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Improvement of the Trade Marketing System at Beer Industry Companies

Abstract. Introduction. The article surveys the current state of the beer industry market, as well as identifies the factors influencing the restraint of the development of this industry in Ukraine. Based on the analysis, the need to identify and study the marketing activities of strong players in the market is substantiated.

Purpose. The purpose of the article is a scientific and theoretical substantiation of approaches on improving trade marketing of the beer industry based on the methodology of using modern instruments.

Results. The article presents SWOT-analysis of the activities of PrJSC «AB InBev Efes Ukraine» in the market, it identifies strengths and weaknesses, opportunities and threats, indicating the internal potential and weaknesses of the studied enterprise, so it is possible to form an idea not only about the financial condition but also marketing activities of the enterprise. The concept of "trade marketing" is also covered and the classification of its tools according to the target audience is provided.

Conclusions. The peculiarities of the application of trade marketing at PrJSC «AB InBev Efes Ukraine» were considered. The necessity to use the tools of trade marketing regularly was reasoned because, as practice shows, the decisive incentive to buy goods is often the influence of trade marketing activity. In addition, the motivation program for sales representatives and merchandisers with calculations of the feasibility of its implementation at the beer industry of PrJSC «AB InBev Efes Ukraine» was considered. The obtained results can be used as methodological recommendations for marketing management in the beer industry to strengthen their market position.

Keywords: trade marketing; KPI; campaign; trade marketing tools; cross-marketing; marketing; beer industry; spread of the pandemic; SWOT – analysis; competition; beer market.

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Напрями вдосконалення системи трейд-маркетингу у компаніях пивної галузі

У статті розглянуто особливості застосування трейд-маркетингу для компаній пивної галузі, сучасний стан ринку пивної галузі, а також виявлено чинники, що впливають на стримування розвитку цієї галузі в Україні. Метою статті є науково-теоретичне обґрунтування підходів щодо покращення системи трейд-маркетингу підприємств пивної галузі на основі методології використання сучасних інструментів. У предметній області автори використовували аналітичні, статистичні та графічні методи дослідження.

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Авторами було проведено SWOT-аналіз діяльності компанії ПрАТ «АБ ІнБев Ефес Україна» на ринку, виявлено сильні та слабкі сторони, можливості та загрози, що вказують на внутрішній потенціал і слабкі сторони досліджуваного підприємства, завдяки чому можливо сформулювати уявлення не лише про фінансовий стан, а й маркетингову діяльність підприємства. Так, у період адаптації до нової реальності при пандемії Covid-19 та непростих умов для бізнесу, ПрАТ «АБ ІнБев Ефес Україна» вдалося продовжити розвиток портфеля брендів і зберегти ринкові позиції при загальному падінні ринку пива. У 2020 році компанія вперше в пивній індустрії запустила B2B-платформу ВиBEERрай, що дозволило партнерам компанії замовляти продукцію онлайн 24/7, зменшити соціальні контакти та отримувати додаткові бонуси. Також авторами висвітлено поняття «трейд-маркетингу» і надано класифікацію його інструментів за цільовою аудиторією. Наведений підхід дозволить підприємству швидше досягнути поставлених цілей за рахунок використання інструментів трейд-маркетингу, оскільки компанія буде застосовувати його на конкретні ланки товаропровідного ланцюга. Розглянуто особливості застосування трейд-маркетингу на ПрАТ «АБ ІнБев Ефес Україна». Окрім цього розглянуто програму мотивації для торгових представників та мерчандайзерів з розрахунками доцільності її впровадження на підприємстві пивної галузі ПрАТ «АБ ІнБев Ефес Україна».

Ключові слова трейд-маркетинг; KPI; акція; інструменти трейд-маркетингу; крос-маркетинг; маркетингова діяльність; пивна галузь.

Formulation of the problem. Current trends in the consumer market of Ukraine require companies to make intensive efforts to motivate consumers to buy and maintain loyalty to the brands of manufacturers, applying new forms and methods of doing business. That is why it becomes necessary to study the business models of international companies. One of them, which is gaining considerable popularity among European and American companies, is trade marketing.

Ukrainian scientists and practitioners in the economic sphere have not sufficiently studied trade marketing, which is one of the main directions of marketing. Therefore, there is a need to expand the understanding of the concept of "trade marketing" and to develop the classification features of its instruments for more effective use by enterprises in the field of sales promotion. The improvement of trade marketing in the beer industry, which has been reducing its turnover in recent years, is of particular importance.

Analysis of recent research and publications. The issues of trade marketing are considered by many

domestic scientists, namely Bohun L. Yu. [5], Vasylytsiv N. M. [6], Gevorkian A. Yu. [7], Iliashenko S. M. [8], Kaplun A. V. [7], Nikolaienko I. V. [5], Rozumei S. B. [11], Savytska N. L. [12], Sirous M. V. [12], Yudenko G. Yu. [11].

Formulation of research goals. The purpose of the article is a scientific and theoretical substantiation of approaches on improving trade marketing of the beer industry based on the methodology of using modern instruments.

Outline of the main research material. Let's start with the analysis of the beer market in Ukraine, so according to the estimation of Better Regulation Delivery Office (BRDO) [2], beer is the leader in sales in the segment of alcoholic beverages with a share of 35%. Until 2008, beer production and consumption in Ukraine were characterized by significant growth rates. However, after 2008 the market and production began to fall sharply. If in 2008 Ukraine produced 320 million liters of beer, in 2020 - 183.8 million liters, ie 41% less (Fig. 1).

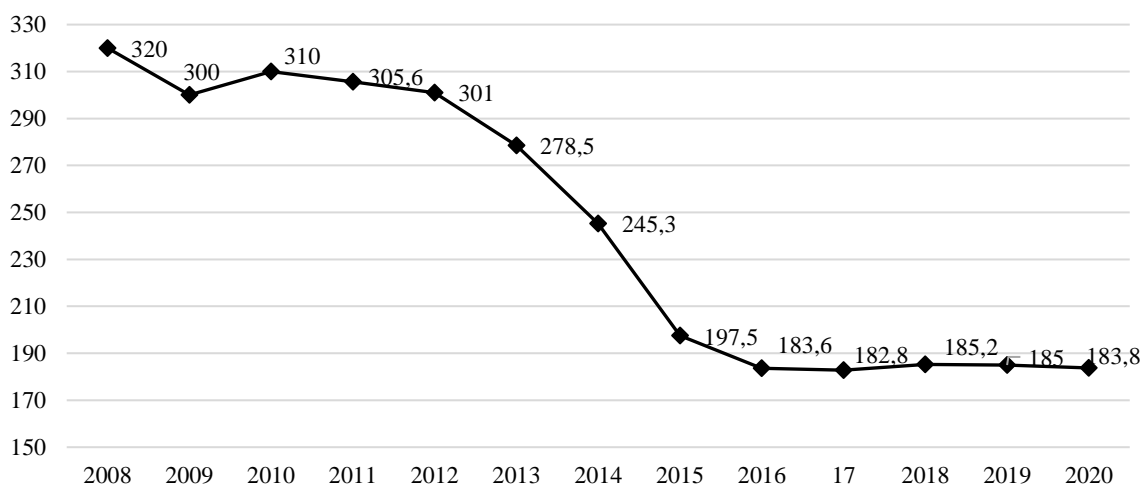


Figure 1 - Volumes of beer production in Ukraine during 2008 - 2020, million liters

Source: compiled by the authors according to [2]

The decline in beer production accelerated in late 2013 - early 2014. The crisis in the country, the

annexation of Crimea, military action in the East of the country negatively affected the results of beer economic

activity [9]. In addition, the development of the brewery sector is hindered by the closure of factories in the east of the country because of military actions; prohibition of advertising of beer products; introduction of licenses for trade of beer drinks; decrease of incomes of population; increase in prices for raw materials; spread of the pandemic of the Covid-19 and others [2].

Further, we will consider in more details the activity of PrJSC "AB InBev Efes Ukraine", which was formed as a result of the merge of the world's largest beer producer Anheuser-Busch InBev (AB InBev) and the regional brewing company with leading positions of Anadolu Efes, using the SWOT-analysis (Table. 1).

Table 1. SWOT - analysis for PrJSC «AB InBev Efes Ukraine»

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Leading position in the market; continuous research and analysis of the market; consumer-oriented; competitive situation; support and image enhancement. 2. Modernized plants and production capacity. 3. Optimization of production scale. 4. High profitability, possibility of cost reduction. 5. Strong strategies and organizational structure, management, personnel development. 6. Lack of Accounts Receivable (AR) due to contractual terms with customers. 	<ol style="list-style-type: none"> 1. The struggle for market leadership with JSC "Kalsberg" Ukraine and other competitors. 2. Financial instability due to economic and political situation in the country. 3. Weak motivation for staff. 4. Increase the volume due to imports in the premium segment. 5. Most production facilities do not work due to lack of orders.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Improvement of the economic and political situation in the country. 2. Increase in the solvency of the population. Product diversification. 3. Reduction of excise duties and taxes. 4. Production of raw materials in Ukraine instead of imports. 5. Development of an attractive label for local brands. 6. New contracts in the Marketing Technologies (MT) channel 	<ol style="list-style-type: none"> 1. Growth of inflation. 2. Insolvency of the population. 3. Increase in excise duties and taxes 4. Fall of the market. 5. Changes of currency exchange rates. 6. Changes in consumer tastes. 7. Changes in customs legislation 8. Ineffective planning of raw materials and supplies. 9. The continued spread of Coronavirus Pandemic Covid-19

Source: compiled by the authors according to [1, 10]

During the period of adaptation to the new reality during the Covid-19 pandemic and difficult conditions for business, PrJSC "AB InBev Efes Ukraine" managed to continue the development of the brand portfolio and maintain market positions at the general fall of the beer market. In 2020, the company launched the V2V platform VyBEERai for the first time in the beer industry, which allowed the company's partners to order products online 24/7, reduce social contacts and receive additional bonuses [1].

It is worth mentioning that PrJSC AB InBev Efes Ukraine overcomes its risks by reducing costs, improving the work of sales and marketing departments, launching powerful advertising campaigns and producing high-quality products for consumers.

Taking into account the market development and the constant focus on the consumer, who constantly needs innovations, the researched company has a high level of implementation of new technologies. However, the analysis of the company shows that there are a large number of threats that must be taken into account in the course of its activities. That is why a carefully thought-out marketing strategy is the key to successful promotion of goods on the market.

Competition has recently become increasingly fierce, in addition to the use of classic methods of promoting goods, companies need to look for new solutions to deliver their products to the final consumer. And trade marketing is one of them.

Trade marketing is a set of measures aimed at improving the quality of interaction of all sides of the marketing line, which begins with the manufacturer and ends with the buyer of the product. This technology perceives the market as a field for the sale of certain goods [13]. Its purpose is a more detailed acquaintance of the buyer with the market, providing detailed information that will further help to determine the choice of goods, based on knowledge and opinion.

But in order for this approach to be really effective, it is necessary to prematurely take into account many nuances, for example, which of trade marketing tools is better to use in a given situation.

Today there are several types of classifications of trade marketing tools. Note that due to the selected target audience and the result that the company wants to achieve, the trade-marketing instruments that will be used are determined. That is why it is necessary to classify trade marketing tools according to the target audience (Fig. 2).

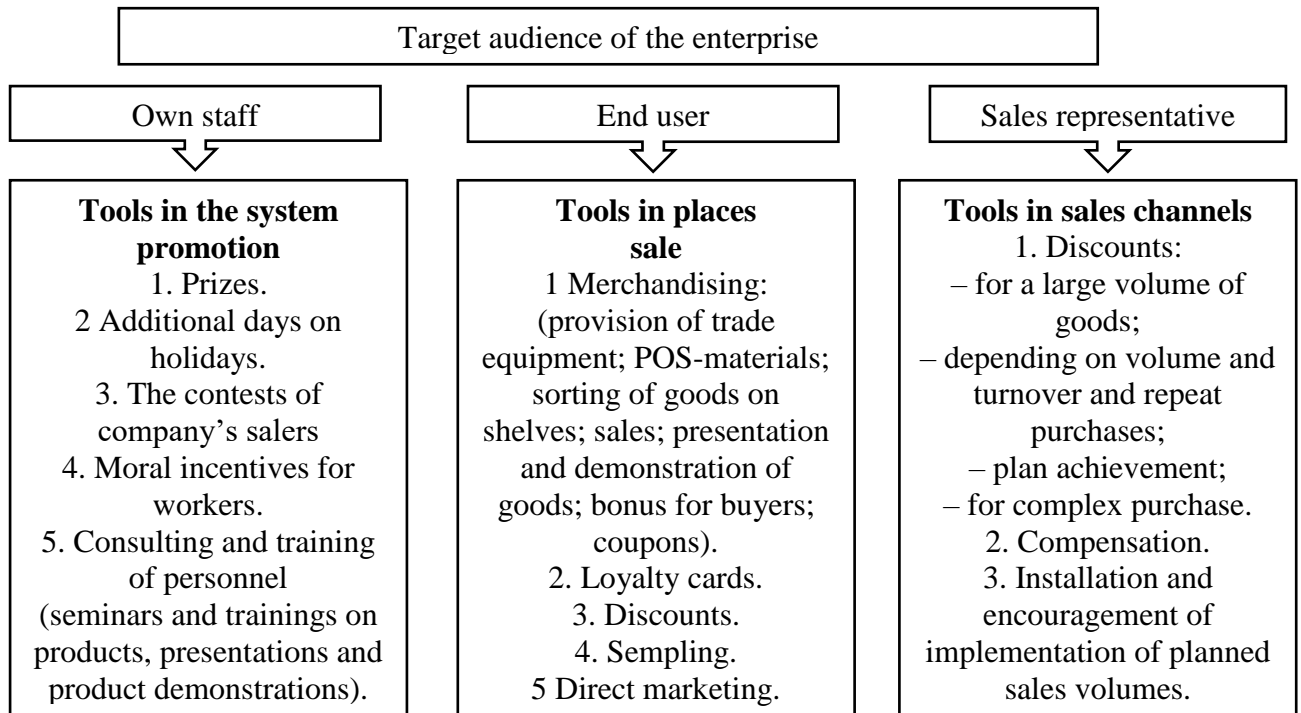


Figure 2 - Trade marketing tools for the target audience

Source: compiled by the authors according to [5]

The above approach to classification will allow the company to achieve its goals faster through the implementation of trade marketing tools, as the company will apply it to specific links in the supply chain.

Having analyzed the data above, it is possible to form the following structure of trade-marketing activity for PrJSC "AB InBev Efes Ukraine" on the example of a campaign at retail outlets (Fig. 3).

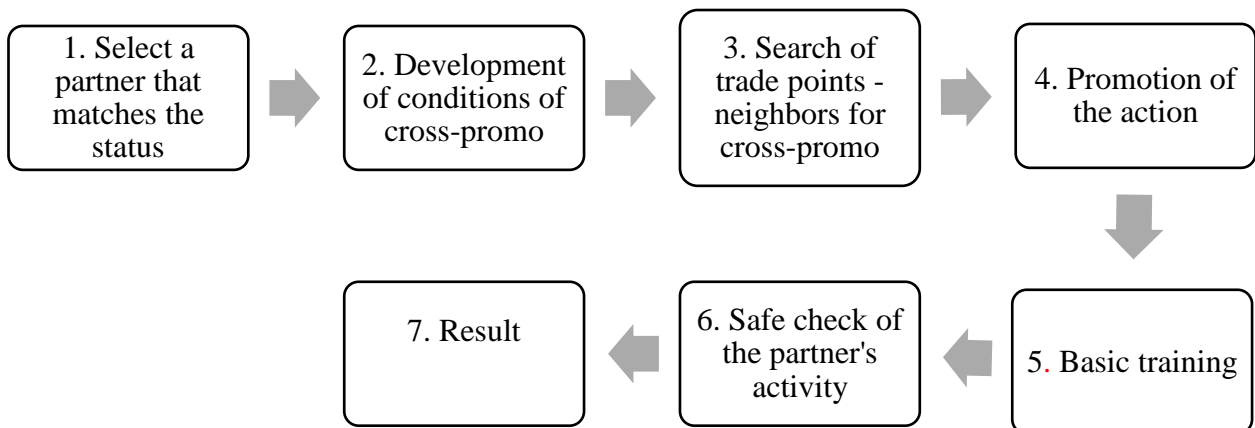


Figure 3 - Stages of a trade marketing campaign

Source: developed by the author according to [13]

For a cross-marketing campaign, the following requirements can be submitted to potential partners: it must be a network comparable in the required parameters, but which is not a direct competitor, and potential customers must intersect. The search for partners must be carried out at points of sale, namely those who are within walking distance.

The scheme of the cross-marketing campaign can be as follows: a buyer, who makes a purchase in a partner

store for a certain amount of money, receives a discount coupon in our chain (provided that a buyer purchases goods for more than X UAH), it should be applied to the purchase of goods in full price (it does not intersect with other discount propositions). An additional bonus may be given to provide an additional discount on subsequent purchases of goods, provided that the questionnaire is filled out, and the company will be able to analyze consumer preferences [8].

The main guarantee of success of a cross-marketing campaign is the correct announcement. It is possible to agree in advance with partners on extremely honest and effective work, including the dissemination of information about the action, both in their outlets and through other channels. Such channels can be posters at checkouts, on their own sites and sites of shopping centers, on social networks, on banners near outlets, etc. [12].

An important step in the implementation of cross-promotional goods is explanatory work with employees. It is worth developing an instruction that explains in detail the essence of the action and its idea. It is necessary to prove to traders that new consumers will be buyers with coupons. However, it is also necessary to show gratitude for the purchase of goods to their immediate customers, proactively distributing partner coupons. In order to monitor the work of partners, by prior arrangement with the partner, you can conduct a cross-check on the principle of a mystery shopper. At the same time, the availability of POS-materials is controlled, whether sales agents inform about the promotion and whether they distribute coupons when purchasing goods.

Thus, using the tools of trade marketing, namely cross-promo, you can get a conversion of 2-3% and get a return on the campaign (which according to similar

campaigns by other chains) exceeding the cost of its organization. The development and use of trade marketing events increases the loyalty of buyers and resellers, as well as brand awareness among other brands.

That is why the focus on merchandising is quite relevant today. Although not every company uses merchandising to increase purchasing activity, considering this tool useless and ineffective, but the real reason for the lack of results is the lack of audit of business strategy and evaluation of staff performance.

We will consider how we can implement the necessary metrics and build a system of motivation for merchandisers and sales representatives in PrJSC "AB InBev Efes Ukraine".

Any professional activity that is closely related to the company's revenue should be associated with the result using Key Performance Indicator (KPI). These indicators work continuously as regulators, directing the actions of people in all areas to achieve common goals [3].

In order to build a "working" motivation program, you need to prescribe the business processes of trade marketing and make a preliminary assessment: what actions of employees directly affect the company's revenue, profits and success in the market.

The scheme of the business process of trade marketing of merchandisers can look like this (Table. 2).

Table 2. Business process of trade marketing of merchandisers

Merchandising tasks	Merchandising functions	Monitoring	Tracking period	Motivation methods
Analysis and evaluation of competitors	To provide store-checks from each point of sales on the route	Supervisory visit, store-check	Weekly	Merchandizer: fine for lack of store-check
Tracking the range of products on the shelves of stores	Presentation of goods in the store according to Promotional Range Matrix (PRM)	Regular visits of outlets by sales representative, monitoring by a supervisor	Monthly	Merchandising: the fine for non-compliance with the standards of product display
Control of out-of-stocks	Update product inventories	Supervisory visit	Daily	Sales representative: the fine for incorrect order (on the condition of its influence on the order)
Basic tasks	To visit sales points	Tracking the receipts, product displays, photo reports, etc.	Daily	Merchandiser: remuneration for the implementation of KPI

Source: developed by the authors according to [13]

To begin with, it is important to choose the most attractive product for consumers among all the company's products. To do this, there is XYZ-analysis, which allows you to divide the range of products into groups depending on sales and fluctuations in demand. It is most convenient to do calculations in Excel or Google Spreadsheets.

We write out all the goods and services of the company with sales (monthly) of each product. Next, we calculate the coefficient of variation, which shows the variability of sales for each product group. Formula for calculation (1):

$$\text{Coefficient of variation} = \text{DSTDEV (Range)} / \text{AVERAGE (Range)} \quad (1)$$

At the last stage we sort the product by groups depending on the coefficient of variation:

X - deviation from 0% to 10% - goods that are characterized by a stable value of consumption;

Y - deviation from 10% to 25% - goods that are characterized by seasonal fluctuations in demand;

Z - deviation above 25% - goods that are characterized by irregular consumption or occasional demand.

As a result, we obtain a table with the results of XYZ-analysis (Table. 3).

Table 3. Results of XYZ-analysis for PrJSC «AB InBev Efes Ukraine»

Goods	January	February	March	April	Coefficient of variation	XYZ-analysis
Beer Corona Extra	27 065	30 051	29 318	33 798	8 %	X
Beer Staropramen	19 938	23 318	23 580	30 418	16 %	Y
Beer «Chernigivske»	23 030	23 161	26 514	29 842	11 %	Y
Kvass «Selo i Liudy»	15 379	13 624	13 624	25 886	30 %	Z

Source: compiled by the authors according to [10]

So, the most stable demand for Corona Extra Beer is the leading product, which must be present on store shelves and in stock. It is important to consider not the revenue, but the percentage of the margin from the sale of goods, to which we plan to link the KPI of merchandisers and sales representatives. Next, we define the basic KPI for trade marketing employees.

When developing standards for sales marketers, it is important to remember that the goals must be achievable, so it is necessary to take into account such indicators as the location of competitors' outlets, relationships with sales representatives and supervisors and shelf capacity at the point of sale and product-leader segment.

The key KPI for which we performed the XYZ analysis is the "origin" of the product or Offtake - the number of products sold per square meter over a period of time [3]. The formula for its calculation is as follows:

$$\text{Offtake} = (\text{Sale of goods}) / (\text{Place occupied by this product}) \quad (2)$$

For example, if the leading product Beer Corona Extra occupies an area of 3.75 sq.m. in the department of beer drinks and in total about 1000 units were sold. The output of the product in this case will be:

$$\text{Offtake} = 1000 / 3.75 = 266 \text{ units of goods sold per 1 square meter}$$

Based on such an analysis, it is possible to identify the «cold» and «hot» zones of the outlet, to make a «road map» and regulations for the display of goods on the shelves. Do not forget to assess the external factors, such as the capacity of the trading floor (the number of receipts per day) or the average receipt of the outlet (the number of purchased goods for 1 visit of the buyer).

Sales volume is a key indicator of the work of sales representatives. In itself, it is not quantified, so it should be monitored in the dynamics, such as the ratio of actual

sales to the planned or the dynamics for a certain period [3].

As for the pace of sales, it allows to assess workflows in the current period and adjust sales strategy. For example, in 10 working days the sales representative sold the goods for 40 thousand UAH, with a plan of 150 thousand UAH for March (22 working days in 2021). To determine the amount of sales that the employee will reach at the end of the month, it is necessary to divide the actual sales by the number of days actually worked and multiply by the number of working days per month, namely: $(40000/10) * 22 = \text{UAH } 80,000$. Since the amount received is much less than the set plan, at the current stage the supervisor can adjust the sales strategy of the sales representative. Supervisors manage the results of the work of subordinates (sales representatives and merchandisers) in the territory entrusted to them. Their goal is to meet the targets of systematic work with retail and improve the work of the sales team of agents. The effectiveness of the supervisor can be assessed by the number of effective orders. For example, the supervisor made 2,346 visits to outlets, of which 1,892 visits led to the receipt of an order for goods. Accordingly, the strike rate on the territory is equal to $(1892/2346) * 100\% = 80.6\%$.

Thus, as a result of the audit, each employee (merchandiser, sales representative, supervisor) should receive Promotional Range Matrix (PRM), standards and personal KPI, which will result in additional income for the company, as well as encourage staff to further sales.

Conclusions. Therefore, in order to withstand a high level of competition among a wide range of beer products, it is necessary to use the tools of trade marketing regularly, because, as practice shows, the decisive incentive to buy goods is often the influence of trade marketing activity. The product portfolio should be very diverse, and beer brands should be targeted at different categories of consumers. Positioning brands, it is necessary to take into account the specifics of target audiences and focus, among other things, on social and

demographic characteristics and psychography. It is possible to talk about good results and high sales figures if the company has a specific goal and a plan to achieve it through trade marketing campaigns, the use of which allows to attract attention, provide effective communication (feedback) with consumers. An important role in the implementation of trade-marketing activities of the enterprise is played by the creation of a motivation program for sales representatives and merchandisers, considered in the work. The obtained

results can be used as methodological recommendations for marketing management in the beer industry to strengthen their market position. Further research should be aimed at developing a criteria base, system of indicators and methodological principles of choice management according to formal procedures of types and marketing tools of the beer industry operating in specific market conditions, especially in the context of the Covid-19 pandemic.

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