

Problems and Prospects of the Dairy Market in Ukraine

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Introduction. The dairy industry is one of the leading industrial structures of Ukraine. Prospects of development and operation are always extremely important, since dairy products are particularly valuable and irreplaceable food of any person. Dairy products and ice cream consume about 97% of the adult population, and the sales volumes they occupy first place among other foods. Milk processing in Ukraine engaged in more than 300 companies, but almost 80% of the market controlled by 50 factories, most of which is part of the large holdings.

Materials and methods. Research is based on materials of Ukrainian experts in the field of milk processing and data of the State Statistical Service. The study was conducted by using statistical and other research methods such as observation and analysis.

Results and discussion. A huge “grocery/ packing/ pricing” variable is one of the key characteristics of the market. Market sufficiently developed, rich and experts estimate no different from European markets. But we should not forget that according to the State Statistics Committee the consumption of dairy products per capita in Ukraine is still several times lower than in European countries. For manufacturers this is an indicator of stock market potential, including by changing the culture of consumption. Market segmentation by types of dairy products according to the Ministry of Agriculture shows that among the main groups of dairy products most significant share of the market accounted for whole milk, dairy products, yogurt, sour cream, cottage cheese and cream. The share of whole milk in the market is about 84% in quantitative terms. The next most important species for consumption of dairy products is cheese, occupied a market share of around 8%, then oil with a market share of 5%. It is important to note that over the past five years, consumption of cheese in Ukraine has increased three times. Indicators of major dairy products in 2010 indicate a growth industry, despite a number of problems that have emerged on the market of raw materials. Because of the large competition in the commodity market of finished dairy products are increasingly focused on large enterprises that are investing heavily in upgrading production flexibly respond to changing market conditions, constantly increasing its product range and to avoid losing its niche market conditions for seasonal shortages of raw materials, expanding the market through exports. Stable demand for milk products in Ukraine promotes smooth operation of enterprises on the issue, despite the fierce competition in the market as a feedstock and the market. Enterprises need to expand its range, bringing new products with milk or dairy basis without losing its utility product.

Conclusions. Analysis of trends and prospects of the Ukrainian market of milk and dairy products leads to the conclusion that this niche market is one of the most dynamic and profitable and, consequently, the most promising. But the development of the dairy market depends on the volume of milk production and the state of livestock in the country. Further development of the milk business will depend on the ability to pay for existing liabilities and create a farm that will ensure the production of its own raw materials. It is necessary to shift the relationship with the producers of milk to a new level, creating and equipment in settlements milk collecting stations. Due to significant competition in the commodity market of finished dairy products should form associations that invest heavily in upgrading production, respond flexibly to changing market conditions, its range will increase constantly and not to lose their market niche for conditions seasonal shortages of raw materials, expand markets through exports.