

Management of trademark portfolio companies of baking industry

An important condition for efficient operation of enterprises in Ukraine is to ensure profitability of enterprises, enhancing their role in the domestic market, improving resource efficiency of enterprises and organizations. Of particular importance in these conditions shall develop a system of trademark portfolio, its range. Today, the consumer pays attention only to the “product, which has the highest quality, best performance characteristics, specifications. Under these conditions appears inevitable concentration of effort in producing high quality products and its continuous improvement, continuous innovation” [2, p. 36].

Current market environment challenges the classic model of product policy of the enterprise. This is caused by rapid changes in conditions in which the company should work: due to rapidly changing conditions in which the company should work:

- socio-political factors and crisis;
- acute competition for each customer;
- information over saturation advertising appeals through the media;
- changes in distribution channels and expand the range of products manufactured for sale in the market, and etc.

All this requires a change in the organization of marketing and trademark portfolio management companies

Today the consumer concept of quality is more subjective and is formed in interaction producer and consumer, where quality is defined precisely match the important characteristics that the manufacturer offers. Thus, the paramount issue is not promoting the product “for product design”, and promoting innovation, the idea of “the uniqueness of the product” promotion of brand image, bring unique and important to consumers of products.

So, if before the baking industry were dictators in relation to retail and consumers (producing companies offered limited range of bakery products, which

for 60 - 90 years of the XX century hardly updated) at the beginning of the XXI century trade network has become a customer. She organizes and facilitates the distribution (sales) of goods manufacturer. "Trading Network is a vital member of channels of commodity circulation. Trading enterprises are interested in representation on the shelves and a wide range, which is quite often buy" [2, p. 36]. In 2008 – 2009's commercial network has been actively developing its own brands, providing, thus, consumers of different range of bakery products produced on-site sales. Today it is trading network is the main competitor for the baking industry, trade is forcing producers to shape its product portfolio according to market demand, where functionality, quality, consumer properties are dominant.

An important condition of the market of bakery products in recent years is to maintain the trend of concentration and consolidation of production. This allows manufacturers to optimize logistics, expedite the reconstruction of enterprises, reduce production costs and thus increase the profitability of production.

In early 2011 year the process of concentration of production continued. Large companies continue to buy and renovate bakeries, increasing their power and creating a vertically integrated company with a closed production cycle - from flour to produce bread products.

Thus, in 2004 year, on the basis of JSC "Kyivmlyn" and JSC "Kyivkhliv" created by "Kyiv Bread", it consists of 17 enterprises. In 2007 – 2009's this holding invested in modernization of about \$ 5 million USA [3], in 2010 year - about 1,7 million USA [7].

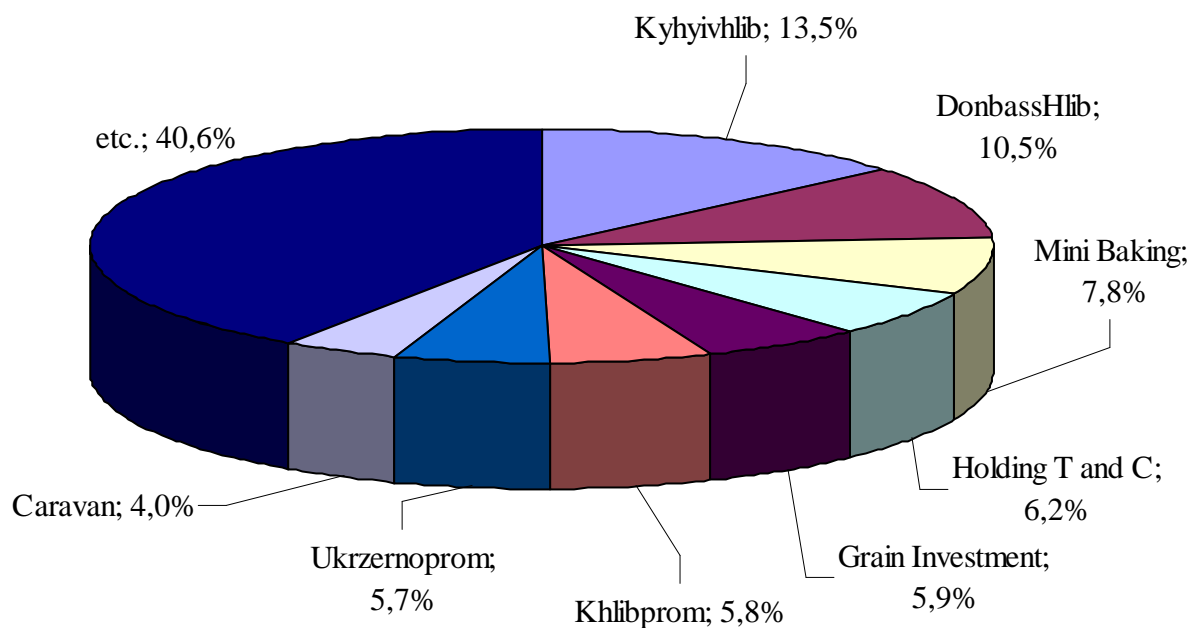
In 2003 was created holding company "Bread investment" (production of flour, cereals, bread and pasta). This includes holding 5 regional bakeries: JSC "Bread" (Lutsk), JSC "Berdichevsky bakery", OJSC "Chernivtsi bakery", JSC "King of bread" (Sevastopol), OJSC "Ivano-Frankivsk bakery".

The share holding "Bread investment" fit almost 80% of bakery cities: Sevastopol, Chernivtsi, Ivano-Frankivsk Lutsk. In 2010 year, investment in basic Fords accounted for 2,75 thousand dollars USA [8]. During 2009 – 2010's the share of the market holding the market of bakery products in Kyiv in kind

increased to 15% by reducing the parts market is the biggest producer in Ukraine of bread and bakery products, JSC “Kyivkhib”, with 90% in 2007 year to 70 % in 2010 year.

In 2006 – 2009’s stepped up its activities and concern “Khibprom” which strengthens its position in the five regions - Lviv, Rivne, Ivano-Frankivsk, Vinnytsia and Cherkasy [9]. Today concern “Khibprom” intensively develops most fast growing and most promising market segment - sales of frozen bakery products. To increase the efficiency of commercial policy, OJSC “Concern Khibprom” created an innovative high-tech laboratory engaged in the development and introduction of new technologically sophisticated products.

At the beginning of 2011 year concern increased the shares of sales to 5.8% (Pic. 1).



Pic. 1. Market shares of producers of bread and bakery products in Ukraine in 2010 year.

Results in the baking industry is concentrated 12 major grain holdings (Table 1) that produce identical products and controlling the market of bakery products of certain regions. In 2010 year, more than 50% of bakery products in Ukraine was made according to grain holdings.

Biggest grain holding in Ukraine in terms of sales is OJSC “Kyivkhlіb” production capacity is concentrated in Kyiv and Kyiv region. In 2010 year, its share in total sales was 13,5 % [2, p. 36].

However, the most quantitatively represented in Ukraine TM “BreadKing” (JSC “Bread Investments”), whose production capacity is concentrated in central, southern, northern and western regions of Ukraine.

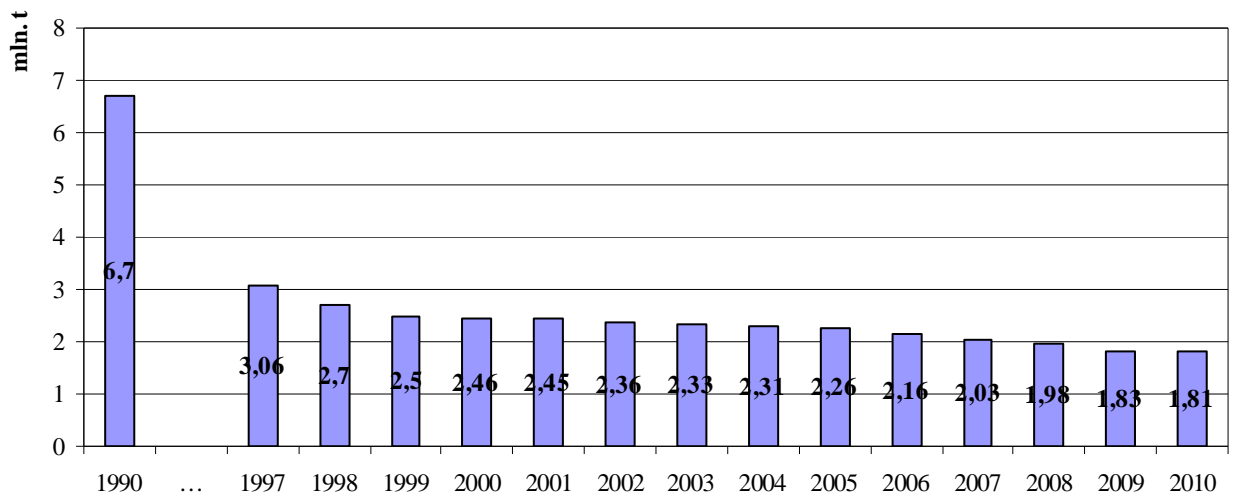
Table 1

The concentration of the largest bread baking industry holdings in Ukraine [2,3,4,5]

Name of Holding	The territorial concentration
2	3
“Kyivkhlіb”	Kyiv, Kyiv region, Poltava region, Chernihiv region.
“Bread Investments”	Volyn region, Ivano-Frankivsk region, Kyiv, Chernivtsi Crimea region, Zhytomyr region, Mykolaiv region, Kharkiv region.
“Ukrzernoprom”	Chernihiv region, Dnipropetrovsk region, Poltava region.
“Donbashlib”	Donetsk region.
“Khlіbprom”	Lviv region, Rivne region, Vinnitsa region.

Production data producers sold through retail network of cities with a population of one million people or more.

One of the features of the functioning of the market bakeries is to preserve the last ten years to reverse the production of bread and bakery products in general in all regions of Ukraine, including social varieties of bakery products (Pic. 2).

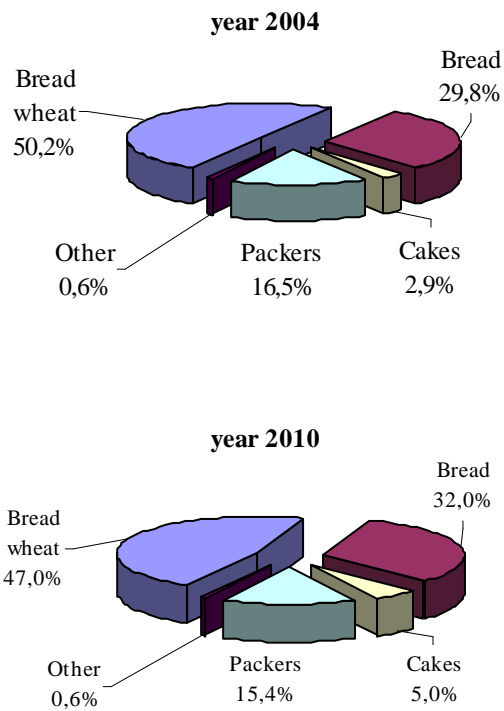


Pic. 2. Dynamics of production of bakery products in Ukraine in 1990-2010 years

From year 1997 to year 2010 market capacity has decreased more than twice, and in year 2010 was 1,81 million tons, down 1% compared to the year 2009.

The reduction in demand for bakery products associated with obsolescence range of grain holdings and lack of sufficient number of commodity portfolio of innovative competitive products [1].

Strengthening competition in the market forced domestic producers in years 2004 – 2005 significantly expand the range of bakery products. In year 2010, the total range of bread products exceeded the 800 items that are three times more than in year 1995 also was a change of the structure of commodity portfolio of all operators (Pic. 3) associated with an active private enterprises, mini-bakeries, that, unlike grain holdings capable mobile to respond to changing consumer preferences.



Pic. 3. Structure of production bakery products in Ukraine in year 2004 and year 2010 [1]

In year 2010 continued to shrink volumes of bakery products and rye bread; increased production of bread from a mixture of wheat flour, five-fold increased production of fancy products [6, p. 17].

An important condition of trademark portfolio bakeries is that in the last few years in the management of trademark portfolios manufacturers began to focus on the product and its promotion, developing promising new directions, updating and upgrading packaging range.

In recent years, a trend update domestic manufacturers of fixed assets: money invested in high-tech production lines, the equipment for automatic packaging of products, additional completion production lines.

Competition for consumers has forced manufacturers to expand the range of products while improving their quality, expanding and improving range of commodity portfolio of products with superior consumer value of natural supplements and modern art. Increased competition has prompted manufacturers of bread and bakery products to find new ideas for presenting the product on the

market. Has increased the importance of trademark portfolio company All this has allowed the manufacturer to adequately assess the market situation, to evaluate customers, suppliers, that is allowed to make a viable business enterprise.

Literature:

1. Manufacture of basic industrial products in 2003-2007 was // State Statistics Committee of Ukraine. - Access mode: <http://www.ukrstat.gov.ua>.
2. Golubev A. No sole bread. Monopoly "Kyevehleba" on the capital market by the end podhodyt // Kommersant Ukraine. - 2007. - № 37. - S. 36.
3. Hosudarskaya I. Хлебные crumb monopolysta // Investment newspaper. - 2008. - № 43. - S. 36-37.
4. P. Guk retail battle: against рынков stores. Residents of the capital выберут supermarketы // 15 minutes. - 2007. - № 26. - S. 12.
5. Lyholob N. Кондытеры podvely outcome: the cost is growing, Volume sokraschayutsya / N. Lyholob // FOOD & DRINKS. - 2006. - № 12. - S. 76-85.
6. Svezhaya выпечка every day // Products food. - 2007. - № 2 - p. 17
7. <http://www.bread-expo.kiev.ua/novosti/kievhleb-v-2009-godu-umenshil-chisty-ubytok-v-103-raza.html>
8. http://hlebinvest.com.ua/ru/our_businesses/itogi/
9. <http://www.hlibprom.com.ua/ru/about/strategy/>