
Comparative Analysis of Marketing Techniques in the Republic of Kazakhstan and Ukraine

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Abstract:

Marketing is the driving force of any business, and its implementation in the management process is necessary for the successful functioning of the company. Kazakhstan and Ukraine are countries where the flour-grinding industry holds one of the main positions in the production sector.

The current situation in both countries requires a new approach and a rethinking of positions regarding the conduct of business in the flour-grinding industry. This article aims to characterize the current situation in the flour-grinding industry of Kazakhstan and Ukraine, assess the use of marketing tools in enterprises, and analyze the range of marketing techniques that are used by industry enterprises of these countries in their activities.

The novelty of the study stems from the fact that no similar studies have been carried out in the scientific community of both countries, and there are only works devoted to the study of enterprise and industry marketing in individual countries.

The study uses a significant number of different sources namely fundamental works in the field of marketing, narrow-profile research articles and dissertations, as well as statistical data.

Keywords: *Flour-grinding industry, Kazakhstan, Ukraine, marketing tools.*

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1. Introduction

The flour-grinding industry is the most socially significant part of the agro-industrial complex of any country. Wheat flour is used by food manufacturers around the world to make bread, noodles, pasta, cake, couscous, and other wheat products (Koo *et al.*, 2001), which in turn are an essential component of the diet in many countries, including Kazakhstan and Ukraine. That is why the stability of food security of the country is measured primarily by the level of per capita consumption of grain-processed products. The market structure of flour-grinding products is such that if one does not promote the domestic product, then the flour-grinding products of other countries will be quoted in the market to a greater or lesser extent, the cost of which will exceed the cost of domestic products at the expense of high export costs. In addition, this will negatively affect the monthly financial costs of the food basket of the average citizen. The risk of the emergence of this problem is relevant both for Kazakhstan and for Ukraine in view of economic and political prerequisites.

This topic is relevant for both countries for a number of reasons. For Ukraine, this is due to the fact that its market is in a state of deepening cooperation with the European Union after the Deep and Comprehensive Free Trade Agreement (DCFTA) entered into force in January 2016. That is, the country has the opportunity to enter the European goods market, but at the same time, the risk of the domestic market of flour-grinding products being replaced by imported analogues has increased. For Kazakhstan, this topic is no less relevant, since the country has a huge potential for the realization of flour-grinding products, as well as an export market that needs this product – this refers to the Central Asian and Afghanistan markets. Along with other exporting countries of flour-grinding products, Kazakhstan potentially can occupy a significant room in this market.

The novelty of the research is determined by the fact that a comparison of marketing techniques in the flour-grinding industry of Ukraine and Kazakhstan is carried out for the first time. Previously no such studies in the context of these countries have been conducted. The objectives of this study are as follows:

- ✓ To investigate the importance of marketing tools in the flour-grinding industry, to identify the main issues in the formation and implementation of marketing strategies of the flour-grinding industry, and to develop theoretical models for their solution;
- ✓ To conduct an analysis of marketing strategies in the flour-grinding industry of Ukraine and Kazakhstan.

2. Materials and Methods

Conducting a qualitative scientific research is impossible without a deep and extensive analysis of various sources, namely academic papers of domestic and

foreign researchers, state statistics, statistics of various international organizations, as well as fundamental works in the field of marketing.

The theoretical and methodological basis of the study was formed by the works of foreign and domestic authors. The issues of marketing organization and its service were considered by such well-known foreign marketers as Kotler (2007), Evans and Berman (2002), Blackwell *et al.* (2007), Ansoff (2009), Drucker (2004), Lamben (2004). It is necessary and expedient to study and use the great foreign experience of marketing activities. However, it should also be remembered that this experience should not be blindly copied. In the world practice there is no universal form of work organization on the principles and methods of marketing, as there is no single scheme for effective marketing organization. Therefore, the concept of the organization of marketing service abroad should be analyzed in detail, rethought, expanded with qualitatively new aspects and adapted to the modern conditions of enterprises' operation in specific countries.

Recently, a large number of academic works on marketing issues have appeared in Ukraine and Kazakhstan. Important aspects related to the marketing research of Ukrainian goods and markets were covered in the works of Starostina (1998), Vojchak (2001), Gerasimiak and Panasiuk (2013), Miroshnichenko (2013). The description of marketing strategies in the industry of Kazakhstan can be found in the works of Syzdykova (2008), Tovma and Ploshai (2015).

The marketing literature primarily focuses on the relational aspects between buyers and sellers at various stages in the supply chain (Moss and Taylor, 2014). There are many types of modern marketing concepts used by agro-industrial enterprises in particular: agromarketing (Yakubovska, 2011; Van *et al.*, 2014; Arias, 2014; Sulaiman, 2012; Asogwa and Okwoche, 2012); relationship marketing (Voronkova, 2012; Ashley *et al.*, 2011), neuromarketing (Korol, 2013; Suomala *et al.*, 2012), guerrilla marketing (Hutter and Hoffmann, 2011), viral marketing (Fong and Yazdanifard, 2014), Internet marketing (Huang and Tsai, 2017).

As shown by the literature review, the issues related to comprehensive management of the development of flour-grinding enterprises according to the principles of marketing have not been sufficiently considered. There are also very few publications devoted to the organization of marketing services in Kazakh and Ukrainian enterprises in the present context.

In addition, the work analyzed statistical data based on the Internet sources. Since the specificity of application and appearance of new marketing techniques is an extremely fast process, and there is a lack of data on this subject in periodicals, new indicators can be found with high probability on the Internet on the official websites of the leading marketing agencies of the countries in question. The use of this information is important due to its reliability.

The methodological basis of the study was formed by scientific postulates of modern economic theory, as well as the works of domestic and foreign scientists on the marketing tools complex management. The following research methods were used in the work: abstract-logical and computational-constructive methods, methods of observation, comparison, generalization, synthesis and analysis.

3. The role of marketing strategies in the flour-grinding industry

Before delving into the study by country, it is necessary to justify the importance of using marketing techniques in industrial enterprises, and in the flour-grinding industry in particular.

Marketing is recognized all over the world as an effective tool for developing and promoting competitive products, expanding sales, attracting investments and, ultimately, increasing the company's profits (Rutkevich, 2015). Applied marketing techniques and the level of their effect in the Republic of Kazakhstan and Ukraine differ significantly due to the following factors: the political situation in the country, the state of the agro-industrial complex, the professionalism of employees in the marketing departments of various flour-grinding enterprises and the level of development of innovative techniques.

Regardless of the industry, marketing can be considered as a kind of business philosophy and organizational management method (Adegbuyi, 2011). The market economy makes it necessary to use marketing tools by all market players. Of course, the flour-grinding industry is also involved in this process, and the use of such tools is the key to a successful business.

Currently, the effective development of flour-grinding enterprises must provide for and actively use comprehensive marketing research, sales organization and promotion, advertising campaigns, goods management and pricing policies. Without a combination of these factors, it is difficult to imagine the effective development of enterprises, their maintaining a competitive position in the market, universal satisfaction of the needs of consumers, capturing and maintaining positions in the domestic sales market, as well as entering the international sales level. Despite the obvious advantages of using marketing tools in the industry, a number of problems of the following nature often arise in flour-grinding enterprises:

- ✓ Overcoming the psychological barrier of managers and marketers;
- ✓ The problem of marketing organization in enterprises and its legal support;
- ✓ The complexity of creating a marketing department as a separate structural unit of the enterprise, the development of charters, the definition of its status and authority;
- ✓ Lack of modern equipment and introduction of advanced technologies;
- ✓ Lack of timely scientific and methodological support;
- ✓ Lack of qualified staff (Miroshnichenko, 2013).

Very often in the enterprises of this type the importance of marketing is significantly underestimated and all efforts are directed only to the manufacture and marketing of products. The situation where there is no marketing service is not uncommon, and its tasks are passed on to sales staff (Miroshnichenko, 2013). Some of the enterprises do not consider it necessary to create such departments at all.

However, the modern globalizing world requires enterprises to implement marketing techniques due to the growing role of the consumer, his or her needs and interests. In the modern context, all activities of enterprises, which include the development of new products as well as the planning and execution of production programs, financial and personnel policies, should be aimed at meeting customer demand as Hutt and Speh (2012) claimed "*building one-to-one relationships with customers is the heart of business marketing*".

This circumstance forces market players to move to the marketing management concept. Specifically for flour-grinding enterprises, the key element of effective activities is the successful formation of a marketing mix (Gerasimiak and Panasjuk, 2013) that applies strategic as well as tactical measures that are aimed at efficient production, satisfying the demand for consumer goods and achieving a stable profit markup in the process of economic activity.

Of course, flour-grinding enterprises have to function in a volatile external environment, in the conditions of uncertainty and risk. Therefore, there is a need for the availability of full-fledged information, its efficient processing, monitoring of negative factors, analysis of the state of the market of products and services, forecasting and planning of production and commercial activities. It is extremely important for the company to use various marketing techniques of product promotion skillfully depending on the distribution channel. Thanks to them, with the right approach and use, the indicators of enterprises can be significantly improved.

One of the tools that allow enterprises to analyze their capabilities and risks and compare them with competing companies is a SWOT analysis. For flour-grinding enterprises, it would look as follows (Table 1).

Table 1. SWOT-analysis of enterprises' activities in the flour-grinding industry (the data based on the information from source <http://www.economy.nayka.com.ua/?op=1&z=3588>)

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> • <i>High quality of products manufactured by enterprises;</i> • <i>A relatively large range of products;</i> • <i>Availability of the brand and certificates for all products;</i> 	<ul style="list-style-type: none"> • <i>Susceptibility of the enterprise to external influences and threats (in the political and economic environment);</i> • <i>Low consumer solvency, unemployment, inflation;</i> • <i>Lack of ability to predict the quality</i>

<ul style="list-style-type: none"> • <i>Great experience in the market of this industry in various economic and political conditions;</i> • <i>Availability of the car fleet of special operation vehicles;</i> 	<ul style="list-style-type: none"> • <i>of purchased raw materials;</i> • <i>Lack of free working capital for the current period;</i> • <i>Dependence of the volume of products sold on the time of year;</i> • <i>Relatively high prices for products.</i>
Possibilities	Threats
<ul style="list-style-type: none"> • <i>Possibility of producing goods for export to countries of the near abroad;</i> • <i>Possibility of full capacity utilization of the enterprise;</i> • <i>Modernization of production and introduction of innovative techniques in the production cycle;</i> • <i>Possibility of expanding the range of products due to new developments.</i> 	<ul style="list-style-type: none"> • <i>Further projected inflation and fluctuations in national and foreign exchange rates;</i> • <i>Rising prices for raw materials, packaging and other purchased related products, which can reduce profits and cause the need to increase prices for products;</i> • <i>Further strengthening of competition among producers.</i>

It is important to emphasize that the company's focus on marketing techniques should be individualized and based on the formed links, production volumes, geographical location and a number of other factors (Lamben, 2004). Such a transformation of activities requires the implementation of the following measures: a) organizational (changes in the structure and methods of enterprise management); b) legal (administrative consolidation of newly created services, departments, groups, development of the charter on marketing service, introduction of changes to the charter of the enterprise); c) methodical (development of strategies and tactics of marketing activities). The development of marketing strategies should be preceded by an analysis of the external environment and internal factors (opportunities) and evaluation of the food market situation. The emphasis in such an analysis should be placed on the identification of the enterprise's strengths and weaknesses. In this case, the enterprise's strengths should be maximized, and its weaknesses should be transformed or eliminated.

Marketing strategies should be formed on the basis of an evaluation of:

- ✓ Target markets (segments);
- ✓ Product positioning;
- ✓ Structures of the marketing mix.

In the marketing mix, its tools (goods, position, price, promotion) should be used so that marketing goals are achieved. The implementation of competitive strategies requires a situational analysis of the enterprise's activities in the use of resources and development prospects (sales volumes, market shares). Since the direction of implementation of marketing strategies requires flexibility and adjustments, it is

necessary to take into account the time costs necessary for this operation and to regulate strategic plans. The factorial and systemic study of the problem allows us to develop a model for organizing effective marketing activities in the food market.

Briefly summarizing all of the above, one should note that the main areas for improving marketing techniques in flour-grinding enterprises should be the following:

- ✓ Marketing research: conducting large-scale and local research and monitoring to identify consumer preferences and market trends;
- ✓ Product development: intensive product modification and introduction of novel products;
- ✓ Pricing policy: formation of adaptive price strategies and pricing methods;
- ✓ Advertising activities: targeted advertising (industry magazines and newspapers, flyers, speeches at seminars), exhibitions;
- ✓ Personal sales: application of methods and tools for relationship marketing;
- ✓ Organization of distribution: creation of long-term relationships, a constructive combination of expanding the dealer network and direct contacts with consumers;
- ✓ Organizational structure: transformation of the organizational and management structure of marketing services in accordance with the strategy and tactics of functioning.

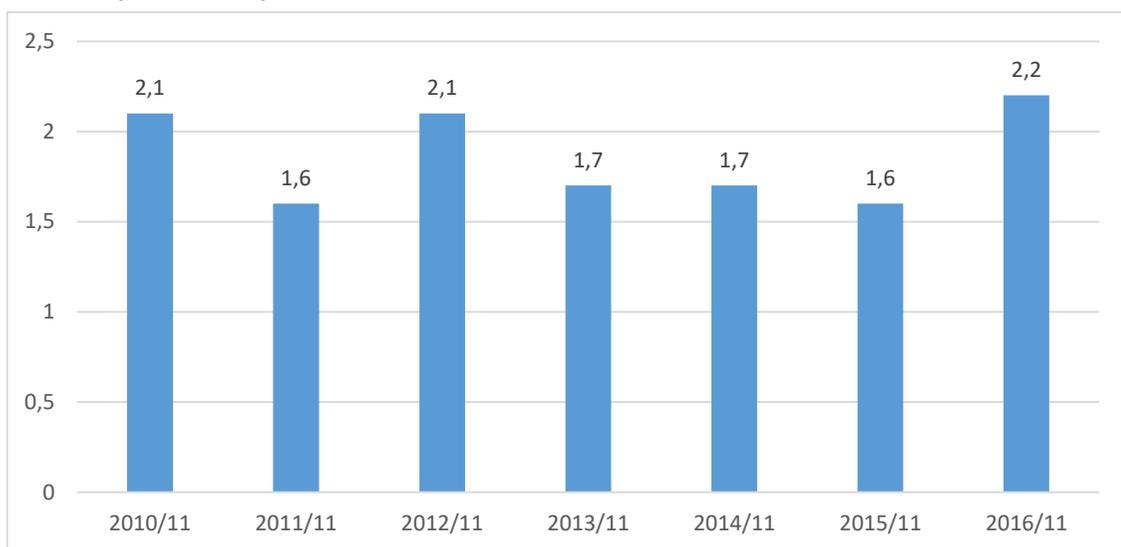
Thus, the use of marketing tools in the flour-grinding industry is necessary for forecasting the demand for products, maximizing profit by optimizing production processes and minimizing losses.

4. Marketing tools in the flour-grinding industry of Kazakhstan

According to the Committee on Statistics of the Republic of Kazakhstan for 2016, the leading consumer products in the Kazakh market are bread, cakes, and other bakery products. The second place is held by bakery and confectionery products, and the third – by flour (Poliakhov, 2016). These data indicate a high demand for products of the flour-grinding industry.

From 2007 to 2010, Kazakhstan occupied the honorary place of the leader in the export of flour, being ahead of Turkey and the European Union (Buyanov, 2016). In 2010, which was the peak of the development of the industry, about 980 flour-grinding enterprises operated in Kazakhstan (Buyanov, 2016). After that, the recession began due to a number of reasons: firstly, tariffs for grain transportation increased; secondly, a number of neighboring countries applied state measures to support domestic processing. By 2016 the situation had stabilized, but it is difficult to return to the previous stable positions at this stage (Figure 1).

Figure 1. Export of wheat flour or rye-wheat flour, mln tons (Source: Committee on Statistics of the MNE of the RK)



At present, the number of flour-grinding enterprises in the RK is about 250-300, and in the coming years, according to industry experts, only 40-50 large flour-grinding enterprises will continue their activities (Manufacture of products by enterprises of the bread industry of Ukraine in the first quarter of 2017, 2017). If we calculate flour-grinding enterprises together with small enterprises, their number will be 625 (Agroindustrial complex of Kazakhstan: catalog of enterprises, 2017). As can be seen from the above data, domestic competition is at a fairly high level, but it is growing not only because of the large number of enterprises, but also in local and export markets due to a number of factors:

- ✓ Other Central Asia countries (Uzbekistan, Tajikistan, Kyrgyzstan, Afghanistan, Turkmenistan), which have traditionally been export markets for Kazakhstan, create their own flour-grinding capacities;
- ✓ In recent years, the Russian Federation has also become a strong competitor, both in domestic and export markets. This happened as a result of the devaluation of the Russian ruble, which made Russian products competitive in terms of pricing.

The result of these factors was the consolidation of the industry (Regional Food Fortification Program in Central Asia/Afghanistan, 2015). Many flour millers in Kazakhstan are currently making efforts to maintain their activities (Regional Food Fortification Program in Central Asia/Afghanistan, 2015). Both small businesses and large market players seek to use effective marketing techniques. Kazakhstani entrepreneurs in the flour-grinding industry are increasingly borrowing the experience of foreign companies to apply it in the domestic market, and the number

of such entrepreneurs is growing every year, which indicates the wide dissemination of marketing concepts.

According to the research of the Business Information Center and BISAM Central Asia company (Report of marketing research Production of products of flour-and-cereals industry, 2017), the flour market in the Republic of Kazakhstan is one of the most widespread and all-encompassing. In addition, it is highly branded: such well-known national brands as "Tsesna", "Korona", and "Sultan" have been formed. The market is characterized by a high level of product saturation and consumer satisfaction with wide possibilities of consumer choice. For new players, competition is possible, most likely only in a local framework with the creation of unique trade offers. In addition, the flour market is developing very fast, the capacity of enterprises and competition among companies are growing, and the need to enter new markets for the sale of industrial products is sharply felt.

In the period from the 1990s to the early 2000s, the introduction of marketing in food enterprises of the Republic of Kazakhstan was ambiguous and, most often, local in nature. The main regularity of development of the marketing system in Kazakh enterprises, including food industry enterprises, at that time was the introduction of new marketing functions for the enterprise, which were fixed (in addition to the basic functions) for the working specialists. As a rule, they were specialists of the supply and marketing department, and the functions of marketing basically amounted to finding new suppliers of raw materials, new forms of raw material procurement and new forms of distribution channels – the most important and urgent problems of food enterprises in the current period of time (Syzykova, 2008).

Today, the development of marketing concepts in Kazakh markets can be defined as the process of moving from sales orientation towards consumer orientation. Among the positive aspects of the role of modern marketers, one can see that they seek to improve consumer awareness, as well as increase consumer loyalty to goods. Thus, successful companies are more oriented not only to profitability, but also to creating conditions for satisfying consumer needs. Speaking about the main trends, one cannot but notice a significant increase in the use of Internet technologies, through which an impressive number of consumers are attracted. In addition, Internet marketing can accelerate the process of accumulating statistical data, which also play an important role.

Although Kazakhstan has reached a new level of using the marketing mix, there are still a number of unresolved problems in flour-grinding enterprises and many obstacles to the use of information technology by enterprises in the marketing process:

- ✓ Departments of marketing services of large enterprises either partly operate in the field of marketing or fully function as absolutely other units of the

- organization – the export department, the logistics department, etc. That is, this is not about the structure of the marketing department of the company's strategy being appropriate, but about the fact that the marketing department only has such a name, but performs completely different functions.
- ✓ In order to implement Internet marketing techniques successfully, special equipment and software are needed, and this is not always possible due to the insufficient degree of automation of business processes in Kazakh enterprises. For example, the complex structure of ERP (enterprise resource planning) – the conductor of the system – is distinguished by its high cost. Not only small businesses cannot afford it, but also large ones do not always have this opportunity. Only a few industrial enterprises of the Republic of Kazakhstan have sufficient financial resources.
 - ✓ The inclusion of such an element as Internet commerce in the marketing strategy can attract the attention of only those industrial enterprises, for which it is extremely important to gain the opportunity to expand the range of potential customers or to choose suppliers, but the process of finding business partners in the context of the Kazakh business environment is limited by the risky nature of the economy.
 - ✓ Doing business online and, consequently, applying marketing techniques on the Internet is much more effective, if it is carried out on the basis of an electronic trading platform, that is, on the basis of exchange trades that appeared in Kazakhstan quite recently.

Thus, we can conclude that Internet commerce in the B2B model is beneficial in the Republic of Kazakhstan for such industries where a high level of competition is developed, and which require a high level of standardization (an indispensable condition of exchange trade) and have significant financial opportunities for enterprises (Tovma and Ploshai, 2015). That is, if we talk about flour-grinding enterprises, this type of marketing techniques is available only for industry giants. Other enterprises use traditional marketing techniques, such as direct marketing, trade marketing and merchandising. According to statistics, only 29% of enterprises in Kazakhstan account for Internet technologies in marketing research, while in Europe this figure is 98% (Syzdykova, 2008). Such a slow development adversely affects the management of information sources and information flows both from the seller to the buyer, and within the company itself. After all, without this it is impossible to achieve the effective functioning of the marketing service.

It can also be noted that in Kazakhstan there is a consistent dynamic development of Internet marketing in various forms of interaction, namely media advertising, contextual advertising, search marketing and SEO. At the same time, there are problems due to the fact that the information sector of the economy is in the development stage and, accordingly, the adaptation of Internet marketing participants to the new conditions is continuing. At the same time, the infrastructure of the Internet market is being improved, and competition is being stimulated by the ongoing processes (Tovma and Ploshai, 2015).

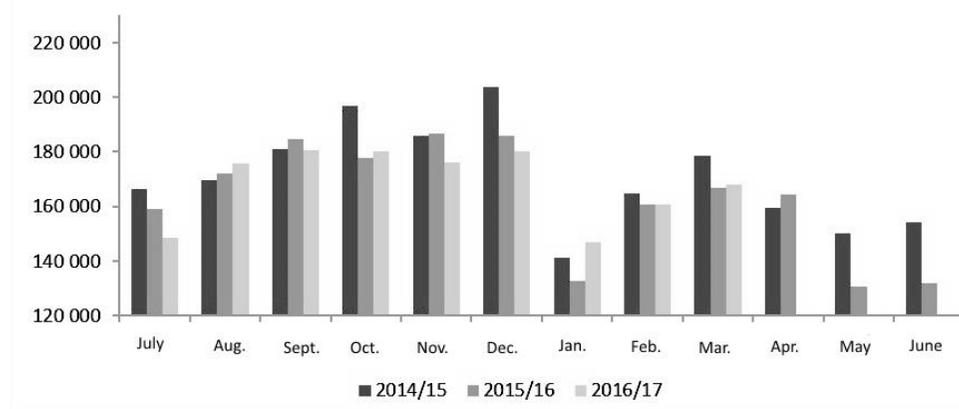
5. Marketing tools in the flour-grinding industry of Ukraine

The flour-grinding sector has always played a dominant role for the Ukrainian product market. This is one of the main branches in the country's agro-industrial complex. Currently, the country's economy is facing a number of problems, caused, in particular, by the unstable political situation. They include the rise in prices for raw materials, high production costs and the lack of modern equipment (Shatravka, 2014).

The flour-grinding industry occupies an important place in the composition of the country's agro-industrial complex. Today in Ukraine, there are about 700 flour-grinding enterprises, of which 200 are bakery mills (Gridin, 2015). It should be noted that a significant part of the capacity of these enterprises has long been obsolete, which in turn affects the quality of their products.

According to the State Statistics Service of Ukraine (Manufacture of products by enterprises of the bread industry of Ukraine in the first quarter of 2017, 2017), in the first quarter of 2017, flour production amounted to 475.3 thousand tons, which is 3% higher than in the first quarter of 2016. In total, for the marketing year 2016/17 the flour-grinding industry produced 1.5 million tons of flour, which is equal to the volume of production for July-March 2015/16 (Figure 2). The volume of carryover flour in enterprises by the end of the reporting period amounted to 60.3 thousand tons, which is 3% more than the balance at the end of the first quarter of 2016 (Manufacture of products by enterprises of the bread industry of Ukraine in the first quarter of 2017, 2017).

Figure 2. Flour production in large Ukrainian enterprises, tons (according to Manufacture of products by enterprises of the bread industry of Ukraine in the first quarter of 2017, 2017)



The main counterparties – potential flour buyers – are in South America, Central Asia, the Middle East, Southeast Asia and Africa. Speaking about the markets of

Central Asia and South America, they do not need Ukrainian exports, since Argentina dominates in the market of South America and can almost completely meet the food demand of this market (about 1.3 million tons per year). In addition, the market of South America can be provided by the US with almost half a million average annual exports (Shatravka, 2014). The market of Southeast Asia is more accessible to Ukrainian exporters, but competition is also very strong here. So far, the most promising for the Ukrainian flour-grinding industry is the African market, whose consumption, excluding the countries of North Africa, is 1.8 to 2.3 million tons per year (Shatravka, 2014).

In Ukraine, the introduction and application of a set of marketing communications in the activities of agro-industrial, in particular flour-grinding, enterprises is at the initial level (Khaminich *et al.*, 2016). The marketing practice in Ukraine shows that only a few enterprises have a generalized communication strategy that coordinates all information messages and determines the effectiveness and appropriateness of each individual instrument in the complex application. In most cases, the marketing communication policy of enterprises is fragmented, as a result of which the company's image is not perceived by consumers, shareholders and even employees as a whole, integral and complete one. Moreover, often the allocation of significant funds for advertising purposes is not a sign of a formally expressed communication strategy: such enterprises may have neither budgets nor development programs (Kuzyk, 2016).

Most often in the flour-grinding industry, enterprises have only private marketing plans in which specific directions related to tactical actions are worked out, and the communicative nature of messages is detailed. Therefore, the funds are allocated only for the implementation of certain separate marketing communications. However, it is seldom that individual tactical plans are reduced to a single communication plan for the business as a whole.

In general, the following elements of communications used by Ukrainian flour-grinding enterprises in the marketing policy can be distinguished: advertising (television and outdoor), distribution of image booklets, loyalty programs, personal sales, establishing and maintaining links with the press, participating in seminars, organizing various events (for example, industry fairs of agricultural products) and sponsorship.

When implementing marketing communications, one should remember that their effectiveness is largely determined by the adaptation to internal conditions of the country. Kuzyk (2017) points out the following arguments in favor of adapting the communication policy of Ukrainian agro-industrial enterprises to local conditions: 1) the social and cultural diversity of different national markets (local standards of product quality, high level of ethnocentrism); 2) social determinants, conditioned by certain historical traditions, such as social structure, characteristics of individual groups, prejudices and sympathies; 3) economic differences between foreign

markets, which manifest themselves in the size, structure and purpose of purchases, various knowledge and prevalence of high-tech products, etc.; 4) legal and administrative factors that differ in individual markets in such areas as the availability of media that can be used to convey information or promote goods; the content and form of advertisements; the possibility of using various complementary communication tools; 5) competitive factors that contribute to the adaptation of marketing activities to the conditions of different markets; 6) the information "noise" (obstacles to the effective influence of communications) or signals that limit the reception of marketing communications of the enterprise (language, social roles, associations, taboos, intensity and nature of advertising activities, negative attitude towards the home country of the advertised product, the advertising message sender, advertising of specific style).

However, it should be noted that increasing the volume of information transmitted to domestic consumers causes its partial blockage. The situation is also complicated by a decrease in the real income level of households in Ukraine, which has been observed in recent years. The decline in the profitability of agro-industrial, in particular flour-grinding, production in Ukraine, caused largely by the crisis phenomena of the national economy, leads to a reduction in the costs of enterprises to use marketing communications, and often to their standardization.

An effective tool of the modern marketing communication policy of Ukrainian flour-grinding enterprises both in domestic and foreign markets is digital marketing communication activities. For domestic enterprises, this is a significant potential source of cheap and highly efficient communications.

At the same time, today Ukraine loses to developed countries in terms of the use of digital technologies. For example, only 31% of Ukrainian enterprises have websites, while the average level in Europe is 75%, in the most developed countries – up to 90%. Social networks are used by 12% of enterprises (the average level in Europe is 36%, in the most developed countries – up to 60%), blogs or microblogging – 4% of enterprises (the average level in Europe is 13%, in the most developed countries – up to 30%) (Chernenko, 2016). Thus, today the use of Internet technologies by Ukrainian flour-grinding enterprises for marketing communications is rather limited and has a significant potential for growth.

Marketers also emphasize that despite the rapid development of Internet technologies in Ukraine, there are a number of difficulties associated with the development of digital technologies by enterprises, especially in the flour-grinding sector (Chernenko, 2016). In particular, quite often the use of traditional marketing approaches for new communication channels does not give the planned effect. The formation of new relevant approaches requires additional resources and a new way of thinking. This applies especially for the B2B market, which requires the development of new professional standards of marketing techniques that take into account the peculiarities of the market environment in Ukraine.

Presented below is the expert evaluation of the volume of the advertising and communication market in Ukraine, conducted by the Ukrainian Advertising Coalition in 2016. It refers to the amount of media (direct) advertising, and takes into account, not summing up with the media, the volumes of the marketing services market, direct marketing and PR (Volume of the advertising and communication market of Ukraine 2017 and the forecast of market markets 2018, 2017) (Table 2). These data relate to all industries, including the flour-grinding industry.

The volume of the media advertising market of Ukraine in 2016 increased due to the use of the Internet and television as elements of the marketing strategy, but the role of printed publications, transport, radio and indoor advertising significantly decreased. Large flour-grinding enterprises have their own sites; regularly make significant financial investments in the development of Internet technologies. According to experts, budgets for the creation and distribution of multimedia content have grown, and budgets for special events have declined.

Table 2. *The volume of the media advertising market in Ukraine*

	Results of 2015, UAH million	Results of 2016, UAH million	Percent change in 2016 by 2015	Forecast, 2017, million UAH	Percent change in 2017 by 2016, forecast
<i>TV advertising, total</i>	4 164	5 676	36%	7 414	31 %
<i>Direct advertising</i>	3 733	4 965	33%	6 454	30%
<i>Sponsorship</i>	431	711	65%	960	35%
<i>Press, total</i>	1 320	1 130	n/a	1 320	17%
<i>National</i>	n/a	670	n/a	805	20%
<i>Regional</i>	n/a	180	n/a	207	15%
<i>Specialized</i>	n/a	280	n/a	308	10%
<i>Radio advertising, total</i>	304	400	31%	480	20%
<i>National Radio</i>	217	290	34%	348	20%
<i>Regional radio</i>	31	39	26%	47	20%
<i>Sponsorship</i>	56	71	27%	85	20%
<i>Out-of-Home Media, total</i>	953	1 240	30%	1 595	29%
<i>Outdoor advertising boards</i>	821	1 081	32%	1 405	30%
<i>Transport advertising</i>	64	77	20%	92	20%
<i>Indoor advertising (including Indoor</i>	68	82	20%	98	20%

<i>video)</i>					
<i>In-theater advertising</i>	24	35	46%	53	15%
<i>Internet advertising</i>	2 355	3 140	33%	4 010	28%
TOTAL MEDIA MARKET	9 120	11 621	27%	14 872	28%

As for the volume of the marketing services market in Ukraine, in line with the forecast of experts from the International Association of Marketing Initiatives (IAMI), there was a noticeable rise in 2016 – +13% (Table 3) (Volume of the advertising and communication market of Ukraine 2017 and the forecast of market markets 2018, 2017). All directions are in demand here. The most noticeable growth was observed in the use of Event Marketing, which is one of the most effective tools for forming a positive attitude towards the company. Loyalty-increasing programs Trade Marketing and Loyalty Marketing are also gaining popularity. In general, the growth of this market can be explained both by revival in the market and by inflation.

Table 3. *The volume of the marketing services market in Ukraine*

<i>Marketing services</i>	<i>Results of 2015, UAH million</i>	<i>Results of 2016, UAH million</i>	<i>Percent change in 2016 by 2015</i>	<i>Forecast, 2017, million UAH</i>	<i>Percent change in 2017 by 2016, forecast</i>
<i>Volume of marketing services market TOTAL</i>	1 633	1 848	13%	2 123	15%
<i>Including:</i>					
<i>Trade marketing (Merchandising, Trade promo, Motivation and control programs for personnel)</i>	691	795	15%	914	15%
<i>Loyalty Marketing (Mailing, DB management, Contact-Center)</i>	561	617	10%	710	15%
<i>Consumer marketing</i>	249	286	15%	329	15%
<i>Event Marketing and Sponsorship</i>	72	86	20%	104	20%
<i>Non-standard communications</i>	60	63	5%	66	5%

(life placement, ambient media)					
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Thus, despite the fact that the marketing mix of Ukrainian flour-grinding enterprises is at the initial level, the volume of the marketing services market is growing, and enterprises are increasingly using marketing tools in their activities. However, Ukrainian business needs to develop new professional standards of marketing techniques that will take into account the internal features of the marketing environment.

6. Conclusion

The implementation of the effective marketing policy of flour-grinding enterprises is a prerequisite for their successful operation, regardless of the size of the business. Carefully designed marketing strategies not only optimize the process of updating the range of products, price policy, sales channels, but also determine the business course of the enterprise. The stability of flour-grinding enterprises in the market and their close interaction with the consumer on a long-term basis are the key tasks of such enterprises and imply conducting complex marketing research and implementing their results in practice. The primary task of the enterprise is to determine the potential market, conduct a comprehensive study of consumer needs and requirements, organize the production of goods corresponding to the desires of consumers and ensure the high quality of goods.

Kazakhstan and Ukraine are actively implementing marketing techniques in flour-grinding enterprises, although there are a number of difficulties that inhibit this process. These include the lack of highly qualified personnel, equipment and software, and an established management type of companies in this field.

The countries under consideration have different economic and political conditions in which the industry develops, yet both countries have high rates of domestic consumption of products of the flour-grinding industry, high positions among the exporting countries and are interested in expanding sales markets. However, in the context of globalization the market requires more flexibility from all participants, which stimulates the countries' industrial enterprises to actively introduce modern techniques, including marketing ones.

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