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**A strategy for positioning the Ukrainian brand Prostir in the Italian
market of card payment systems**

by


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of the second-year master's degree course in Business Administration &
Consulting

The dissertation in partial fulfillment of the requirements for the degree of
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I certify that in this thesis, there are no borrowings from the works of other authors
without corresponding references

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ЗАВДАННЯ

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1. Тема роботи: Стратегія позиціонування українського бренду Prostir на ринку карткових платіжних систем Італії (затверджена на засіданні кафедри міжнародної економіки та маркетингу «22» жовтня 2021 р., протокол № 3).
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5. Предмет дослідження: механізм формування стратегії позиціонування позиціонування бренду компанії Prostir італійському ринку карткових платіжних систем.
6. Мета та завдання дослідження
Мета: узагальнення теоретичних підходів та розробка практичних рекомендацій щодо формування стратегії позиціонування бренду Prostir для забезпечення конкурентоспроможності компанії при виході на ринок карткових платіжних систем Італії.
Завдання:
 - 6.1. розкрити економічну сутність та види стратегій ринкового позиціонування;
 - 6.2. визначити етапи формування стратегії ринкового позиціонування;
 - 6.3. провести стратегічний аналіз бізнес-середовища діяльності Prostir на ринку карткових платіжних систем Італії;
 - 6.4. визначити конкурентні позиції компанії та особливості позиціонування брендів конкурентів на італійському ринку карткових платіжних систем;
 - 6.5. розробити концепцію маркетингової стратегії для виходу Prostir на італійський ринок карткових платіжних систем
 - 6.6. розробити практичні рекомендації щодо формування стратегії ринкового позиціонування бренду Prostir на італійському ринку карткових платіжних систем;
 - 6.7. здійснити оцінку економічної ефективності розроблених стратегічних заходів позиціонування.

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SUMMARY

The thesis consists of 103 pages, 14 tables, 21 drawings, a list of 79 references, 15 appendices.

A STRATEGY FOR POSITIONING THE UKRAINIAN BRAND PROSTIR IN THE ITALIAN MARKET OF CARD PAYMENT SYSTEMS

The research subject is mechanism for forming a strategy for positioning Prostir brand in the Italian market of card payment systems.

The object of the study is Prostir's activity in the Italian market of card payment systems.

The thesis aims at elaboration of theoretical approaches and development of practical recommendations on how to form a strategy for positioning Prostir brand to ensure the competitiveness of the company when entering the market of card payment systems in Italy.

Based on the study results, the set of cost-effective strategic positioning measures for the Prostir brand has been developed.

The practical significance of the research is based on that the developed set of cost-effective strategic positioning measures for the Prostir brand can be applied by the company in practice to ensure the company's competitiveness when entering the Italian market of card payment systems.

2020-2022: undertaking the thesis research.

2022: defense of the thesis.

РЕФЕРАТ

Дипломна робота містить 103 сторінки, 14 таблиць, 21 рисунок, список літератури з 79 найменувань, 15 додатків.

СТРАТЕГІЯ ПОЗИЦІОНУВАННЯ УКРАЇНСЬКОГО БРЕНДУ PROSTIR НА РИНКУ КАРТКОВИХ ПЛАТІЖНИХ СИСТЕМ ІТАЛІЇ

Предметом дослідження є механізм формування стратегії позиціонування позиціонування бренду компанії Prostir Італійському ринку карткових платіжних систем.

Об'єктом дослідження виступає діяльність компанії Prostir Італійському ринку карткових платіжних систем.

Мета дипломної роботи полягає в узагальненні теоретичних підходів та розробці практичних рекомендацій щодо формування стратегії позиціонування бренду Prostir для забезпечення конкурентоспроможності компанії при виході на ринок карткових платіжних систем Італії.

За результатами дослідження було розроблено комплекс економічно ефективних стратегічних заходів позиціонування бренду Prostir.

Практична значущість дослідження ґрунтується на тому, що розроблений комплекс економічно ефективних стратегічних заходів позиціонування бренду Prostir може бути застосований компанією на практиці для забезпечення конкурентоспроможності компанії при виході на італійський ринок карткових платіжних систем.

2020-2022: виконання дипломної роботи.

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INTRODUCTION

Relevance of the topic. With the development of the world economy, acceleration of international trade growth and strengthening of globalization processes, economic efficiency of settlements between economic actors, both at the international level and within individual states, becomes one of the factors ensuring the realization of economic potential of the relevant economic entity.

One of the most cost-effective methods of payment is non-cash payments made through the world's payment systems. Among payment systems, card payment systems occupy a special place, they are the most common and annually provide a significant share of the world's non-cash payments.

At the same time, the dynamics of non-cash payments and technological progress contribute to the gradual emergence of innovative technologies that could potentially completely replace traditional card payment systems, so for current players in the market of card payment systems, including Prostir, it is especially important to invest available resources in research and development, as well as taking measures to strengthen their own positions, including through international expansion.

Under the outlined conditions, in order to further ensure and strengthen Prostir's competitive position in the card payment systems market, it is advisable to develop a set of marketing strategies for the company, particularly including a strategy for positioning the brand in the Italian market of card payment systems.

Analysis of recent research and studies. The research of market positioning is devoted to the works of such foreign scientists as: D. Aaker, D. Cravens, T. Ambler, P. Kotler, J. Lamblen, D. Sonders, D. Ogilvy, K. Outs, M. Porter, A. Ries, J. Trout, R. Fathutdinov, J. Wind, G. Huley and others.

Among the Ukrainian scientists who studied market positioning, we should highlight T. Prymak, N. Kudenko, O. Zozulyov, as well as scientists from the Department of International Economics and Marketing, Kyiv National University

named after Taras Shevchenko, in particular A. Starostina, O. Dlihach, O. Kanishchenko, O. Prygara, V. Zhurylo, L. Pashuk and others.

At the same time, in the conditions of changing business environment there is a need for in-depth analysis of practical aspects of developing market positioning strategies in certain industries and market segments, taking into account their specifics. The above-mentioned factors determined the relevance of this study.

Object of study: Prostir's activity in the Italian market of card payment systems.

Subject of study: mechanism for forming a strategy for positioning Prostir brand in the Italian market of card payment systems.

The purpose of the thesis: elaboration of theoretical approaches and development of practical recommendations on how to form a strategy for positioning Prostir brand to ensure the competitiveness of the company when entering the market of card payment systems in Italy.

Research objectives:

1. Reveal the economic essence of positioning and types of market positioning strategies;
2. Define the stages of formation of market positioning strategy;
3. Conduct a strategic analysis of the business environment for Prostir in the Italian market of card payment systems;
4. Identify the company competitive positions and the features of rival brands positioning in the Italian market of card payment systems;
5. Develop the concept of the marketing strategy for Prostir to enter the Italian market of card payment systems
6. Develop practical recommendations for the formation of a strategy for market positioning of the Prostir brand in the Italian market of card payment systems;
7. Assess the economic efficiency of the developed strategic positioning measures.

Research methods. In the framework of the research objectives of the master's thesis, the author uses various methods of scientific knowledge, in particular: the method of constructing the categorical-conceptual apparatus of prof. A. Starostina, in developing the author's category "positioning"; method of analysis and synthesis in creating an algorithm for the formation of positioning strategy; methods of qualitative analysis and systems approach for conducting a comprehensive analysis of the business environment for Prostir; the method of drawing up a scientific hypothesis and the method of expert evaluation in the construction of positioning maps; questionnaire method – to study the motivations of consumers in the market; method of economic experiment and logical analysis in the development of positioning measures, and in assessing the economic efficiency of the proposed measures, as well as other qualitative and quantitative methods of scientific knowledge.

Information base of the research is: research papers, legislation and regulations, statistics and reports, data from market research companies, primary and secondary marketing information, data and information materials on Prostir's activities.

Practical significance of the obtained results. Developed as a result of the study set of cost-effective strategic positioning measures for the Prostir brand can be applied by the company in practice to ensure the company's competitiveness when entering the Italian market of card payment systems.

CHAPTER I. THEORETICAL FUNDAMENTALS OF FORMATION OF THE MARKET POSITIONING STRATEGY

1.1. Economic essence and types of market positioning strategies

One of the most stable characteristics of the modern market environment is its variability and high level of uncertainty. Under such conditions, an important marketing problem is the formation of an established positive brand image through the successful use of a set of marketing strategies, including market positioning strategies.

The development and implementation of a balanced market positioning strategy makes it possible to minimize the possible negative effects of the market environment and provide additional market benefits to the subjects of the strategy. At the same time, market positioning cannot be stable over time and must adapt to existing market conditions.

Since market positioning is one of the main means of successful marketing management, it is important not only to initially form a correct and effective positioning strategy, but also to constantly monitor its relevance, maintain the attractiveness of the position for target consumers and adjust in a timely manner (Tarasenko, 2016).

Given that in market conditions, positioning is an integral part of marketing strategy, we consider the essence of positioning through the prism of marketing strategy as a whole and its disposition in the set of marketing strategies.

In the theory of marketing, marketing strategy is given great importance, but in scientific discourse there are some differences in determining its individual components.

Thus, one of the founders of marketing science – P. Kotler, interpreted marketing strategy as a logical scheme of marketing activities, through which the company hopes to fulfill its marketing objectives. It consists of separate strategies for target markets, positioning, marketing complex and the level of costs for marketing activities (Kotler, 1984). According to A. Starostina: “Marketing strategy is a policy

of market activity of the enterprise for the long term; a set of strategic marketing decisions. Marketing strategy includes market and product strategies, positioning strategy (which combines market and product strategies), brand strategy, pricing strategy, marketing communications strategy (sales and promotion strategies)" (Starostina, 2009). L. Kozak proposes the concept of interpretation of marketing strategy based on its components. According to this concept, marketing strategy is a set of marketing strategies that include product-market strategy, competitive strategy, positioning strategy and attribute strategies (Kozak, 2011). Schematically, the elements of marketing strategy and the relationship between them are shown in fig. 1.1

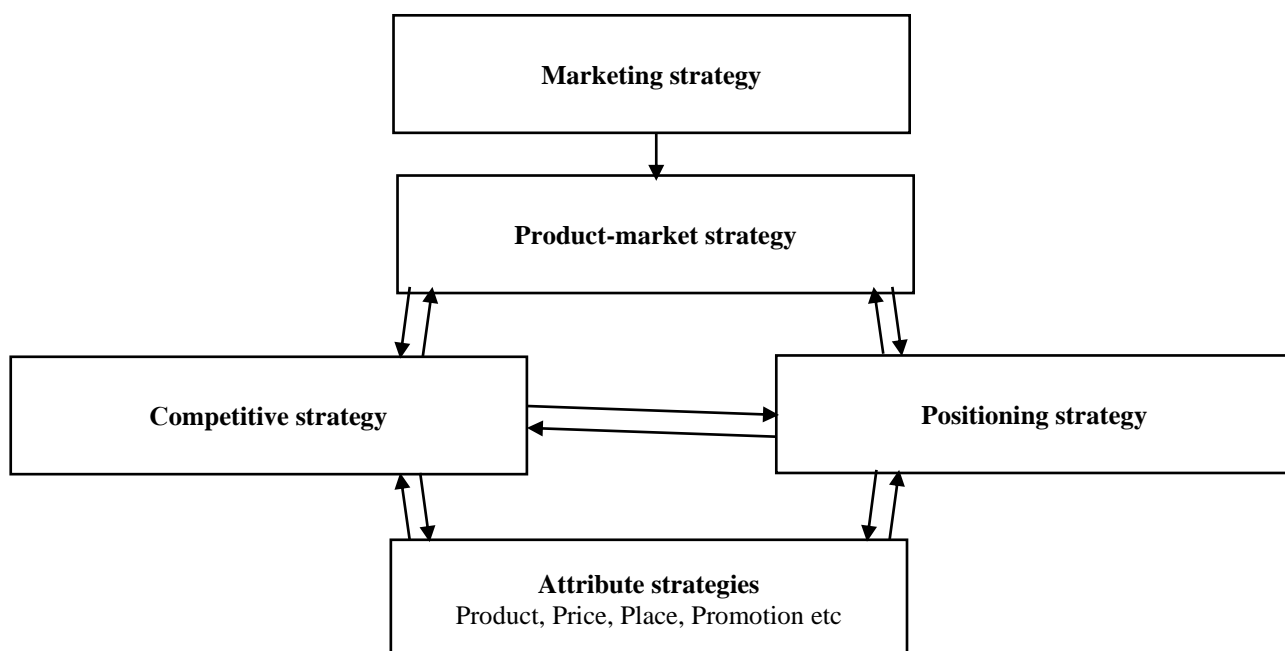


Figure 1.1 The element of marketing strategy

Source: compiled by the author based on (Kozak, 2011; Prymak, 2012)

According to Fig. 1.1, the structural element of the first order is the product-market strategy, which is divided into competitive strategy and positioning strategy on the basis of which a system of attributive strategies (product, price, place, promotion etc) is built. At the same time, the author emphasizes the interdependence and interconnectedness of the elements.

In our opinion, all the above definitions of the concept of marketing strategy by P. Kotler, A. Starostina and L. Kozak are reliable and relevant, despite the

differences. The main differences are due to the fact that marketing strategy is considered by authors from different positions, so P. Kotler proceeds from the fact that marketing strategy is a logical scheme of marketing activities, A. Starostina expands the definition of P. Kotler and emphasizes that marketing strategy should be considered as a set of interrelated elements that shape the policy of market activity of the enterprise. L. Kozak considers the concept as a set of interconnected elements, in which the key is the relationship between the elements.

Summarizing the views of scientists, we propose to consider marketing strategy as a policy of market activity for the future, based on market and product strategies, competitive strategy, positioning strategy, attributive strategies and on their interdependence and interconnectedness.

In a market environment, the positioning strategy is one of the main components of a set of interdependent strategies within the marketing strategy of the entity.

A significant number of scientific papers are devoted to the problems of strategic marketing, in particular, the study of aspects of market positioning of goods and brands. Numerous scientists have approached this issue from the standpoint of their own research and development.

One of the first sound concepts of positioning was proposed by J. Trout and A. Ries. According to scientists: "Positioning – is the creation of a certain position for the product among competing products, a kind of niche that would be reflected in the hierarchy of values formed in the minds of potential buyers" (Trout and Ries, 1972).

According to P. Kotler: "Positioning is a set of measures through which in the minds of target customers the product in relation to competing products occupies its own position, different from others and beneficial to the company, according to which consumers identify a product by its most important characteristics." (Kotler 1984).

According to P. Doyle: "Positioning - is a marketing activity to select target segments that define areas of competition, the choice of distinctive advantages that determine the methods of competition" (Doyle, 2002). D. Aaker considered

positioning as part of brand identity and value proposition, which is actively communicated to the target audience by means of communication and shows its advantages over competing brands (Aaker, 2001). According to O. Zozulyov: "Positioning - is to ensure the goods of such a place in the market and in the minds of consumers, which is clearly different from others" (Zozulyov, 2008). A. Starostina considers positioning as "a process of creating a market image of the product on the basis of identified consumer motivations in order to form in the minds of target consumers a unique perception of the product, different from competitors' products" (Starostina, 2005).

Despite the differences in the interpretation of the concept of positioning by scientists, for the most part their views are not mutually exclusive, but describe the notion from different angles.

In order to deepen the understanding of the essence of the concept of positioning and to generalize the existing scientific approaches to the interpretation of the term "positioning", 7 definitions proposed by scientists and researchers were selected and analyzed. The analysis of the interpretation of concepts was based on the method of constructing the categorical-conceptual apparatus of prof. A. Starostina (Starostina and Kravchenko, 2011).

According to this method, each category should have three components. The first component should describe the essence of the concept, the second component - reflects the mechanism of realization of the essence of the concept. The third part of the definition involves determining what is the ultimate goal, i.e. what result leads to the realization of the essence of the phenomenon within the economic system.

The division of the definitions selected for the study into three structural components is shown in table 1.1.

Table 1.1

The structure of the term "positioning"

Author, year of publication of scientific work	The essence of the phenomenon	The mechanism of implementation of the phenomenon	The ultimate goal of the phenomenon implementation
J. Trout and A. Ries, 1972	The creation of a certain position for the product among competing products, a kind of niche		that would be reflected in the hierarchy of values formed in the minds of potential buyers
P. Doyle, 1994	A marketing activity	to select target segments that define areas of competition, the choice of distinctive advantages	that determine the methods of competition
P. Kotler, 1998	A set of measures	through which in the minds of target customers the product in relation to competing products occupies its own position, different from others and beneficial to the company	according to which consumers identify a product by its most important characteristics
R. Fathutdinov, 2000	The process of determining the place of a new product in a number of existing products, establishing the scope of its application together with other products	based on market segmentation	
D. Aaker, 2003	The part of brand identity and the value of the proposition	that is actively communicated to the target audience by means of communication	and shows its advantages over competing brands

Continuation of the table 1.1

Author, year of publication of scientific work	The essence of the phenomenon	The mechanism of implementation of the phenomenon	The ultimate goal of the phenomenon implementation
A. Starostina, 2005	A process of creating a market image of the product	on the basis of identified consumer motivations	in order to form in the minds of target consumers a unique perception of the product, different from competitors' products
O. Zozulyov, 2008	to ensure the goods of such a place in the market and in the minds of consumers		which is clearly different from others

Source: compiled by the author

From the table. 1.1 we can distinguish the general approaches of scientists to the interpretation of the essence, the mechanism of implementation and the overall purpose of the positioning.

Thus, the most common approach to defining the essence of positioning is its understanding as a process or set of measures. There is also an interpretation of the essence of the phenomenon from the standpoint of the purpose of its implementation, in particular, this approach to positioning is used by J. Trout and A. Ries and O. Zozulyov. In our opinion, it is most appropriate to consider the essence of the category of "positioning" as a process within the marketing strategy, because such consideration of the essence of the concept allows us to understand the category as a set of relevant strategic marketing decisions.

In the studied term definitions, the content of the phenomenon is considered from three main positions:

1. As a choice of target market segments and / or identification of distinctive advantages (P. Doyle, P. Kotler, R. Fathutdinov);
2. From the standpoint of identifying consumer motivations (A. Starostina);
3. By building proper communication with the target consumer (D. Aaker).

We believe that each of the outlined approaches is appropriate, so we propose to summarize all three approaches into one in order to better understand the concept.

The third component according to the methodology of A. Starostina – the ultimate goal of the phenomenon implementation, is considered in the studied definitions from two positions:

1. As a unique perception of a product or brand in the minds of consumers (J. Trout, A. Ries, P. Kotler, O. Zozulyov);
2. As a unique perception of a product or brand by the consumer as the best or most profitable in comparison with the brand or product of a competitor (P. Doyle, A. Starostina, D. Aaker).

Given that the first approach does not focus on the existence of the market and removes positioning from market conditions, in our opinion, it is more justified to use the second approach, according to which the purpose of positioning is to form a unique consumer perception of a product or brand as the best compared to the brand or product of a competitor, i.e. in an open market environment.

Thus, based on the results of a critical analysis of grouped views of scientists on the interpretation of the concept of "positioning", we propose the following author's category, which summarizes and complements existing approaches to the definition of the term.

Positioning is the process of creating a market image and identity of a product (brand) based on the identified motivations of relevant consumer segments, which aims to ensure a unique perception of the product (brand) by the consumer compared to the product (brand) of competitors.

The proposed concept of defining the term "positioning" has the following advantages:

- Summarizes the main scientific positions on understanding the essence of the term;
- Considers "positioning" comprehensively and integrally to the market environment;

- Fully formulates the ultimate goal of positioning and determines the result of successful positioning;
- Can be applied both to the positioning of products brands and to the positioning of companies' brands.

According to the developed interpretation of the category of "positioning" and the study of the position of positioning strategy in the structure of marketing strategies, positioning strategy should be considered as an integral part of marketing strategy, logical scheme of positioning measures, the implementation of which strengthens competitive positions.

From the author's definition of the concept of positioning can be traced common features of positioning and differentiation, which is based on the selection of certain characteristics of the product or brand, which would clearly distinguish them from competitors.

M. Porter's classical theory interprets the strategy of differentiation as long-term actions aimed at providing consumers with products that have greater value for the same value as competitors. The emphasis is on creating something that the consumer perceives as something unique, such as product characteristics, additional service, prestige, etc. (Porter, 2006). Accordingly, among the strategies of differentiation can be distinguished differentiation by product, service, image, staff and distribution channel.

Given that differentiation and positioning have common "features", we can put the classification of types of differentiation in the classification of types of positioning. However, as noted by T. Prymak in his study of the types of positioning strategies, the possibility of applying the classification principles of differentiation to the classification of positioning strategies are limited, as consumers will be left out of consideration. Also not taken into account will be public life and social movements, in relation to which positioning can be provided, while positioning by staff is inappropriate (Prymak, 2012).

In accordance with this, the scientist proposes to choose the following main classification criteria: by product, by manufacturer, by consumer, by service, by participation in public life and social movements.

The detailed concept of classification of types of positioning strategies T. Prymak can be presented in the form of a positioning strategies tree (annex A).

According to T. Prymak, the choice of individual positioning strategies will depend on the specifics of the market and the product (brand). Brand positioning can be carried out simultaneously on several grounds, but it is necessary to clearly limit their number due to the effectiveness of awareness of the developed positioning by consumers.

J. Wind, P. Temporal, P. Kotler and O. Zozulyov also contributed to the development of the classification of positioning strategies.

J. Wind distinguished positioning strategies: by product functions, by benefits, by problem solving or needs, by method of use; by category of users, relative to another product, based on the break with a certain category of products (Porter, 2006). P. Temporal added to J. Wind's system positioning strategies based on emotions and emotional values inherent in the target consumers (Wind, 2002).

P. Kotler developed a classification of types of positioning strategies for brands, according to his views, there are the following groups of strategies: by attributes, preferences, methods or situation of use, by consumer, in relation to competitors, by product category, by price / quality (Temporal, 2003).

The most thorough and modern approach to the classification of positioning strategies was proposed by O. Zozulyov. According to the scientist, it is advisable to identify nine main groups of positioning strategies (Table 1.2).

Table 1.2

Types of market positioning strategies

Classification feature	Strategy
The level of positioning	<ul style="list-style-type: none"> - Macro - Meso - Micro
Object in relation to which differentiation occurs	<ul style="list-style-type: none"> - Brand positioning - Product positioning
Attitudes towards competitors' brands	<ul style="list-style-type: none"> - Lider - Clone - Niche
Place in the product category	<ul style="list-style-type: none"> - Brand that defines the product category - Brand that defines the product subcategory - Expert brand
Place relative to existing brands in the market	<ul style="list-style-type: none"> - New separate brand - Additional to existing ones
The type of product properties on which the positioning is based	<ul style="list-style-type: none"> - According to the tangible properties of the product - By image - According to the competitive position
Number of selected positions	<ul style="list-style-type: none"> - Unitary positioning - Multidimensional positioning
Number of stages of positioning	<ul style="list-style-type: none"> - One-stage positioning - Multi-stage positioning
Correlation with the existing market position	<ul style="list-style-type: none"> - Positioning - Repositioning

Source: compiled by the author based on (Zozulyov, 2008)

According to table 1.2, the first classification feature is the level of positioning. Positioning can take place at three levels of the economic system - macro, meso or micro. Positioning strategies according to this classification feature differ in that at the macro level there is a positioning of the country of origin, at the meso level - industry or region, at the micro level – a single brand. Depending on market circumstances, an entity may develop its own image or use the image of an industry, region or state in the course of its business.

Positioning on the object in relation to which differentiation takes place can occur either due to brand positioning, if the relevant product category is already

present on the market, or due to product positioning, if the product is new to the market.

In relation to the brands of competitors, it is advisable to consider positioning depending on what competitive position the firm plans to occupy in the market. According to this classification feature, positioning strategies can be the following strategies of the leader, clone (imitation of the leader) or niche. Most often, the same positioning strategies are used when the company uses appropriate competitive strategies according to P. Kotler (Kotler, 1984).

Positioning by place in a product category can be relative to the brand that determines the product category, the brand that determines the product subcategory and the expert brand. So, if the brand is the leader in the product category or the first to enter the market, or in the minds of consumers the brand is the flagship – use the strategy of brand positioning, which determines the product category. If the brand is aimed at leadership in the product subcategory – apply a brand positioning strategy that defines the product subcategory. The expert brand positioning is used if within the product category or subcategory the product of the brand meets a certain specific need of consumers.

By placement relative to other brands in the market, positioning strategies are classified into a new individual brand strategy, which is used if the company's chosen market position is free, and an additional brand strategy to existing ones if the position is vacant and competitors are already present.

Within the framework of the classification feature of positioning strategies by the type of selected product properties, the following are distinguished:

- Positioning strategies based on specific tangible properties of the product, ie those based on the use of rational criteria used by consumers when evaluating products.
- Image positioning strategies. The basis of this strategy is the criterion of emotional perception of the product by the consumer. With such a positioning strategy, the emphasis can be on emphasizing the affiliation of a product or brand to premium products, professional products, and so on.

- Competitive positioning is used if one of the previous two strategies cannot be applied. The essence of this strategy is to clearly link positioning with the current place occupied by companies. For example, under this strategy, the brand can position itself as one that is the most reliable or as one that is the leader of consumer confidence and so on.

Among the positioning strategies by the number of selected positions are unitary and multidimensional positioning. Unitary positioning implies that the basis of positioning is one tangible and different from competitors feature of the product or brand, with multidimensional positioning - such features can be two or more. With multidimensional positioning, the consumer must associate the object with several advantages at once.

Positioning strategies by the number of stages can be divided into single-stage and multi-stage. If in the framework of a one-stage strategy the brand image is formed at a certain moment for a significant period of time, then in multi-stage positioning the basis is the constant need to make changes in positioning in relation to individual positions over time.

Among the strategies for the existing market position, positioning is divided into own positioning (priority) and repositioning - the process of making changes to the existing strategy of competitive positioning of a product or brand. According to A. Starostina, repositioning should be carried out if:

- There is a decrease in the attractiveness of the target segment;
- There is a low efficiency of the position, i.e., insufficient compliance with consumer motivations;
- The position of the brand becomes unprofitable (Starostina, 2005).

In turn, repositioning strategies are divided into types depending on the stage of the product life cycle in the market and market development (table 1.3).

Types of repositioning

		Product	
		Old	New
Market	New	Concealed repositioning	Explicit repositioning
	Old	Image repositioning	Product repositioning

Source: compiled by the author based on (Shapovalov, 2008)

There are 4 main types of repositioning:

1. Image repositioning – a change in the image of the target consumer, which is achieved mainly through changes in approaches to marketing for the product, in particular through changes in sales and promotion policies.
2. Repositioning of goods – a strategy based on modification of goods, changes in its properties and characteristics.
3. Concealed repositioning – a strategy that can be based on reorientation to another target segment of consumers with or without maintaining positions in existing segments.
4. Explicit repositioning – changing the key characteristics of the product, as well as its simultaneous offer for a new target segment.

The defined classifications of types of positioning strategies allow to determine the optimal strategies that can be used in the development of brand positioning in the thesis.

1.2. Methodical approaches to forming a positioning strategy

The problem of developing approaches to the positioning strategy is an important and debatable topic of theoretical marketing, given that depending on the

chosen approach to construction is possible to choose and form different final strategies, which may not give the expected effect when implemented by the entity in practice.

It is indisputable that multivariate choice of positioning strategies is often possible, ie in practice there may be several different strategies that are effective.

Given the existence of many different effective strategies at the same time, the main task is to choose the optimal strategy for an individual entity given the current market situation.

The formation of an optimal positioning strategy should be preceded by a thorough market research, which is based on a comprehensive analysis of factors in the macro- and micro-marketing environment. Based on the analysis, the strengths and weaknesses of the company are identified, as well as threats and opportunities for it in the market.

The next important step is to identify the target consumer and determine his motivations. Since the information basis for forming in the minds of the target audience a unique perception of a product or brand different from competitors, are the results of motivational consumer research, when developing a positioning strategy it is advisable to conduct marketing research to identify short-term demand and consumer motivations.

This study should be based on both quantitative parameters and qualitative indicators, so it is advisable to conduct a survey of consumers from the target audience (quantitative method) and a survey of market experts (qualitative method).

These stages are the basic stages for the formation of positioning strategy. The subsequent stages of constructing a positioning strategy according to scientists differ.

Among the methodological approaches to creating a positioning strategy the studies of G. Huley and O. Zozulyov should be taken into consideration.

G. Huley advocates a comprehensive concept for the development of positioning in three phases (G. Huley, 2002):

1. Determination of the current position.

This phase, according to the scholar should consist of the following stages:

- Creation of the list of competitors;
- Identification of distinctive characteristics;
- Assessment of the appropriate significance of attributes for the consumer;
- Determination of the positions of competitors by the most important attributes;
- Identification of the needs of target consumer.

2. Choosing the desired position.

During this phase, the company must make decisions regarding:

- Choosing the market in which the positioning strategy is planned;
- Identification of competitive advantages or differences from competitors.

3. Development of a strategy to achieve the desired position

G. Huley believes that after identifying the current position and determining the desired development of their own position, it is necessary to choose one of four strategic alternatives for positioning:

- Strengthening existing positions;
- Gradual repositioning;
- Drastic repositioning;
- Displacement of competitors from the position.

Based on the outlined alternatives, depending on the specifics of the market, market situation, desired position and other factors, a set of measures should be built to implement appropriate positioning.

G. Huley approach does not contradict the basic stages of formation of the positioning strategy, but represents the principle of strategy development in the form of a set of successive phases, which in particular include the outlined basic stages.

O. Zozulyov proposes a clear superstructure to the basic stages (Zozulyov and Pysarenko, 2004). The scientist identifies the following stages of positioning (fig. 1.2).

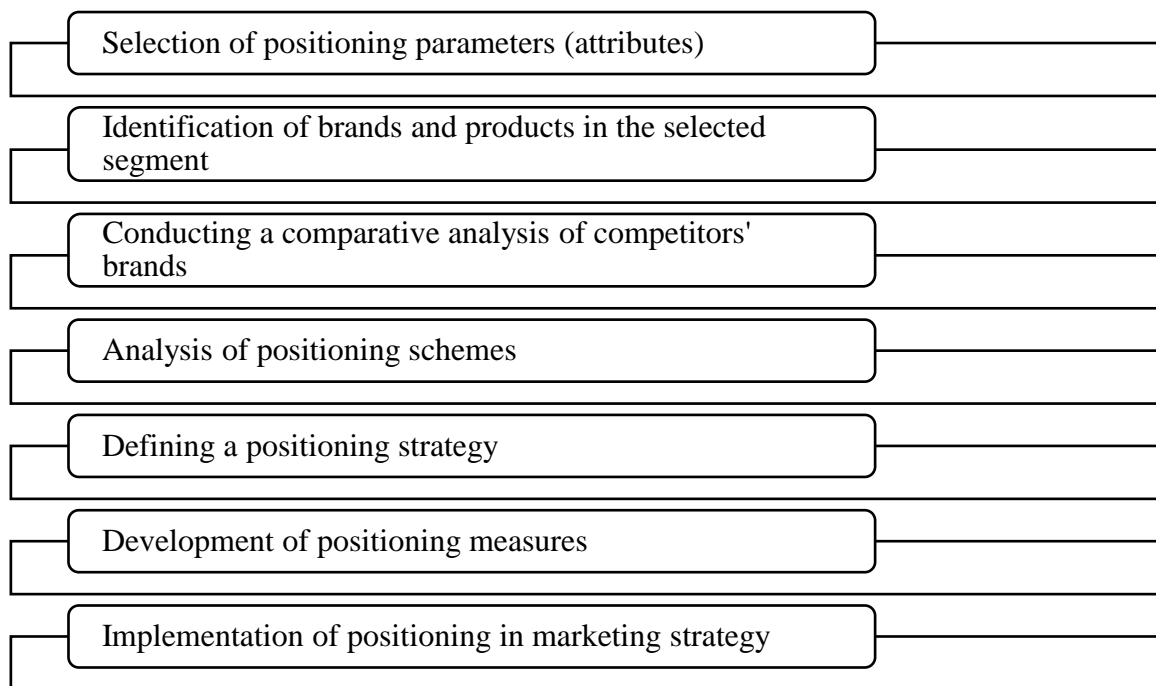


Figure 1.2 Stages of positioning

Source: compiled by the author based on (Zozulyov and Pysarenko, 2004)

The specifics of the individual stages as per fig. 1.2 are as follows:

1. Selection of positioning parameters.

In this stage, the selection of parameters (attributes) that are important to the consumer. Positioning should be based on these parameters (attributes).

2. Identification of brands and products that are in the selected segment.

Brands that compete with the brand under study in the selected segment are selected. At the same time, both brands that are really competing and those that are competitors from the point of view of consumers are chosen.

3. Carrying out a comparative analysis of brands by building positioning maps.

4. Analysis of positioning schemes. At this stage, the positioning criteria are selected based on the results of the analysis of positioning schemes.

5. Defining the positioning strategy. Based on the analysis of positioning schemes, it is necessary to determine the positioning strategy.

O. Zozulyov at this stage proposes to choose one of the basic strategies among:

- positioning strategy in relative to the level of positioning;
- positioning strategy relative to the object of differentiation;
- positioning in relation to competitors' brands;

- strategy of positioning among existing brands in the market;
 - positioning strategy according to the type of selected product properties, among which, depending on the identified consumer motivations, can be selected:
 - positioning based on tangible product characteristics;
 - image based positioning;
 - positioning based on the competitive position of the product.
6. Development of positioning measures that will determine the actual implementation of the chosen positioning strategy. The developed measures should be based on the motivations of the target consumer.
 7. Implementation of positioning. This stage is the final stage, it aims to align the existing elements of the marketing strategy with the developed positioning strategy in the overall system of marketing strategies.

Based on the researched methodological approaches to the formation of brand positioning strategy, an algorithm was developed (Fig. 1.3), which includes all the main stages of strategy formation, from analysis of the company's marketing environment to development of strategic positioning measures and evaluation of their economic efficiency.

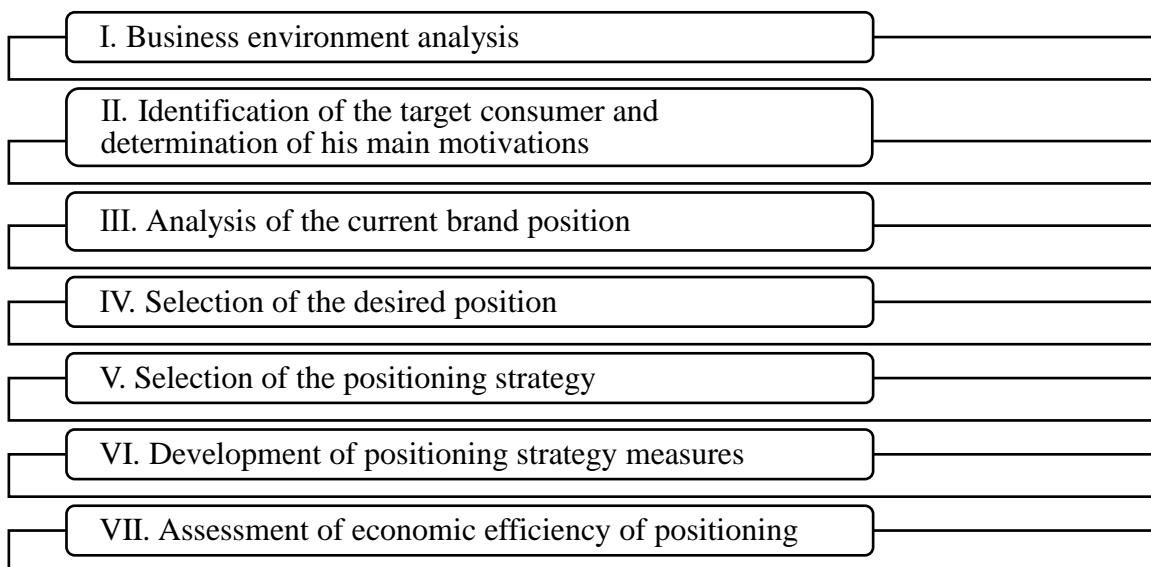


Figure 1.3 Algorithm for forming a brand positioning strategy

Source: compiled by the author

The developed algorithm (fig. 1.3) will be used to form a strategy for positioning the Ukrainian brand Prostir in the Italian market of card payment systems in this study.

Conclusions on chapter I

Given the variability and high level of uncertainty in today's market environment, an important marketing problem is the formation of a stable positive brand image through the successful use of a set of marketing strategies, including market positioning strategies.

Based on the results of the analysis of scientific approaches to the interpretation of the essence of "positioning", the author's definition of the category was formulated, according to which positioning is the process of creating a market image and identity of a product (brand) based on the identified motivations of relevant consumer segments, which aims to ensure a unique perception of the product (brand) by the consumer compared to the product (brand) of competitors the result of which is the strengthening of competitive positions of the business.

Positioning strategies can be classified according to different classification criteria. The study of the types of strategies made it possible to determine which strategies can be practically applied in the development of positioning strategies in the thesis.

Based on the results of the study of the main methodological approaches to the formation of positioning strategy, a seven-stage algorithm was developed, which will be used to form the positioning strategy of the Ukrainian brand Prostir in Italian market of card payment systems.

CHAPTER II. STRATEGIC ANALYSIS OF THE MARKET ATTRACTIVENESS AND THE COMPANY COMPETITIVENESS

2.1. Justification of reasons to choose Prostir and the Italian market of card payment systems

NPS Prostir (“Національна платіжна система Простір” or Prostir) is a first Ukrainian state-owned national card payment system.

Prostir is a system of retail payments, in which payments for goods and services, cash withdrawals and other transactions in the national currency are carried out using electronic means of payment, namely Prostir payment cards (Prostir official website).

Juridically, the owner of Prostir is the National Bank of Ukraine (NBU), therefore the operations of the system are carried out by NBU. NBU as a market regulator defines the rules according to which the payment systems should function in Ukraine. Due to the direct ownership of Prostir by the NBU, the specific legal documents (NBU decrees) also regulate the functioning of Prostir in Ukraine (NBU legislation).

Even though, Prostir payment system is a state-owned payment system, it has its own management and operates nearly independently. The management of Prostir has defined the Mission and aims of the company in the Ukrainian market as follows:

Mission:

- To promote the growth of retail non cash payments

Aims:

- To become competitive
- To meet the current needs of the cardholders in obtaining a quality modern and economical payment instrument
- To become a leader in innovative payments solutions

Historically, Prostir was established by NBU in 2001, at that time the company was called NSMEP (Національна система масових електронних платежів). The main goals of creating such a company were:

- To improve the security of transactions
- To keep the so-called “interchange money” within the country
- To compete with the American TNC’s, specifically Mastercard and Visa in the Ukrainian market of card payment systems.

Later in 2013 the NSEMP system was modernized (EMV CPA Modernization) to better comply with modern standards of payment transactions. The improved system has been renamed to NSEMP–2. However, despite the fact that the system at that time fully corresponded to modern world standards, this was not enough to successfully compete in the market of card payment systems.

Thus, in 2016, the payment system regulator introduced a market rebranding of the company, which was supposed to help the company become closer to the consumer and attract more and more users. After the rebranding, the company became known as Prostir and it finally started its active invasion into Ukrainian mass market of payment cards.

In three years, the company managed to raise its market share from zero to 1,1% by active cards (as of 1 January 2019) (NBU, 2020). With a better management and more comprehensive strategy in the market the company has good chances to get a higher market share in the near future in Ukraine.

According to the official website of the payment system, Prostir is currently offering only two options of payment cards, one is a Prostir regular card and the second one is a cobranded card issued by Prostir and UnionPay International (NBU, 2020).

The current activities of Prostir mainly include regular for payment systems activities as: acquiring, servicing and increasing the safety and security of the transactions.

The future plans of Prostir, include the implementation of the following points:

- Global partnership with UnionPay (the second largest payment system globally)
- Bank ID services
- Implementing 3D-Secure for online payment

- Forcing cards emission
- P2P money transfer
- Adding PROSTIR to NFC payment technologies
- Virtual cards
- Other security improvements.

Prostir officially does not declare their plans in the Ukrainian market in terms of the market share or possible market leadership, however, the perspectives that the company has in the Ukrainian market are very promising.

Generally, the base points of perspectives of Prostir in the Ukrainian market are:

- 1) The fact that Ukrainian market of card payments is one of the fastest growing markets globally by both the value and the number of transactions (fig. 2.1);
- 2) The fact that the company is a Ukrainian state-owned company that is operated by the management from NBU.

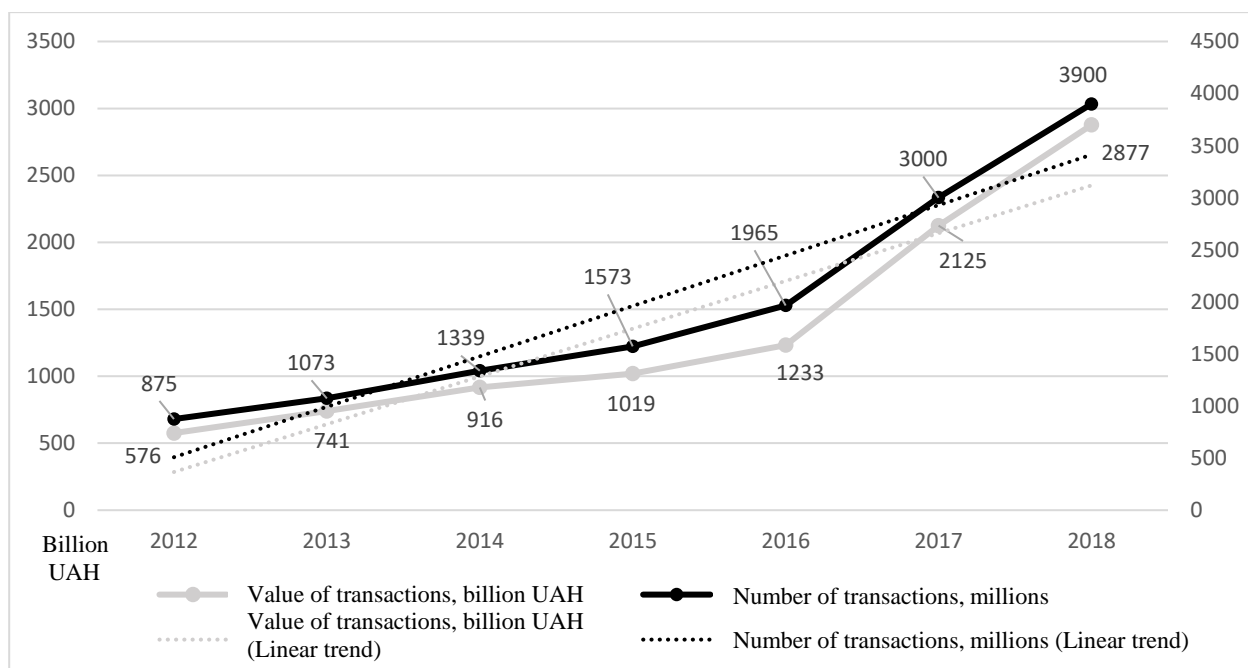


Figure 2.1 The value and the number of payment card transactions in Ukraine, 2012-2018, millions, billion UAH

Source: compiled by the author according to the data (NBU, 2020)

The first point de-facto guarantees the company a growing annual profit even if the existing market share is just retained, because the market itself is growing rapidly.

The second point is based on the tendency to patriotism observed among Ukrainian consumers, as well as on the fact that the owner of the payment system is also the sole regulator of the market, so the management of the payment system knows best about the plans of the regulator in the market.

For Prostir to select the new market for its future international expansion we have decided to apply an adopted filter model of market selection initially designed by O. Kanishenko (Kanishchenko, 2004).

The analysis commences with the selection of the two most promising and convenient to entry macrosegments (vectors). As per our hypothesis, these macro regions are the USA and the European Union. These chosen macrosegments represent the well-developed countries with good reputation and plenty of room to establish a branch in terms of the ease of doing business and the liberal legislation. Moreover, in both macrosegments, the market of payment systems could be characterized as a developed market with high pace of growth.

To select one macrosegments of interest of the two, we apply the filter model (table 2.1).

Table 2.1

Macrosegment selection process by factors (2019)

Key factors	USA	EU
Population	327,4 m	447,7 m
Average annual household spending	USD 63 036	USD 23 782
Yearly number of card transactions	39,6 billion	46,6 billion
Total value of transactions	USD 7,08 trillion	USD 4,65 trillion
Yearly payment card use growth rate (by number)	6,7%	12,3%
Percentage of card transactions in all transaction	37%	48%

Source: compiled by the author according to the data (ECB; Federal reserve, Global Competitiveness report)

From the direct comparison of the macrosegments by the important factors in the table 2.1 we can conclude the European Union is more perspective market for

Prostir to expand. The European Union has higher population, higher number of yearly card transactions, almost two times higher growth rate of payment card use and higher percentage of card transactions in all transactions structure than the US. Thus, as a macrosegment for Prostir expansion we selected the European Union.

Using the similar logic, as for macrosegments, within the European Union three most promising segments (countries) were selected. At this stage the key factor for three market selections was GDP. According to The World Bank, in 2019 Germany, France and Italy were the first, the second and the third largest country in the EU by GDP. The GDP in Germany accounted for 3,4 trillion Euro, in France – 2,6 trillion Euro and in Italy – 1,8 trillion Euro (Global Competitiveness report).

To compare three selected countries the following factors were used:

1) Score in Doing business 2020

The factor allows to compare the “ease of doing business”.

2) Score in Global Competitiveness index 2019

The factor allows to compare the overall performance of the entities in the countries.

3) Population in 2019

Allows to get the better understanding of the number of potential customers.

4) Average age in years

The higher the better as youth may tend to prefer non-car payment systems and innovative payment solutions.

5) Average yearly spending per household in Euro

This is one of the key factors of comparison, because it has direct connection with card spending, thus with Prostir’s possible revenues.

6) Number of cards issued

The factor allows to compare how likely is that the population will use credit cards.

7) The average growth in payment card spending volumes in the last three years (2017-2019)

The factor allows to estimate which market has the better pace of development in terms of cards spending. The selected factors have mainly economic nature,

because other factors are either mainly similar or not as significant in all three countries

The comparison of the countries by the above factors is presented in table 2.2.

Table 2.2

Segment (country) selection process by factors

Factors	Germany	France	Italy
Ease of doing business (Doing Business 2020 score)	79.7 (high)	76.8 (high)	72,9 (high)
Global Competitiveness index 2019, score	82 (high)	79 (high)	72 (high)
Population, million, 2019	83,2	67	60,4
Average age, years, 2019	44,5	42	45,7
Average yearly spending per household, Euro, 2019	30 710	27 267	30 723
Number of cards issued, million, 2019	83,4	84.5	85,6
Last 3 years (2017-2019) average growth in payment cards spending volumes	11,43	10,43	16,3

Source: compiled by the author according to the data (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business)

From the comparison in the table 2.2, Italy has an advantage against the other countries in four factors (out of 7)

So, the main reasons to select the Italian market are:

- 1) The high level of ease of doing business
- 2) The high level of country competitiveness
- 3) The prevalence of the population at the age of about 45,7
- 4) The highest average yearly spending in comparison with Germany and France
- 5) The highest number of cards issued, potentially the better use of card payment
- 6) The fastest average yearly growth in payment cards spending volumes.

Therefore, the selection process is finalized and Italy is the selected market for Prostir international expansion.

2.2. Research of the business environment for Prostir in the Italian market of card payment systems

To conduct a more complete and comparative study of the business environment for Prostir in the Italian market, we decided to analyze the macro- and micro-environments of the Italian and German (the second most attractive market for Prostir international expansion) markets by direct comparison.

Micro environment: opportunities and threats

Porter's five forces approach was used to analyze the micro environment for Prostir in the Italian and German markets (Porter, 2006).

The five forces approach provides for a detailed study of:

- 1) Industry rivalry
- 2) Threat of new entrants
- 3) Threat of substitute products
- 4) Bargaining power of customers
- 5) Bargaining power of suppliers.

Industry rivalry.

The overall level of industry rivalry in both Italian and German markets could be defined as medium level rivalry within the industry. This result was obtained from the comparison of industry rivalry in the card payment systems market in two countries.

The key factors of the comparison were:

- 1) The number of registered competitors
- 2) The number of active card payment systems competitors
- 3) The opportunity of price change (linked to the market rivalry)
- 4) The level of existing market barriers.

The detailed comparison of the industry rivalry in two countries is shown in annex B.

To understand the differences in industry rivalry in two countries and in order to get a better picture of the industry rivalry in general, based on the estimation of

comparable and non-comparable factors of industry competition we decided to build the following competitive rivalry within industry matrix (fig. 2.2) that has market growth parameter on the vertical axis and industry average profit parameter on the horizontal axis.

Market growth

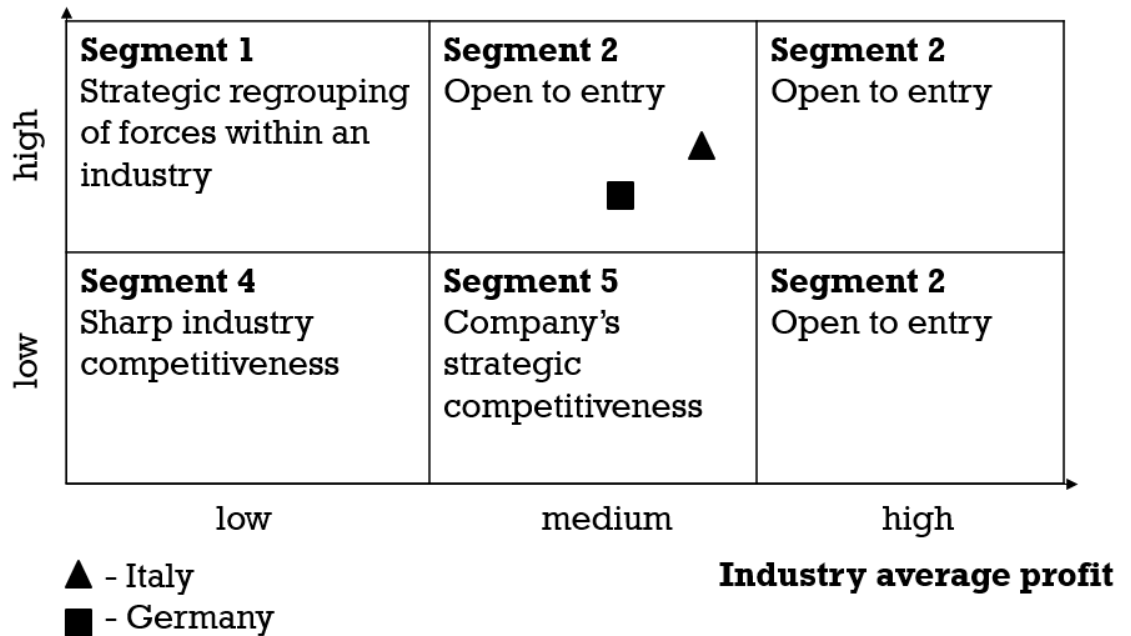


Figure 2.2 Competitive rivalry within the industry matrix

Source: compiled by the author

From fig. 2.2, both Italian and German markets are located in segment 2 that means that both markets are currently open to entry in terms of industry rivalry. However, the market growth rate and the industry average profit are higher in Italy (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Threat of new entrants.

In order to analyze the threat of new entrants, we will use an approach similar to the one used in the analysis of industry rivalry.

Firstly, the following comparable factors are used to estimate the threat of new entrants in two countries:

- 1) The level of product differentiation
- 2) The nature of governmental regulation

- 3) The number of strong brands in the market
- 4) The use of full cycle operations by the companies within the industry.

The detailed comparison of the threat of new entrants in two countries is shown in annex C.

The overall level of the threat of new entrants in both Italian and German markets could be defined as medium level threat of new entrants.

To better address the issue, below is the matrix of the threat of new entrants in the markets (fig. 2.3).

Reaction of market actors

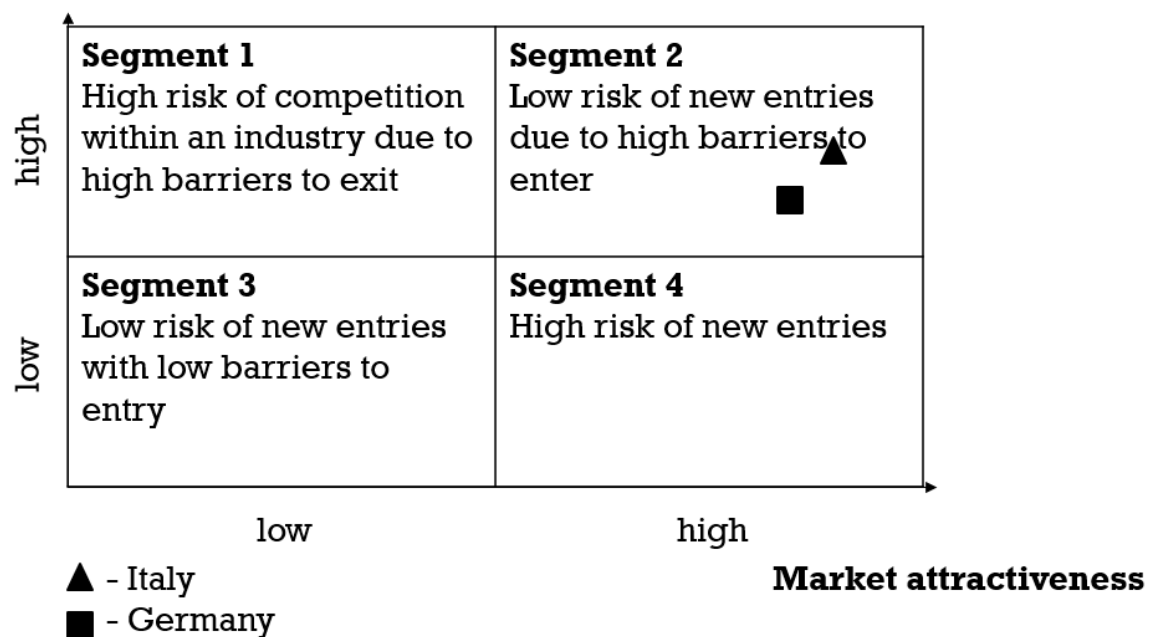


Figure 2.3 Threat of new entrants matrix

Source: compiled by the author

From fig. 2.3, both Italian and German markets are located in segment 2 that means that both markets are characterized by low risk of new entries due to high barriers to enter. However, the level of reaction of market actors and the market attractiveness are higher in Italy (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Threat of substitute products.

To understand the existing threat of substitute products we decided to build the following threat of substitute products matrix (fig. 2.4) that has price/quality ratio

parameter on the vertical axis and expenses to switch to a substitute product parameter on the horizontal axis.

By substitute product in the case of card payment systems market we understand: non-card payment systems, cash, cryptocurrencies and other ways of payments available in the markets.

Price/quality ratio

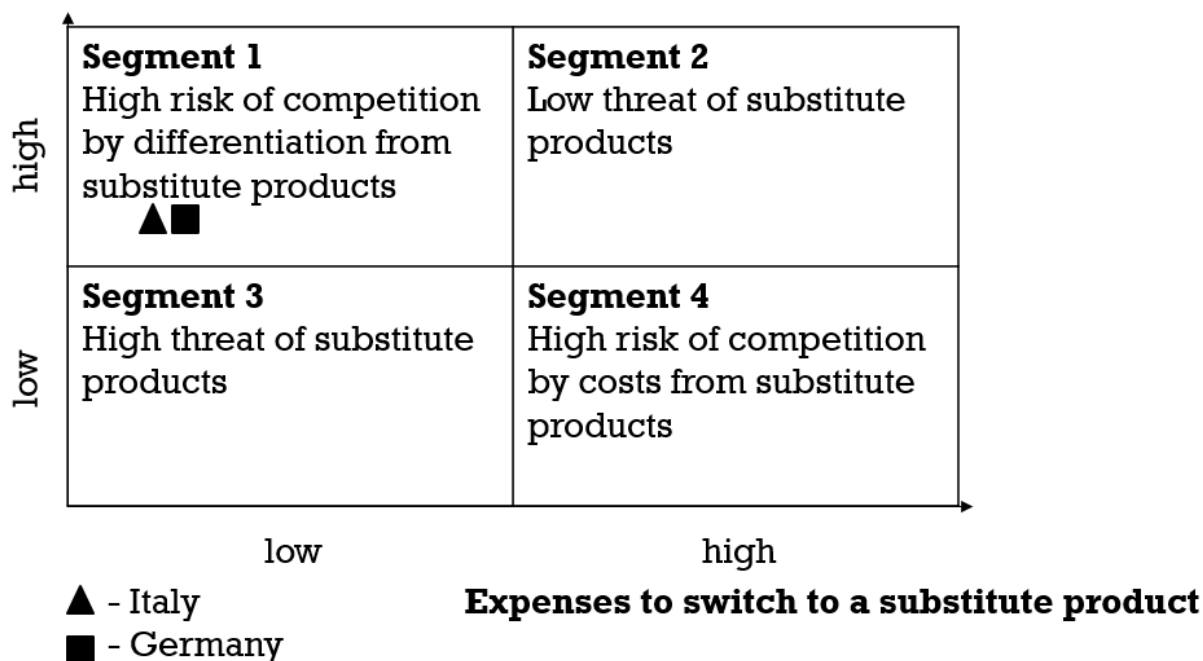


Figure 2.4 Threat of substitute products matrix

Source: compiled by the author

As per fig. 2.4, both Italian and German markets are located closely in segment 1 that means that both markets are characterized by high risk of competition by differentiation from substitute products (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Bargaining power of customers.

To understand the influence of the bargaining power of customers we decided to build the following bargaining power of customers matrix (fig. 2.5) that has level of consumer’s concentration/integration parameter on the vertical axis and level of product diversification parameter on the horizontal axis.

By bargaining power of customers in the case of card payment systems market we understand the pressure that buyers in the market can put on the firms within the

industry, for instance, to reduce the cost of possession of the card, to increase the quality of services or products offered etc.

The main factors that define the bargaining power of customers in both countries are: the low cost of switching between companies, a lot of substitutes available in the market and the fact that mainly the product of card payment systems is not differentiated.

Level of consumers' concentration/integration

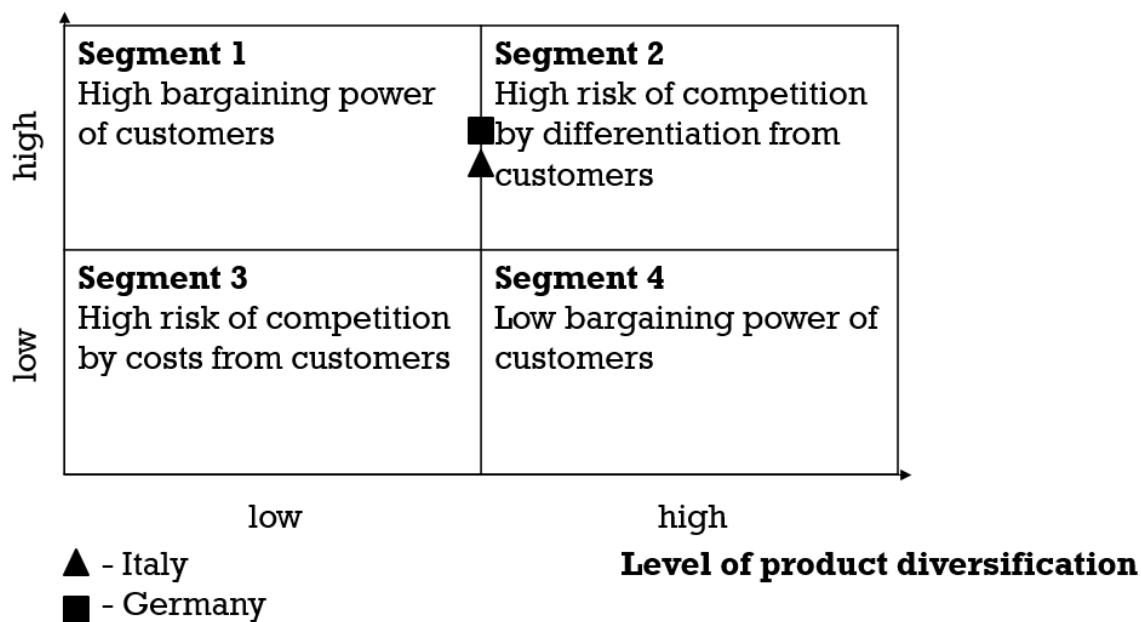


Figure 2.5 Bargaining power of customers matrix

Source: compiled by the author

As per fig. 2.5, both Italian and German markets are located closely in between segment 1 and segment 2 that means that both markets are characterized by high bargaining power of customers and medium level of product differentiation (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Bargaining power of suppliers.

The main issue with the estimation of bargaining power of suppliers is that the card payment system providers worldwide are mainly full-cycle companies that have almost no supplier.

However, due to the fact that card payment systems mostly operate through banks (except AMEX), the role of banks as intermediaries is direct and significant.

Therefore, the bargaining power of suppliers, can be considered high in both Germany and Italy in case we count intermediaries as supplier of operations for the companies present in the card payment system markets.

The following bargaining power of intermediaries' matrix (fig. 2.6) shows has level of intermediaries' concentration/integration parameter on the vertical axis and level of product diversification parameter on the horizontal axis.

Level of intermediaries' concentration/integration

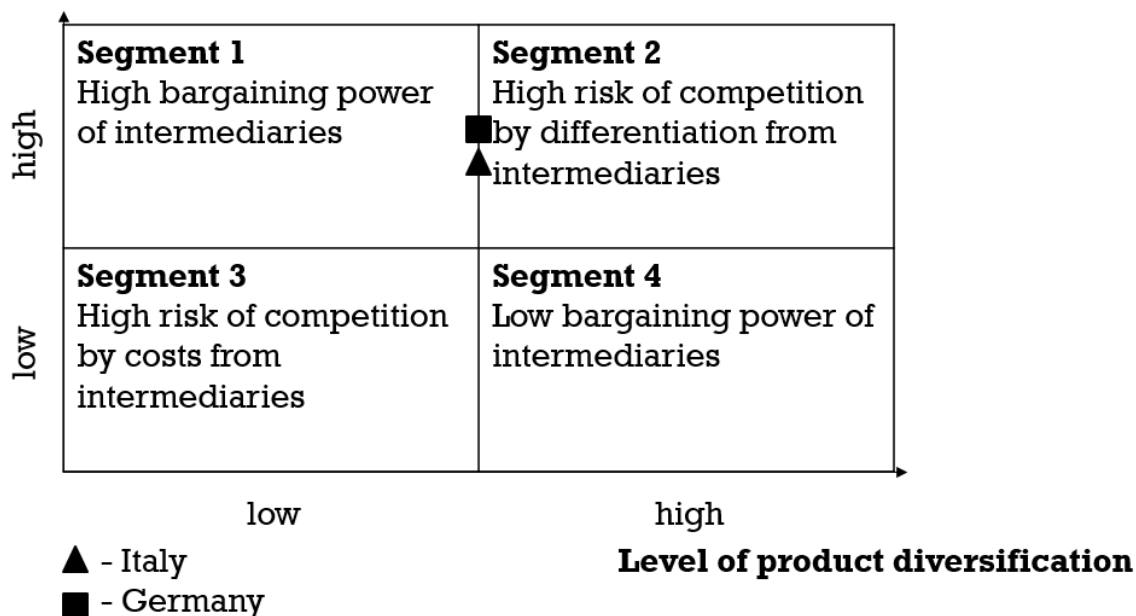


Figure 2.6 Bargaining power of intermediaries' matrix

Source: compiled by the author

As per fig. 2.6, both Italian and German markets are located closely in between segment 1 and segment 2 that means that both markets are characterized by high bargaining power of suppliers (intermediaries) and medium level of product differentiation (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Macro environment: opportunities and threats

To analyze macro environment the modified PESTEL analysis was carried out. In the modified PESTEL we decided to put together Political and Legal factors so the abbreviation PESTEL should be changed into P(L)ESTE.

The P(L)ESTE analysis consists of an analysis of the following factors:

- 1) Political & Legal

- 2) Economic
- 3) Social
- 4) Technological
- 5) Ecological

The distribution of influence of the factors is as follows (table 2.3).

Table 2.3

Distribution of influence of P(L)ESTE factors

Group	Influence 0-1
Political and Legal	0,3
Economic	0,2
Social	0,2
Technological	0,3
Ecological	0
Overall	1

Source: compiled by the author

From table 2.3 the most influential factors are Political & Legal and Technological (0,3 each), a bit less influence has Economic and Social factors (0,2 each). Ecological factors could be ignored in the research as their influence on the industry is minor.

The most important Political and Legal factors are:

Threats

- 1) The legal need for a company be registered in the EU to operate in the EU member market. The main threat is cause by the fact that the EU may suspend the existing license for operations (ECB).

The evaluation of this factor is medium (7/10) in both Italy and Germany.

- 2) The possibility of imposing sanctions against foreign companies (from Ukraine). For some reasons and due to political development in Ukraine, the

EU authorities may decide to impose sanctions against Ukraine and therefore Ukrainian companies (EC)

The evaluation of this factor is low (3/10) in both Italy and Germany.

Opportunities

- 3) Liberal monetary policy. The EU has the same monetary policy for European countries including Germany and Italy (ECB). The current policy is liberal and might become even more liberal in the near future.

The level of evaluation of this factor is medium (7/10) in both Italy and Germany.

A detailed estimation of Political and Legal factors could be found in annex D.

The most important Economic factors are:

Threats

- 1) The scale of shadow economy. The shadow economy actually lowers the possible revenues for card payment systems, as shadow economy transactions are done in cash. The level of shadow economy in Italy now is 14% and in Germany – 9% (The Global Economy).

Therefore, the evaluation of this factor is medium in Italy (4/10) and low in Germany (3/10).

Opportunities

- 2) Consumption expenditure growth. The growing consumption expenditure in any country is a good opportunity for a card payment company to get better spending through payment systems. In Italy the yearly growth of consumption spending accounts for 1,2%, in Germany – 1,5% (ECB).

Therefore, the evaluation of this factor is low in both countries – 2/10 in Italy and 3/10 in Germany.

A detailed estimation of Economic factors could be found in annex E.

The most important Social factors are:

Threats

- 1) Low level of financial literacy of the population. The factor considers that people with low level of financial literacy are unlikely to extensively use

banking services and, therefore, card payments. In Italy, there are only 6% of high performers in terms of financial literacy, in Germany – 64% (The World Bank)

Therefore, the evaluation of this factor is low in Italy (3/10) and high in Germany (8/10).

2) Preference for cash. This is a threat factors, because the more people prefer cash as a payment method – the less likely they are to use payment cards for payment settlements. In Italy – 24% of population prefer cash, in Germany – 27% (The World Bank).

Therefore, the evaluation of this factor is low in Italy (3/10) and medium in Germany (4/10).

3) Significant part of the population – seniors. Senior population is less likely to use innovative payment methods as credit cards. In both Italy and Germany around 23-25% of population are older than 65 years (The World Bank).

Therefore, the evaluation of this factor is high in both Italy (7/10) and Germany (7/10).

Opportunities

4) Popularization of non-cash payments. The yearly growth of non-cash payments is a trend of opportunity for payments systems. In both Italy and Germany, the pace of growth of non-cash payments is around 1-2% (ECB).

Therefore, the evaluation of this factor is low in both Italy (2/10) and Germany (3/10).

5) Urbanization. As the payments through payment systems are mainly carried out in the cities, the level of urbanization is an important factor of opportunity. In Italy the level of urbanization accounts for 71%, in Germany – 77% (The World Bank).

Therefore, the evaluation of this factor is high in both Italy (7/10) and Germany (7/10).

A detailed estimation of Social factors could be found in annex F.

The most important Technological factors are:

Threats

- 1) The development of cryptocurrencies and electronic money. This factor represents the global trend. Basically, the development of cryptocurrencies and electronic money are very similar in developed countries of the EU. The main threat is that these means of payments may supplant the card payment systems, however, the conservative Europe has medium interest in these means of payment for now (Europarliament)

Therefore, the evaluation of this factor is medium in both Italy (4/10) and Germany (5/10).

Opportunities

- 2) Information security development. The development of information security systems makes card payments safer and this might attract more customers. Currently, the sector of information security is a bit more advanced in Germany comparing with Italy (BSI report; The World Bank).

Therefore, the evaluation of this factor is medium in Italy (6/10) and high in Germany (7/10).

- 3) E-commerce development. Ecommerce is the key and the fastest growing source of payment transactions. The growth of e-commerce is a factor of opportunity for card payment systems. In Italy, 56% of population claimed they have purchased something online in 2019 in Germany – 74% (CBcommerce).

Therefore, the evaluation of this factor is medium in Italy (6/10) and high in Germany (7/10).

- 4) Internet penetration. This factor is strongly linked to e-commerce and has the similar influence. The internet penetration in Italy in 2019 accounted for 74%, in Germany – 88% (CBcommerce).

Therefore, the evaluation of this factor is high in both Italy (8/10) and Germany (9/10).

A detailed estimation of Technological factors could be found in annex G.

The overall tables of markets opportunities and market threats for Prostir in the Italian and German markets could be found in annex H and annex I respectively.

Generally, the weighted market threats in Italy accounted for 7,6, in Germany for 8,9; market opportunities in Italy accounted for 10,5, in Germany – 12,2.

At first glance, according to macro analysis German market may seem better for Prostir, because of better opportunities, however, the level of threat in Italian market is lower than the same in the German market. In case of a more detailed review, Italian market is characterized by a bit worse situation in terms of macro environment, however, the recent rapid Italian market growth can outweigh the difference.

To choose the target segment by mean of portfolio analysis we will use the DPM matrix. The two segments to choose from are:

- 1) Italian market
- 2) German market.

Business environment analysis conducted previously is the basis for building the two tables:

- 1) Market attractiveness for the DPM matrix
- 2) Company competitiveness for the DPM matrix.

For DPM matrix purposes both tables were elaborated, firstly, the weighted coefficient were put and the future hypothetic estimations were added. Additionally, for threat factors the way of assessment was changed to better meet the needs of putting the data properly in the DPM matrix. Both tables can be observed in annex J and annex K.

Based on the two tables (annex J and annex K) we can build a DPM matrix (fig. 2.7).

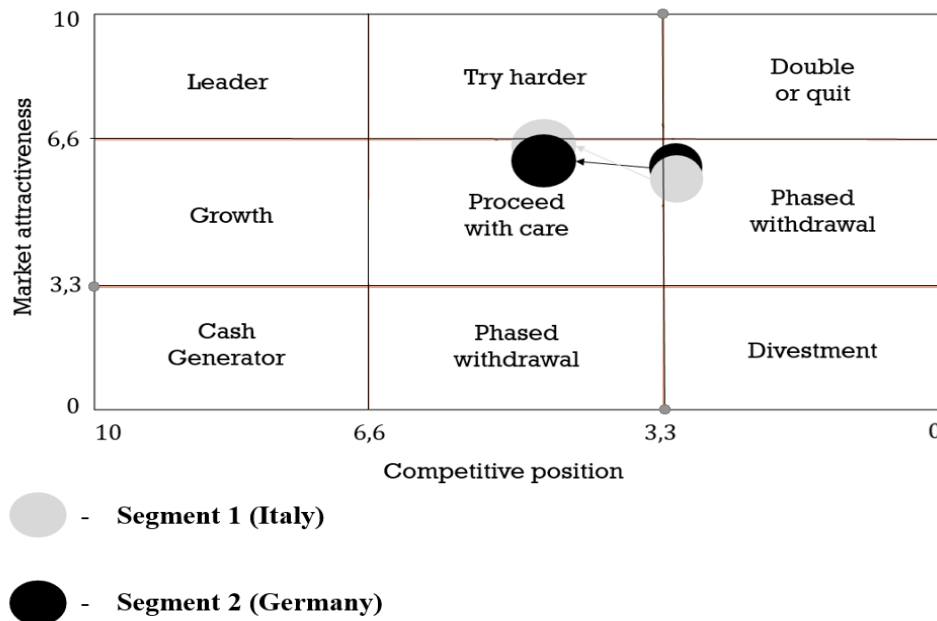


Figure 2.7 DPM matrix for Prostir in the Italian market

Source: compiled by the author

According to the DPM matrix built, both segments are current on the edge between “proceed with care” and “phased withdrawal”, however, according to the forecast, in the near future both segments will fully enter the segment “proceed with care” and the Italian market will become more attractive in comparison with German segment.

So, our strategic target segment is Italy, because the market is quite competitive and attractive, and in the near future it should show even better trends.

To summarize the analysis of the business environment, we can build a SWOT matrix for Prostir in the Italian market (table 2.4).

SWOT matrix for Prostir in the Italian market of card payment systems

Strength	Weaknesses
<ul style="list-style-type: none"> - Price advantage - Lower costs of Ukrainian production - Experience in the Ukrainian market - International acquiring - Potentially high margin - High speed settlements - High level of data security 	<ul style="list-style-type: none"> - Lack of experience in the international markets - Lagging behind in product line development
Opportunities	Threats
<ul style="list-style-type: none"> - High level of Internet penetration - Liberal monetary policy - E-commerce development - Information security development - High urbanization level - Consumption expenditure growth - Popularization of non-cash payments 	<ul style="list-style-type: none"> - The need to be registered in the EU - Significant part of the population – seniors - The development of cryptocurrencies and electronic money - The possibility of imposing sanctions against foreign companies - The scale of shadow economy - Low level of financial literacy of the population - Preference for cash

Source: compiled by the author

Based on the SWOT analysis, we can conclude that Prostir may have clear strengths in the Italian market it also has a significant level of existing development opportunities for the company in the market, while the main weakness of the company that may arise are lack of experience in the international markets and lagging behind in product line development

2.3. Company competitive positions and rival brands positioning

To develop a proper positioning strategy for Prostir in the Italian market it is vital to get a decent understanding of the market competition.

The competitive situation in the market of card payment systems in Italy, can be viewed from the point of market shares. The latest publicly available statistics was published by JP Morgan and other analytical centers for 2018 (JP Morgan, CBcommerce). According to JP Morgan research, in 2018 33,8% of all transactions in Italy were card transactions, to compare, only 8,3% – in cash. The distribution of transactions (market share) among card companies was as per table 2.5.

Table 2.5

Market shares of card payment system brands in Italy, 2018

Payment system	Share by the number of transactions, %	Share by the value of transaction, %
Visa	56,1	53,0
Mastercard	42,8	39,8
AMEX	1,0	7,2
Others	0,1	-
Total	100	100

Source: compiled by the author according to the data (JP Morgan, CBcommerce)

As per table 2.4, Visa is the market leader in the Italian market of card payment systems, its market share is 56,1% of transactions and 53,0% of transaction value. The second largest market player is Mastercard – 42,8% of transaction and 39,8% of transaction value. The third largest company is AMEX – it has just 1% by the number of transactions, but at the same time 7,2% share by transaction value. The share of other companies is just 0,1% by the number of transactions and barely 0 by the transaction value.

The above market shares clearly define the distribution of the market between 3 companies. 2 market leaders (Mastercard and Visa) that hold in common 99% market share by number of transactions and 92,8% market share by transaction value and a niche company – AMEX, which despite just 1% in market share by the number of transactions hold 7,2% by transaction value.

Generally, the distribution of the market share of card payment providers in Italy is similar to the world distribution.

In the Italian market of card payment systems, de-facto there is an oligopoly of Mastercard and Visa. Two payment systems account for the total share of the market of 99% by number of transactions and 92,8% market share by transaction value.

However, despite the fact that these market shares meet the criteria for a monopoly (dominant) position in the market, AGCM does not legally recognize the existence of unfair competition in the market of card payment systems (ACGM)

Thus, the key competitors in the market of card payment systems of Italy are Mastercard payment system and Visa payment system. Due to the real market shares of these card payment systems, there may be certain unspoken agreements or collusion between these companies that do not comply with the principles of fair competition. At the same time, the facts of the existence of unfair competition in the market have not been proved by the authorized bodies of Italy and EU as they consider the market of card payment systems as a part of payment systems market.

The existence of only two main competitors in the market of card payment systems in Italy creates specific competitive conditions for both market participants. Under such market conditions, there is a kind of "Prisoner's dilemma" between competitors, when competitors' actions are interconnected and interdependent at the same time. The solution to this situation is to choose the most optimal strategic decisions in a conflict (competition). The problem of choosing the optimal solution in such a situation is that the actions of the competitor in response may not always be predictable and may lead to different results.

According to the postulates of John Nash's classical game theory, if both parties to the conflict are aware of the fact that unilateral decision-making cannot lead to an increase in winnings, Nash's equilibrium occurs.

In the case of Mastercard and Visa, the existence of Nash's equilibrium is not confirmed, as it is not confirmed that none of the competitors can improve their winnings by changing their strategy alone.

Additional factors that do not allow to claim the existence of Nash balance between competitors, first, is that the market of card payment systems is internationalized, and therefore the consumer can easily use the services of foreign

card payment systems (de jure not present in the Italian market), secondly, the development of the actual market of card payment systems, financial technologies (fintech), non-card payment systems and electronic money does not allow dominant competitors to maintain their own advantages without proper adaptation to modern market conditions.

Based on the above, the leaders of the market of card payment systems in Italy – Mastercard and Visa, despite the significant gap in market performance from their direct competitors, have a significant number of indirect competitors in related and new markets in the industry.

Both companies are aware of the risks associated with new potential competitors, so it is advisable to compare their actions to prevent the growth of indirect competitors for both companies. At the same time, in direct competition between Mastercard and Visa, companies can take any action independently of each other, because in the overall competitive market of payment systems, each company has the opportunity to improve their position by changing their own strategy. That is, the competitive situation in the market of card payment systems, formed between market leaders – Mastercard and Visa is a kind of "Nash's quasi-equilibrium."

As a result of the existence of such competition, players from a niche get a chance to succeed, which is already confirmed by the success of AMEX.

The success of AMEX in Italy is having 7,2% of the transactions value from just 1% of transactions number.

According to ECB statistics, the total value of card payments with cards issued in Italy accounted for 203,9 billion EUR in 2018 and 210,3 billion EUR in 2020. (ECB), this means, the value of AMEX clients card spending in 2018 accounted for 14,6 billion EUR in 2018.

The main pillar of AMEX strategy is AMEX premium positioning, unlike other brands that are often considered mass market brands.

Based on the above, we can divide the Italian market of card payment systems into two macrosegments:

- Base macrosegment

- Premium macrosegment.

The identified macrosegments mostly cover the interests of all consumers of companies' products in the market of card payment systems in Italy. More detailed segmentation by final customers can be observed in annex L.

As per hypothesis the parameters of standardization and differentiation that will be the basis for strategic groups map for the Italian customers are:

- Additional services (scope of services)
- Innovations and technological advance.

Following the analysis of the competitors and their positions in terms of the selected parameters, we can build a strategic groups map for the Italian market of card payment systems (fig. 2.8). Prostir is marked on the map as per its position in the Ukrainian market of card payment systems.

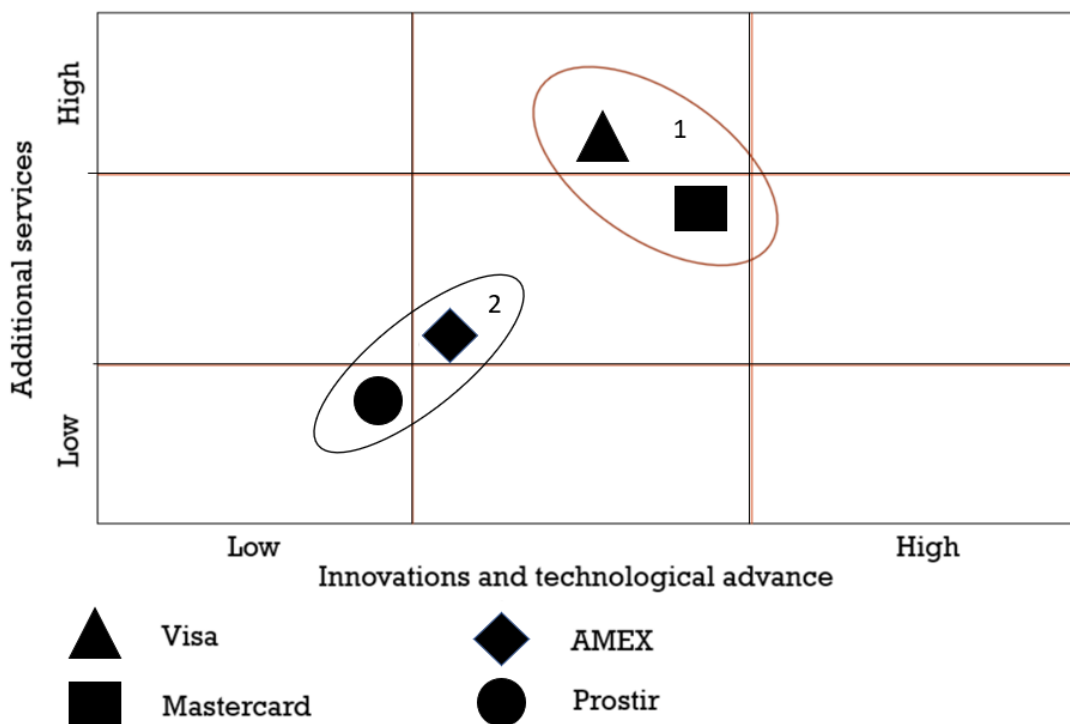


Figure 2.8 Strategic groups map for the Italian market

Source: compiled by the author

From the map (fig. 2.8), we are able to notice 2 main macrosegments in the Italian market of card payment systems. These macrosegments are the same as those we defined earlier – base (1) and premium (2) macrosegments.

From fig. 2.9 a key advantage of Prostir when comparing the development of Prostir (as a company) and AMEX in the Italian market is the price advantage. Another important point where the positions of two companies are easily comparable is the level of technology used. This is due to the fact that today companies in the market of card payment systems, in fact, offer similar products under different brands, which is logically due to the achievement of the current limit of technological progress by different companies at the same time.

Advantages at other points of comparison can be achieved through marketing efforts by companies.

As part of the analysis of the market positioning of rival brands in the market of card payment systems in Italy, we will use the method of perceptual maps (Starostina, 2009). To build perceptual maps, we will conditionally divide the market of card payment systems into two macrosegments (which will include consumer segments defined in the segmentation) – base and premium.

To build brand perceptual maps, for each of the macrosegments, we define the most important attributes from the subjective point of view of the consumer. These attributes are the attributes of market positioning of brands.

As a hypothesis confirmed by preliminary research, we assume that the attributes per each macrosegment are as follows:

1. For the base macrosegment – brand image and innovation and technological advance;
2. For the premium macrosegment – brand image and additional premium services.

In order to make a segment-by-segment comparison of brand positioning by certain attributes, we will use the factor of the price of the product, namely the subjective perception of the price of the product by consumers in the relevant macrosegments.

As we are particularly interested in premium macrosegment, we will limit the number of perceptual maps built to per premium macrosegments perceptual maps only.

Fig. 2.10 reflect the current positioning of brands on the premium macrosegment, as well as indicate the vectors of consumer preferences.

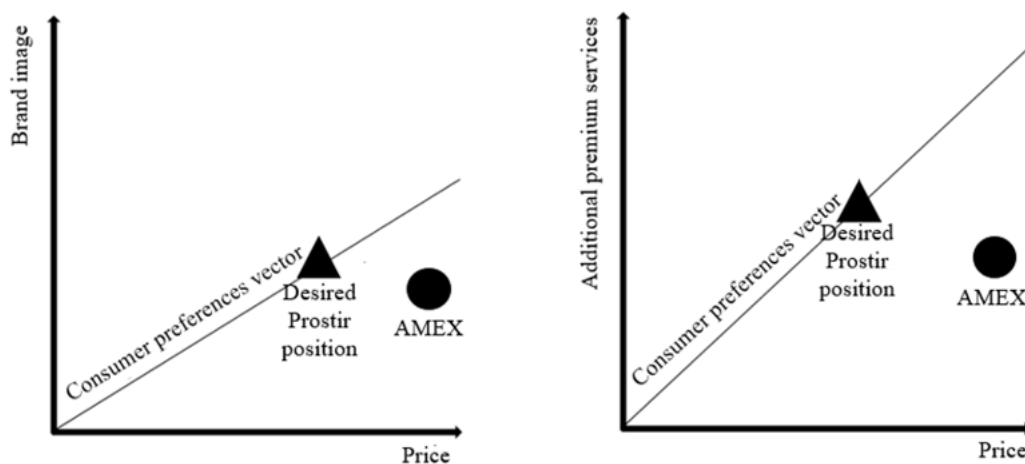


Figure 2.10 Brand positioning in the premium macrosegment

Source: compiled by the author

In figure 2.10 we have reflected the current perception of AMEX brand by the Italian customers of premium macrosegment and added the desired position for Prostir in the perception of Italian customers.

According to Figure 2.10, in the premium macrosegment, in contrast to the base macrosegment, the vector of consumer preferences for the brand image attribute forms an angle less than 45° with the price axis. This means that consumers in this segment are willing to pay more for the image product. Below the vector of consumer preference is the AMEX brand, which according to subjective estimates of consumers of the premium macrosegment is expensive but the lack of the brand image make the brand overpriced.

The desired perception for Prostir is to be less pricey than AMEX and to have a bit better premium brand image than AMEX.

Another important attribute of positioning in the premium macrosegment is the offering of additional premium services to consumers. The additional services offered by AMEX today are considered overpriced by the Italian consumers. Therefore, for Prostir to be better precepted than AMEX it would be enough to offer the scope of quality services as AMEX does at the cheaper price. However, in order

to compete in market conditions, it would be better to have a more valuable customer perception of additional premium services than AMEX.

Thus, the AMEX brand has a well-established positioning system for the premium consumer macrosegment, which allows the company to successfully operate within this segment in the market of card payment systems in Italy. When entering the premium macro segment of the Italian market, the Prostir brand needs to choose a positioning that would allow it to look more profitable for consumers in the context of brand image, price and additional premium services.

Conclusions on chapter II

NPS Prostir (“Національна платіжна система Простір” or Prostir) is a first Ukrainian state-owned national card payment system that has good prerequisites for the development both in Ukraine and internationally.

The analysis of potential expansion vectors showed that the Italian market is one of the most promising markets within the selected European vector. Italian market of card payment systems is characterized by gradual growth, in particular, the volume and number of non-cash transactions is growing every year, the number of active payment cards is increasing, the structure of card spendings is gradually changing so that the share of transactions in retail chains and the Internet is growing, and payment infrastructure is being developed.

The comprehensive analysis of the business environment for Prostir in the market of card payment systems in Italy revealed that the company may have clear strengths in the Italian market it also has a significant level of existing development opportunities in the market, while the main weakness of the company that may arise are lack of experience in the international markets and lagging behind in product line development.

The conducted competitive analysis of business environment in conjunction with the analysis of the positioning of rival brands in the market made it possible to determine the opportunities for positioning the Ukrainian brand Prostir when entering the Italian market of card payment systems. According to the research, the most

promising macrosegment for Prostir to enter is premium macrosegment. In this macrosegment, the key company's competitor is AMEX. The AMEX brand has a well-established positioning system for the premium consumer macrosegment, which allows the company to successfully operate within this segment in the market of card payment systems in Italy. Thus, for Prostir, when entering the premium macrosegment of the Italian market, it is necessary to choose a positioning that would make it possible to look more beneficial to consumers in terms of brand image, price and additional premium services.

CHAPTER III. FORMATION OF THE MARKET POSITIONING STRATEGY FOR PROSTIR IN THE ITALIAN MARKET OF CARD PAYMENT SYSTEM

3.1. Concept of the marketing strategy for Prostir to enter the Italian market of card payment systems

To develop a core of the concept for marketing strategy for Prostir to enter the Italian card payment systems market we will use the list of instruments and theories in practice based on the previous research of both Prostir strength and weaknesses and opportunities and threats in the Italian market conducted in chapter II. This list include:

- Market segmentation strategy
- Competitive strategy (M. Porter)
- Kotler's base market strategies
- Growth strategy (I. Ansoff)
- Market entry methods (Kochkina, 2019).

It is important to note that the chosen strategies are not mandatory for the company following, they are a kind of guidelines, following which, in our opinion, should help the company more easily enter the Italian market of card payment systems. Strategies are selected based on previous research and expert opinion of the author.

As Prostir is a relatively small developing company that does not have a lot of market experience, resources, or significant competitive advantages in the markets, according to our hypothesis, the best strategy for Prostir in the Italian markets is a concentrated market strategy.

This chosen strategy should involve Prostir directing all effort and resources to develop and market a product for one specific segment of the target audience.

We suggest to select a premium segment as the one specific segment. In this way, Prostir will be able to divert all the resources to the specific niche of premium segment. The concentrated market strategy should be designed to allow Prostir to

gain the initial market share relatively quick in the Italian market (in some time the strategy might be reviewed).

	Market		
Product	Market segment	Market segment	Market segment
	Selected market segment	Market segment	Market segment
	Market segment	Market segment	Market segment

Figure 3.1 One market segment specialization strategy

Source: compiled by the author

Figure 3.1 shows the key idea of the concentrated marketing for Prostir – to offer one premium product, to one (premium) market segment.

To better explain the idea of the strategy, below is the concept of the defined strategy (table. 3.1).

Table 3.1

One market segment segmentation strategy concept for Prostir in the Italian market

Brand	Prostir
Chosen market	Italy
Selected segment	Premium macrosegment
Attributes of the that are important for the clients of the macrosegment	-Premium brand image -Additional services/benefits

Source: compiled by the author

According to table 3.1 the selected market is Italian market, the selected segment for Prostir in premium macrosegment. The important attributes for the the selected macrosegment are premium brand image itself and additional

services/benefits. Later these attributes will be used to form a positioning strategy for Prostir in the Italian market of card payment systems.

To effectively compete in the market, Prostir should have a developed competitive strategy.

From Porter’s competitive strategies (fig. 3.2), the most appropriate strategy for Prostir is a differentiation focus strategy (Porter, 2006).

		Competitive advantage	
		Lower cost	Differentiation
Competitive scope	Broad target	1. Leadership	2. Differentiation
	Narrow target	3. Cost focus	4. Differentiation focus

Figure 3.2 Porter’s competitive strategies

Source: compiled by the author based on (Porter, 2006)

According to the chosen differentiation focus strategy, Prostir should seek differentiation in its target segment. In our specific case the differentiation focus is on a specific part of the Italian card payment systems market – premium macrosegment.

Another scientist who developed the four base market strategies was Kotler. The four market strategies by Kotler are as follows:

- 1) Market Leaders
- 2) Market Challengers
- 3) Market Followers
- 4) Market Nichers (Kotler, 1984).

For Prostir the most appropriate strategy is Market Nicher strategy. As a nicher, it would be easier for Prostir to gain initial market share. The nicher sub-strategy that we suggest to use is an End-user based specialization.

In this way, Prostir will be able to better identify the specific needs of the end-customers and develop their product and marketing programs that best suit this particular customer group.

As for company growth strategy, one of the best ways to define the appropriate growth strategy for a company is to apply the matrix developed by Igor Ansoff. This tool can provide a good basis for strategic development of the company.

	Existing Product	New product	
Existing Markets	Market Penetration	Product Development	Increasing risk
New Markets	Market Development	Diversification	
	Increasing risk		

Figure 3.3 Igor Ansoff growth strategies matrix

Source: compiled by the author based on (Ansoff, 2007)

According to the matrix (fig. 3.3) there are four growth strategies options available:

- 1) Market penetration;
- 2) Market development;
- 3) Product development;
- 4) Diversification strategy.

Despite the fact that the strategy offers four options to choose from, in fact, the choice is predetermined by the current the market and the product that is offered.

For instance, for Prostir, the only possible option is a market development strategy, because the Italian market is new for the company, however, the product Prostir is planning to offer in the Italian market is an existing product.

Market development strategy is aimed at balancing risks when growing. For Prostir this strategy allows to apply for a high risk when entering a new Italian

market, but to keep a low risk when offering the existing product in the Italian market.

Based on the legislation, to enter the Italian market of card payment systems, Prostir has to receive a license in the EU. As soon as the license is obtained, the company can start its activities. Based on this the most reasonable and the least risky method for Prostir to operate in Italy in the early stages is “Direct export”. In this way Prostir would not need to be physically present in Italy but would be able to sell its products and services to Italian (and European) customers from Ukraine.

The highlights of the proposed concept of the marketing strategy for Prostir to enter the Italian market of card payment systems is shown in table 3.2.

Table 3.2

Highlights of the proposed concept of the marketing strategy for Prostir

Strategy	Selected strategy
Market segmentation strategy	One segment segmentation
Porter’s competitive strategies	Differentiation focus
Kotler’s market strategies	Market Nicher
Ansoff’s growth strategies	Market Development
Methods of entry into foreign markets	Direct export

Source: compiled by the author

The proposed concept of the marketing strategy for Prostir in the Italian market will be used as the entry point when creating the strategy for positioning the Ukrainian brand Prostir in the Italian market of card payment systems.

3.2. Creation of the strategy for positioning the Ukrainian brand Prostir in the Italian market of card payment systems

According to the results of a comprehensive study of the business environment for Prostir in the Italian market of card payment systems, the Ukrainian company may have clear strengths in the Italian market, it also has a significant level of

existing development opportunities in the market, while the main weakness of the company may arise from the lack of experience in the international markets and lagging behind in product line development.

As one of the main reasons for developing a strategy for initial positioning for the company entering a new market is to emphasize the strengths and neutralize the influence of weaknesses and at the same time to be consistent and successful in terms of the competitive entry strategy it is reasonable to build the positioning of the brand based on the results of the research of the company competitive positions and rival brands positioning.

The conducted research showed that the target macrosegment for Prostir when entering the market should be the premium macrosegment. Within this macrosegment there is just one direct competitor – AMEX.

As AMEX is a brand that has a well-established positioning system for the premium consumer macrosegment, which allows it to relatively successfully operate within this macrosegment in the market of card payment systems in Italy. When entering the premium macro segment of the Italian market, the Prostir brand needs to choose a positioning that would allow it to look more beneficial for consumers in the context of brand image, price and additional premium services.

Therefore, the positioning measures taken by Prostir brand should meet the following criteria:

- 1) Should be significant for the consumers in the premium macrosegment;
- 2) Should make it possible to improve the potential starting positions of the brand in the premium macrosegment (and partially in the base macrosegment);
- 3) Must not lead to open confrontation with the brand of a direct competitor – AMEX.

Given the outlined requirements for positioning in the current market conditions for Prostir brand, it is appropriate to build the positioning strategy based on the image positioning with the elements of positioning based on tangible for the consumer characteristics of the product.

The proposed positioning is aimed at positioning the brand in the premium macrosegment with a departure from positioning in the base macrosegment. The advance in the base macrosegment positioning may be achieved unintendedly when implementing the proposed positioning (there may be an indirect positive effect of a slight improvement in the degree of brand image on the underlying macro-segment).

The desired position of the Prostir brand on the premium macrosegment is reflected on the perceptual map fig. 3.4.

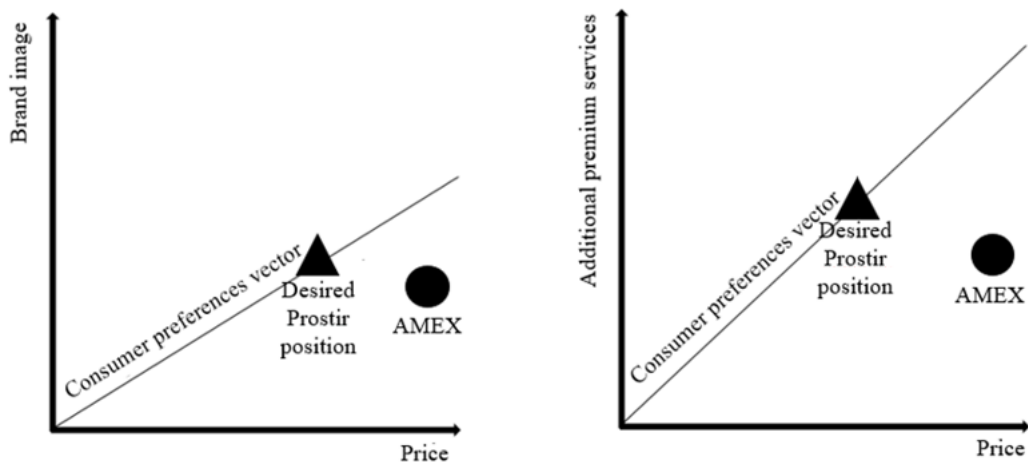


Figure 3.4 The desired position for Prostir in the premium macrosegment

Source: compiled by the author

From fig. 3.1, the introduction of positioning should lead to an increase in the perception of the image of the Prostir brand in the premium macrosegment at the same time with the perception of a price lower than the competitor's price. Thus, the position of the Prostir brand will be closer to the vector of consumer preferences than AMEX's.

By to the attribute of additional premium services, positioning for the premium segment will significantly strengthen the brand's position in the minds of consumers so that the brand's position is closer to the vector of consumer preferences.

In general, the proposed positioning involves moving the brand position as close as possible to the vector of consumer preferences, so that the brand Prostir is located between the position of the AMEX brand and the vector of consumer preferences.

The key aspects of the chosen strategy are formulated in the strategy map (table 3.3)

Table 3.3

Prostir brand positioning strategy map

Brand	- Prostir
Chosen target segment	- Premium macrosegment
Positioning attributes that are important for consumers	- Brand image - Additional premium services
Requirements for the proposed positioning measures	- Should be significant for the consumers in the premium macrosegment; - Should make it possible to improve the potential starting positions of the brand in the premium macrosegment (and partially in the base macrosegment); - Must not lead to open confrontation with the brand of a direct competitor – AMEX.
Chosen positioning strategy	- Image positioning with the elements of positioning based on tangible for the consumer characteristics of the product

Source: compiled by the author

To develop some effective measures for the implementation of the image positioning strategy with the elements of positioning based on tangible for the consumer characteristics of the product, it is advisable to conduct a motivational study of the target consumer.

In order to simplify the motivational study of the level of short-term demand and consumer motivations, we will narrow the audience of the premium macrosegment to the target audience, which is the basis of this macrosegment.

According to the hypothesis of segmentation of the card payment systems market of Italy (annex L), this target consumer are individuals with a need to pay online and / or abroad, who are potential consumers of additional services or already use them, have medium or high income and bank deposit for more than 50 thousand EUR. The target consumer lives in the city, his age is in the range from 26 to 55 years.

The following limits were chosen for this demand and consumer motivation research:

- By the product line – premium cards (Gold or higher);
- Geographic – the city of Milan;
- Time period – short-term period;
- By respondent – respondents aged 26 to 55 who have deposit accounts in Italian banks in the amount of 50 thousand EUR or more.

A list of search questions was also created (annex M), on the basis of which the questionnaire for consumers (annex P) and the questionnaire for market experts (annex R) were formed. 50 respondents and 5 market experts were interviewed using the created questionnaires.

The most indicative results that should be directly used in the development of positioning measures were the answers of respondents to question 9 (annex P), in which respondents were asked to assess the importance of additional premium services on a scale of 1 to 10 points where 1 is irrelevant, 10 – very important (fig. 3.5).

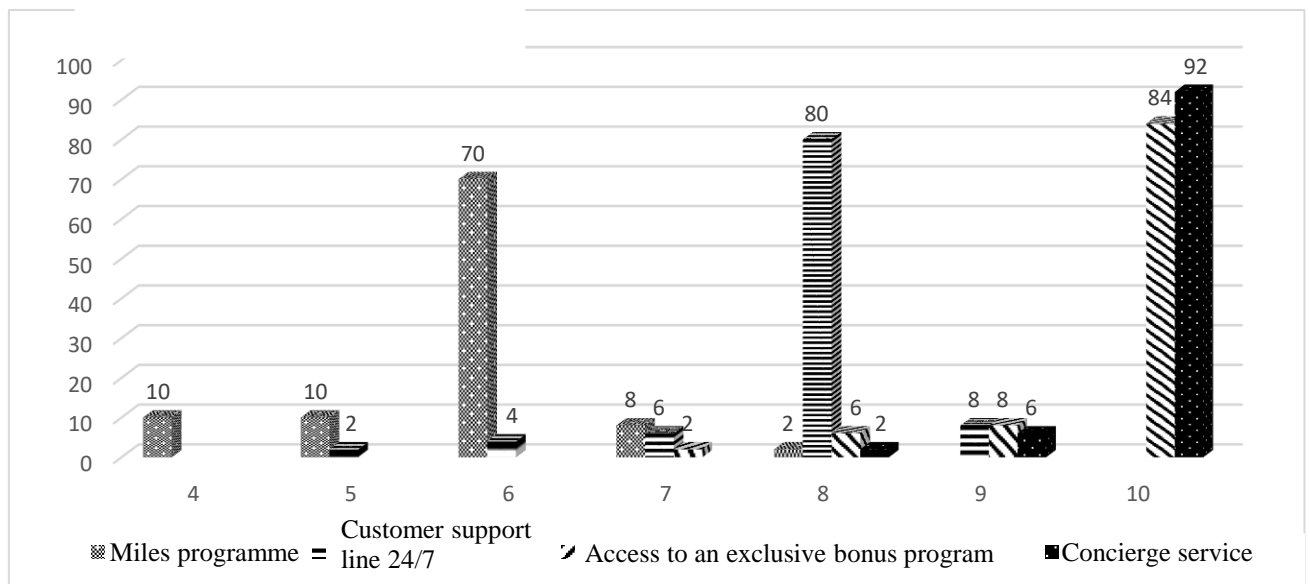


Figure 3.5 Assessment of the importance of certain premium level additional services by respondents, %

Source: compiled by the author

From fig. 3.5, the most important premium service for consumers is concierge service, it was marked by 92% of respondents as very important, as well as access to

an exclusive bonus program – it was marked as very important by 84% of respondents. The availability of a 24/7 support line and a miles program was assessed by the majority of respondents as important factors, the average score was 8 and 6 points, respectively.

The answers of market experts nearly repeat the results obtained from the survey of respondents for all premium services, except for the importance of the miles program. According to experts, the importance of the miles program for consumers is low.

The results of a survey of market experts on the benefits that consumers would most likely use when receiving a premium card are also important for the development of image positioning measures (fig. 3.6).

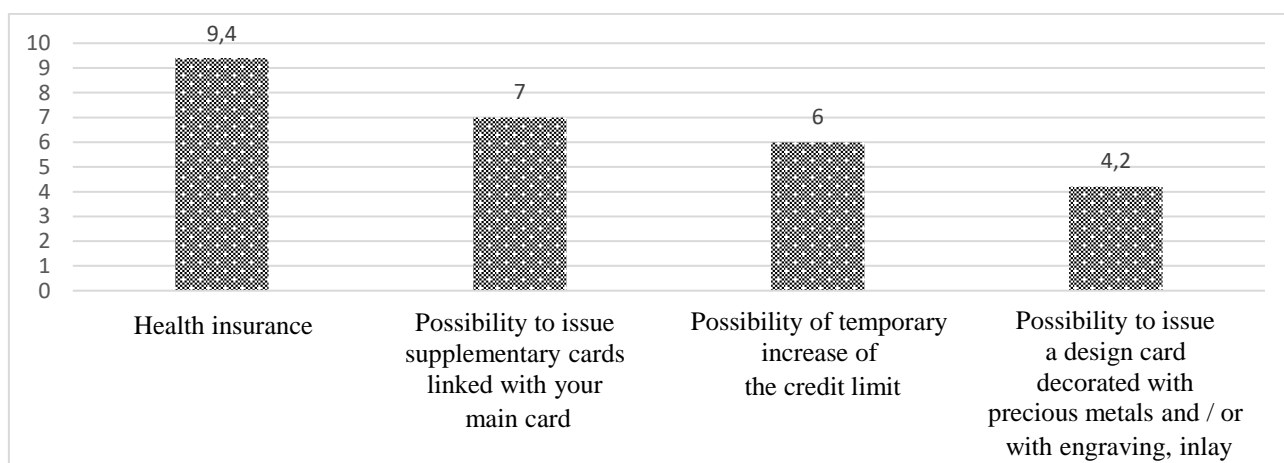


Figure 3.6 The average expert assessment of the probability of using additional privileges on the card by the consumer, from 1 to 10 points.

Source: compiled by the author

As per fig. 3.6, according to market experts, consumers are very likely to use health insurance when using premium cards, with a high probability – the ability to open supplementary cards and the ability to temporarily increase the credit limit. The probability of using the possibility of issuing a design card decorated with precious metals and / or engraving, inlay is low.

At the same time, experts noted that the possibility of opening supplementary cards and the possibility of temporarily increasing the credit limit are basic services that do not belong to the premium level services. Instead, providing the opportunity to issue a designer card decorated with precious metals and / or engraved, inlaid

despite the low probability of use by customers, is a good measure to improve the prestige and the image of the brand.

Based on previous research, as part of the outlined strategy of positioning the image of the Ukrainian brand Prostir in the Italian market, we offer a number of practical measures that are based on important attributes for consumers – image and additional services and will determine the implementation of the strategy (fig. 3.7).

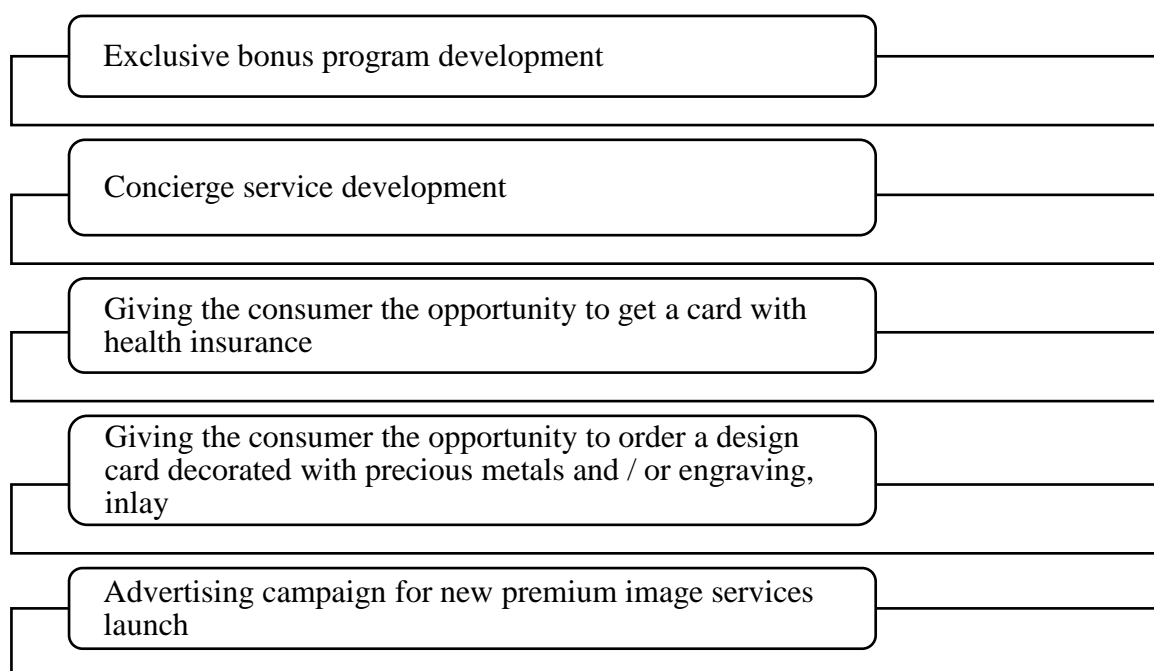


Figure 3.7 Measures to implement the positioning strategy

Source: compiled by the author

The development of an exclusive bonus program for holders of Prostir premium cards involves the creation of a system of incentives for card spendings, which aims, firstly, to stimulate card spendings, and secondly, to increase the interest of base segment card holders or holders of premium cards issued by Prostir's competitors.

The concept of the system is that the client is credited with points for each card transaction, based on the amount of the transaction. For transactions worth more than 5000 EUR the client will receive 1.5 times more points, for transactions for the purchase of premium goods – the client will receive twice as many points, and for transactions done through Prostir concierge service the client will receive additional points. The accumulated points can be used by the client for 2 years for payments in

partner networks, to pay for card services, to pay for concierge services, to pay for VIP lounges at airports, etc. To manage the accumulated points online, the premium card holder will have access to an exclusive website designed specifically for Prostir premium card holders.

Development of concierge service. The current level of development of the Visa concierge service corresponds to that of Mastercard. Both companies have their own staff of employees who provide free (for premium card holders) services, but premium card holders are constantly dissatisfied with the service provided, which negatively affects the image of brands in their efforts to reach the premium macrosegment. Dissatisfaction of service users is due to the following factors: narrow range of services provided, incompetence of staff, long waiting times for answers, errors in information provided, high prices for services offered, lack concierge specialists' competences etc. The situation with AMEX concierge services is a bit better, the company has its own well-developed concierge support system, but the main emphasis is on American clients.

Today, high-level customers who choose the card payment system in Italy to receive complementary concierge services, prefer to issue AMEX payment cards, as AMEX is a known leader in the market of concierge services. At the same time, customers who issue American Express cards for concierge services must accept the weaknesses of this card payment system, which are related to the poor acceptance of payment system cards in Europe, as well as the services are provided in English only.

In our opinion, Prostir should expedite outsourcing of concierge services to competent and specialized concierge companies with a good market reputation. This step will allow the company, firstly, to save its own resources, secondly, to attract new customers, and thirdly, to increase the prestige of the Prostir brand.

A concierge service provider may also be a Ukrainian company. Involvement of the Ukrainian company will allow, firstly, to cooperate more effectively, secondly, to save on labor costs and taxes, thirdly, in the long run to cover different languages of operation in different European countries etc.

Providing the consumer with the opportunity to get a card with health insurance. This step for Prostir needs to be implemented as soon as possible. Since 2020, during the coronavirus pandemic, the demand for health insurance is high (KPMG; WHO). Enabling the consumer to receive health insurance together with a premium card is an important measure that will attract the attention of potential consumers and thus increase brand awareness.

Giving the consumer the opportunity to order a design card decorated with precious metals and / or engraving, inlay. According to experts, such a product will not be very popular among the brand's premium customers, but the launch of such a product will have a positive effect on increasing the prestige of the Ukrainian brand Prostir in Italy.

Advertising campaign for new premium image services launch. The implementation of this measure is aimed at informing target consumers about new prestigious Prostir services offered. The use of advertising is the final stage in the formation of the image positioning for Prostir brand when entering the Italian market of card payment systems. In our opinion, the use of an advertising campaign for the specifics of the card payment systems market is the best way to disseminate information as a matter of priority.

Other elements of the Prostir brand's marketing strategy in the current market situation are generally in line with the proposed brand positioning measures. However, if necessary, they should also be adapted to the strategy of image positioning with the elements of positioning based on tangible for the consumer characteristics of the product.

3.3. Assessment of the economic efficiency of the developed strategic positioning measures

To conduct a correct assessment of the economic efficiency of the developed strategic positioning measures, we will use the algorithm of actions shown in fig. 3.8.

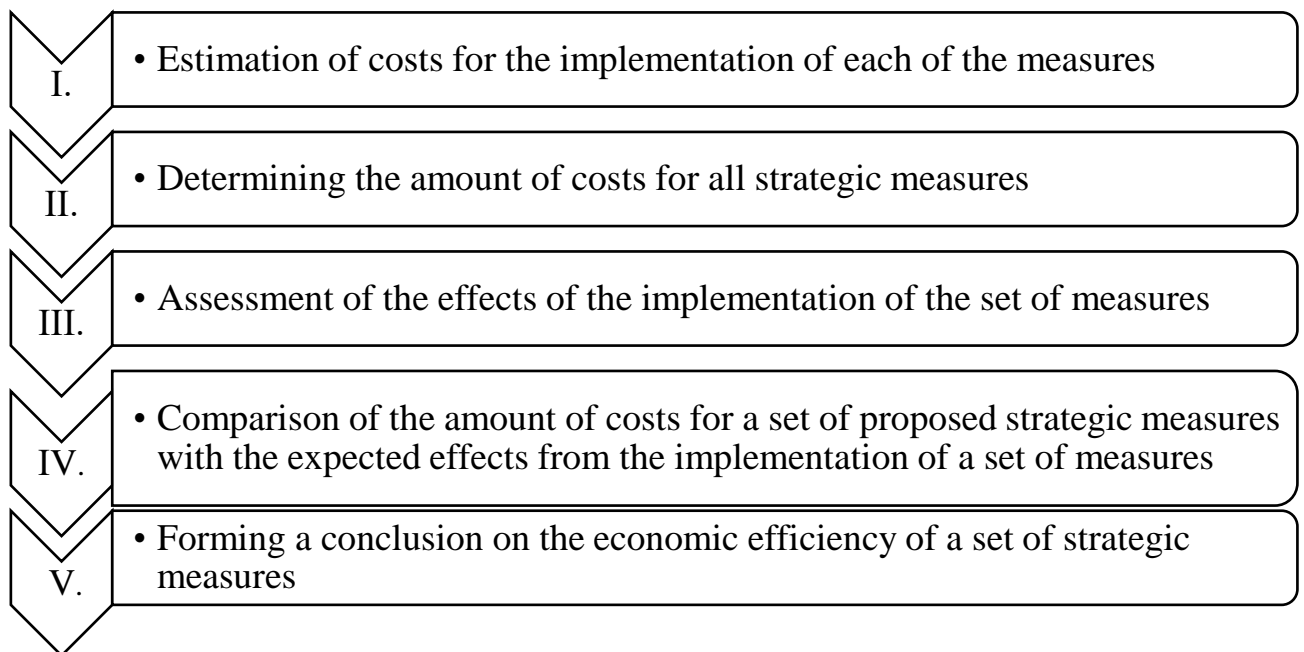


Figure 3.8 Algorithm for assessing the economic efficiency of developed strategic measures

Source: compiled by the author

I. Estimation of costs for the implementation of each of the measures

1. Exclusive bonus program development

The main costs of developing an exclusive bonus program are the costs associated with the actual development of an interactive online resource for customers with which they can track and manage their accumulated points. To optimize costs for development the online platform, we propose not to develop a system from scratch, but to acquire the right to use the already developed reward system and adapt it to the necessary requirements.

It is estimated that purchasing the right to use the already developed reward system, adapting and launching the site, creating a new design, maintaining the program will require costs in the amount of 80 000 EUR (WebFX; SUFIX).

- Purchasing the right to use the already developed reward system, adapting and launching the site – 20 000 EUR;
- Creating image design for the resource – 10 000 EUR;
- Maintaining the program for 1 year period – 50 000 EUR.

2. Development of concierge service

To implement this strategic measure, it was decided that the most appropriate is to involve Ukrainian concierge companies to provide services for Prostir premium cardholders on behalf of Prostir.

The involvement of a professional company to provide concierge services for Prostir will cost up to 200 000 EUR per year (Insignia Group of Companies, Quintessentially).

3. Giving the consumer the opportunity to get a card with health insurance

The implementation of this measure will require the selection of a health insurance partner in Italy and the signing of a contract with him for the provision of health insurance services for Prostir premium clients.

According to preliminary calculations, for the implementation of this measure it is necessary to provide annual costs in the amount of 450 000 EUR. Provided that health insurance is offered exclusively for certain premium products and only for new customers (Cigna Health Insurance; Allianz Care).

4. Giving the consumer the opportunity to order a design card decorated with precious metals and / or engraving, inlay

To implement this measure, Prostir should sign a cooperation agreement with a prestigious jewelry manufacturer. According to expert estimates, the amount of the annual agreement should be 40 000 EUR. Moreover, such an agreement stipulates that in the case of ordering such a card, the cost of its production is in full or partially transferred to the end user (Van Cleef and Arpels; SOWA).

5. Advertising campaign for new premium image services launch

In order to implement this strategic measure, it is proposed to involve a specialized agency for the development of advertising materials and their dissemination.

The key types of advertising that are proposed to be used are online advertising that allows the use of targeting tools, television advertising as one of the most image types of advertising and outdoor advertising with specially designed targeting.

By components, the annual costs of the advertising campaign will be distributed as follows:

- Development of advertising materials – 50 000 EUR
- Television advertising – 120 000 EUR
- Outdoor advertising – 60 000 EUR
- Internet advertising – 80 000 EUR.

Thus, the total budget of the advertising campaign for one year will be 310 000 EUR (Piercy, 2015; Starostina, Kravchenko and Pryhara, 2018).

II. Determining the amount of costs for all strategic measures

To calculate the total cost of positioning, we will add the estimated cost for each of the proposed strategic measures.

The grouped costs for each of the proposed strategy measures and the calculated total amount of the costs for one year positioning is shown in table 3.4.

Table 3.4

Consolidated costs for the implementation of positioning for 1 year

Strategic measure	Estimated expenses for 1 year, EUR
Exclusive bonus program development	80 000
Development of concierge service	200 000
Giving the consumer the opportunity to get a card with health insurance	450 000
Giving the consumer the opportunity to order a design card decorated with precious metals and / or engraving, inlay	40 000
Advertising campaign for new premium image services launch	310 000
Total	1 080 000

Source: compiled by the author

According to the table 3.4, the total amount of costs for the implementation of the set of outlined strategic measures amounted to 1 080 000 EUR.

However, it should be noted that the estimated costs do not include the direct costs associated with the company's entry into the Italian market, these costs are to be included in the business plan.

III. Assessment of the effects of the implementation of the set of measures

According to ECB statistics, the total value of card payments made using cards issued in Italy accounted for 210,3 billion EUR in 2020. (ECB). Considering that lately each year the average growth of the volume of transactions in Italy is around 18% (Guzu, 2021), we can assume that in 2022 the volume of payment cards transactions in Italy will account for 292,8 billion EUR. The number of payment cards issued by the Italian banks in 2022 should account for 89 million cards (Statista).

When the Ukrainian company Prostrir enters the Italian market of card payment systems and implements the proposed strategic positioning measures, we expect that during the first year of operation it will be able to gain a market share of 0,8% by the volume of transactions – approximately 2,2 billion EUR and a market share of 0,4% by the number of cards issued – approximately 356 thousand cards.

Globally, the income of card payment system companies is formed by two main components:

- 20% of the interchange:
- The commissions received for licensing the issuance of payment cards under company's brand name, average commission is 2,5 EUR per card (ECB).

The cap for the interchange commissions in Italy imposed by ECB is 0,2% for prepaid cards and 0,3% for credit cards (ECB Payment Services Directive and Interchange fees Regulation). Approximately 30% of the payment card issued in Italy are credit cards and 70% - prepaid cards. Considering the proportion, for our calculation we can say that the average interchange commission in Italy is 0,23% (ECB).

The calculated expected revenue breakdown for first year of operation is given in table 3.5.

Table 3.5

Expected revenue breakdown for first year of operation

Source of revenue	Expected revenue, EUR
20% of interchange fee	1 012 000
Commissions for licensing the issuance of payment cards	890 000
Total	1 902 000

Source: compiled by the author

From table 3.5 the expected total revenue for the first year of the company's operation in the Italian market, provided the use of the proposed brand positioning strategy will be 1 902 000 EUR.

IV. Comparison of the amount of costs for a set of proposed strategic measures with the expected effects from the implementation of a set of measures

Preliminarily, the costs for the implementation of the set of proposed strategic measures (1 080 000 EUR) and the projected revenue that will be received by Prostir when implementing the outlined measures (1 902 000 EUR) were calculated.

At the same time, in order to make an objective comparison of the amount of costs for marketing activities and the expected effects, it is necessary to take into account the cost of goods and services offered in the market. It is known that the cost of goods and services sold by card issuers in global markets is low, because the companies, operating in different countries around the world are able to minimize the costs due to the effect of scale and the possibility of being partially present in the market. The same can be applied to Prostir, however, as it will be the first year for Prostir in the Italian market after entry, according to our estimates, the cost of goods and services provided by Prostir in Italy can be equal to 13% of the company's income in Italy. The industry average is 7-10% (McConnel and Brue, 2003; Bazylevych, 2007; Shaw and Merrick, 2005).

If we subtract from the amount of projected revenue (that will be received by Prostrir when implementing the proposed positioning strategy), the cost of goods and services offered, we can determine that the gross profit will amount to 1 654 740 EUR (Brigham and Erhardt, 2005).

To compare the values of the amount of costs for the implementation of positioning measures and gross profit received from the implementation of these measures, we use ROMI – the indicator of return on marketing investments.

ROMI is calculated according to formula 3.1.

$$ROMI = \frac{Gross\ Profit - Marketing\ Expenses}{Marketing\ Expenses} * 100\% \quad (3.1)$$

The calculated indicators are shown in table. 3.6.

Table 3.6

Indicators of implementation costs and effectiveness of the proposed strategic measures

Indicator	Indicator value, EUR
Projected costs for the implementation of a set of strategic measures	1 080 000
Expected revenue from the implementation of a set of strategic measures	1 902 000
Expected gross profit from the implementation of a set of strategic measures	1 654 740
ROMI	53%

Source: compiled by the author

From the table 3.6, according to the calculations, the ROMI indicator for the proposed strategic positioning measures amounted to 53%.

V. Forming a conclusion on the economic efficiency of a set of strategic measures

The calculations of the costs of implementing the proposed measures, estimating the expected effects of their implementation and comparing the relevant indicators using ROMI show that the developed set of strategic measures is cost-effective, and therefore the positioning strategy is economically efficient (Shegda, 2006).

The ROMI value of 53% also creates a moderate margin of safety for Prostir for possible unforeseen deviations from the projected efficiency results when entering the Italian market of card payment systems and implementing the proposed brand positioning strategy.

Conclusions on chapter III

Based on the comprehensive analysis of the Italian market of card payment systems we proposed the concept of the marketing strategy for Prostir in the Italian market that should be used as the entry point for positioning the Ukrainian brand in Italy.

The study showed that in the current market conditions for Prostir brand in the Italian market of card payment systems, it is optimal to carry out image positioning with the elements of positioning based on tangible for the consumer characteristics of the product which are the image itself and additional services.

As part of the implementation of the outlined strategy for positioning the image of Prostir brand, five strategic measures were proposed that determine the implementation of the strategy:

1. Exclusive bonus program development;
2. Concierge service development;
3. Giving the consumer the opportunity to get a card with health insurance;
4. Giving the consumer the opportunity to order a design card decorated with precious metals and / or engraving, inlay;
5. Advertising campaign for new premium image services launch.

The assessment of economic efficiency of the set of developed strategic positioning measures, based on the calculated costs of the proposed measures, assessment of expected effects from their implementation and comparison of these indicators using ROMI, showed a sufficient level of profitability and cost-effectiveness of proposed measures.

CONCLUSIONS

Given the variability and high level of uncertainty in today's market environment, an important marketing problem is the formation of a stable positive brand image through the successful use of a set of marketing strategies, including market positioning strategies.

Based on the results of the analysis of scientific approaches to the interpretation of the essence of "positioning", the author's definition of the category was formulated, according to which positioning is the process of creating a market image and identity of a product (brand) based on the identified motivations of relevant consumer segments, which aims to ensure a unique perception of the product (brand) by the consumer compared to the product (brand) of competitors the result of which is the strengthening of competitive positions of the business.

Positioning strategies can be classified according to different classification criteria. The study of the types of strategies made it possible to determine which strategies can be practically applied in the development of positioning strategy for Prostir. Based on the results of the study of the main methodological approaches to the formation of positioning strategy, a seven-stage algorithm was developed, which was used to form the positioning strategy of the Ukrainian brand Prostir in Italian market of card payment systems.

NPS Prostir (“Національна платіжна система Простір” or Prostir) is a first Ukrainian state-owned national card payment system that has good prerequisites for the development both in Ukraine and internationally.

The analysis of potential expansion vectors showed that the Italian market is one of the most promising markets within the selected European vector. Italian market of card payment systems is characterized by gradual growth, in particular, the volume and number of non-cash transactions is growing every year, the number of active payment cards is increasing, the structure of card spendings is gradually changing so that the share of transactions in retail chains and the Internet is growing, and payment infrastructure is being developed.

The comprehensive analysis of the business environment for Prostir in the market of card payment systems in Italy revealed that the company may have clear strengths in the Italian market it also has a significant level of existing development opportunities in the market, while the main weakness of the company that may arise are lack of experience in the international markets and lagging behind in product line development.

The conducted competitive analysis of business environment in conjunction with the analysis of the positioning of rival brands in the market made it possible to determine the opportunities for positioning the Ukrainian brand Prostir when entering the Italian market of card payment systems. According to the research, the most promising macrosegment for Prostir to enter is premium macrosegment. In this macrosegment, the key company's competitor is AMEX. The AMEX brand has a well-established positioning system for the premium consumer macrosegment, which allows the company to successfully operate within this segment in the market of card payment systems in Italy. Thus, for Prostir, when entering the premium macrosegment of the Italian market, it is necessary to choose a positioning that would make it possible to look more beneficial to consumers in terms of brand image, price and additional premium services.

Based on the analysis of the Italian market of card payment systems we also proposed the concept of the marketing strategy for Prostir in the Italian market that should be used as the entry point for positioning the Ukrainian brand in Italy.

The study showed that in the current market conditions for Prostir brand in the Italian market of card payment systems, it is optimal to carry out image positioning with the elements of positioning based on tangible for the consumer characteristics of the product which are the image itself and additional services.

As part of the implementation of the outlined strategy for positioning the image of Prostir brand, five strategic measures were proposed that determine the implementation of the strategy:

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3. Giving the consumer the opportunity to get a card with health insurance;
4. Giving the consumer the opportunity to order a design card decorated with precious metals and / or engraving, inlay;
5. Advertising campaign for new premium image services launch.

The assessment of economic efficiency of the set of developed strategic positioning measures, based on the calculated costs of the proposed measures, assessment of expected effects from their implementation and comparison of these indicators using ROMI, showed a sufficient level of profitability and cost-effectiveness of proposed measures.

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APPENDICES

Annex A.

Positioning strategies tree

Positioning by manufacturer	Image based	Company	Innovation
			Social responsibility
			Leadership
			Openness of information and transparency of doing business, etc.
		Brand	Prestige
			Mass use
			Uniqueness
		Personnel	Instant response to requests
			Competence, professionalism
	Politeness, sociability and others		
	Based on the approach to working with consumers	Group	
		Individual	
		Mass	
		Self-service	
	By origin	By place of production	Locality
			Patriotism
			Uniqueness of product production in a certain area
		By cultural values	Formation and maintenance of certain cultural values in a certain region
	By the history of creation	Legendary creation and development	
		Long time of presence in the market	
		Newly created, rapid development	
	By attributes	Size	
		Power	
Achievements		Economic	
		Production	

Positioning by consumer	By target audience	By gender	Male
			Female
		By age	Children
			Youth
			Adults
			Elderly people
		By income	High
			Medium
			Low
		By type of activity	Doctors
			Teachers
Businessmen			
Housewives etc			
By lifestyle of the target audience	Active		
	Passive		
By benefits and opportunities for the consumer			
By emotions	By positive emotions	Joy	
		Pleasure	
	By negative emotions	Fear	
		Agression	
Product positioning	Based on manufacturing technologies	Ancient recipes	
		Innovation	
		"Handmade"	
		Economic effectiveness	
		Environmental friendliness etc	
	Based on the functional characteristics of the product, maximally related to the USP	Versatility	
		Economic effectiveness	
		Safety	
		Therapeutic effect	
		Wellness effect	
		Ease of use etc	
	Price positioning	By high price	
		By low price	
	By situation or use	Positioning on the solution of a certain problem	
		For a good night's sleep	
		For convenience while traveling	
		For work etc	
	By the product category	Stable association of the product category with the brand	
Determining the status within the brand			

		Expanding the boundaries of the product category
		Break with a particular product category
	Based on structural features	The constructor
		Monolith
		Ease to assemble, etc
	Quality based	High
		Medium
		Low
	By memorable dates, solemn events, national holidays	New Year's products
		Wedding products
		Patriotic products, etc.
Service positioning	By range of services	Wide
		Narrow
		One component
	By types of services	By methods and time of delivery
		By providing warranty service
		By providing repairs and maintenance service
		By installation
		By the provision of consulting services
	By the time of service	By crediting etc
		Inherited service
		During the life of the owner of the product
Social participation positioning	By public position	Active
		Passive
	By company stability	Stable
		Variable, depending on the relevance in society
		Subject to fashion
	By types of social movements or social trends	Elimination of unemployment
		Social protection of the poor
		Adoption of orphans
Promotion of a healthy lifestyle		

Source: compiled by the author based on (Prymak, 2012)

Annex B.

The comparison of the industry rivalry in Italy and Germany

Parameter	Evaluation criteria			Current evaluation	
	High (10.0–6.7)	Medium (6.6 – 3.4)	Low (3.3 – 0.0)	Italy	Germany
Number of registered competitors	More than 10	5-10	Less than 3	6.5	7
Number of active card payment systems competitors	More than 10	5-10	Less than 3	6	6
Price change opportunities	Good opportunities	Limited opportunities	None	6	6
Market barriers	Hard to move, significant barriers	Some barriers	Easy to move, no barriers	3	3
OVERALL				21,5	22
Low level of competitive rivalry within the industry				0 – 13.2	
Medium level of competitive rivalry within the industry				13.3 – 26.4	
High level of competitive rivalry within the industry				26.5 – 40.0	

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Annex C.

The comparison of the threat of new entrants in Italy and Germany

Parameter	Evaluation criteria			Current evaluation	
	High (10.0 -6.7)	Medium (6.6 – 3.4)	Low (3.3 – 0.0)	Italy	Germany
Product differentiation	Low (full set of services offered)	Medium	High	8	8
Governmental regulation	No restrictions	Limited number of restrictions	Fully regulated	4	4
Strong brands in the market	None	1-2	More than 3	3	2
Full production cycle used by companies	Not used	Commonly used	Mostly used	3	2
OVERALL				18	16
Low level of threat the of new entrants				0 – 13.2	
Medium level of the threat of new entrants				13.3 – 26.4	
High level of the threat of new entrants				26.5 – 40.0	

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Annex D.

Macro environment: Political & Legal factors

Parameter	Evaluation criteria			Current evaluation	
	Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Italy	Germany
Threats					
The need to be registered in the EU	No need	Registration with automatic license renewal	Registration with non-automatic license renewal	7	7
The possibility of imposing sanctions against foreign companies (from UA)	Unlikely	Likely	Very likely	3	3
Opportunities					
Liberal monetary policy	Strict policy	Neutral policy	Liberal policy	7	7

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Annex E.

Macro environment: Economic factors

Parameter	Evaluation criteria			Current evaluation	
	Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Italy	Germany
Threats					
The scale of shadow economy	0%-10%	11-50%	50%-100%	4	3
Opportunities					
Consumption expenditure growth	1-2%	3-5%	5% and higher	2	3

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Annex F.

Macro environment: Social factors

Parameter	Evaluation criteria			Current evaluation	
	Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Italy	Germany
Threats					
Low level of financial literacy of the population	0-14% of top performers	10-15% of top performers	16% and more of top performers	3	8
Preference for cash	0%-25%	26%-50%	51%-100%	3	4
Significant part of the population - seniors	0%-5%	6%-10%	11%-100%	7	7
Opportunities					
Popularization of non-cash payments	1%-2%	3%-5%	5% and higher	2	3
Urbanization	0%-50%	51%-70%	71%-100%	7	7

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC).

Annex G.

Macro environment: Technological factors

Parameter	Evaluation criteria			Current evaluation	
	Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Italy	Germany
Threats					
The development of cryptocurrencies and electronic money	Low	Medium	High	4	5
Opportunities					
Information security development	Low	Medium	High	6	7
E-commerce development (per cent of population who purchased online)	Up to 20%	21-60%	60% and higher	6	8
Internet penetration	Up to 50%	51-70%	71-100%	8	9

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC, The Global Economy, BSI report).

Annex H.

Macro environment: Overall market threats

Parameter	W	Evaluation criteria			Evaluation			
		Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Italy CE	Italy WE	Germany CE	Germany WE
Threats								
The need to be registered in the EU	0,3	No need	Registration with an automatic license renewal	Registration with non-automatic license renewal	7	2,1	7	2,1
The possibility of imposing sanctions against foreign companies	0,3	Unlikely	Likely	Very likely	3	0,9	3	0,9
The scale of shadow economy	0,2	0%-10%	11-50%	50%-100%	4	0,8	3	0,6
Low level of financial literacy of the population	0,2	0-14% of top performers	10-15% of top performers	16% and more of top performers	3	0,6	8	1,6
Preference for cash	0,2	0%-25%	26%-50%	51%-100%	3	0,6	4	0,8
Significant part of the population - seniors	0,2	0%-5%	6%-10%	11%-100%	7	1,4	7	1,4
The development of cryptocurrencies and electronic money	0,3	Low	Medium	High	4	1,2	5	1,5
Overall					31	7,6	37	8,9

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC, The Global Economy, BSI report).

Annex I.

Macro environment: Overall market opportunities

Parameter	W	Evaluation criteria			Evaluation			
		Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Italy CE	Italy WE	Germany CE	Germany WE
Opportunities								
Liberal monetary policy	0,3	Strict policy	Neutral policy	Liberal policy	7	2,1	7	2,1
Consumption expenditure growth	0,3	1-2%	3-5%	5% and higher	2	0,6	3	0,9
Popularization of non-cash payments	0,2	1%-2%	3%-5%	5% and higher	2	0,4	3	0,6
Urbanization	0,2	0%-50%	51%-70%	71%-100%	7	1,4	7	1,4
Information security development	0,3	1%-2%	3%-5%	5% and higher	6	1,8	7	2,1
E-commerce development	0,3	0%-50%	51%-70%	71%-100%	6	1,8	8	2,4
Internet penetration	0,3	1%-2%	3%-5%	5% and higher	8	2,4	9	2,7
Overall					38	10,5	44	12,2

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC, The Global Economy, BSI report).

Annex J.

Market attractiveness for the DPM matrix

Parameter	W	Evaluation criteria			Italy				Germany			
		Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Now		Future		Now		Future	
					CE	WE	CE	WE	CE	WE	CE	WE
The need to be registered in the EU	0,1	Registration with non-automatic license renewal	Registration with automatic license renewal	No need	3	0,3	4	0,4	3	0,3	4	0,4
The possibility of imposing sanctions against foreign companies (from UA)	0,1	Very likely	Likely	Unlikely	7	0,7	8	0,8	7	0,7	8	0,8
The scale of shadow economy	0,1	50%-100%	11-50%	0%-10%	6	0,6	7	0,7	7	0,7	8	0,8
Low level of financial literacy of the population	0,04	16% and more of top performers	10-15% of top performers	0-14% of top performers	7	0,28	8	0,32	2	0,08	2	0,08
Preference for cash	0,04	51%-100	26%-50%	0%-25%	6	0,24	8	0,32	6	0,24	8	0,32
Significant part of the population - seniors	0,04	11%-100%	6%-10%	0%-5%	3	0,12	4	0,16	3	0,12	4	0,16
The development of cryptocurrencies and electronic money	0,075	High	Medium	Low	6	0,45	5	0,38	5	0,38	4	0,3
Liberal monetary policy	0,1	Strict policy	Neutral policy	Liberal policy	7	0,7	8	0,8	7	0,7	8	0,8
Consumption expenditure growth	0,1	1-2%	3-5%	5% and higher	2	0,2	4	0,4	3	0,3	4	0,4
Popularization of non-cash payments	0,04	1%-2%	3%-5%	5% and higher	2	0,08	3	0,12	3	0,12	4	0,16
Urbanization	0,04	0%-50%	51%-70%	71%-100%	7	0,28	8	0,32	7	0,28	8	0,32
Information security development	0,075	1%-2%	3%-5%	5% and higher	6	0,45	8	0,6	7	0,53	8	0,6
E-commerce development	0,075	0%-50%	51%-70%	71%-100%	6	0,45	7	0,53	8	0,6	8	0,6
Internet penetration	0,075	1%-2%	3%-5%	5% and higher	8	0,6	9	0,68	9	0,68	9	0,68
Total	1	-	-	-	-	5,45	-	6,52	-	5,72	-	6,42

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC, The Global Economy, BSI report).

Annex K.

Company competitiveness for the DPM matrix

Parameter	W	Evaluation criteria			Italy				Germany			
		Low (0.0 – 3.3)	Medium (3.4 – 6.6)	High (6.7 – 10.0)	Now		Future		Now		Future	
					CE	WE	CE	WE	CE	WE	CE	WE
Experience in the market	0,1	None	Up to 5 years	5+ years	0	0	3	0,3	0	0	3	0,3
Reputation in the market	0,2	Not known	Some fame	A world-renowned company	0	0	3	0,6	0	0	3	0,6
Width of the product line	0,1	1 product	Several products	5+ products	2	0,2	4	0,4	2	0,2	4	0,4
The level of technology used	0,1	Obsolete	Mix	New	4	0,4	6	0,6	4	0,4	6	0,6
The development of “rewards” system	0,15	None	Not well developed	Well developed	1	0,15	4	0,6	1	0,15	4	0,6
The development of international support service	0,15	None	Not well developed	Well developed	4	0,6	6	0,9	4	0,6	6	0,9
Price advantage	0,2	High prices	Medium prices	Low prices	9	1,8	7	1,4	9	1,8	7	1,4
Total	1	-	-	-	-	3,15	-	4,8	-	3,15	-	4,8

Source: compiled by the author based on (ECB; Federal reserve, Global Competitiveness report; The World Bank, Doing Business, EC, The Global Economy, BSI report).

Annex L.

Segmentation of consumers of card payment systems in the Italian market

Criterion	Variable	The value of the variable
Counterparty characteristics	Legal status of the counterparty	Individual
		Legal entity
		Corporate clients
Counterparty characteristics	The need for online and / or abroad payment	Necessary
		Not necessary
Counterparty characteristics	Use of additional services	The client uses additional services
		The client needs additional services and is a potential consumer of additional services
		The client uses the card exclusively for payments
Economic criterion	Income level	Low (up to 2 thousand EUR per month)
		Medium (up to 10 thousand EUR per month)
		High (more than 10 thousand EUR per month)
Economic criterion	Bank deposit	No bank deposits
		Deposit up to 50 thousand EUR per month
		Deposit over 50 thousand EUR
Demographic criterion	Consumer age	16-25 years
		26-35 years
		36-45 years
		46-55 years
		Over 56 years
Geographic criterion	Consumer location	City
		Rural area

Source: compiled by the author

Annex M.

Search questions, hypotheses and sources of information

№	Search question	Hypotheses	Sources of information
1.	How often consumers use payment cards?	<ul style="list-style-type: none"> - Daily - Several times a week - Several times a month - Less than once a month 	Primary
2.	How many payment cards do consumers have?	<ul style="list-style-type: none"> - None - 1 card - 2-5 cards - More than 5 cards 	Primary/secondary
3.	How many premium cards do consumers have?	<ul style="list-style-type: none"> - None - 1 card - 2-5 cards - More than 5 cards 	Primary
4.	Do consumers use additional services that go hand in hand with premium cards?	<ul style="list-style-type: none"> - Yes, use additional services more than 3 times a month - Yes, use additional services up to 3 times a month - No, do not use additional services 	Primary
5.	How much are consumers willing to pay for a premium level card that meets their needs?	(Open question)	Primary
6.	Do consumers use bonus programs of payment systems?	<ul style="list-style-type: none"> - No, they don't use it - Use up to 3 times a month - Use more than 3 times a month 	Primary
7.	How often do consumers need to pay in foreign currency?	<ul style="list-style-type: none"> - Do not need to pay in foreign currency - Up to 2 times a month - More than 2 times a month - Weekly 	Primary
8.	What additional services provided with premium cards are the most important for the consumer?	<ul style="list-style-type: none"> - Miles programme - Customer support line 24/7 - Access to an exclusive bonus program - Concierge service 	Primary

Continuation of the annex M

9.	Is it important for the consumer under which payment system the card is issued?	<ul style="list-style-type: none"> - Yes, it is important - No, it is not important 	Primary
10.	What additional services would consumers like to receive with their premium payment card?	(Open question)	Primary
12.	What are the motivations of consumers when opening a premium payment card?	<ul style="list-style-type: none"> - Image - Benefits from additional services - The quality of service 	Primary

Source: compiled by the author

Annex P.

Questionnaire for end users

Questionnaire for end users

Prostir is conducting research to identify the level of demand in the short term for payment cards and consumer motivations that guide consumers when choosing premium payment cards in the Italian market. We invite you to cooperate and ask you to fill out a questionnaire. Your opinion is extremely important for further improvement of premium card products.

1. Please indicate which card payment systems do you know?

2. When choosing a payment card, does the payment system under which the card is issued matter to you?

- Yes, it matters
- No, it does not matter

3. Please indicate how often you use payment cards?

- I do not use
- Not more than once a month
- 2-3 times a month
- Several times a week
- Daily

4. How many payment cards do you have?

- I do not have a payment card
- 1 card
- 2-5 cards
- More than 5 cards

5. Do you have a premium payment card (gold and above)?

- I do not have one
- Yes, I have 1 card
- Yes, I have 2-5 cards
- Yes, I have more than 5 cards

6. What do you most associate with the concept of premium card, please rank the following items on a scale from 1 to 10 points, where 1 - no association, 10 - direct association.

A) Image

B) Additional benefits

B) Outstanding service

1	2	3	4	5	6	7	8	9	10

7. Please evaluate the level of your agreement with the following statements about premium payment cards, where 1 - I completely disagree, 4 - I completely agree. Circle the selected option.

Statement	Completely disagree	Partially disagree	Partially agree	Completely agree
Premium payment cards have a well-established image	1	2	3	4
Premium payment cards provide many additional benefits	1	2	3	4
Premium payment cards offer the best quality of service	1	2	3	4

8. How often do you need to make payments on the card in foreign currency?
- I do not have such a need
 - Less than once a month
 - Several times a month
 - Several times a week
 - Daily

9. What factors are most important for you when choosing a premium level card?
Please rate the weight of the proposed factors on a scale of 1 to 10 points: 1 is not important, 10 is very important.

Miles programme	1	2	3	4	5	6	7	8	9	10
Customer support line 24/7	1	2	3	4	5	6	7	8	9	10
Access to an exclusive bonus program	1	2	3	4	5	6	7	8	9	10
Concierge service	1	2	3	4	5	6	7	8	9	10

10. Please rate, from 1 to 10, the probability that you will use the following privileges if you become the owner of the highest level payment card. 1 - I will definitely not use, 10 - I will definitely use.

- Health insurance
- Possibility of temporary increase of the credit limit
- Possibility to issue a design card decorated with precious metals and / or with engraving, inlay
- Possibility to issue supplementary cards linked with your main card

11. How much are you willing to pay for the monthly maintenance of a premium payment card if it meets all your needs?

From ___ EUR to ___ EUR.

Thank you for your cooperation!

If you do not object, can you provide some information about yourself?

1. Please indicate your age
 - Up to 18 years
 - 19-25 years
 - 26-35 years
 - 36-45 years
 - 46-55 years
 - Over 56 years

2. Please indicate whether you make purchases online or abroad?
 - Yes, I do
 - No, I do not

3. Please indicate the region and locality of your residence.

Source: compiled by the author

Annex R.

Questionnaire for market experts

Questionnaire for market experts

Prostir is conducting research to identify the level of demand in the short term for payment cards and consumer motivations that guide consumers when choosing premium payment cards in the Italian market. We invite you to cooperate and ask you to fill out a questionnaire. Your opinion is extremely important for further improvement of premium card products.

1. Please indicate, in your opinion, which company in the Italian market offers consumers the best premium card product?

2. In your opinion, does the payment system under which the card is issued matter to the consumer?
 - Yes, it matters
 - No, it does not matter
 - Other (please indicate)

3. How often do you think consumers need to make payment cards payments?
 - They do not have such a need
 - Less than once a month
 - Several times a month
 - Several times a week
 - Daily

4. In your opinion, what percentage of Italians can afford to open a premium card?

5. What motivating factors, in your opinion, most influence the consumer's decision to open a premium card?

6. How often, in your opinion, consumers need to make payments using payment cards in foreign currency?
 - They do not have such a need
 - Less than once a month
 - Several times a month
 - Several times a week
 - Daily

7. Please evaluate the level of your agreement with the following statements about premium payment cards, where 1 - I completely disagree, 4 - I completely agree. Circle the selected option.

Statement	Completely disagree	Partially disagree	Partially agree	Completely agree
Premium payment cards have a well-established image	1	2	3	4
Premium payment cards provide many additional benefits	1	2	3	4
Premium payment cards offer the best quality of service	1	2	3	4

8. What factors, in your opinion, are the most important for consumer when choosing a premium card? Please rate the weight of the proposed factors on a scale of 1 to 10 points: 1 is not important, 10 is very important.

Miles programme	1	2	3	4	5	6	7	8	9	10
Customer support line 24/7	1	2	3	4	5	6	7	8	9	10
Access to an exclusive bonus program	1	2	3	4	5	6	7	8	9	10
Concierge service	1	2	3	4	5	6	7	8	9	10

9. Please estimate, from 1 to 10, the probability that the consumer will use the following benefits if he becomes the owner of the highest level payment card. 1 - Will definitely not use, 10 - Will definitely use.

- Health insurance
- Possibility of temporary increase of the credit limit
- Possibility to issue a design card decorated with precious metals and / or with engraving, inlay
- Possibility to issue supplementary cards linked with your main card

Leave your comment if necessary _____

10. What, in your opinion, are the limits of the cost of monthly maintenance of premium cards acceptable to consumers?

From ___ EUR to ___EUR.

Thank you for your cooperation!

If you do not object, can you provide some information about yourself?

1. Please indicate your age

- Up to 18 years
- 19-25 years
- 26-35 years
- 36-45 years
- 46-55 years
- Over 56 years

2. Please indicate your occupation and the place where you work?

3. Please indicate the region and locality of your residence.

Source: compiled by the author