

Economy

Stetsenko V.

postgraduate, National University of Food Technologies

Kyiv, Ukraine

RESEARCH OF MARKETING ACTIVITIES DIRECTIONS OF UKRAINIAN FOOD INDUSTRY ENTERPRISES

Annotation: Research results of marketing activities enterprises of the food industry in Ukraine were presented in this article. The main marketing instruments that are used were allocated; the reasons why producers choose them were analyzed. Perspective directions of marketing for the food industry in Ukraine were defined.

Key words: marketing activity, complex of marketing events, the food industry in Ukraine.

I. Introduction

The importance of the food industry for the economy of Ukraine conditioned by its proportion in the total production and sales of industrial products and its export potential. In 2011, the food industry ranked second in terms of sales, its share in GDP of Ukraine was 16%, including drinks and tobacco [1].

Considering fierce competition in the industry and possible prospects of development that are associated with the strategic relations between Ukraine and the EU and CIS countries, it is necessary to investigate the mechanisms and means by which the company will be able not only to maintain its market position, but also to improve them through the effective use of the marketing mix.

Research of marketing instruments in the Ukrainian food industry are described in the works of local scientists: Aheyeva I. Bugaenko S. Zayinchkovskyy A.

Zvyagintseva O., Kupchak P., Mostenska T., Sardak S., Solomyanyuk N., Strashynska L., Fedorova Yu., Shmahliy O., Jarisch P. and others.

However, for further development of the marketing activities of the food industry need a comprehensive approach to marketing research instruments and the reasons for their use.

II. The problem

The object of research is marketing instruments that are used by food industry in Ukraine. The study aims: analyze marketing events in the food market of Ukraine, selection main directions marketing activities of domestic enterprises, identifying perspective directions of development marketing instruments in the industry, analysis of the factors influencing the choice of commodity producers marketing instruments.

III. Results

Formation of the companies' marketing mix of each food industry sectors due both generalized and specific factors, among which the main were selected [2]. For all sectors of the food industry one of the most important factors in formation the marketing mix is the level of market coverage. Important factor is legislative and normative regulation of activities in Ukraine for alcohol, wine, brewing and tobacco industry [3], because there are restrictions on the advertising of these products. The formation of the marketing mix of most enterprises of the food industry has a significant influence factors such as the profitability of the goods and the price elasticity of demand.

The global trend of ecologization the food industry and improving standards of quality requires by domestic producers appropriate actions: technical re-equipment, rejection of synthetic dyes in favor of natural, rejection of preservatives and reduction shelf life, and so on. Similar events with simultaneous informing consumers about

them can improve the competitive position of products both nationally and internationally.

Commodity policy food industry enterprises are presented such main directions as:

- expansion of assortment through changing the packing capacity (except wine and tobacco);
- expansion of assortment through no significant change in production technology (the most typical of bakery, dairy and confectionery);
- expansion of assortment through the introduction of new product lines (insignificantly but typical of all food industries subject to the availability financial possibilities);
- narrowing the assortment through output of products with little return on investment (except for sugar, flour and cereals articles);
- packaging design to achieve greater recognizability of products (typical for all sectors of the food industry);
- placing interesting / useful information for the consumer on the packaging (flour, cereal, milk, meat, confectionery, soft drinks and mineral water);
- improving product quality through the introduction advanced technologies in production (typical for oil and fat, baking, alcohol, canning, dairy, meat, confectionery, brewing, soft drinks and mineral water);
- etc.

One of the most important factors that influence the marketing budget of the enterprise is profitability of its operations. The profitability of the food industry is presented in Table 1. Operating profitability of food industry enterprises in 2012 was 6.4% [4]. However, one third of companies get damages while highest profitability alcohol, confectionery, brewing, soft drinks and mineral water industries.

Table 1. Operating profitability of food industry enterprises (million UAH)*

Indicators	2008	2009	2010	2011	2012
Result from operating activities	3403,0	10312,6	10491,9	11686,3	17032,1

Operating costs	178456,6	191958,9	234664,3	276780,6	267898,4
Profitability, %	1,9	5,4	4,5	4,2	6,4

* compiled by the authors on the base of [4]

Considerable influence in shaping enterprises marketing mix of the food industry in Ukraine has foreign economic activities in industries. With the given data of the State Statistics Service [4] we can make conclusions about the presence in Ukraine foreign producers and a possible way out domestic companies to the international market. In the exports structure of Ukraine for 2010-2013 years the largest share in dairy, confectionery and brewing industry, and least sold production of meat and fish sectors of the Ukrainian food industry (Figure 1.).

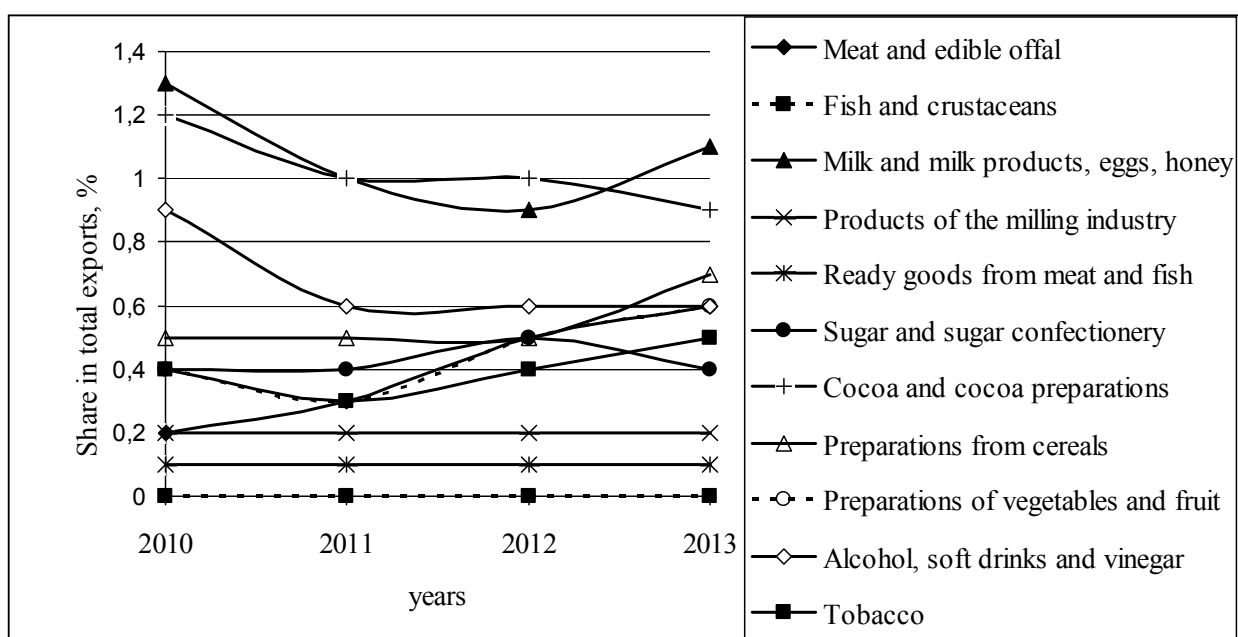


Figure 1. Dynamics of changes in the structure of exports food industry products for 2010-2013 years *

*compiled by the authors on the base of [4]

The existing structure of exports confirming the support foreign companies in the dairy and confectionery industries manifested in foreign investments, such as buying shares of domestic companies. In these industries rapidly introduce new technologies both in production and marketing, use modern methods of quality control and market research.

Companies that sell products foreign production in the Ukrainian market are characterized by high intensity of marketing events and a medium or high price

category of imported products. The largest share in the imports structure of food industry for 2010-2013 years is meat, fish, confectionery, alcohol, brewing, tobacco industry, and the smallest - canning (Figure 2.)

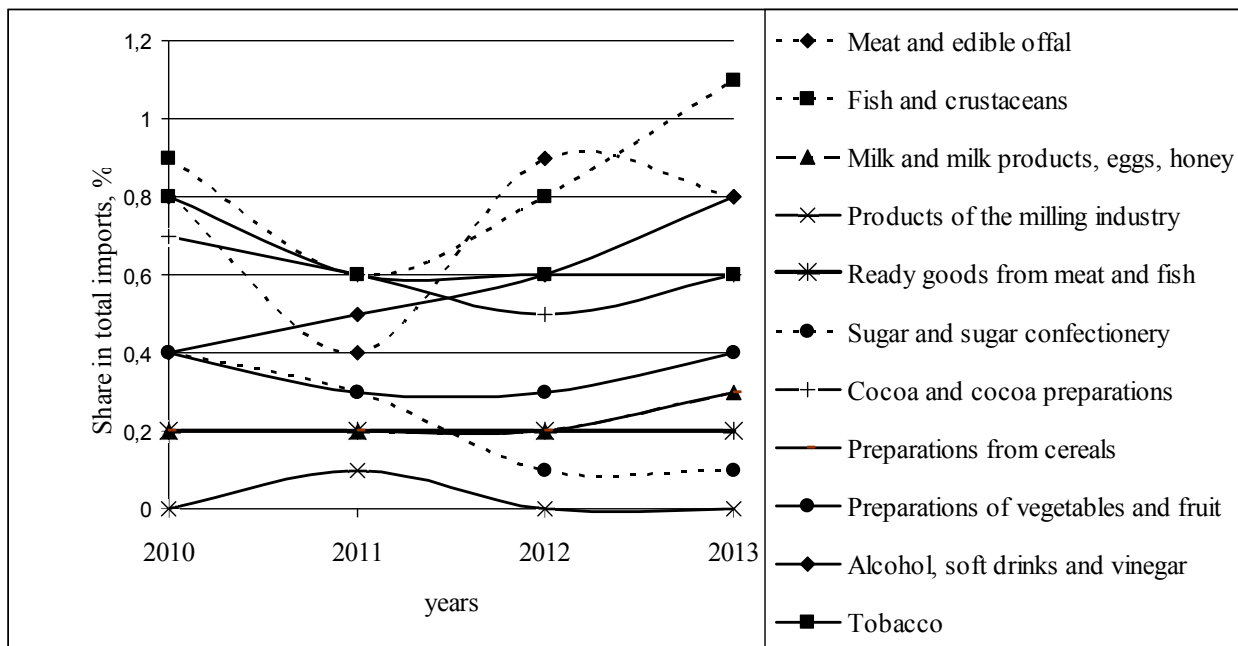


Figure 2. Dynamics of changes in the structure of imports food industry products for 2010-2013 years *

* compiled by the authors on the base of [4]

Imported products are a strong competitor for domestic producers. There are considerable advantages in technologies that make it possible to obtain products with the same quality but at less cost, in management practices and controls. Thus, qualitative production of foreign manufacture has a lower cost to consumers subject to the same level of profitability.

In recent years more and more popular in Ukrainian food industry is becoming a method of private label, when the company using another's production capacity has an opportunity to sell the product in the market with a lower price, subject to the same level of profitability to competitors through low costs to sell. The method of private label presented in the sugar, flour and cereal, oil and fat, canning, fish, dairy, confectionery, bakery, meat, soft drinks and mineral water industries.

Distribution politics of Ukrainian food industry are characterized by the fact that almost all products, 86.3%, sold through the trading network. More than 90% of

products are sold through a trading network of enterprises in meat, milk, oil and fat, sugar, baking, flour and cereal, tobacco, soft drinks and mineral water industries [5].

Brand-name trading is typical for meat, milk, oil and fat, bakery, fish, wine, confectionery and brewing Ukrainian food industries. It is widely applied franchising form of cooperation, especially in the meat and bakery industries.

The vast majority of food industry enterprises is characterized by the fact that the "lion's share" marketing budget is used to promotion events. Proof of this is that 67% of the market of marketing services – the cost of media advertising [6].

The scope of advertising and communication market in Ukraine in 2012 –2013 reflected in Lazebnik Maxim's research, executive director of the All-Ukrainian Advertising Coalition [6] (Table 2.) and in 2012 was UAH 14220 million, in 2013 – UAH 15 466 million, predicted values for 2014 – UAH 16875 million.

Table 2. Summary table of the volume of advertising and communication market of Ukraine, 2012 - 2014 years *

The components of advertising and communication market	Overall in 2012, UAH million.	Overall in 2013, UAH million.	The increase in value in 2013 compared with 2012, %	Forecast for 2014, UAH million	The increase in value in 2014 compared with 2013, %
Media advertising	9 478	10 553	11%	11 643	10%
Including					
TV advertising	3 867	4 440	14.8%	4 880	10%
TV sponsorship	400	500	25%	550	10%
Advertising in press	2 647	2 560	-3.3%	2 544	-0.6%
Outdoor advertising	1 537	1 613	5%	1 810	12%
Radio advertising	312	340	9%	374	10%
Advertising in cinemas	35	40	14%	45	12%
Internet advertising	680	1 060	35%	1 440	36%
NON Media	4 100	4 239	%	4 522	6.7%
Including					
Marketing services	2 450	521	3%	2 687	6.6%
Direct marketing	202	228	13%	285	25%
PR market	282	290	3%	290	0%
Production of advertising materials	1 116	1 200	3%	1 260	5%
Agencies' commission and fees	642	674	5%	710	5%
Total advertising and communication market in Ukraine	14 220	15 466	8.8%	16 875	9%

* compiled by the authors on the base of [6].

In the analysis of enterprise resources spent on marketing services worth noting that companies conduct activities on their own, the main factors are taken into consideration when making decisions are:

- magnitude and location of the action;
- repetition frequency of marketing activities;
- availability of own marketing department;
- employees' qualification of the marketing department;
- volume of marketing budget;
- reliability of marketing partners and others.

As a means of promotion Internet network is used Ukrainian food industries enterprises in a small extent as compared with other sectors. This direction is the most perspective because today Internet network is the cheapest among the existing method distribution of advertising, and the number of users increases every year in Ukraine.

Based on the research of Ukrainian Advertising Coalition [6], it can be argued that the main direction of marketing activity is the search for innovative solutions in ATL and BTL directions. The main part of the costs will be promoting, and most their part will be advertising, over the coming years as before. The price of classic advertising medias are constantly increasing, for this reason the more attention is drawn to the search for low-cost and highly efficient marketing activities, especially small and medium business.

IV. Conclusions

The most crucial factors in formation of marketing instruments are financial (profitability, possibility of investing in marketing), legislative (legislative restrictions of advertising and information activities) and foreign trade (appearance on the national market foreign producers significantly increases the competition, high level of development marketing instruments used by foreign competitors contributes to the fact that domestic enterprises actively integrate international experience in the

marketing industry to its business), that are used by food industry in Ukraine. The main perspective directions of marketing activity are improving and increasing properties of consumer products, finding ways to reduce the price to the end consumer through quality logistics in manufacturing, supplying and selling, drawing attention to the low-cost and effective measures of promotion.

Literature

1. Statystychnyj zbirnyk «Ukraina u tsyfrakh 2011» / [Za redaktsiieiu O.H.Osaulenka]. – K. : Derzhavna sluzhba statystyky Ukrainy, 2012. – 250 s.

2. Stetsenko V. A. Faktory vplyvu na formuvannia kompleksu marketynhu pidpriumstv kharchovoi promyslovosti Ukrainy / V. A. Stetsenko // Suchasni problemy rozvytku pidpriumstv kharchovoi promyslovosti: teoriia ta praktyka. Prohrama i materialy Vseukrains'koi naukovo-praktychnoi konferentsii molodykh vchenykh i studentiv, 4–5 hrudnia 2013 r. – K. : NUKhT, 2013 r. – S. 97-99.

3. Ofitsijnyj veb-portal Verkhovnoi Rady Ukrainy. [Elektronnyj resurs] – Rezhym dostupu : <http://zakon.rada.gov.ua>.

4. Derzhavna sluzhba statystyky Ukrainy [Elektronnyj resurs] – Rezhym dostupu : <http://ukrstat.org>.

5. Statystychnyj schorichnyk Ukrainy za 2012 rik / za redaktsiieiu O. H. Osaulenka – K. : Derzhavna sluzhba statystyky Ukrainy, 2013. – 552 s.

6. Lazebnyk M. Ob'em reklamno-kommunikatsionnoho rynku Ukrainy 2013 y razvytye rynku v 2014 hodu [Elektronnyj resurs] / Maksym Lazebnyk // Vseukrainskaia reklamnaia koalitsiia – Rezhym dostupu: <http://www.adcoalition.org.ua/ru/news/view/290>.