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ANALYSIS OF THE COFFEE MARKET IN UKRAINE AND SUBSTANTIATION OF DIRECTIONS FOR ITS FURTHER DEVELOPMENT

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Акименко Н.В., Кукурудза К.О. Аналіз стану ринку кави в Україні та обґрунтування напрямків його подальшого розвитку.

У статті досліджено стан ринку кави в Україні. Проведено аналіз основних показників ринку кави за останні п'ять років. Обґрунтовано напрямки його подальшого розвитку.

Ключові слова: ринок кави України, зовнішня торгівля, ціни, споживання, маркетингова стратегія

Акименко Н.В., Кукуруза К.А. Анализ состояния рынка кофе в Украине и обоснование направлений его дальнейшего развития.

В статье исследовано состояние рынка кофе в Украине. Проведен анализ основных показателей рынка кофе за последние пять лет. Обоснованы направления его дальнейшего развития.

Ключевые слова: рынок кофе Украина, внешняя торговля, цены, потребление, маркетинговая стратегия

Akimenko N.V., Kukurudza K.A. Analysis of the coffee market in Ukraine and substantiation of directions for its further development.

In the article the state of the coffee market in Ukraine has been investigated. The analysis of the main indicators of the coffee market in the past five years have been performed. The directions for its further development has been determined.

Keywords: coffee market Ukraine, foreign trade, prices, consumption, marketing strategy

Coffee is quite popular beverage. Today coffee and coffee drinks are consumed almost in all regions of the globe, from London to Sydney and Tokyo. Unlike European countries, the coffee market in Ukraine is developing. Therefore, the study of the coffee market of Ukraine is essential, because every year the capacity of coffee market in Ukraine is increasing, and thus increases the competition between coffee producers.

Analysis of recent researches and publications

Analysis of the coffee market in Ukraine and ways of its development are discussed in the following publications: A. Porembskyy [8], "Voice of capital" [2] M.V Ploschyk [7] and others.

Formation purposes of article. *The purpose* of study is an analysis of the coffee market in Ukraine in recent years and study areas for its further development.

The main part

One of the most stable markets – the coffee market, only it has a weak seasonality. Each year, a decrease in sales by 2 – 4% in the summer months, from September sales reach the previous levels.

About 60 countries grow coffee. However, the main place in the global coffee market take 5 giants: Brazil, Colombia, Vietnam, Indonesia and India. These countries produce about 70% of the world's total coffee. The two main varieties of coffee are arabica and robusta. Arabica occupies 75% in the world production.

As for Ukraine, the capacity of the coffee market in Ukraine is growing: in the 2012 figures increased by 28% and reached the level of 49,6 thousand tons. Such significant growth, primarily due with the development of coffee culture consumption in the country. In the first half of 2013 market growth was continuing, but the growth rate slightly decreased and amounted to 15% compared to the same period in 2012 For the six months of 2013 the volume of the coffee market in Ukraine amounted to 24,31 thousand tons [5].

Analyze the balance of the coffee market in Ukraine in 2009 – 1 half of 2013, according to official statistics (Table. 1) [6].

Analyzing the above figures, we can say that the lowest increase was observed in the post-crisis 2009, when the market rose by only 1%. In subsequent years, the dynamics of its development has shown steady growth. Despite the difficult economic situation in the country for 2009-2012. market size was incresed by 87%.

Table 1. The balance of the coffee market in Ukraine in 2009 – 1 half of 2013, in bulk, th. tons

Indicators	2009	2010	2011	2012	1 пів. 2013
Coffee beans	2,06	2,44	2,69	3,10	1,58
Instant coffee, coffee drinks	6,60	11,3	13,94	23,42	11,67
Export	0,25	0,36	0,29	0,24	0,18
Import	18,60	20,94	22,23	23,34	11,25
Market capacity, th. tons	27,01	34,04	38,57	49,62	24,31
growth rate, %		26,0	13,3	28,6	15,6

Represent graphically the dynamic coffee market capacity in Ukraine in 2009 – 1 half of 2013 (Fig. 1) [6]. Figure shows that the maximum capacity of the coffee market in 2012, and the lowest in 2009.

Every year the market size are increasing and Ukrainian in 2012 consume more coffee than in 2009.

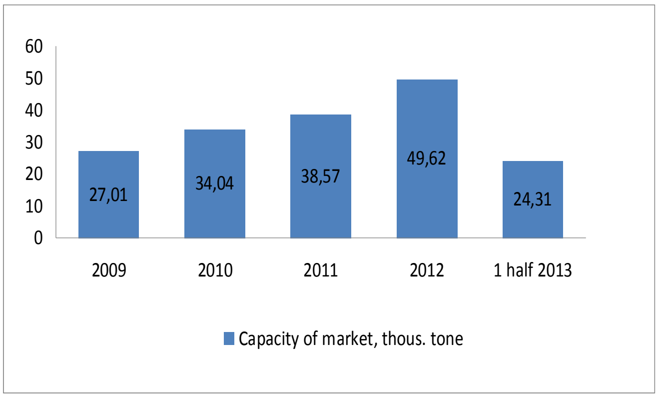


Fig. 1. Dynamics of coffee market capacity in Ukraine in 2009 – 1 half of 2013, in bulk, th. Tons

Represent graphically the growth rate of the coffee market in Ukraine in 2010 – 1 half of 2013 (Fig. 2) [6]. The figure shows that since 2011 the growth rate increases. The highest figure in 2012 – 28,60%, and in the 1st half of 2013 – 15,60%, that goes upward trend. Next, consider the foreign trade in Ukraine.

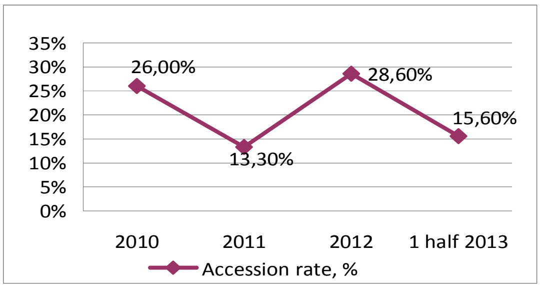


Fig. 2. Growth rate of the coffee market in Ukraine in 2010 – 1 half of 2013, %

Dynamics of foreign trade on the Ukrainian coffee market in recent years, characterized by slower growth. However, for the 1st half of 2013 the operators managed to increase the volume of foreign deliveries by 90% compared to 2012

Consider the export trade in Ukraine in 2009 – 1 half of 2013 (see Table. 2) [6].

Analyzing the data presented in Table. 2, we see that the bulk import figures demonstrate stable growth: average annual growth of 7,5%.

Following the 1st half of 2013 imports amounted to 11,25 thousand coffee, tons. Although the downward trend growth in money terms characteristic also for imported goods.

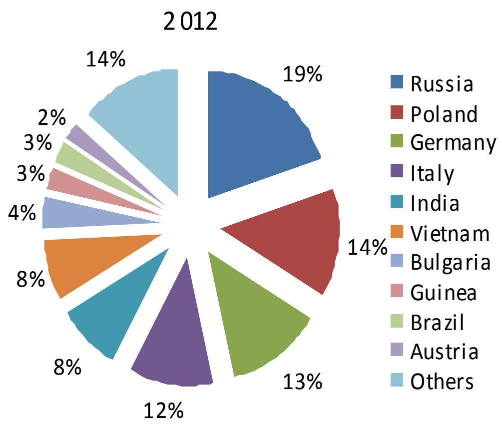
Table 2. Export trade market in Ukraine in 2009 – 1 half of 2013, in natural (thousand. tons) and money (millions USD) expressions

Indicators	2009	2010	2011	2012	1 пів. 2013*
Import thousand. tons	18,60	20,94	22,23	23,34	11,25
Growth rate,%		12,50	6,20	5,00	6,30
Imports, million. USD	70,02	83,19	127,68	129,76	59,94
Growth rate,%		18,8	53,5	1,6	-1,5

Consider the geographical structure of coffee imports in Ukraine for 2012 – 1 half of 2013 (Fig. 3) [6].

The figure shows that the geographical segmentation of imports in 2012 – 1 half of 2013 has not changed: the largest coffee supplier is Russia. Parts of other countries has slightly changed. So for the six months of 2013 the main countries importing coffee on Ukrainian market are Germany (14,3%), Italy (12,7%), Poland (12,7) and Vietnam (8,9%).

Next, let's consider the price. The global coffee market experienced significant price volatility, which is reflected in the Ukraine, as the part of imported goods in the domestic market is quite large. Thus, in recent years, the dynamics of prices was downward trend due to high coffee crop in South America.



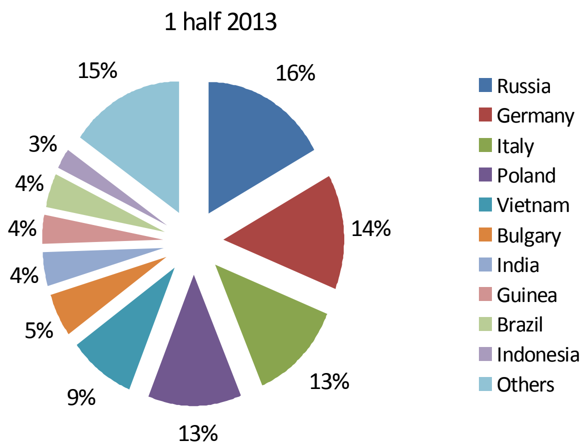


Fig. 3. Geographical structure of coffee imports in Ukraine for up to 2012 -1 half of 2013, in bulk, %

In Fig. 4 consider CPI Coffee in Ukraine in 2011 – 2012 [6].

Fig. 4 shows that the consumer price index for coffee in Ukraine in 2011-2012. an upward trend In 2012, noted the average price increase of 0,3%, which is slightly below the average growth rate in 2011, which was 1.1%.

As for consumption, the coffee market is characterized the seasonal fluctuations – during the warm season sales are down 2-4%. It is connected with feature of coffee consumption as hot beverage.

Fig. 5 shows segmentation Ukrainian coffee consumption in 2012 [6].

Examined fig. 5 we see that the most popular product on the Ukrainian market is instant coffee – is preferred by 64% of consumers. The second most popular with a share of 21.5% is organic coffee – ground and in grains. Coffee blends are preferred by 14,4% of consumers. As for the popularity of brands in the market of grain and instant coffee in Ukraine, we see consumer preferences in fig. 6 and 7 [6].

Fig. 6 shows that the most popular brands in coffee beans market in the first eight months of 2013 are Jacobs and Lavazza with a share of 16% and 14%. These were the leaders of the benefits of TM in 2012. Grain Coffee Carte Noire (8%), "Jockey" (7%), "Black Card" (6%), Tchibo (6%) are also quite popular. In Fig. 7 the most popular brands of instant coffee in 2013 are Jacobs (24%), Carte Noire (11%), Nescafe (11%) and Tchibo (6%). The same TM in demand in 2012.

Therefore, it should be noted that the coffee market in Ukraine is one of the markets that has the fastest growing segment in the global coffee market.

Production, imports and consumption are growing steadily and differences in the dynamics parameters occur only due to changes in the world prices for coffee. Market is monopolized, basic particles are large international corporations that are importers of coffee in Ukraine and compete with them is very difficult.

Due to the fact that the coffee market in Ukraine is dominated imported products, the following domestic companies operating in this market generally focused on import.

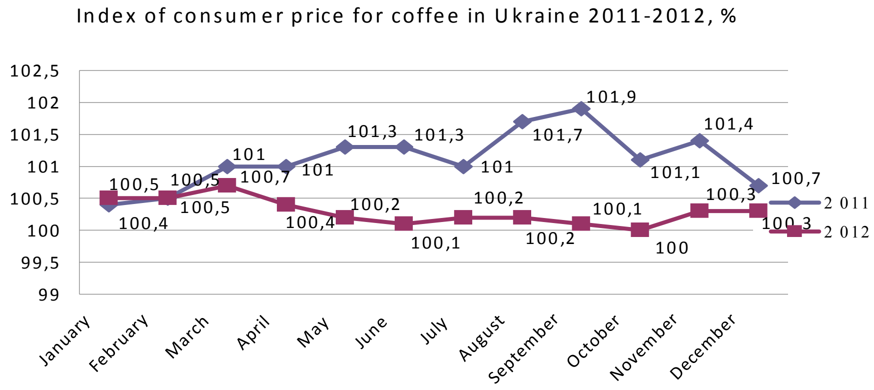


Fig. 4. CPI Coffee in Ukraine in 2011-2012, %

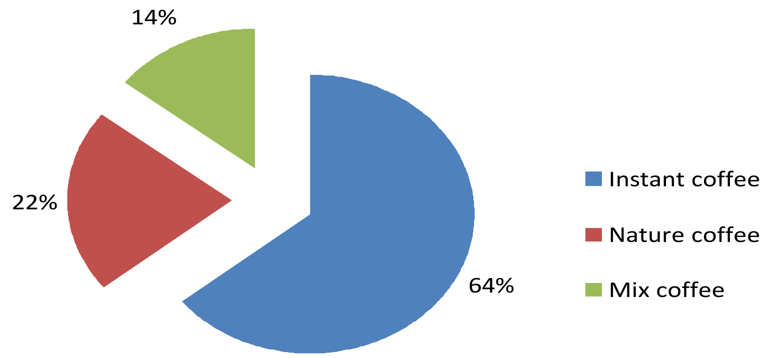


Fig. 5. Segmentation of coffee consumption in the products context in 2012, the monetary terms,%

The starting point for the formation of a marketing strategy is analyze the market environment, dynamic, and forecast future market development, including: macro and mikrosegmentation, evaluating the attractiveness of selected commodity markets and their segments, evaluating the competitiveness and competitive advantages of the company and its products on the market [3].

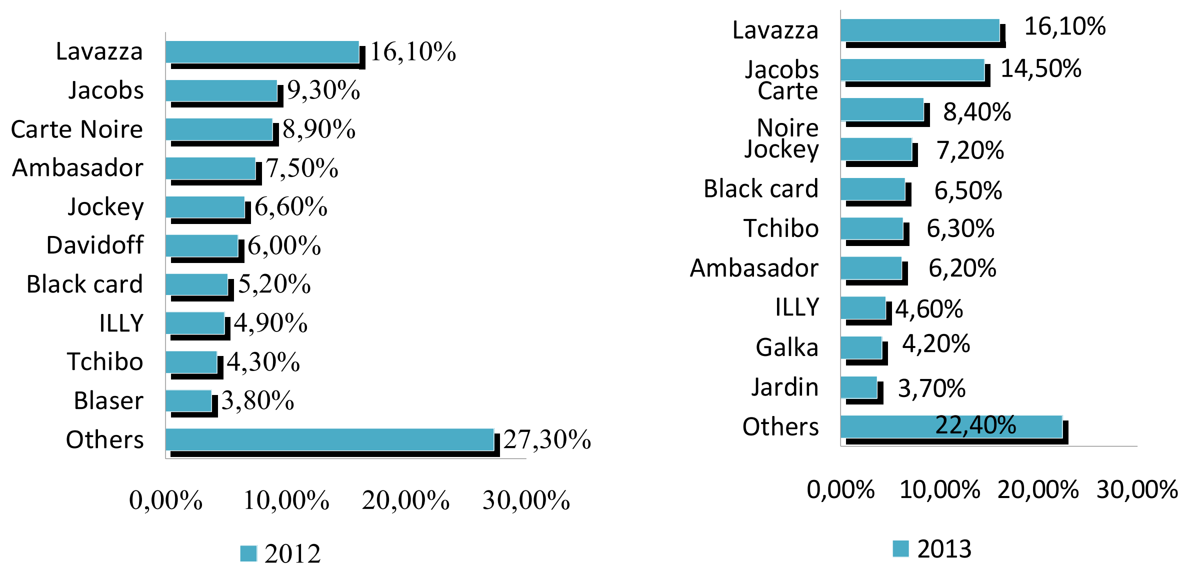


Fig. 6. Customer benefits in the segment of grain and ground coffee in the 2012-2013 in terms of TM, %

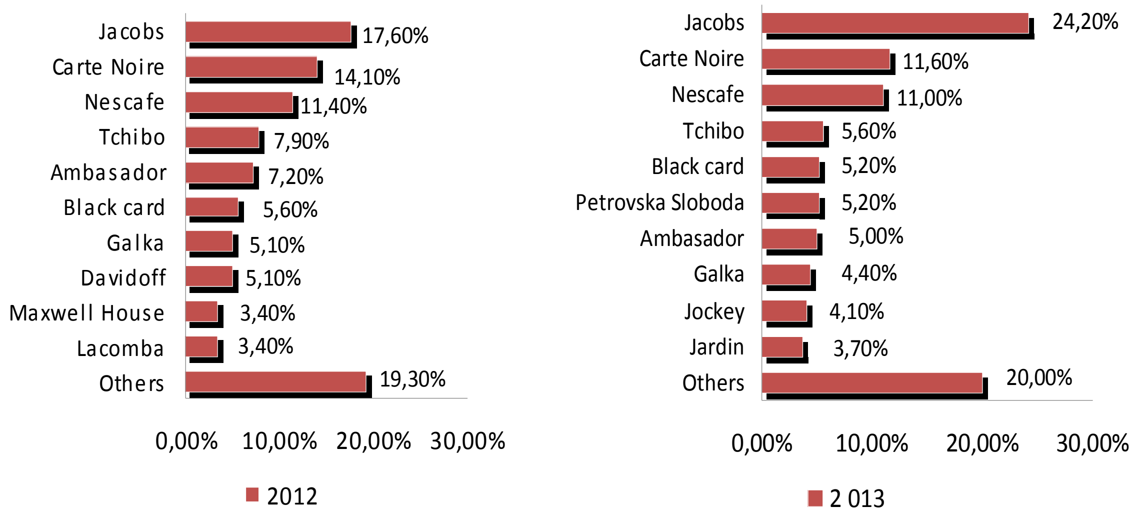


Fig. 7. Customer benefits in the instant coffee segment in 2012 – 8 months 2013, in terms of TM,%

At the level of the whole enterprise is formed overall strategy that reflects the overall strategic line of development and the possible combination of directions based on existing market conditions and opportunities of the firm. It underpins plans and program marketing.

At the level of individual activities or commercial business units, a strategy of development of this area associated with the development of product offerings and resource allocation for individual goods. At the level of individual products formed functional strategies based on determining the target segment and positioning a particular product on the market using various marketing costs (price, communication).

Conclusions

Coffee market is quite attractive. But this is one of the market which is characterized by a weak seasonality. A feature of this market is that the bulk of the market occupied by big international corporations with which it is very difficult to compete.

So many small businesses importing used marketing strategy for warfare the market part. Activation the marketing activity provides information on the external environment of the enterprise, that is reliable, accurate and timely information about the market structure and dynamics of specific demand, tastes and preferences of customers; proposing goods which satisfy market demand; desired impact on consumer demand, market to ensure the maximum possible oversight of implementation [2]. In practice most successful companies, marketing – necessary way of moving towards success, so do not be afraid to cost for him, because they will compensate with the profit in future.

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