

MARKET ANALYSIS OF SOFT DRINKS IN VINNYTSA REGION. PROSPECTS OF DEVELOPMENT

Formulation of the problem. Soft drinks market, unlike other industries, has favorable prospects. Ukraine has a significant resource potential. But now it is going through hard times as there is a gradual decline in output and sales of these products in Vinnytsya region and Ukraine as a whole. Abbreviations of companies, unstable economic situation and some other factors caused the slow development of this industry. That's why it is expedient to analyze the soft drinks market, to develop the actions for its development.

Analysis of recent researches and publications. Problems and trends of the soft drinks market were engaged by many scientists, including A. M. Kushnirenko, O. A. Kruglova, S. V. Fertyuk, N. M. Obiyuh, V. A. Holyan, I. A. Shapovalova, A. O. Zayinchkovskyy. However, a little attention is generally paid to the development of this industry. It all indicates the relevance of the subject, and thus dictated the choice of research direction in the scientific and practical aspects.

Problem statement. To analyze the soft drinks market in Vinnytsya region and Ukraine as a whole. To identify the factors that influences the decline in output and sales, to describe the largest manufacturers of BAN, to develop proposals for the improving of the implementation of these products.

Summary of the main research. Exploring the sales activities of the industrial enterprises engaged in soft drinks manufacturing, you again refer to the fact: what is actually meant by soft drinks? Each country solves this problem differently. For example, in the UK, this category of drinks includes sweetened carbonated and non-carbonated drinks, bottled water, juices and soluble drinks [3,78]. In Ukraine the case is a little different. According to the State qualifier of products and services of the State Standard of Ukraine, soft drinks include:

- Sweetened or flavored mineral water;
- Cooling soft drinks such as lemonade, orangeade manufactured by using sweetened or not sweetened drinking water flavored with juice or essence with added dyes;
- Non-alcoholic drinks for special purposes (dietetic, diabetic, tonic, for athletes);
- Brew;
- Beverages made from milk and cocoa, tea and other beverages ready for consumption.

What is soft drinks market like and what it offers us?

Undisputed leader on the soft drinks market is Coca-Cola Beverages Ukraine Ltd., which represents more than 10 trademarks on the market. It includes well-known trademarks, such as "Coca-Cola", "Sprite", "Fanta", "BonAqua", "Fruktaym", "Burn" and others.

ZAT "Obolon" is holding stable positions – trademarks "Orange", "Zhivchik", "Cream-Soda", "Duchess", "Lime", "Brew Bogaturskyy original", "Jet Vushnya" and "Aquaplast" Ltd. – trademark "Fruts".

Breakthrough on the soft drinks market was made by Ukrainian subsidiary of PepsiCo – "Sandora" Ltd. These are trademarks, such as TM "Sanday", TM "Pepsi-Light", TM "7UP", TM "Lipton Ice Tea", TM "FruTonus", TM "Sandora", TM "Sandora Exclusive", TM "Sandora Multiactive", TM "Sandora Classic", TM "Sandorik", TM "Da", TM "Sadochok" [2].

Significant share of the market is occupied by ZAT "Erlan" – trademarks "Znamenivska", "Two Oceans", "Calypso", "Biola", "Quake", "Smile", "Icy-Cola", "Ice Tea".

This is what the palette of trademarks looks like in Ukraine as a whole. Who are the main producers of soft drinks in Vinnytsya region?

One of the BAN market leaders in Vinnytsya region is a private small enterprise production company "Panda", better known under the trademark "Caravan". The main and only activity is the production of soft drinks – lemonade, juice drinks and artesian water "Caravan". All the sugary drinks "Caravan" are made from natural sugar syrup. During the 2008-2010 period there was a negative trend of production at the production company "Panda". In 2010 the company occupied 5,35% of the whole Ukraine market [7;107]. In 2008 this figure was 7,15%. The situation began to improve starting from 2011. Production began to increase. In 2012 production has increased by 2,4%, compared to 2011, although there is a negative dynamics in the industry as a whole. The decline in production generally fell by 10%. Total number of soft drinks produced by private enterprise "Panda" during the first 9 months of 2013 amounted to 6,01 million dal., for the corresponding period in 2012 – 6,2 million dal.

Private enterprise production company "Panda" is the main producer of soft drinks in Vinnytsya. During the first 9 months of 2013 the company occupied 81,21% of the market Vinnytsya region. The production capacity is about 0,5 million bottles a day.

The other BAN manufacturers in Vinnytsya region are represented accordingly:

- TOB "Trade and Industry company "ABC-Citrus";
- TOB "Vinnytsya regional holding company";
- private joint stock company "Vinnytsya flavoring factory"

- private joint stock company "Vinnytsya factory of fruit concentrates and wines";
- TOB "AVIS-AQUA";
- Ukrainian-Georgian limited liability company "Charte";
- private rental company "Ukraine";
- private enterprise "Rosinmar";
- TOB "Suzirya Vodoliy";
- TOB "Lyustdorf";
- Production cooperative society "Illintsi – pan product";
- TOB "Ecosfera";
- private joint stock company "Murovanokurulovetskiy mineral water factory "Regina";
- TOB "Dana plus K";
- Subsidiary company "Mineral water factory "Geyser"[5].

The BAN market is generally oversaturated. In order to maintain its market position, companies are resorting to tough competition. If we analyze the period from 2009 to the present, we witness a decline in production and sales of these products in Vinnytsya region and Ukraine as a whole (fig.1).

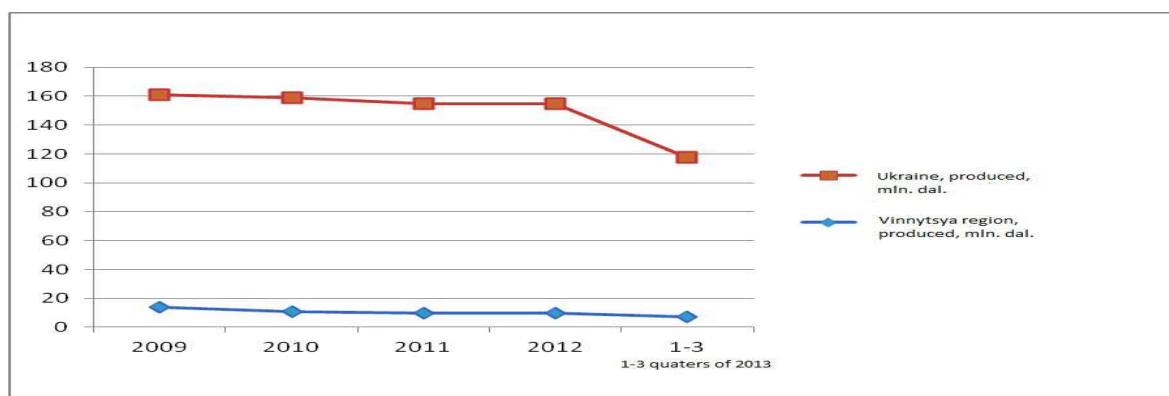


Fig. 1 BAN production in Vinnytsya region and Ukraine in 2009-2013

In 2009 Ukraine produced 147 mln. dal. of soft drinks, this figure gradually decreases. The total number of manufactured products amounted to 145 mln. dal. in 2012 already, and during the first three quarters of 2013 this figure is 110 mln. dal. The same situation is observed in Vinnytsya region. The output in Vinnytsya region in 2012, compared to 2009, decreased by 28,57%. The share of the output in Vinnytsya region to the output in Ukraine in general ranges from 6,6% to 9,2% during the period from 2009 to September 2013 (fig.2).

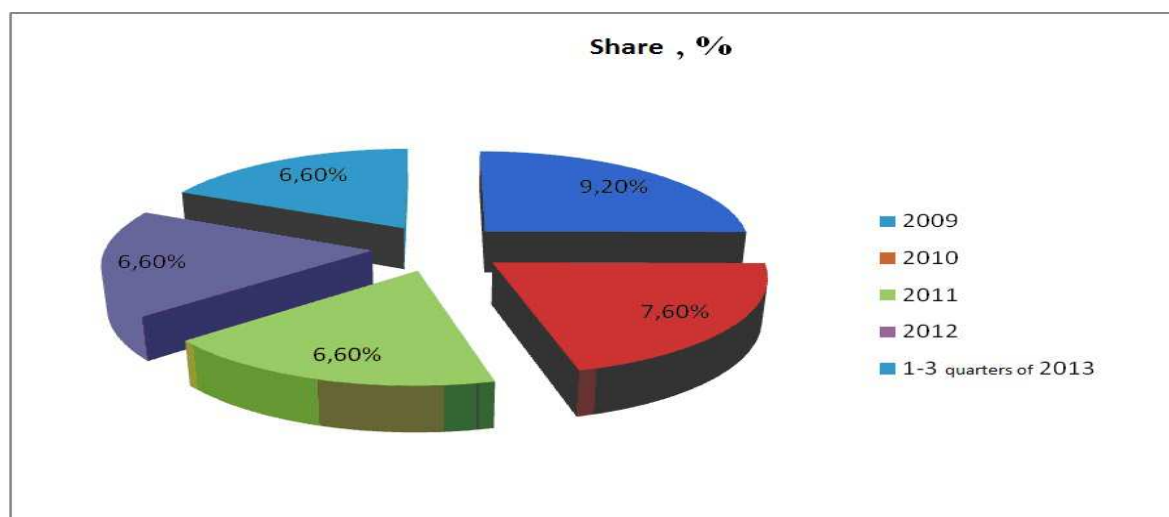


Fig. 2 The share of BAN in Vinnytsya region to the total number of the output in Ukraine during 2009-2013, %

In 2012 in Vinnytsya region soft drinks were sold in the amount of 236474,8 ths. grn., which is 13863,9 ths. grn. less than, for example, in 2009, and 137793,3 ths. grn. less than in 2010 [5]. During the period of first three quarters of 2013 this figure reaches 191252,9 ths. grn. (fig.3).

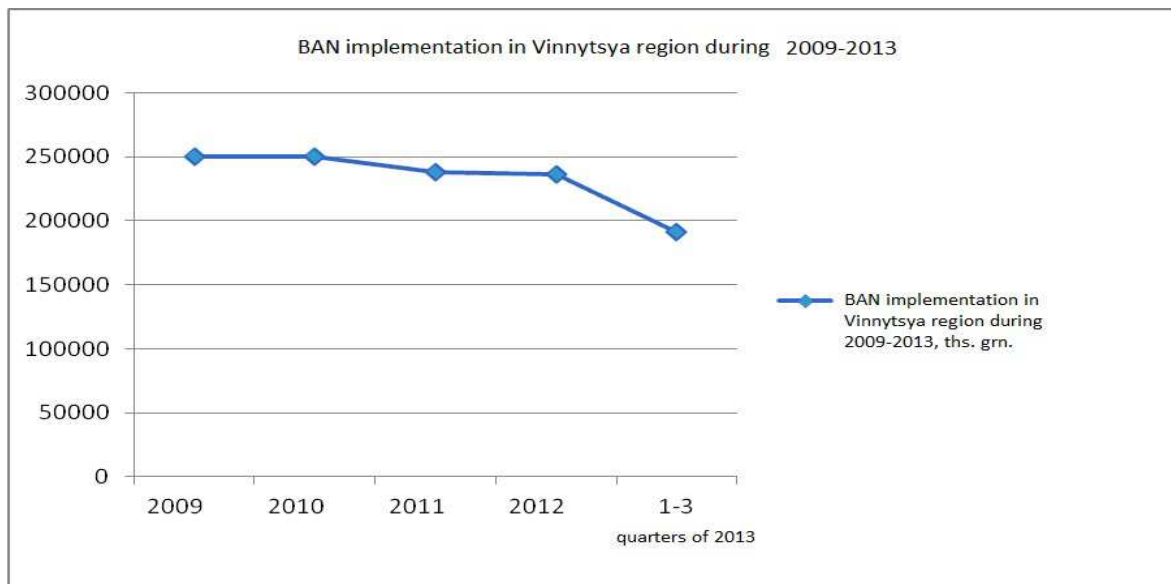


Fig. 3 BAN implementation in Vinnytsya region during 2009-2013

We can also analyze the dynamics of export and import of soft drinks in Ukraine as a whole.

As we can see from the chart, most soft drinks were exported in 2010, this figure reaches 3052,50 ths. l. Then there is a downward trend in BAN export. During the period of first three quarters of 2013 the quantity of exported products amounts to 2184,6 ths. l. (fig.4).

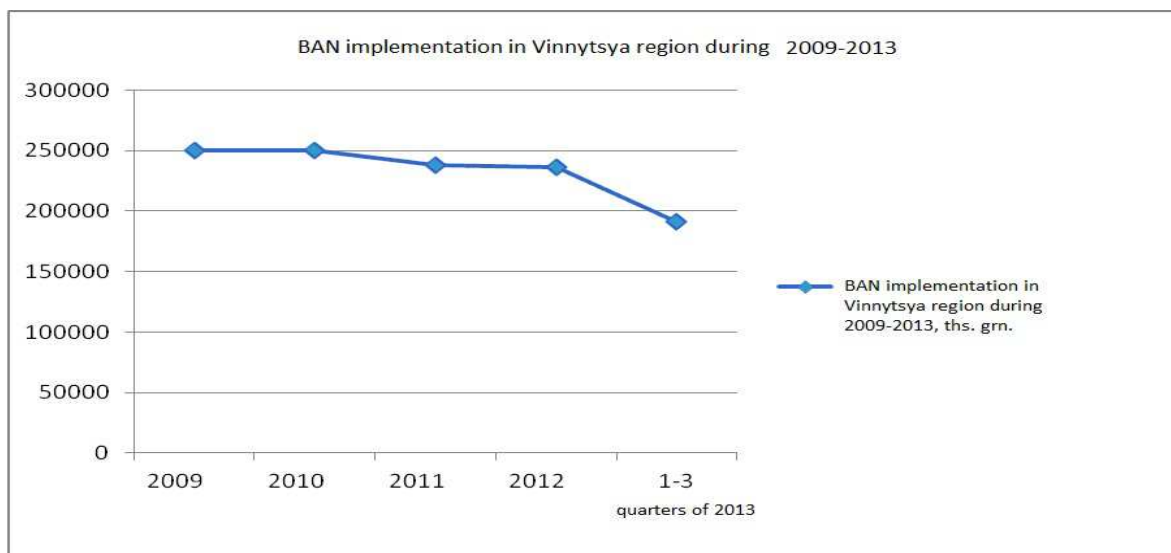


Fig. 4 BAN export dynamics during 2009-2013

As for imports, in 2009 BAN imports reached 149,3 ths. l., and in 2012 this figure decreased by 69,73% and amounts to 45,2 ths. l. During the period of January – June, the volume of imported products reaches 27,6 ths. l. (fig.5). The main supplier of sweet carbonated water into the territory of Ukraine is Russia. It should also be noted that the exports of soft drinks considerably exceeds the imports. In 2012 BAN exports exceeded imports of these products by 60 times.

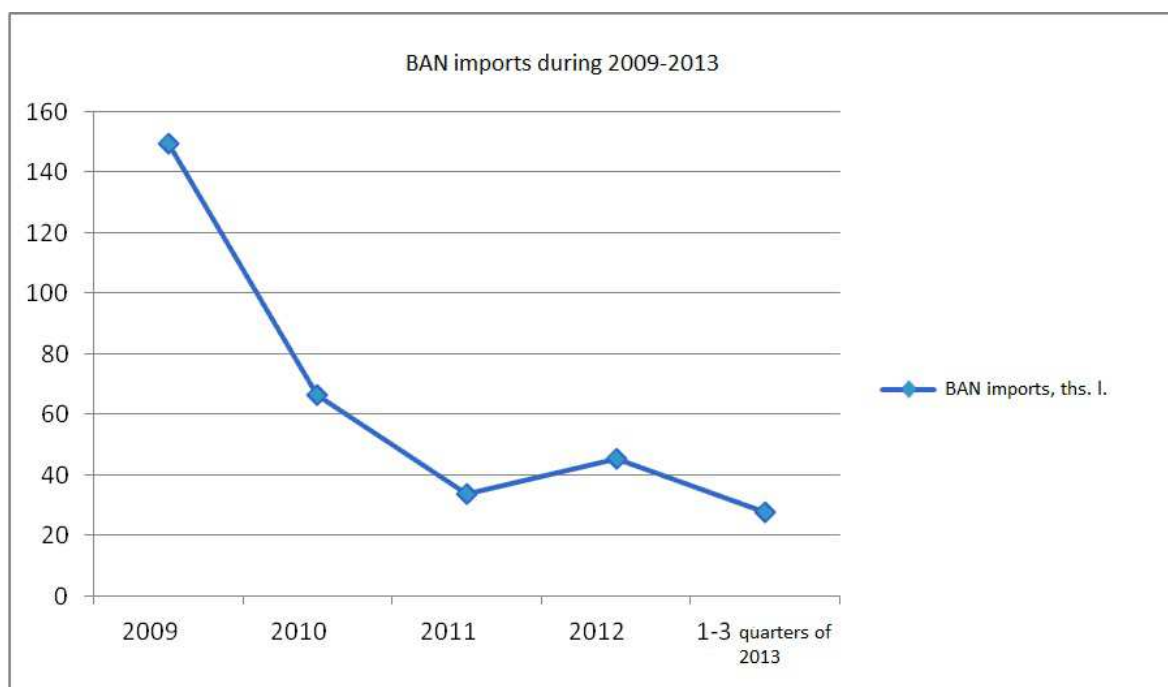


Fig. 5 BAN imports dynamics during 2009-2013

Considering the negative dynamics of production as well as the realization of soft drinks in Vinnytsya region and Ukraine as a whole, we can conclude that the market is already slightly oversaturated. There is a great competition on the BAN market, market entry conditions aren't easy, but the access is possible. Although the consumption of sweet carbonated water takes a significant share among other beverages, the number of consumers focusing on healthier drinks increases.

I'd like to note that soft drinks is a product of high seasonality (especially in emerging market) and with the deviation of normal weather conditions, all the forecasts lapse, although they rise by 30-40% during the season sales.

But the case is somewhat different. The consumer basket of buyers changed. Whereas the food prices increased, a significant proportion of income of the population is spent on essential commodities. And soft drinks aren't of this type of goods.

Soft drinks manufacturers need to take a number of measures in order to maintain its competitive position on the market and master new segments. In Vinnytsya region there are 16 companies that manufacture soft drinks. Only private enterprise production company "Panda" occupies a significant market share in Ukraine (5,4%) as well as in Vinnytsya region (81,21%) – according to the results of the activity during first three quarters of 2013. The fact is that most businesses operate only during the summer period. These enterprises reduce marketing costs, market research, logistics, salary, lab tests etc. to a minimum.

Producing companies must give an important role for the marketing of their products in their activity: create appropriate organizational units, departments that will ensure the smooth implementation of the BAN, engage in market research. Because the essence of the enterprise should lie in producing something that will definitely be sold, rather than trying to sell what the company is able to produce [4;96].

Implementation of marketing activities by manufacturing enterprise requires a radical change in the formation of the trading, pricing and sales policy, in the transformation of organizational structures and forms of governance, in the implementation of new methods, modern technologies and other components, that will provide bringing products to their customers timely and effectively [1;110]. Relations between producers and buyers should be based on the principles of cooperation.

Conclusions and further research. Soft drinks market is one of the economic sectors that has resources and prospects for further development. Unfortunately, analyzing the period from 2009 to September 2013, we can conclude that there is a tendency of decreasing production and sales of these products. It led to a number of factors, both external and internal. It should be also pointed out that three times less amount of water is consumed per capita per year in Ukraine as a whole than in Europe. Namely, there is an unfilled niche in the field of mineral water consumption. Producing companies should pay attention to it.

BAN manufacturers need to take a number of actions in order to take strong positions on the market, that is: to expand and improve the range of water products focusing on "healthy" drinks, to give an important role for marketing of products, introducing modern models of distribution network organization and sale of products, to improve the competitiveness of enterprises and products. As a result, it will significantly advance the way of optimizing production to the growing demands of consumers.

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Tsopa M.B. MARKET ANALYSIS OF SOFT DRINKS IN VINNYTSYA REGION. PROSPECTS OF DEVELOPMENT

Purpose. To analyze the soft drinks market in the Vinnytsia region and Ukraine in general. To identify the factors that influenced the decline in production and sales, to describe the largest producers of soft drinks, to develop proposals for improving the implementation of these products.

Methodology of research. To achieve this goal we used the following scientific techniques and methods: analysis and synthesis (to identify the dynamics of production and sales) scientific abstraction, systemic-structural (for the overall development of the industry) and graphical methods (for the illustration of the industry development dynamics in the region on the background of indicators in Ukraine).

Findings. The analysis of the soft drinks market in the Vinnytsia region and Ukraine in general was conducted and the trend of BAN development was defined. The largest soft drinks producers were characterized. The proposals for the implementation improving of soft drinks were developed.

Originality. The soft drinks market state in the Vinnytsia region and Ukraine in general was assessed and the trend of BAN development was defined.

Practical value. The research results were obtained and decorated as a plan for contributing to the improvement of the situation in the production and sales of soft drinks.

Key words: nonalcoholic products, manufacturers, production, market, realization