products are represented by various biscuits and chocolate desserts that are stored in the refrigerators. There are some of them «Kinder Pinguì», «Kinder Maxi King», «Kinder Delice» and «Kinder Milk Slice». The category «cooled products» is just developing in Ukraine so LLC «Ferrero Ukraine» actually do not have competitors in this category.

Research shows that in terms of production the largest product category is «Pralines», and the least is «Cooled products». The increase in production is observed in all assortment groups, exception is «Snacks», but the growth rate is different: the biggest rate is in the group «Nut butter», the smallest - in the group «Chocolate eggs».

A leading position in the structure of the assortment occupies a product category «Pralines», and its share is about 30-33%. It is in high demand and is perfect for any event: for the holidays and for everyday usage. So its place in the structure of the assortment is justified. The second, the third, the fourth and the fifth positions are occupied by the product groups «Chocolate» (about 18 %), «Chocolate eggs» (about 15 %), «Nut butter» (about 14-15 %), «Sweets» (10 to 13 %). The last position among the product groups occupies «Cooled products», its share is in the range of 8-9 %. So it is better for the company to pay special attention to this category - or it should increase the volume of production, if there is a demand for it, or withdraw this category from the market and focus on other assortment groups.

The target market of the company is all groups of people of Ukraine. According a segmentation made on special features like «Lifestyle» and «Level of income», the largest market segment is bohemian and elitist styles, and the income is above average level. Consumers with the youth lifestyle take place after the leaders, as young people

mainly save money instead of consumption for pleasure. So their share in the total number of consumers is less, but not the least. As for consumers with sports lifestyle, they tend to spend more money in other ways, mostly in practical applications. This explains why exactly this segment of people is the least for «LLC Ferrero Ukraine» in the Ukrainian market.

About the development of enterprises in general, it is known that every year more and more products are fixed in the minds of Ukrainian consumers, because people associate the company's products with the highest quality, delicacy, family and with unforgettable taste. So here is a question. How has «LLC Ferrero Ukraine» reached such success in the Ukrainian market.

After its founding in 2003, «LLC Ferrero Ukraine» developed a strategy of entering the market full of Ukrainian competitors to take a market share. The marketing strategy was designed to gradually increase its own market share by a variety of marketing activities, including effective product line and communication policy.

There were advertising on television, on big boards, on supermarkets. At the same time, each product was associated with certain feelings and emotions. The result is well known now. «Kinder Chocolate» is associated with a smiling boy and his mother who looks after him, and who gives a delicious chocolate bar. Looking at praline «Raffaello», there is an association with a delicacy, warmth, love.

This result was achieved by using the traditional quiet piano melody tunes that played every advertising praline «Raffaello», and by adding colors - white and red.

The «Kinder Pingui» has also its target market – it`s children aged from 4 to 12 years who always remember little penguins in advertising on television who sing their favorite song «I love Kinder Pingui».

Then, praline «Ferrero Rocher» is designed mostly for adults who have an income of average and above average level. This is evident even in advertising. Let us even remember advertising on the television in 2012-2013. Luxury is in every detail, the movies are filled with gold and brown colors, moreover, an opera singer Dmitri

Hvorostovsky was attracted to take part in the movie.

Furthermore, every season, the company holds various gift actions in the big stores. For example, gift of actions on March 8 in honor of Women' day, on February 14 in honor of St. Valentine's Day, in honor of New Year's Eve. And also constant actions «Kinder», often conducted for a permanent increase of potential customers.

**IV. Summary** The results indicate that LLC «Ferrero Ukraine» has extremely fast positive trends in its development, as at this stage of its development there is a steady growth of its market share and amount of its potential customers. Every year the product range expands and the company does not stop making surprises to customers by constant innovations. But the main cause of the growth of the company is a well-planned marketing strategy oriented on very different categories of consumers focusing on their age, lifestyles, and also consolidation of the association of feelings and emotions with exact products.

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