TARAS SHEVCHENKO NATIONAL UNIVERSITY OF KYIV

Faculty of Economics

Department of Marketing

and Business Administration and Consulting

Positioning of Ukrainian Healthy Snacks Producers in the Italian market

by

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Full-time student

of the second-year master's degree course in Business Administration and Consulting (English & Ukrainian language of training) with the Double Degree Option with the University of Macerata, Italy

I certify that in this thesis, there are no borrowings from the works of other authors without corresponding references

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TASK

for the thesis of a Full-time student
of the second-year master’s degree course in marketing,
specialization 075 Marketing

Hanna Zakharchenko

1. The topic of the Thesis: Positioning of Ukrainian healthy snacks producers in the Italian market
2. Diploma completion date: 29/04/23
3. Preliminary defense of the diploma: 03/05/23
4. The subject of the research: the process of positioning Ukrainian healthy snacks manufacturers in the Italian healthy snacks market.
5. The object of the study: the analysis of the existing positioning tools and the forecast of business activity of the Ukrainian company Roshen Corporation in the Italian healthy snacks market.
6. Aim and objectives of the study:

Aim: The thesis aims at developing comprehensive recommendations on building the best possible way to position Ukrainian manufacturers in the Italian healthy snacks market, by summarizing the theoretical background for the development of positioning tools in the international food markets, identifying the category shift concept in terms of food positioning, investigating Italian market (and healthy snacks market as its component) and its opportunities and threats to enter, and analyzing the current state of business of Roshen Corporation in terms of export expansion.

The objectives are

6.1. To analyze the positioning tools and technics in the international food markets

6.2. To analyze the healthy snacks market in Italy

6.3. To identify factors of the international business environment that influence the market activity of sweets manufacturers in the Italian market

6.4. To determine competitive advantages for the Ukrainian Roshen Corporation in the Italian market

6.5. To substantiate the mechanism of choosing positioning tools and provide guidelines for implementing measures so that Ukrainian sweets manufacturer Roshen Corporation could expand its export activities;

6.6. To evaluate the effectiveness of the proposed measures to implement a strategy of positioning Roshen Corporation in the Italian market.

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Student:
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Timeline for completing the task

№	Content of the work performed	Deadline	Manager's note on execution
1.	Selection of the thesis topic	01/09/22	
2.	Approval/completion of the thesis table of contents	13/09/22	
3.	Completion of the first iteration of the first chapter	23/12/22	
4.	Completion of the first iteration of the second chapter	18/02/23	
5.	Completion of the second iteration of the first chapter	12/03/23	
6.	Completion of the second iteration of the second chapter	25/03/23	
7.	Completion of the first iteration of the third chapter	19/04/23	
8.	Completion of the third iteration of the first chapter	21/04/23	
9.	Completion of the second iteration of the third chapter	24/04/23	
10.	Completion of the introduction part	24/04/23	
11.	Completion of the part with references	29/04/23	

Consultation schedule

Date	Consultant	Content of the consultation	Manager's note on execution
14/09/22	N. Y. Kochkina	Topic and table of contents approval	
05/10/22	N. Y. Kochkina	Introduction review	
23/11/22	N. Y. Kochkina	Introduction review	
20/02/23	N. Y. Kochkina	First chapter review	
11/04/23	N. Y. Kochkina	First and second chapters review	
26/04/23	N. Y. Kochkina	All chapters review	
28/04/23	N. Y. Kochkina	All chapters approval	
29/04/23	N. Y. Kochkina	Whole thesis approval	

SUMMARY

The object of the study is the analysis of the existing positioning tools and the forecast of business activity of the Ukrainian company Roshen Corporation in the Italian healthy snacks market.

The subject of the research is the process of positioning sweets of Ukrainian manufacturers in the Italian healthy snacks market.

The thesis aims at developing comprehensive recommendations on building the best possible way to position Ukrainian manufacturers in the Italian healthy snacks market, by summarizing the theoretical background for the development of positioning tools in the international food markets, identifying the category shift concept in terms of food positioning, investigating Italian market (and healthy snacks market as its component) and its opportunities and threats to enter, and analyzing the current state of business of Roshen Corporation in terms of export expansion.

The objectives are:

- To analyze the positioning tools and technics in the international food markets
- To analyze the healthy snacks market in Italy
- To identify factors of the international business environment that influence the market activity of sweets manufacturers in the Italian market
- To determine competitive advantages for the Ukrainian Roshen Corporation in the Italian market
- To substantiate the mechanism of choosing positioning tools and provide guidelines for implementing measures so that Ukrainian sweets manufacturer Roshen Corporation could expand its export activities;
- To evaluate the effectiveness of the proposed measures to implement a strategy of positioning Roshen Corporation in the Italian market.

Based on the results of the study methodological recommendations have been formulated for Roshen Corporation on implementing a set of positioning tools to expand its export activities to the Italian healthy snacks market.

Roshen Corporation can effectively use the results of the study to develop

and improve its competitive position in the Italian healthy snacks market and enter it with minimum risks and maximum benefits.

The thesis consists of 112 pages, 22 tables, 36 figures, a list of 37 references, and 8 appendices.

TABLE OF CONTENTS

INTRODUCTION

In recent years, there has been a growing trend towards healthy eating and lifestyles worldwide. Consumers are becoming increasingly aware of the importance of a balanced diet and are seeking healthier food options. This trend is particularly evident in the market for snacks and sweets, as consumers look for alternatives to traditional, sugar-laden confectionery products. As a result, there is a growing demand for healthy snacks and sweets made with natural, organic, and low-sugar ingredients. Ukrainian manufacturers of sweets are well-positioned to take advantage of this trend, with a range of products that cater to the needs of health-conscious consumers. But to actually penetrate the market of healthy snacks with almost ordinary confectionery products, companies have to position themselves in a proper way.

While selecting a country to conduct market research concerning the topic of the thesis, a factor of chocolate consumption had been considered. Italy is known to be a significant consumer of chocolate, with a long history of chocolate production and consumption. Italians have a strong cultural affinity for chocolate, and it is a popular ingredient in many traditional Italian desserts, such as tiramisu, chocolate mousse, and cannoli. However, it's worth noting that the trend towards healthier food options is also prevalent in Italy, with an increasing demand for healthier chocolate products made with natural and organic ingredients.

As one of the world's foremost manufacturers of confectionery products, the Roshen Corporation comprises various Ukrainian factories, including those located in Kyiv, Kremenchuk, Boryspil, and Vinnytsia, as well as the Klaipeda Confectionery Factory in Lithuania, and the Bonbonetti Choco Kft in Budapest, Hungary. Additionally, the Corporation sources natural, high-quality dairy raw materials from its Vinnytsia Dairy Factory, which are used in the production of its confectionery products. A decade ago, the Corporation introduced a unique and rare product to the Ukrainian confectionery market in the form of dried apricots coated in chocolate glaze, which immediately caught the attention of Ukrainian consumers and has since become exceedingly popular. The product is regarded as a "healthy snack," comprising only naturally dried, pitted apricots and black chocolate.

The Italian market currently faces a similar challenge to what the Ukrainian market experienced a decade ago. Specifically, Italian consumers are not yet familiar with the concept of dried apricots coated in chocolate glaze. After conducting a thorough analysis of four major supermarkets (La Tigre, Coop, Conad, and Eurospin) and local candy shops in the small Italian town of Macerata, it was unable to identify any products that closely resembled fruits in chocolate, discounting nut bars and other potential substitutes.

Given that the Roshen Corporation has extensive experience exporting confectionery products to various European markets, coupled with other relevant factors identified through market research, the strategic decision was made to introduce Roshen Corporation and its unique product to the Italian healthy snacks market.

The scientific and practical aspects of studying this problem are expected to result in creating a win-win strategy for the company to enter the market and be competitive among the key Italian market players. As well, the improvement of the management system concerning this particular question will result in kind of a business plan for ROSHEN. Any articles written by Italian scholars concerning Ukrainian companies in the Italian healthy snacks market weren't found indicating that this topic is relatively new.

Taking into account the direction and objectives of this research paper, the JEL classification code was identified:

- M for Business Administration and Business Economics; Marketing; Accounting
- M31 for Marketing

Several research methods were used while conducting current market research are demonstrated in Appendix 1.

CHAPTER 1. Positioning tools in international food markets: theoretical background

1.1. Positioning concept in marketing activities

Positioning is a crucial concept in product and business strategy, which has been studied extensively by various scholars. It is widely recognized that developing and maintaining a competitive positioning strategy is crucial to achieving long-term success for any product. Researchers have defined positioning as a purposeful and proactive process that involves defining, measuring, modifying, and monitoring consumer perceptions of a product. According to Rice A. and Trout J., positioning involves manipulating consumers' perceptions of a product in their minds, rather than creating something entirely new. The development of effective positioning strategies requires a careful analysis of the perception environment that accurately represents consumer perceptions, as well as determining the product's position in this area and modifying product perceptions to move to the desired position. The process of determining effective positioning strategies is essential in shaping brand perceptions. However, despite its importance, there has been relatively little conceptual research on the processes involved in selecting an appropriate positioning strategy. An extended literature overview on positioning strategies is presented in Chapter 1.3. It includes the main research areas, positioning alternatives proposed, and the main findings illustrated by these studies. These studies either investigated the implementation or management of a particular strategy or proposed a new approach to positioning.

Research on positioning has identified several alternative strategies that cover the main strategic options. These include attribute/benefit positioning, value positioning, competitor positioning, and niche positioning (Aaker, D. A., 2008). Each of these strategies represents a distinct approach to positioning a product in the market and has its unique set of advantages and disadvantages. Understanding and implementing the appropriate positioning strategy can significantly impact a product's success and long-term viability in the marketplace.

Attribute positioning is the most commonly used and widespread type of positioning strategy. In attribute/benefit positioning, a product is associated with a particular characteristic or benefit that enhances consumer welfare. This strategy often emphasizes one attribute or benefit of a product, and it is also referred to as unique feature positioning. This strategy is particularly effective when a product offers something difficult for competitors to replicate. As a result, unique feature positioning is more advantageous for high-tech products that have longer-lasting competitive advantages resulting from innovation. New products can be developed with distinct features and positioned based on these unique attributes. This strategy can also be applied to existing products by introducing new features and enhancements. It is generally believed that a new feature adds more value when the product has relatively lower existing characteristics and is perceived as a lower-quality product. Traditionally, product features that are valuable to consumers are chosen for differentiation. However, in today's competitive markets, it is increasingly challenging to find a point of differentiation that has not already been mastered by other competitors. As a result, brands are differentiating themselves based on non-essential features to stand out and be perceived as unique. Interestingly, consumers respond favorably to such meaningless differentiation because they still attach certain rational values to it. Furthermore, distinctive, innovative, and unique qualities contribute to better brand evaluation and facilitate decision-making. This strategy is more effective when the attribute is added to a high-equity brand, rather than a low-equity brand.

Some products offer greater performance, reliability, advanced features, and services along with the product at higher prices, while others attempt to provide the same level of quality at a lower cost. Value positioning refers to the delivery of high-quality products at competitive prices. This strategy includes parameters such as reasonable pricing, value for money, and customer accessibility. While not explicitly referring to price, this strategy aims to ensure that customers receive a good deal. Alongside value positioning, pricing is also used to differentiate a product as high-quality. Price is often perceived as an indicator of quality, so quality signaling through pricing is employed as a positioning strategy to attract quality-oriented consumers.

The definition of positioning concepts entails comparison with a competitor. Therefore, for any positioning strategy, competitors have an implicit influence. Competitive positioning is particularly advantageous for products that are difficult to evaluate on their own and that contain intangible or incomparable attributes. This positioning strategy allows consumers to make a more tangible assessment by comparing it to an example in the market. The competition to which the strategy refers can be selected both within and outside the product category. The competitor-based positioning strategy serves two purposes. The first purpose is related to the chosen competitor. Associative positioning strategies aim to achieve a perceived similarity with a strong competitor and thus gain a similarly strong market position. The second purpose is to dissociate oneself from the competitor. By highlighting an attribute that is superior to a competitor or that competitors do not possess, products can be differentiated from competitors. If consumers value this attribute sufficiently, the product will be preferred over others.

Niche positioning is a unique approach to differentiation that seeks to carve out a distinct submarket for a product, rather than simply highlighting a traditional attribute associated with other brands. This approach involves identifying an attribute that is important to a specific market segment but is not typically associated with well-known brands. The goal is to create a perception of a specialized brand that caters to the specific needs and preferences of a concentrated market. Niche positioning is viewed as an effective strategy as it allows the brand to differentiate itself from competitors, thus avoiding direct comparison. The success of this strategy is contingent on the size of the targeted segment and the extent of competitive advantages offered by the brand. The positioning strategies structure is depicted in Table 1.1.

Table 1.1

The structure of the positioning strategies

Product type	Life Cycle Stage	Value of the brand
• For everyday use • Preferential • Shopping • Specialty	• New product category • Exsisting product category	• Premium brand • Mediocre brand

Source: based on (Venkatasubramani, S., & Moore-Shay, E. S. (1998)

The abovementioned structure includes three sections. The first section defines the typology of goods, consisting of everyday goods, preferential goods, shopping goods, and specialty goods. The second section defines the life cycle stage of a product category. The last section presents the main positioning alternatives discussed above.

When examining the life cycle stage concept, it is crucial to take into account various market-related factors. Firstly, it is necessary to assess alterations in the degree of competition throughout the lifespan of a product category. Secondly, the market's turbulence and ambiguity have significant strategic consequences that should be addressed. Lastly, analyzing the diverse attitudes of consumers towards a product throughout its life cycle is imperative. During the introduction stage of a product life cycle, the market consists of a few pioneers and early entrants, which leads to a relatively low level of competition. At this stage, consumers may not have a clear understanding of the product's features and benefits, and they may not have established preferences yet. A successful new product can help establish the importance of a firm's attributes and benefits. However, this stage is characterized by a high level of uncertainty, both in terms of market demand and technological adoption. The market's uncertainty and the difficulty in estimating new product sales make it challenging to forecast the demand for the product. Moreover, there is also uncertainty regarding the adoption of the product's technology. In the nascent stage of a new product category, the market is in a state of expansion, and the primary objective is to attract new consumers and increase category awareness. To achieve sales, it is necessary to communicate the benefits of the product. While there may not be many direct competitors within the same product category, substitute products from other categories may pose a threat. Therefore, it is important to highlight the strengths of the product category as a whole to safeguard it from substitute products in other categories. In mature product categories, the primary objective is to foster customer loyalty and not just raise awareness. To achieve this goal, expansive strategies are recommended that encourage the use of the product in new contexts to increase overall demand. In a crowded market, differentiation is crucial to grab attention. To distinguish oneself from the many others who follow the "me too" strategy, it is crucial to create a unique identity.

The primary objective of positioning strategies is to establish the brand name in a desirable position in the consumer's mind. Therefore, the brand plays a critical role in developing and executing positioning strategies. Once the brand is established, positioning strategies enable marketers to convey the benefits and personality of the brand to the target audience. Brand equity can be affected by various factors, such as the perceived quality of the product, the brand's perceived value, and consumer associations with the brand. A brand with high perceived quality is likely to have high brand equity because consumers associate it with positive attributes such as reliability, durability, and superiority (Gao, J., Xiao, R., & Cao, W. 2016). Similarly, a brand that is perceived to offer high value for money is likely to have high brand equity because it is seen as a wise investment by consumers. Moreover, positive consumer associations with the brand can also contribute to high brand equity. For instance, if a brand is associated with positive emotions, memories, and experiences, consumers are more likely to have a strong attachment to it. This attachment can lead to brand loyalty and positive word-of-mouth, which can further enhance the brand's reputation and equity. On the other hand, brands with low equity are less likely to be recognized or recalled by consumers and are not associated with positive attributes or experiences (Gao, J., Xiao, R., & Cao, W. 2016). This can make it challenging for marketers to differentiate their brand from competitors and attract consumers. Therefore, building and maintaining brand equity is essential for long-term success in the market.

Perceived quality is a crucial aspect of brand equity and plays a significant role in consumer decision-making processes. Research has indicated that consumers use the brand name to assess the quality of a product, which helps to reduce the perceived risk associated with the purchase (Blankson, C., & Kalafatis, S. P. 2001). Brand names are perceived as indicators of quality, as reputable brands face a high risk of damaging their reputation due to poor quality products (Ries, A., & Trout, J. 1981). Moreover, consumers often lack the expertise required to evaluate the quality of products, particularly for complex or technical products (Keller, K. L. 1993). Brand image is an important dimension of brand equity that represents the unique personality and core values of a product (Day, G. S. 1981). It is formed through marketing efforts and is characterized by favorable, consistent, strong, and unique associations with the brand. Having a strong and unique brand image, in addition to brand familiarity, is assumed to lead to a higher level of consumer preference for the brand (Gao, J., Xiao, R., & Cao, W. 2016). Brand loyalty is an essential dimension of brand equity as it contributes to the long-term success of a brand. It creates a barrier to entry for competitors, as it is difficult to convince loyal customers to switch to a different brand. Moreover, brand loyalty indicates that customers are satisfied with the brand, which reinforces the brand's image as a successful and reliable product. This results in reduced marketing costs as it is more economical to retain existing customers than to acquire new ones. Therefore, brand loyalty is a key strategic asset that can lead to sustained competitive advantage for a brand.

Indeed, building and maintaining brand equity is crucial for market success. Effective brand equity management requires a deep understanding of customer needs and preferences, as well as a strategic approach to brand positioning and communication. By focusing on building strong brand awareness, developing a positive brand image, ensuring high perceived quality, and fostering brand loyalty, marketers can create a competitive advantage that transitions into improved market performance. Furthermore, brand equity management should be an ongoing process that adapts to changing market conditions and consumer needs, to ensure continued brand relevance and success. Using product classification and product category properties, recommendations can be made for optimal positioning strategies for each product type. Furthermore, appropriate positioning strategies will be determined by considering the impact of brand equity and the life cycle stage of the product. In the context of the product life cycle, it can be generally stated that during the early stages, attribute/benefit positioning strategies tend to be more effective. This is due to low awareness among consumers and the need to communicate product features and benefits to mitigate uncertainties associated with new technologies. On the other hand, for established product categories, the choice of positioning strategy depends on product type and brand equity. During the introduction stages of a brand, associative strategies may be more effective in gaining entry into the consumer circle. Such strategies aim to highlight the similarity of attributes with dominant brands in the category, thereby placing the new brand in proximity to established brands in the minds of consumers. Additionally, a new entrant to an established category should aim to build awareness and stimulate trial, which can be achieved by attracting consumers of competitor products.

When it comes to trade goods, consumers tend to be more price-conscious and invest time and effort into finding the best deal. Therefore, it is crucial to differentiate the product from its competitors and design marketing strategies that highlight its unique features. Consumers also face financial and functional risks when making purchases, which should be considered by brands. For low-capital brands in the early stages of the life cycle, a value positioning approach is recommended as it provides good quality at an affordable price, reducing both monetary and functional risk. In the later stages, high-equity brands can be distinguished by unique or meaningless attributes that make them stand out from other products. High-equity brands can also use competitive positioning strategies to increase their perception of similarity with higher-capital competitors. In the case of specialty products, it is important to create differentiation not only in the product but also in the marketing mix. Specialty products typically require a significant amount of effort, both monetarily and non-monetarily, from consumers. In the early stages of the life cycle, consumers may not be well-informed about the product's characteristics, making it difficult for them to evaluate its worth. In such cases, it may be beneficial to present more tangible comparisons to consumers. Given the high financial value at stake, providing tangible comparisons with well-known products from other categories that share values with the specialty product may be effective. This can be achieved through competitive positioning. As the market matures, consumers become more aware and able to appreciate the unique characteristics of the specialty product. Since the effort required for this category is part of its appeal, this should be emphasized through the positioning strategy. A suitable strategy for this stage would be niche positioning. The process of introducing a new product to the market is complex and laborious, which can restrain aspiring entrepreneurs. However, achieving rapid market leadership with a new product is possible with a well-crafted strategy and the implementation of effective promotional tactics.

Promoting products can be achieved by implementing strategies that consider the product life cycle (PLC) model. The appropriate model to use depends on the current stage of the product in its life cycle. The product life cycle (PLC) refers to the sequence of stages that a product goes through during its existence in the market. It is typically defined by the length of time a product is available for purchase, starting with its introduction into the market and ending with its eventual discontinuation. It is evident that every product, regardless of its popularity, has a finite lifespan and will eventually exit the market. The sole exemptions are the "everlasting" goods, which belong to monopolistic industries and have production technology that has remained unchanged for centuries. The life cycle of goods can be seen in Figure 1.1.

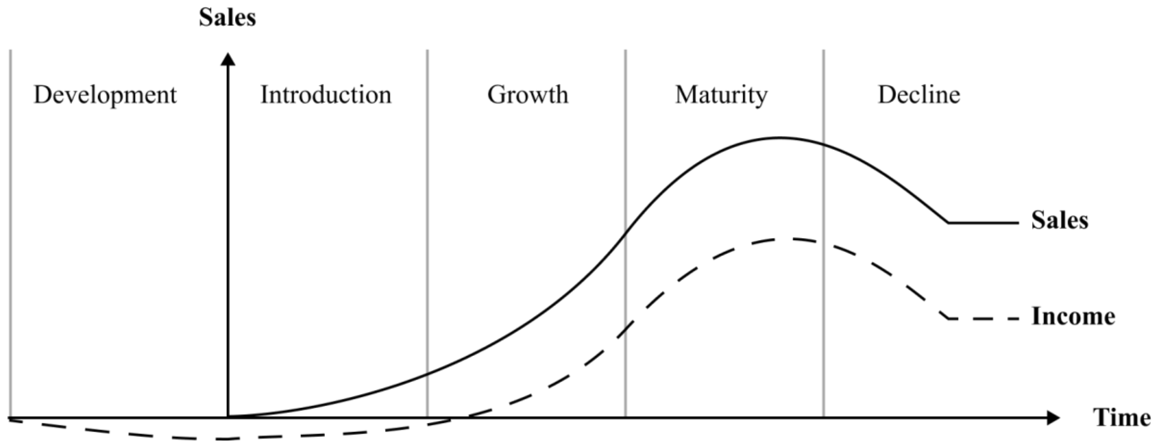


Fig.1.1. Traditional curve of the product's life cycle

Source: based on (Project Cubicle, 2021)

The life cycle of a product plays a crucial role in the marketing system of a company, as it directly affects its efficiency and profitability. The ability of an organization to respond promptly to market changes is dependent on the life cycle of its products. Thus, understanding the life cycle of a product is essential for any company to remain competitive and successful. The product life cycle is affected by both internal and external factors that may change over a certain period when the product is available on the market. As a result, the product experiences a set of processes that follow a certain pattern, leading to the identification of specific stages in the product life cycle.

1.2. Tools for developing a positioning strategy

A company's approach to a foreign market is founded on a marketing strategy that outlines the marketing tools to be employed to achieve the objectives set forth by the management. (Pechmann, C., & Ratneshwar, S. 1991) Firms may either utilize a promotion strategy identical to that of their domestic market or tailor it for each foreign market. While some global enterprises maintain standardized advertising messages worldwide, others pursue a strategy of communication adaptation, which involves fully customizing their advertising messages to cater to local markets. It is appropriate to assert that entering a foreign market forms a part of a domestic marketing strategy in only limited cases. For instance, when a company exports products to a foreign market in the same form as they are produced in the domestic market during the initial stages, the foreign market merely serves as a place for sales, with the main production facilities and product adaptation for the target audience remaining in the domestic market. However, even the initial stages of exporting products can be deemed the outset of international activity, and consequently, the initial step of an international marketing strategy.

When discussing the complete penetration of foreign markets, such as establishing a subsidiary or modifying export products to meet local market demands, the marketing strategy of the company in the foreign market becomes fully autonomous and distinct from its domestic strategy. As a result, the focus shifts from the domestic strategy itself to its implementation within the foreign market's conditions. Typically, a company maintains the same marketing strategy in a foreign market as it does in the domestic market. However, to enhance its competitive standing, the firm may customize marketing activities to suit the particular conditions of a foreign market (multinational strategy) or employ a strategic symbiosis by implementing a standard adaptation or adapted (differentiated) standardization marketing strategy in various countries. The development of an international marketing strategy typically involves several stages aimed at realizing a company's internationalization objectives. Internationalization on a global scale occurs when the number of countries involved in the production and sale of a product significantly increases, leading to the product losing its national identity. Instead, it becomes associated with an international brand that represents a production process distributed across multiple countries. The stages of formation (development) of the international marketing strategy are presented in the Figure 1.2.

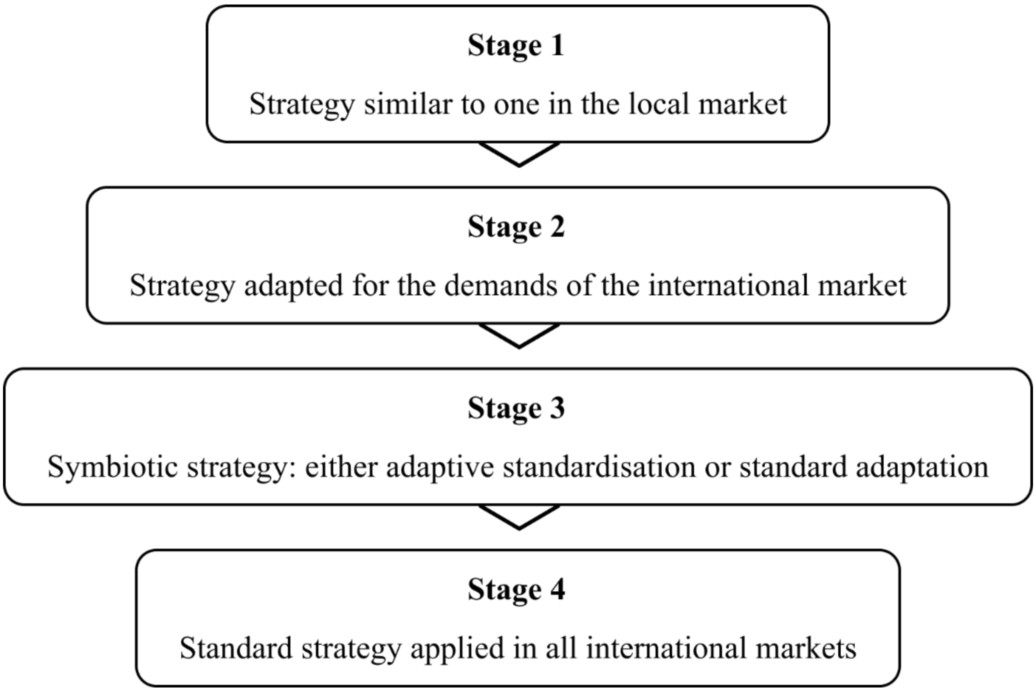


Fig.1.2. The stages of development of the international marketing strategy

Source: based on (Aaker, 2008)

The progression between stages of marketing strategy development is marked by an increase in the company's foreign market position, signifying the advancement of its foreign economic and international operations, as well as the sophistication of the mechanisms and methodologies of international marketing.

In the initial phase of formulating the primary international marketing strategy, a company enters foreign markets to familiarize itself with the market, enhance its core strategic directions, and establish a foundation for strong competitive performance, first in the domestic and subsequently in the foreign market. At this stage, if the initial steps to develop foreign markets are similar to domestic market marketing activities, without making adaptive or other modifications but rather opting for the same market share expansion and development strategy as the domestic market. Due to the lack of experience and knowledge of international marketing and foreign markets, the company leverages its strengths in the international market which provided it with advantages in the domestic market, enabling it to gain additional benefits from increasing its sales market size. The use of a domestic strategy in foreign markets carries significant risks, particularly for companies that lack experience in international marketing. Such companies may offer products that are tailored to meet the needs of the domestic market, without making appropriate adaptations for foreign consumers. This approach often results in negative outcomes, such as a lack of interest in the product among foreign consumers. This phenomenon is particularly common among novice or less sophisticated companies that are just embarking on their international endeavors. The initial foray of a company into a new international market is typically unsystematic and marked by random or empirical methods such as trial and error. During this stage, the company may engage in foreign trade operations in response to external or internal demand or when presented with opportunities such as potential importers. However, as the company gains more experience in international business, the number of tasks related to systematic management and marketing organization of international activities increases. Consequently, the company needs to assess its level of involvement in global trade and the level of risk involved to optimize attractive opportunities.

Advocates of the standardization approach consider the trends of globalization to be the primary impetus behind market uniformity, technological uniformity, and high similarity of consumer needs, tastes, and preferences. They contend that standardization has facilitated the growth of international communication channels, the emergence of global market segments, and even the rise of the Internet. They assert that such a strategy can provide several benefits, including

- significant economies of scale at all stages of operations, ranging from research and development to production and marketing
- the gradual establishment of a corporate brand in various countries, particularly given the growing mobility of consumers worldwide
- decreased management complexity via better coordination and control of international activities.

The standardization strategy represents a global approach to marketing that is employed in foreign markets, providing a certain degree of optimization in international marketing activities while being the most cost-effective strategy. It rests on the underlying assumption that certain products possess universal attributes and specific characteristics that appeal to consumers independent of their country of origin. International product positioning, on the contrary, is a complex process that involves adapting the product's features and benefits to meet the unique needs and preferences of consumers in different markets. This strategy is essential to succeed in global markets where consumers have different perceptions of competitive brands. A successful international product positioning strategy requires an understanding of the product's competitive advantages and its unique value proposition in each market. This approach goes beyond traditional positioning, as it must consider the differences in consumer preferences, beliefs, and attitudes across borders. To achieve this, a thorough market analysis is necessary to identify the product's positioning in the global market. International positioning is a crucial process to ensure that a product maintains its unique identity and stands out among similar substitutes in foreign markets. The primary goal is to differentiate the product in the minds of consumers, who may have different perceptions and decision-making processes than those in the domestic market. It is essential to note that even if the product line in a particular category is similar to what the company has already worked with, the target audience and market dynamics may vary significantly. The selection of an appropriate international positioning strategy depends on the extent of socio-cultural differences and variations in consumer behavior. There are three types of international positioning strategies available:

- Intercultural positioning - this approach is utilized when there are no significant differences in market functioning and consumer behavior. In such cases, there is no need for a radical change in the positioning strategy, and the same positioning used in the home country can be applied.
- Repositioning - this strategy involves a partial adaptation of the marketing mix to the new market, as the marketing environment is not identical but quite similar. The strategy itself does not change, but the creative aspect and brand messaging may need adjustment. Many companies choose this

strategy while entering global markets as it requires minimal expenditures on product/service promotion.

- Unique positioning in each market - this approach is necessary when the brand concept cannot be adequately perceived in a new market. A unique positioning strategy requires detailed market analysis, consumer profiling, and substantial costs. It is advisable to use this strategy only if the costs will be covered by future profits and will allow for gaining a significant market share and enhance the company's image.

1.3. Positioning specifics in terms of category shift

Positioning in an adjacent product group refers to the practice of associating a brand with the characteristics of a product in a different category, even though the brand itself does not belong to that category. In other words, positioning in terms of category shift is a strategy that involves shifting a brand from one product category to another. This can be a challenging process since the new category may have different consumer needs, behaviors, and preferences. The goal of this strategy is to position the brand in a way that creates a competitive advantage in the new category. One example of successful category shift is the transformation of the Swatch watch brand. Originally positioned as a low-cost alternative to traditional Swiss watches, Swatch shifted its focus to fashion, becoming a trendy and fashionable accessory. This shift allowed Swatch to expand its market and appeal to a wider audience beyond just watch enthusiasts. The statement "Milk chocolate. Melts in your mouth, not in your hands!" serves as a positioning statement for M&M's candies. The statement highlights the product's quality standard of not melting in the consumer's hands due to its hard shell, even though it belongs to the milk chocolate product category, which is typically characterized by a delicate texture that softens with increasing temperature. This positioning allows M&M's to gain an advantage in a different product category. Another example of this would be the Renault Kangoo, which is typically marketed as a commercial van but has been positioned as a family car in the Ukrainian market.

However, category shift is not always successful, and brands may struggle to find a new position in the market. For example, when Coca-Cola introduced "New Coke" in 1985, it was intended to appeal to consumers who preferred sweeter drinks. However, this change was met with significant backlash, and after just a few months, the company reintroduced the original formula as "Coca-Cola Classic." Overall, positioning in terms of category shift can be a risky strategy, but when executed successfully, it can lead to significant growth and success for a brand.

When a brand occupies a central position in a product category, its advantages are easily recognizable to consumers. However, most brands are differentially positioned based on a physical, functional, or perceived advantage. Branding architecture refers to the way a company's brands are organized and related to each other. It aims to create a system that enables consumers to make informed choices among the many available brands. Brands that belong to the same or similar product categories tend to have similar prices and share similar geographic markets. The branding architecture can be organized in different ways, such as a linear structure, which consists of individual brands or sub-brands that are vertically organized, or a complex hierarchy of brands that are organized under an umbrella brand.

In branding, there are two main strategies for brand development: brand extension and brand expansion. It is important to note that while brand extension and brand expansion may appear similar, they differ in terms of the level of change to the brand's identity and the market being targeted. Brand extension involves introducing a new product under the same brand name while keeping the product category, target audience, and brand identity unchanged, with only the benefit for the consumer changing. On the other hand, brand expansion involves expanding the brand to a new consumer segment or a related product category while maintaining the brand's identity, which means the brand may need to be adapted to fit the new market being targeted.

Positioning in terms of category shift involves repositioning a brand to a new product category to expand its market share and increase revenue. This process is often necessary for companies willing to take advantage of new market opportunities, diversify their product lines, or respond to changing consumer preferences. One of the main challenges of category shift positioning is ensuring that the brand's existing equity and reputation are not lost in the transition. Companies must carefully consider the similarities and differences between the old and new product categories and find ways to leverage their existing brand image to create a new positioning that resonates with the target audience in the new category. Another important consideration in category shift positioning is identifying the key attributes and benefits that are most important to consumers in the new product category. Companies must conduct extensive market research to understand the needs and preferences of the target audience and develop a brand positioning that effectively communicates how the brand meets those needs. In summary, positioning in terms of category shift requires a thorough understanding of both the brand's existing image and the target audience's needs and preferences in the new product category. By leveraging existing brand equity and identifying key attributes and benefits, companies can successfully reposition their brands to gain a foothold in a new market and achieve long-term success (Nowlis, S. M., & Simonson, I. 1996).

Several authors have defined the term "repositioning" in the context of marketing and branding, as shown in the Table 1.3.

Table 1.3

The structure of the "repositioning" category

№	Author, year	The essence of the notion	The content of the notion	The result of the notion
1	Ries, Trout, 1980	Changing the identity of a product	changing the identity of a product, relative to the identity of competing products, in the collective minds of the target market	-
2	Kevin L. Keller, 1997	Changing the way a brand is perceived	changing the way a brand is perceived relative to competing brands in the marketplace	-
3	McDaniel, Lamb, Hair, 2004	Changing consumers' perception of brand relationships	changing consumers' perception of brand relationships into the brand competition	-
4	Philip Kotler, 2011	Revising the brand's positioning		to respond to changes in the market or to improve sales and profits
5	Cambridge Dict.	Changing the way that people think about a product, service, or company		-
6	Collins Dict.	Process of trying to interest more or different people in a product or service	by changing certain things about it or the way it is marketed	-
7	Merriam-Webster Dict.	Revising the marketing strategy		To increase sales

Source: compiled by the author

1. Al Ries and Jack Trout: In their book "Positioning: The Battle for Your Mind," Ries and Trout define repositioning as "changing the identity of a product, relative to the identity of competing products, in the collective minds of the target market." (Ries, A., & Trout, J. 1981).

2. Kevin Lane Keller: Keller, in his book "Strategic Brand Management," defines repositioning as "changing the way a brand is perceived relative to competing brands in the marketplace." (Keller, K. L. 1993)

3. In their book "Marketing," Carl McDaniel, Charles W Lamb, and Joseph F. Hair define repositioning as "changing consumers' perception of brand relationships into the brand competition." (McDaniel, Lamb, Hair, 2004)

4. Philip Kotler: Kotler, in his book "Marketing Management," defines repositioning as "revising the brand's positioning to respond to changes in the market or to improve sales and profits." (Kotler, 2011)
5. Cambridge Dictionary states that repositioning is the process of changing the way that people think about a product, service, or company (Cambridge Dictionary)
6. Collins Dictionary states that repositioning is a process of trying to interest more or different people in a product or service, for example by changing certain things about it or the way it is marketed. (Collins Dictionary)
7. Merriam-Webster Dictionary states that repositioning is the process of revising the marketing strategy for (a product or a company) so as to increase sales (Merriam-Webster Dictionary)

Table 1.4 examines the classification of the existing approaches to define the “repositioning” category. Four main essences of the notion were defined: changing the perception in consumer’s minds (‘Perception’), revising the strategy (‘Strategy’), changing the identity of a product (‘Identity’), and attracting new consumers (‘TA’, new target audience).

Table 1.4

The classification of the approaches to defining the “repositioning” category

№	Author, the year	The essence of the notion				The content of the notion	The result of the notion
		Perception	Strategy	Identity	TA		
1	Ries, Trout, 1980			+		+	
2	Kevin L. Keller, 1997	+				+	
3	McDaniel, Lamb, Hair, 2004	+				+	
4	Philip Kotler, 2011		+				+
5	Cambridge Dict.	+					
6	Collins Dict.				+	+	
7	Merriam-Webster Dict.		+				+

Source: author’s development based on sources

The following table demonstrates the evaluation of each of the approaches by four core components: component presence, definition prevalence, theoretical validity, and practical availability.

Table 1.5

The evaluation of the existing approaches to defining the “repositioning” category

№	Author, year	Component presence	Definition prevalence	Theoretical validity	Practical availability	Total score
1	Ries, Trout, 1980	3	4	3	4	14
2	Kevin L. Keller, 1997	3	3	3	4	13
3	McDaniel, Lamb, Hair, 2004	3	3	2	4	12
4	Philip Kotler, 2011	4	4	4	5	17
5	Cambridge Dictionary	1	2	3	4	10
6	Collins Dictionary	2	4	4	4	14
7	Merriam-Webster Dictionary	3	4	4	5	16

Source: author’s development based on the data from table 2

Table 1.6 demonstrates the logical component integration from the previous tables into one category definition.

Table 1.6

The structure of the “repositioning” category

Category	The essence of the notion	The content of the notion	The result of the notion
Repositioning is	A process of changing the consumer’s perception or the brand image of the product or service	By making changes to the product itself, altering the marketing message, or both	In order to respond to changes in the market, improve sales and profits, attract new consumer groups to a product or service, and reestablish the brand’s position in the market

Source: author’s development

Having analyzed seven approaches to defining the “repositioning” category, the best components of them were mixed, and the new definition has been created through the author’s perspective:

“Repositioning is a process of changing the consumer’s perception or the brand image of the product or service by making changes to the product itself, altering the marketing message, or both n order to respond to changes in the market, improve sales and profits, attract new consumer groups to a product or service, and reestablish the brand’s position in the market”.

Chapter 1 Conclusions

A conceptual framework has been developed to aid in the selection and implementation of positioning strategies for various products. The framework proposes positioning alternatives for different types of products, taking into consideration the impact of the product's life cycle stage and brand equity. The brand's life cycle can also be incorporated into the framework in addition to the product category's life cycle stage. Different brand concepts that fulfill distinct needs, namely functional, symbolic, and experiential needs, were investigated. These concepts have produced a framework that facilitates the management of a brand concept throughout its selection, introduction, development, and reinforcement phases, which also influence positioning strategies. Furthermore, positioning is believed to be a key component in determining the type of value to be offered.

Positioning refers to the consumer's mental image of a product when they come into contact with it. It aims to be a tool for gaining consumer preference and establishing the foundation for long-term consumer loyalty in a dynamic market with high competition. To summarize, successful businesses today prioritize the consumer when selecting product promotion strategies. Different firms have different objectives when launching new products to the market. In this regard, the fundamental elements required to establish product identification have been discussed in this section. Positioning is a crucial concept in marketing as it defines how a brand is perceived by its target audience relative to its competitors. The main goal of positioning is to differentiate a brand from its competitors by identifying its unique selling proposition, which can be based on product attributes, price, quality, or other factors. Effective positioning can help a brand to establish a distinct identity and appeal to the desired target audience, resulting in increased customer loyalty and market share. It can also influence the overall marketing strategy, including product development, pricing, and promotional activities. Positioning can be particularly challenging in markets with a category shift aspect, where brands are competing in a new or evolving product category.

In such cases, companies need to identify the unique characteristics of the new category and develop positioning strategies that effectively differentiate their brand from competitors. As well, a new definition of the category “repositioning” has been created, considering seven different approaches of the scholars and dictionaries.

Overall, the concept of positioning plays a crucial role in marketing activities, helping companies to differentiate their brands, appeal to their target audience, and achieve their business goals.

CHAPTER 2. Positioning activities of healthy snacks manufacturers in the Italian market

2.1. Justification of the market selection

Global confectionery market

According to GlobeNewswire (2023), the confectionery industry is projected to experience substantial growth in the foreseeable future. The surge in demand for alternative sweeteners to carbohydrates is a key driver of this expansion. The chocolate and online sub-segments are predicted to hold the largest market share within the market. Geographically, according to recent market research, the Asia-Pacific region is anticipated to lead the market. However, as the world recovers from the pandemic, the confectionery market is expected to rebound and experience a significant growth trend. The increasing demand for premium and organic confectionery products and the rising popularity of gifting confectionery items drive market growth. Additionally, the expansion of distribution channels and the adoption of innovative marketing strategies by key players in the industry are expected to create growth opportunities in the coming years. The Asia-Pacific region is expected to witness the highest growth rate in the confectionery market due to the increasing population and changing consumer preferences.

The increasing demand for sugar-free alternatives is driving the global confectionery market, as consumers seek substitutes for sugar-containing carbohydrates. This trend is being fueled by the growing prevalence of healthy lifestyles and the rise of diseases such as diabetes and obesity. Key industry players are responding to this demand by innovating new products for diabetics and health-conscious individuals, which is further driving market growth. Additionally, the demand for healthy and convenient snacks is driving the consumption of organic chocolate, creating lucrative opportunities for market growth. However, the high prices of raw materials such as sugar, vanilla, almonds, and other ingredients required for confectionery production may hinder market growth. According to Statista, the chocolate sub-segment is estimated to be the market leader (fig 2.1)

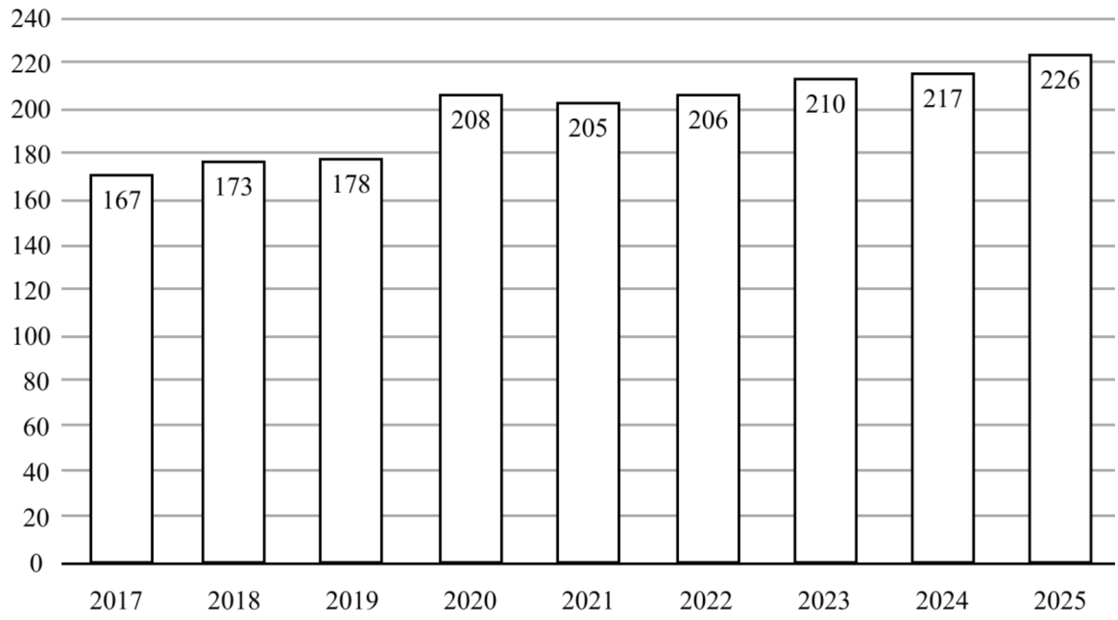


Fig. 2.1. Size of the chocolate confectionery market worldwide from 2016 to 2027, trln $

Source: compiled by the author based on (Statista, 2022)

The global confectionery market is currently led by the chocolate segment, primarily due to the growing consumer preference for pure chocolate and the willingness of consumers across all age groups to spend more to satisfy their chocolate cravings. Additionally, the increasing demand for premium dark chocolate is expected to drive significant market growth during the forecast period.

The confectionery industry in Europe commands a significant market share owing to the prevalence of the chocolate industry in the region and the widespread trend of gifting confectionery products. Key market players are shown in Fig. 2.2.

Fig 2.2. Key European confectionery market players

Source: based on (Research Dive, 2021)

These players are working on strategies such as product development, mergers and acquisitions, partnerships, and collaborations to support market growth.

In 2022, the aggregate import volume of European confectionery products amounted to 0.509 million metric tons. The primary destinations for these imports were the European Economic Area, Asia and Australia, the Mediterranean, the Balkan countries, the Commonwealth of Independent States (CIS), the North American Free Trade Agreement (NAFTA) region, Africa, Latin America, and the Gulf countries, as illustrated in Figure 2.4.

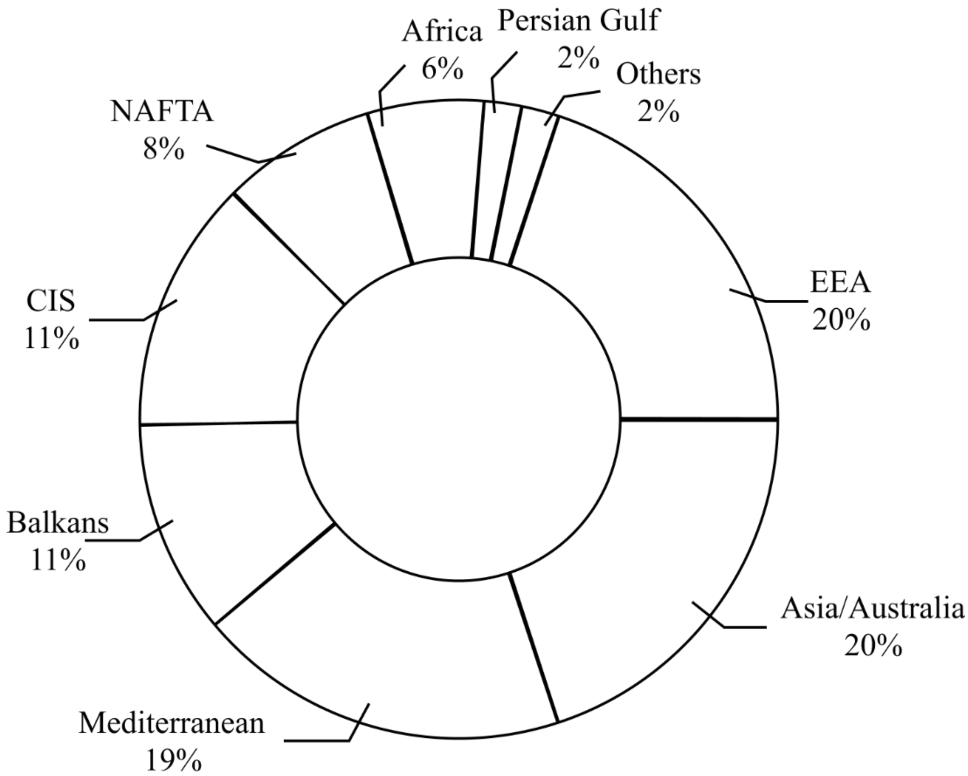


Figure 2.4. Import destinations of EU countries, 2022

Source: based on (Cribis, 2022)

Export destinations of European confectionery products in 2022 are shown in Fig. 2.5: Australia and Asia, NAFTA, European Economic Area, CIS countries, Gulf countries, Mediterranean countries, Africa, Balkan countries, and Latin America.

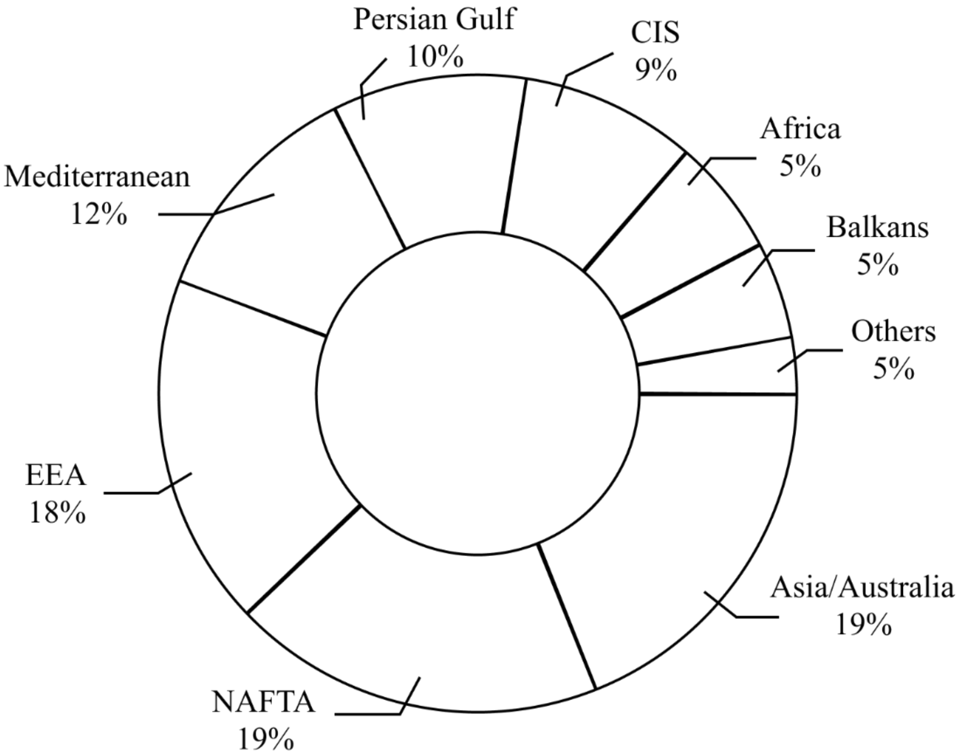


Figure 2.5. Export destinations of EU countries, 2022

Source: based on (Cribis, 2022)

Now, let us see the situation in Italy more closely. The Italian confectionery market faced significant challenges in 2021-2022 due to the energy crisis, resulting in a notable decline in competitiveness compared to other European competitors. Approximately 73% of the total price increase, corresponding to a 4.9-point inflation increase, can be attributed to energy products. In March 2022, energy products registered an increase of 53.5% compared internationally, 8.8 points higher than the average increase of +44.7% for the Eurozone and 15.9 and 24 points higher than Germany and France. In Italy, confectionery businesses are experiencing a more significant impact from rising raw material prices and energy costs compared to other European countries, with minimal impact on customer prices. According to a study of the price index for bakery and confectionery products, including fresh confectionery, Italy's price growth reached 2.5% in

February 2022, aligning with the trend observed in non-energy prices (+2.3%) [40].

On the other hand, Italy holds the leading position among European countries in terms of foreign trade balance of "holiday sweets," with a value of €717 million in 2021, resulting from a combination of €867 million in exports and €150 million in imports. Italian trading of "holiday sweets" abroad increased by 25.3% in 2021, outperforming the EU average of +22.8%. This growth effectively compensates for the decline observed during the pandemic outbreak in 2022 (-5.4%), with last year's exports showing an 18.5% increase compared to 2021. Italy sells its holiday sweets mostly to the countries depicted in Fig. 2.6.

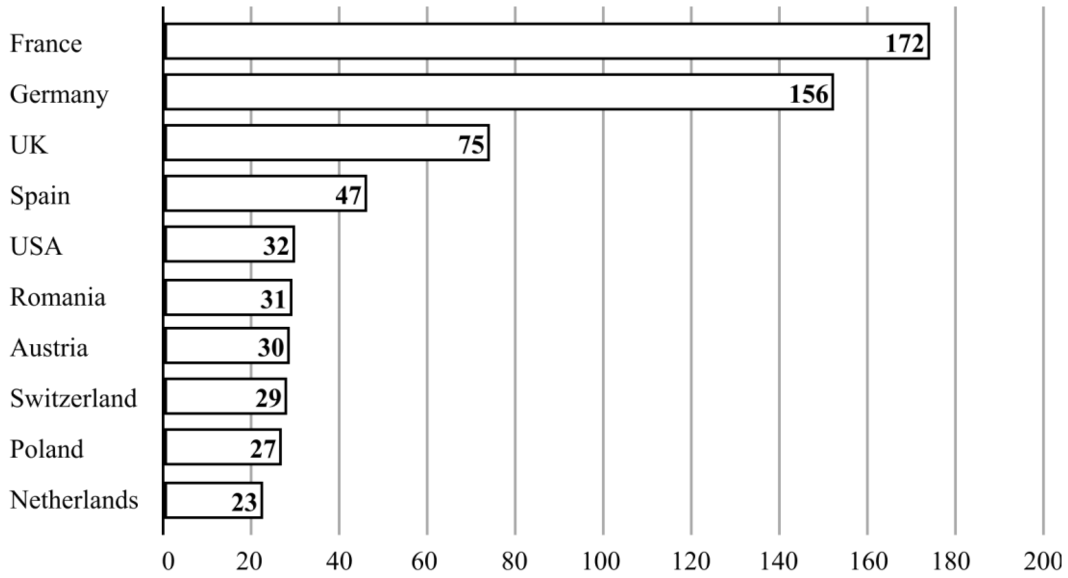


Fig. 2.6. Ten largest markets for Italian “holiday” sweets, mln. euro

Source: nased on (Studi. Pasticceria, 2022)

During the final months of 2022, the Italian confectionery industry has faced rising bills and raw material costs, likely to result in higher final prices. This increase will have an impact on the budgets of Italian consumers who, after the Halloween period, traditionally prepare for the upcoming Christmas holiday season, which is characterized by a high demand for confectionery products.

Speaking of the Italian confectionery market structure, the following table represents the regions where most Italian confectionery companies are located.

Table 2.1

Regions of Italy where the majority of companies in the sweets industry are concentrated

Region	% of companies
North East	**18,4%**
Emilia-Romagna	7,8%
Veneto	7,7%
Friuli-Venezia Giulia	1,7%
Trentino-Alto Adige (Trentino-South Tyrol)	1,1%
North West	**23,6%**
Lombardia	13,2%
Piemonte	7,2%
Valle d'Aosta	0,3%
Liguria	2,9%
Central Italy	**19,5%**
Latium (Lazio)	8,3%
Marche	2,6%
Toscana (Tuscany)	7,2%
Umbria	1,4%
South and the Islands	**38,5%**
Abruzzo	2,6%
Basilicata	1,2%
Calabria	3,9%
Campania	10,4%
Molise	0,5%
Puglia (Apulia)	6,8%
Sardegna (Sardinia)	3,0%
Sicilia (Sicily)	10,2%

Source: nased on (Studi. Pasticceria, 2022)

As can be seen from the table, East and Islads prevail geographically, with almost 40% of producers being located there: Campagna, Sicilia, Apulia, etc. Although a significant proportion of Italian confectionery companies (68.2%) exhibit limited internationalization and a considerable percentage (58.2%) demonstrate a low inclination to innovate, the sector remains a symbol of gastronomic excellence. This is evidenced by the industry's high appreciation among foreign tourists who visit Italy to celebrate extended weekends and holidays.

Speaking of the sectoral structure of the market, it is divided into the following sectors:

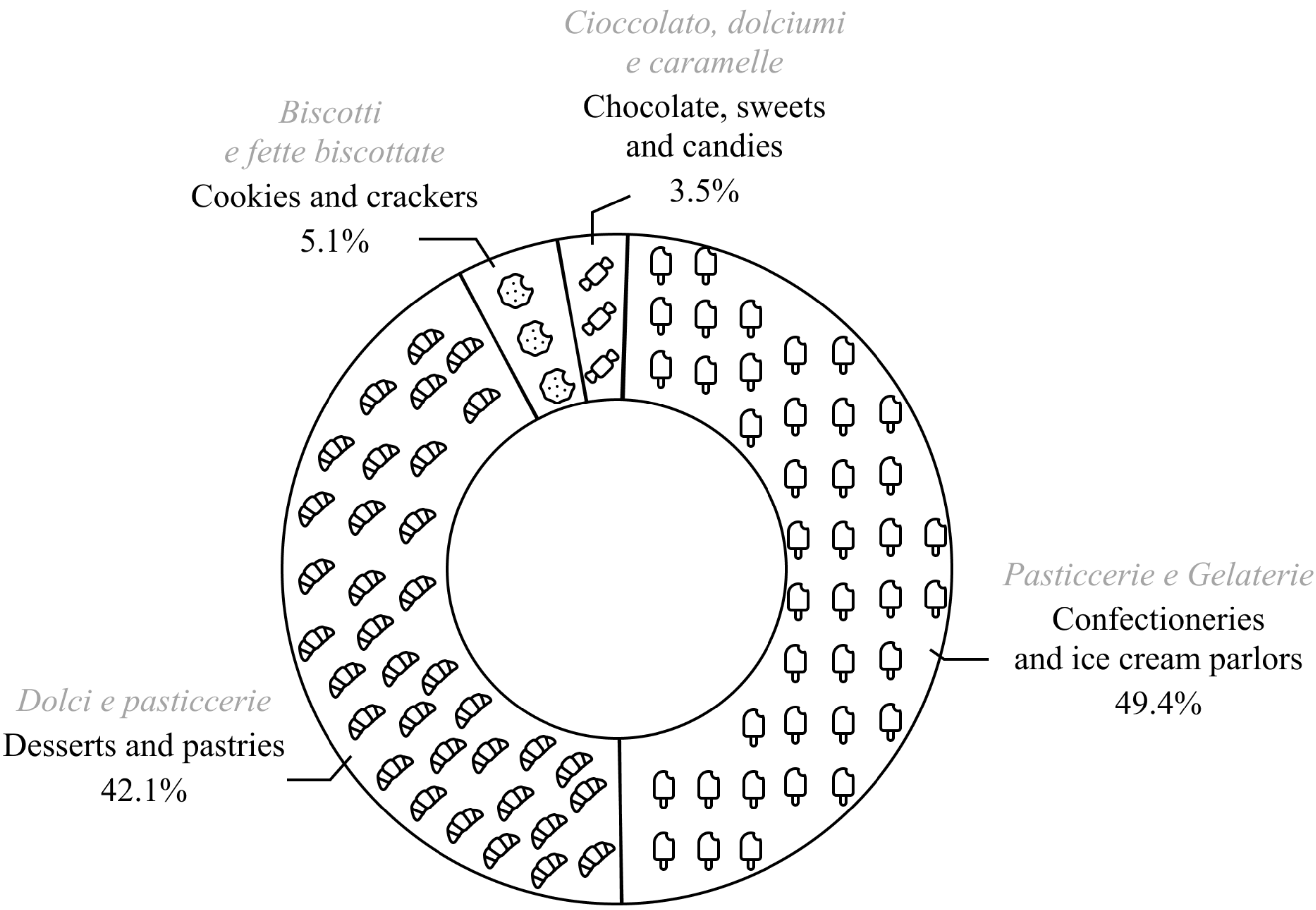


Figure 2.7. Sectoral structure of the Italian confectionery market

Source: nased on (Studi. Pasticceria, 2022)

In 2022, the Italian confectionery industry experienced a decline in revenue as a result of mandated closures aimed at halting the spread of the virus. However, in 2022, there was a notable rise in employment figures within the sector (as indicated by Figure 2.8, attesting to the industry's resilience in the face of pandemic-related challenges and ongoing geopolitical uncertainty.

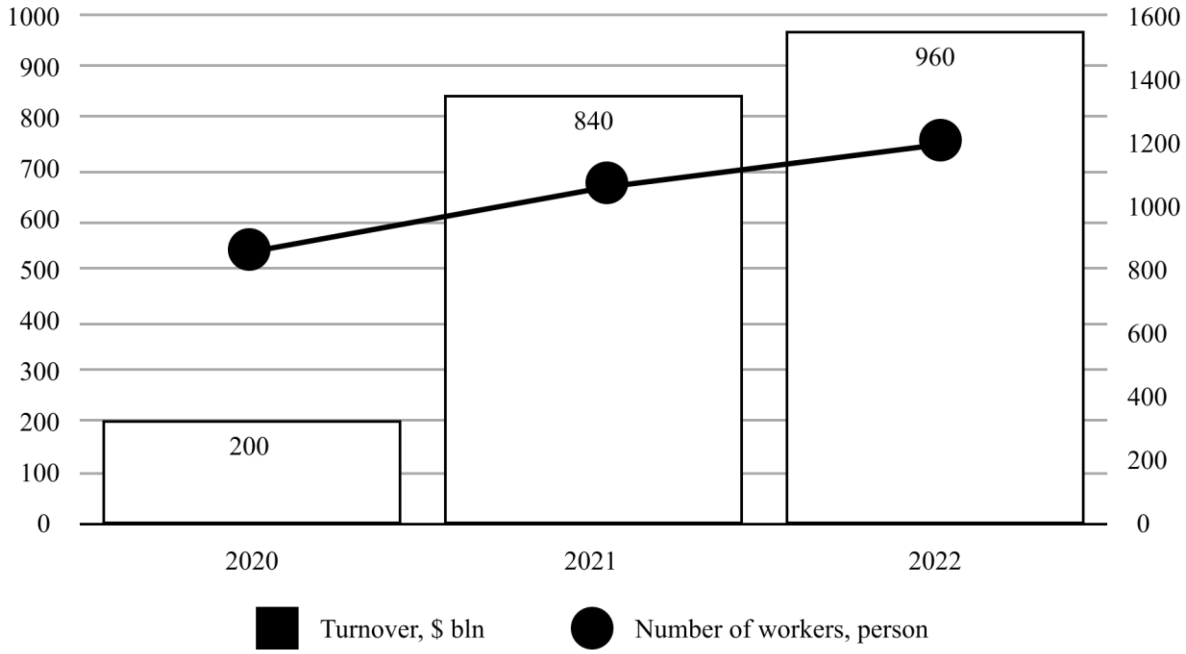


Figure 2.8. Turnover and number of employees in the Italian sweets market

Source: based on (Statista, 2022)

Another factor under analysis is population solvency, which is directly influenced by personal income levels. In turn, personal income levels are affected by economic indicators such as inflation, average salary, minimum wage, and unemployment rates.

To evaluate a country's well-being, the Organization for Economic Cooperation and Development (OECD) developed the Better Life Index, which examines specific indicators such as housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety, and work-life balance. Italy performs favorably in several measures of well-being according to the Better Life Index. It ranks above the average in income and wealth, work-life balance, civic engagement, social connections, and health status, but falls below average in housing, subjective well-being, environmental quality, jobs and earnings, personal security, and education and skills. It should be noted that these rankings are based on selected data available for analysis.

In Italy, the average household net adjusted disposable income per capita is lower than the OECD average. There is also a significant disparity between the richest and poorest individuals, with the top 20% earning over six times as much as the bottom 20%. Italy's employment rate is below the OECD average, and women are less likely to have paid jobs than men. While a relatively small percentage of Italians work very long hours, a high proportion of the population has not completed upper secondary education. In general, Italians rate their life satisfaction lower than the OECD average.

Higher economic wealth can improve access to quality education, health care, and housing. Household net adjusted disposable income represents the money available to a household for spending on goods or services. In Italy, the average household net adjusted disposable income per capita is lower than the OECD average, as is the average household net wealth. Italian workers earn less than the OECD average. Job security is also a concern, with Italian workers facing an expected loss of earnings if they become unemployed, much higher than the OECD average.

When compared to the countries where Roshen already exports its products - Spain, Lithuania, Poland, Romania, Bulgaria, and Hungary - Italy's economic indicators are lower in some aspects, such as household net adjusted disposable income, average income, and job security.

Table 2.2

Better Life Index, OECD

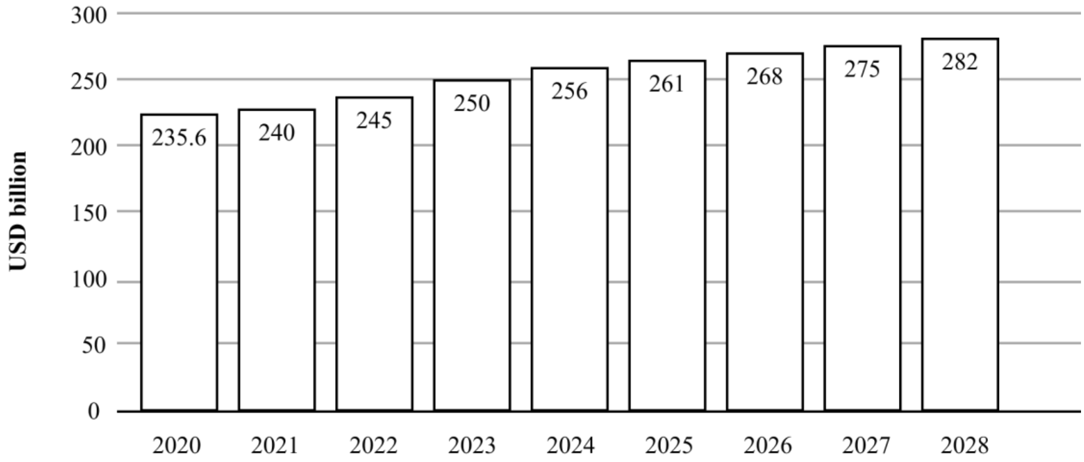
Indicator/Country	**Italy**	Spain	Lithuania	Poland	Hungary
Housing	5.1	6.7	5.3	4.6	5.6
Income	3.7	4.0	1.8	2.2	1.3
Jobs	5.2	4.7	6.5	6.5	6.4
Community	6.8	7.7	4.8	4.0	4.0
Education	4.8	5.5	7.3	7.6	5.9
Environment	3.8	5.3	5.8	4.2	4.3
Civic Engagement	6.6	4.7	3.8	4.9	3.4
Health	8.3	8.4	4.2	6.2	5.9
Life Satisfaction	4.4	5.5	4.2	4.8	3.1
Safety	7.0	9.2	6.3	7.8	6.7
Work-Life Balance	9.4	8.8	8.6	6.8	8.0
Average	**5.9**	**6.4**	**5.3**	**5.4**	**4.9**

Source: based on (OECD, 2022)

The presented table highlights that while Italy's performance in OECD indicators is generally below the average, it still surpasses the majority of European countries where Roshen Corporation currently exports its products.

Other reasons to choose the healthy snacks market of Italy are:

- **Demand is forecasted to be growing**

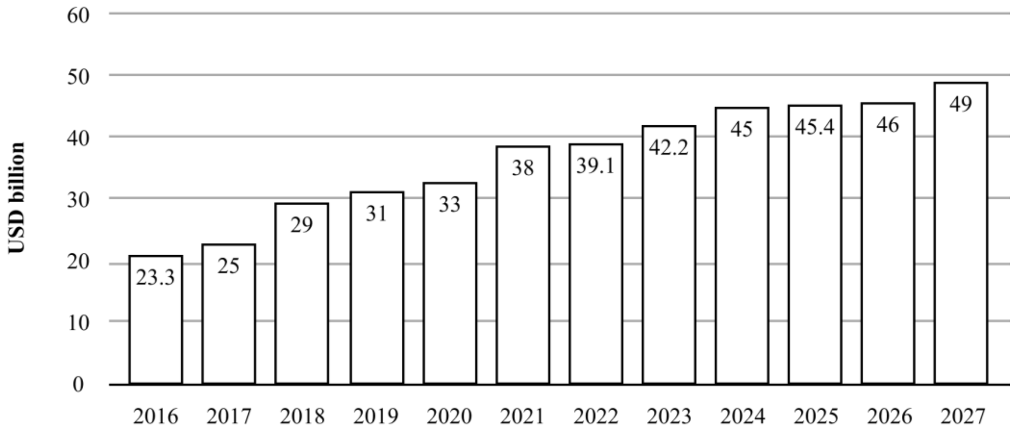


Pic.2.9. Confectionery Market Size Forecast, 2020 to 2030

Source: based on (Statista, 2022)

According to the presented data, the global market size for confectionery was valued at $210.3 billion in 2019 and is projected to reach $270.5 billion by 2027, exhibiting a compound annual growth rate (CAGR) of 3.6% from 2021 to 2027. CAGR represents the annualized average rate of revenue growth between two given years, assuming growth takes place at an exponentially compounded rate. The market is expected to demonstrate an incremental revenue opportunity of $60.1 billion from 2020 to 2027. The growth of the market can be attributed to various factors such as product innovations, the increase in the trend of gifting confectionery, economic growth, rise in disposable income, among others.

- **The trend to have healthy snacks**



Pic. 2.10. Europe Healthy Snacks Market Size, 2016 to 2027

Source: based on (Statista, 2022)

The confectionery market is driven by the constantly evolving consumer habits, tastes, and preferences, which has resulted in manufacturers introducing new product ranges, including functional ingredients, organic herbal fillings, tropical fruit, and nut-based and exotic flavors, to meet the changing consumer demands. The trend of gifting confectionery products, such as cookies, chocolates, bakery items, and others, has also significantly contributed to the growth of the confectionery market in recent years. To capture consumer attention and induce impulse buying, brands are constantly devising unique and engaging marketing techniques. Despite these positive trends, the confectionery market growth is threatened by the volatile nature of raw material prices, particularly sugar, and cocoa, which could hinder the overall growth of the market.

- **The trend of on-the-go snacks**

The demand for convenience snacks has been driven by increasing modernization and the need to balance professional and personal responsibilities. Consumers have less time to prepare meals or eat out during working hours, leading them to seek easy and quick-to-eat food products. However, it is worth noting that in Italy, where the culture values taking time to enjoy coffee in the morning, the trend of convenience snacks may not be as suitable, particularly for the Italian confectionery market.

Italian healthy snacks market

The Italian market for healthy confectionery products boasts an impressive array of high-quality goods, including fruit and vegetable juices, vegetable chips, muesli bars, and other nutritious snacks. In recent years, there has been a surge in demand for healthy food and snacks in Italy and worldwide, fueled by a burgeoning interest in balanced diets and healthy lifestyles. Notably, many small family-owned businesses in Italy craft a diverse range of healthy confectionery products, often utilizing locally-sourced ingredients and traditional recipes to produce unique, premium-quality offerings. With growing consumer interest in healthy products, the market for healthy sweets in Italy presents significant potential for further expansion. Several popular Italian brands, including Natura Nuova, Biosì, and Alce Nero, cater to various tastes and dietary needs by offering a wide selection of healthy confectionery products. Italy is renowned for its rich cultural heritage and culinary traditions. However, the country stands apart from others in drawing attention not only for its culinary prowess but also for its healthy products. As healthy eating gains traction worldwide, Italy's market for healthy sweets provides a plethora of options for those seeking sweet treats that align with their health goals. The healthy snacks market in Italy is highly diverse and dynamic, reflecting the growing awareness among Italians and people worldwide of the significance of maintaining a healthy lifestyle and consuming a balanced diet. This has spurred an increased demand for healthy confectionery products, including snacks.

Fruit and vegetable juices, vegetable chips, muesli bars, and other wholesome snacks are among Italy's most sought-after healthy sweets. Many of these products are crafted from natural ingredients and are free from artificial preservatives or colors, rendering them both healthy and safe to consume. In addition to a diverse range of healthy sweets, Italy is home to several popular brands catering to varying tastes and dietary needs. Natura Nuova is renowned for its natural and organic offerings using only premium-quality ingredients. Another highly regarded brand, Rude Health, specializes in a variety of muesli bars and other wholesome snacks. The surging demand for healthy confectionery products in Italy has translated into market growth, as healthy sweets currently hold a significant share of the country's healthy food market. According to the Market Research Italy report, this trend is expected to continue, with the healthy snacks market projected to expand year-on-year.

Despite its growth potential, the healthy snacks market in Italy is not without its challenges. One such obstacle is the competition posed by traditional confectionery products. As Italians are deeply invested in their culinary heritage, healthy sweets that do not align with traditional Italian tastes may not garner the desired response from local consumers. Furthermore, healthy sweets are often more expensive than their traditional counterparts, which can impact their market appeal unless consumers are willing to pay a premium for healthy products.

Additionally, healthy sweets have the potential to become a crucial element of Italian gastronomy and culture, owing to their beneficial effects on health. They can be incorporated into various dishes, including cakes, cookies, and desserts, and can be enjoyed during traditional Italian holidays or informal gatherings with friends and family. As a result, the Italian healthy snacks market remains vibrant, thriving, and continually evolving. The increasing demand for these products, coupled with government support and the development of new production technologies, has enabled Italian healthy snacks producers to compete effectively in the market and gain a growing share in the healthy food segment. The Italian government also has taken steps to support the growth of healthy products and lifestyles. It actively promotes the popularization of healthy foods and extends financial and other support to small and medium-sized enterprises that produce healthy products. Moreover, the emergence of e-commerce platforms and social media channels has opened new avenues for Italian healthy snacks producers to market their products effectively across Italy and overseas. This has allowed small businesses and enterprises specializing in healthy snacks to expand their operations and reach a broader audience.

It is important to recognize that the healthy snacks market in Italy is highly competitive. Furthermore, many Italian sweets producers still focus on traditional products that contain high levels of sugar and fat, which do not align with the growing demand for healthier options. Consequently, to succeed in the healthy snacks market, producers must find a way to balance traditional production methods with innovative technologies and prioritize using high-quality and healthy ingredients. The Italian healthy snacks market is promising with potential for growth due to the increasing demand for healthy food and the popularity of healthy lifestyles. Small and medium-sized businesses have opportunities to succeed in this market by combining traditional production methods with innovative technologies and using high-quality and healthy ingredients. The popularization of healthy food by the Italian government and the development of e-commerce also support the market's growth. It will be interesting to see how the Italian culinary tradition and gastronomy evolve with a greater focus on healthy lifestyles and tastes.

Roshen Corporation

Ukrainian Confectionery Corporation Roshen is said to be one of the world’s largest confectionery manufacturers. In fact, this statement is what they say about themselves. As for the end of the 2021st year, the company ranks 29th in the Global Top-100 Candy Companies ranking. The table below shows three leaders in this field and Roshen’s position.

Table 2.3

Top 100 Confectionery Companies in the World

Rank	Company name	Location	Net Sales	Chief Officer	N. of employees	N. of production plants
1	Mars Wrigley Confectionery, division of Mars Inc	Chicago, Ill., USA	$20,000	Andrew Clarke	34,000	53
2	Ferrero Group	Luxembourg	$13,566	Lapo Civiletti	36,372	31
3	Mondelez International	Deerfield, Ill., USA	$11,467	Dirk Van de Put	80,000	150
29	Roshen Confectionery Corporation	Kyiv, UA	$800	Vyacheslav Moskalevsk	8500	8

Source: based on (Candy Industry, 2021)

Currently, the Roshen Corporation is a prominent and globally recognized brand, particularly following the conflict in Ukraine. The corporation's relatively brief history, relative to that of more established companies, traces back to 1996 when the then-Ukrainian President, Petro Poroshenko, and his associates acquired six manufacturing plants across Ukraine, Russia, and Lithuania. A highly motivated owner, Poroshenko swiftly initiated the refurbishment of the plants to adhere to European standards and began searching for new formulations and high-quality raw material suppliers. These actions rapidly gained the attention of Ukrainian consumers and competitors, thereby increasing the visibility and reputation of the Roshen brand.

Currently, the Corporation comprises Ukrainian-based factories located in Kyiv, Kremenchuk, Boryspil, and two production sites in Vinnytsia, the Klaipeda Confectionery Factory in Lithuania, and Bonbonetti Choco Kft in Budapest, Hungary. Additionally, the Vinnytsa Dairy Factory supplies the Corporation's plants with high-quality, natural dairy raw materials. Following the military intervention, Ukrainian-based factories ceased production, with a focus on producing in-demand items such as raw materials, biscuits, and waffles.

The production facilities of the Roshen Confectionery Corporation adhere to international quality and food safety standards. The Corporation's enterprises implement a quality management system in compliance with ISO 9001:2008 and food safety management that aligns with ISO 22000:2005 standards, resulting in the award of a Certificate of Conformity for each Factory. Each Factory's quality control and research are automated and continuously monitored. The Corporation's experts, who undergo specialized training and certification from international centers, are responsible for the technology design and high-quality product setup. In 2007, the Corporation added a Logistic Center in Yagotyn spanning an area of 60,000 square meters, with a capacity for finished products and raw materials of up to 45,000 tons. The center incorporates the latest Warehouse Management System for product flow management, optimizing logistic processes and reducing the cargo transport time by up to one hour. Subsequently, the products are shipped across Ukraine and abroad.

Roshen, under its proprietary "sweet quality mark" produces over 350 confectionery products of exceptional quality. The product portfolio comprises an array of confectionery, including chocolate and jelly sweets, toffee, caramel, chocolate bars, wafers, biscuits, sponge rolls, pastry, cakes, butter, condensed milk, and seasonings. Several of these products are unique to the Ukrainian market. The annual production volume totals around 300,000 tons, manufactured using cutting-edge technologies. The utilization of modern, high-capacity equipment, strict adherence to production procedures, and the use of only high-quality raw materials are key strengths and advantages of Roshen products.

Roshen's confectionery products are not limited to the Ukrainian market, but are also exported to 55 other countries, including the USA, Canada, European countries, Israel, Georgia, China, Japan, Korea, Kazakhstan, and Armenia. The company strives to offer its customers a wide range of high-quality products suitable for any taste and occasion, at an affordable price. To this end, Roshen maintains a network of outlet stores throughout Ukraine. Each store is characterized by a unique ambiance, soft background music, and appealing design. The knowledgeable and friendly staff are readily available to answer customer inquiries and provide purchasing guidance.

Recent circumstances have resulted in significant losses for the company. The production of confectionery items in Ukrainian plants has been halted, and only the production of biscuits and waffles has resumed due to decreased demand for chocolate products. Despite this situation, the company has not resorted to terminating the employment of its workers. However, some employees who worked in the physical confectionery shops have left voluntarily. In an effort to minimize losses, the company's management is currently renegotiating contracts with Ukrainian supermarkets to increase the distribution of its products and reduce overproduction.

2.2. Roshen marketing activity analysis in the Italian market

The marketing activities of the Roshen confectionery factory have certain specifics related to the market with which it interacts. The confectionery market is an FMCG market, so it is characterized by a high product turnover rate, strong product differentiation, and a large number of items in the assortment portfolio. Accordingly, competition in this market is conducted "at the shelf level", as most consumers decide on the choice of a particular type of confectionery product at the time of purchase.

Roshen Corporation has successfully established exports to various European countries, including Spain, Romania, Poland, Lithuania, Bulgaria, and Hungary. In 2018, the company reported a 22% increase in the volume of exports to European Union countries. Specifically, Roshen exported more than 4,000 tons of products to the EU in the first quarter of 2018, which is a notable increase compared to the same period in 2017. While this data suggests that entering the Italian market may be feasible for Roshen, a thorough analysis of the Italian healthy snacks market would be necessary to confirm this assumption.

Micro and macroenvironmental analysis of Roshen Corporation in the Italian market. Based on the information provided, it seems that entering the Italian healthy snacks market could be a profitable move for the company. Italy has a strong tradition and culture of confectionery consumption, with a large and diverse market. Additionally, Roshen's reputation for high-quality ingredients and products could make it an attractive trade partner for the country in the long term. However, it is important to thoroughly research and analyze the market and consumer behavior to ensure the company's products align with Italian preferences and tastes. As well, it was decided to investigate specifically the B2B segment of the market, so that Roshen Corporation can smoothly introduce its products to Italian customers.

The "Threat of new entry" parameter for the "fruits in chocolate" segment is evaluated as average, considering the following factors. Firstly, the economies of scale in the confectionery industry are reasonable. As the production volume increases, the cost of purchasing materials to produce the commodity decreases, and the fixed costs of production have less impact on the unit of production.The Italian confectionery market is home to big brands such as Mondelez International, along with private labels, indicating a high level of competition. Product differentiation is average, as most niches in the market are already taken, but the "healthy snacks" niche, for example, is untapped. The investment required to enter the industry is high, as producing a high-quality product at scale requires significant investment in human capital, resources, machinery, buildings, warehouses, logistics, and other related expenses. Access to distribution channels requires some investment and effort and is not entirely free.

However, the growth rate of the confectionery industry in Italy is high and upward-directed, which may attract new entrants. Additionally, the Italian government regulates the confectionery market, as evidenced in Appendix 2. In the following table, Porter’s Five Forces analysis results are shown.

Table 2.4

Porter’s Five Forces analysis results

Parameter	Parameter value	Description	Scope of work to be done
Competitive rivalry	4 / Low	No direct competitors	Chance to become a monopolist
Supplier power	4 / Low	Low dependence on particular suppliers	Find possible suppliers as a backup plan
Buyer power	4 / Low	Impossible to lose customers	Enter the market
Threat of substitution	3 / High	High because of the branch attractiveness	Think of producing more healthy snacks
The threat of the new entry	14 / Average	Average because of the branch attractiveness	Occupy the niche and set up a high plank

Source: compiled bu the author based on (Porter, M. E. (1980)

The analysis conducted by Porter's Five Forces model revealed that the perceived threats are mostly hypothetical and not critical. The threat of new entry is not a major concern as the industry has a high growth rate and there are currently no Italian or international producers in this market. However, the threat of substitution is more realistic as nuts bars are a popular alternative. In addition to the five dimensions of the microenvironment, two more elements were considered: intermediaries and contact audiences. Roshen Corporation will only require the services of PR and marketing agencies as intermediaries, given the low level of international advertising and promotion. Contact audiences, such as mass media channels, may also be required for promotional purposes.

From the abovementioned Porter's Five Forces analysis, it can be assumed that in the matrix for assessing the intensity of competition in an industry, we can enter the market from the side of a third segment, where the industry average profit and market growth rate are high (fig.2.11).

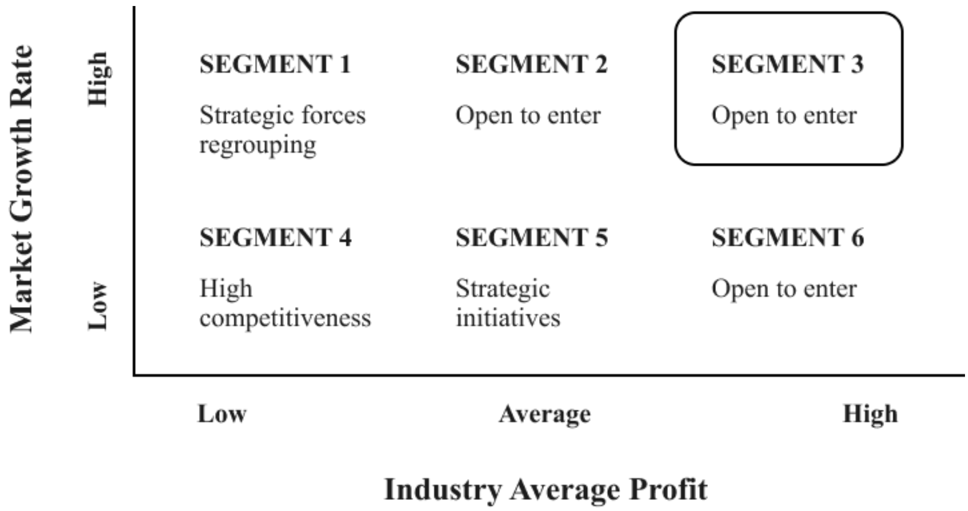


Fig. 2.11. Industry competitiveness intensity assessment matrix

Source: compiled by the author

It looks like as far as the market is not new and the branch is not new and still, there are no Italian and no international producers, the scenario 3-2-1-4 is not relevant. But, as well, 'healthy is the new trendy', so the scenario 3-6-5-4 is even less likely to happen because healthy snacks will not leave the market soon. Thus, the elimination method says that scenario 3-2-1-4 is more likely to happen to the healthy snacks branch in the global confectionery market.

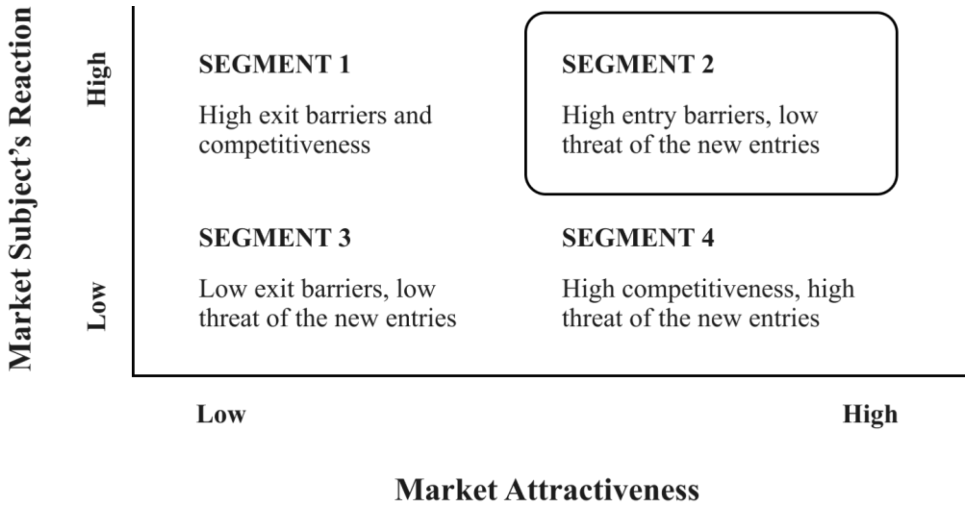


Fig. 2.12. New entries threat assessment matrix

Source: compiled by the author

In the abovementioned matrix, Roshen Corporation is at Segment 2 because market attractiveness is high and the entry barriers are also reasonable.

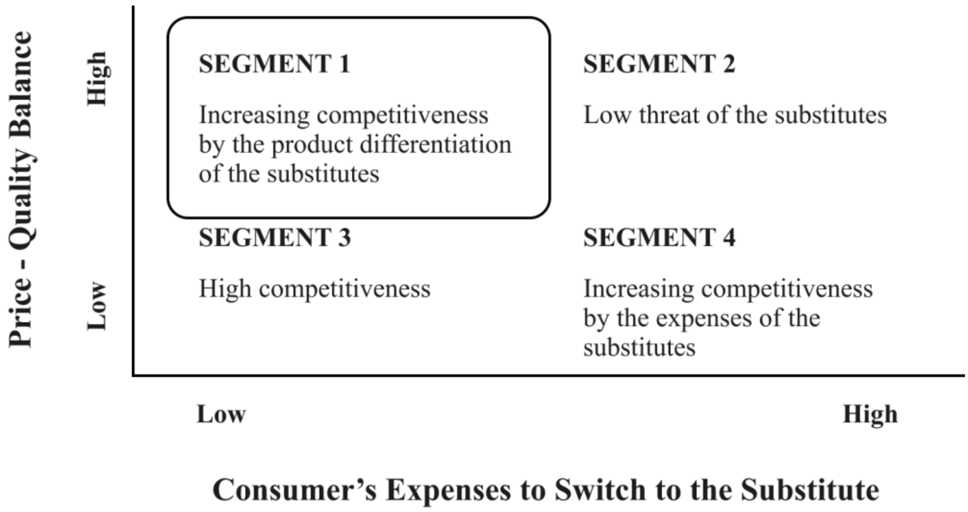


Fig. 2.13. Substitutes threat assessment matrix

Source: compiled by the author

In the abovementioned matrix, Roshen Corporation is at Segment 1 because prices are likely to be the same, and the indirect competitiveness is rather high.

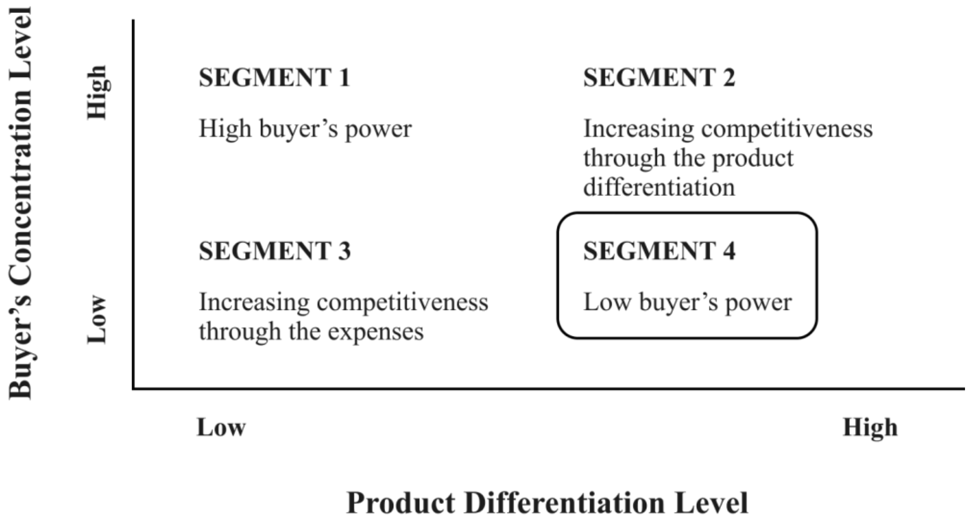


Fig. 2.14. Buyers' power threat assessment matrix

Source: compiled by the author

At the abovementioned matrix, Roshen Corporation is at Segment 4 because the buyer's power is low and the product is rather unique.

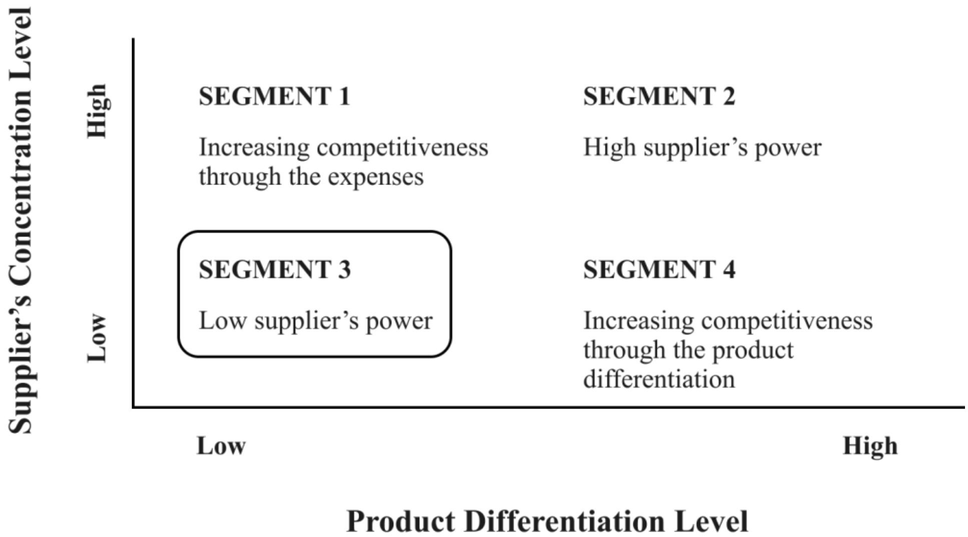


Fig. 2.15. Suppliers' power threat assessment matrix

Source: compiled by the author

At this matrix, Roshen Corporation is at Segment 3 because the supplier's power is low (due to the great number of them), and the product is rather unique.

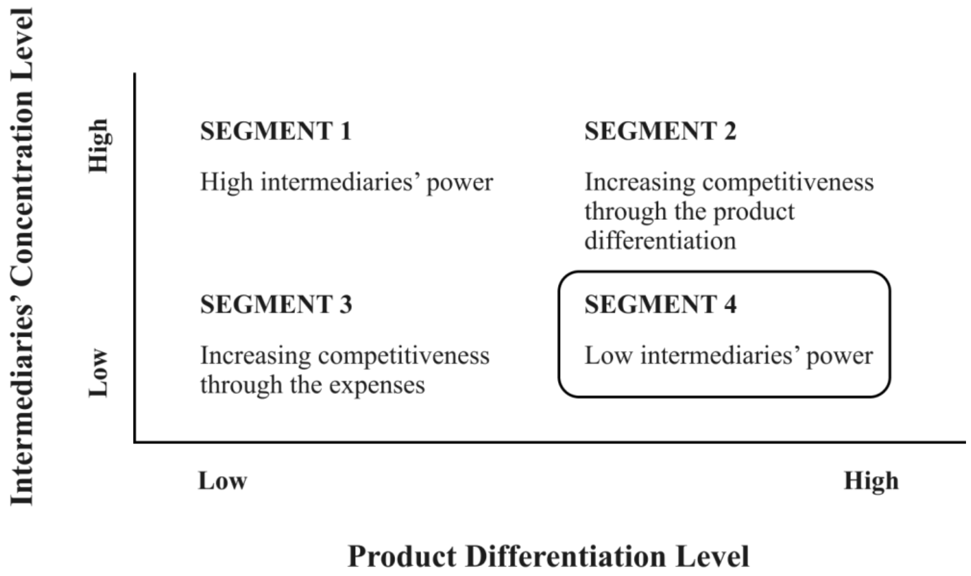


Fig. 2.16. Intermediaries' power threat assessment matrix

Source: compiled by the author

At this matrix, we're at Segment 4 because intermediaries' power is low (due to the little number of them), and the product is rather unique.

Having analyzed Roshen Corporation's micro-marketing environment in the Italian healthy snacks market, we can get to the following stage of identifying market threats and opportunities in this field. Appendix 3 demonstrates the preliminary assessment of the microenvironmental factors in the Italian healthy snacks market. The lack of direct competitors in the market can be viewed as a double-edged sword, presenting both opportunities and threats for Roshen Corporation. On one hand, it creates an opportunity for the company to exercise greater control over pricing policies and possibly charge a premium for its unique product, with customers having limited alternative choices. On the other hand, the absence of direct competitors may also indicate a lack of demand for this product, posing a potential threat to Roshen's market entry and long-term profitability. It is crucial for Roshen to monitor market trends and consumer preferences to ensure that it is meeting the needs of the target audience and addressing any potential threats to its business.

The supplier power is assessed to be low due to the presence of multiple suppliers, the abundance of resources from suppliers, the ease of switching between suppliers, and the high importance of suppliers to the growing market and branch. However, it is important to note that import dependency poses a potential threat to the company's operations.

A high level of a threat of substitution is driven by existing of similar products within a ‘price-quality’ balance. They are ‘healthy’ snacks, bars with nuts, coconut flakes, dried fruits, etc.

The buyer power in the Italian healthy snackd market can be considered low due to several factors. Firstly, the product offered by Roshen Corporation is unique and has no direct competitors in the market, which limits the buyer's ability to compare prices and quality. Secondly, customers have shown a low sensitivity to price as most similar products are in the same price category. Thirdly, there is a perceived high level of satisfaction among customers with the product's quality, although further research is needed to validate this. Finally, the even distribution of sales among various buyers is attributed to the presence of retail networks that serve diverse customer bases.

Because Roshen Corporation is entering the niche of ‘healthy snacks’, this is a small marketplace that doesn’t have a lot of competition, so it’s simple to just start selling the product. During the segmentation process, there were identified two potential segments ready to buy dried fruits in chocolate: retail networks and confectionery shops. Because the B2B market is being examined, there is no need in hiring any intermediaries, because products will go directly from the Roshen warehouses to the final consumers. The following table demonstrates the final assessment.

Table 2.5

Final assessment of the microenvironmental factors in the Italian market

№	Factor	Assessment range			Current score	Opportunity realization / Threat elimination
		Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)		
Market threats						
1	Low number of direct competitors	>3	1-3	0	8	Additional research on the demand for healthy snacks
2	High number of suppliers	1-2	3-5	>5	7	Switch to ingredients produced by the company Reduce ‘rare’ ingredients
3	High threat of substitutes	1 type	2-3 types/ competitors	>3 types/ competitors	5	Broaden the assortment, start producing substitutes
Market opportunities						
1	Low number of direct competitors	>3	1-3	0	9	Enter the market using the market leader strategy
2	High number of suppliers	1-2	3-5	>5	8	Add more ‘rare’ ingredients from the suppliers
3	Low buyer power level	Market is overcrowded with product, buyers are sensible about prices	A few competitors, buyers are sensible about prices	Product is unique, buyers aren’t sensible about prices	8	Enter the market with the ability to set prices/pricing
4	Low entry barriers	Market is overcrowded product, it’s hard to enter	A few competitors it’s easy to enter	Product is unique, it’s easy to enter	7	Enter the market with the ability to become a leader in this niche
5	2 potential segments ready to consume products	The segments are not familiar with the product	The segments are familiar with the product	The segments are familiar with the product and are loyal	2	Enter the market to form/create the loyal customers base
6	Low dependence on distributors (direct export)	>3	1-3	0	9	Spending the money saved on this factor on R&D

Source: compiled by the author

The following table represents the weighted factors with the following coefficients:

- Competitors 0,1;
- Suppliers 0,2;
- Intermediaries 0,2;
- Buyers 0,2;
- Substitutes 0,3.

Table 2.6

Final assessment of market microenvironment threats and opportunities in the Italian market

№	Factor	WC	Assessment range			CS	WS
			Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)		
Market threats							
1	Low number of the direct competitors	0,1	>3	1-3	0	8	0,8
2	High number of suppliers	0,2	1-2	3-5	>5	7	1,4
3	High threat of substitutes	0,3	1 type	2-3 types/ competitors	>3 types/ competitors	5	1,5
Total threats						-	3,7
Market opportunities							
1	Low number of direct competitors	0,1	>3	1-3	0	9	0,9
2	High number of suppliers	0,2	1-2	3-5	>5	8	1,6
3	Low buyer power level	0,2	Market is overcrowded with product, buyers sensible to prices	A few competitors, buyers sensible about prices	Product is unique, buyers aren’t sensible about prices	8	1,6
4	Low entry barriers	0,1	Market is overcrowded product, it’s hard to enter	A few competitors it’s easy to enter	Product is unique, it’s easy to enter	7	0,1
5	2 potential segments ready to consume products	0,2	The segments are not familiar with the product	The segments are familiar with the product	The segments are familiar with the product and are loyal	2	0,4
6	Low dependence on distributors	0,2	>3	1-3	0	6	1,2
Total opportunities						-	5,7

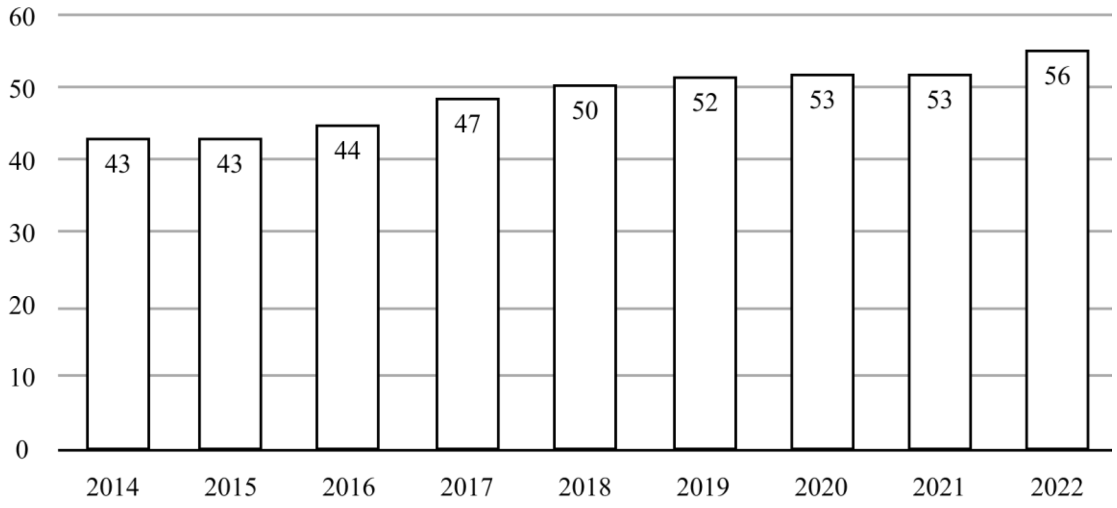
Source: compiled by the author

It can be concluded that a significant threat to the company is its dependence on imported materials. To mitigate this risk, the company may consider exploring domestic suppliers and reducing its dependence on imports. Conversely, the low number of competitors and low entry barriers present significant opportunities for the company. Taking advantage of these opportunities can help the company establish itself as a prominent player in the Italian healthy snacks market.

After analyzing Roshen Corporation's micro-marketing environment, market threats, and opportunities in the Italian healthy snacks market, the next step is to conduct a PESTEL analysis to identify macro-environmental factors that may affect the company's operations in the market.

Macroenvironmental opportunities and threats

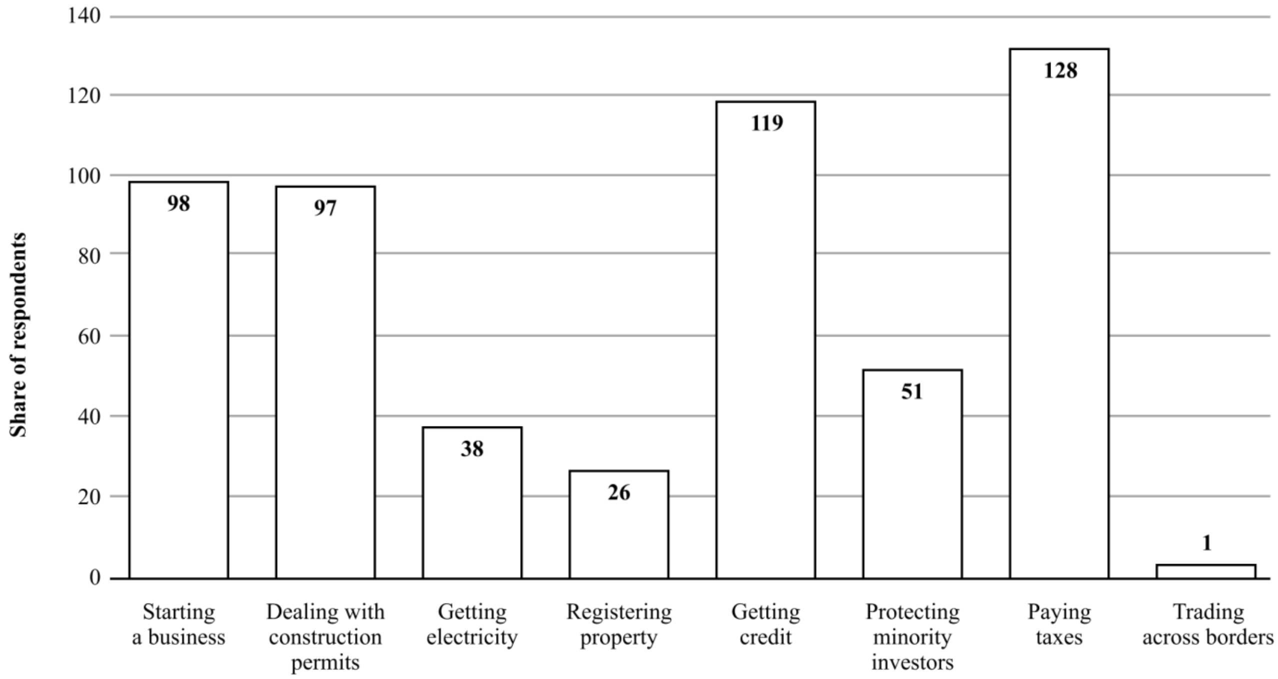
The analysis of Roshen Corporation's micro marketing environment, market threats, and opportunities in the Italian healthy snacks market enable the examination of macro-environmental factors through the PESTEL framework. PESTEL stands for Political, Economic, Sociocultural, Technological, Environmental, and Legal factors. These factors are external and have a significant impact on the company's operations and profitability. Political factors encompass government policies that affect the business environment, including political stability, tax policies, trade restrictions, and regulations. Roshen Corporation's operations in Italy are subject to political factors such as the stability of the Italian government, food safety and production regulations, and tax policies. It is essential for the company to comply with regulations and pay taxes appropriately to avoid legal issues. Any changes in the political environment can affect the company's operations and profitability. Appendix 4 demonstrates the preliminary assessment of the political macroenvironmental factors in the Italian healthy snacks market. The level of corruption in Italy is high, and this is supported by the Corruption Perception Index, provided by the Global Economy, which is increasing (pic. 2.17).



Pic. 2.17. Corruption Perception Index in Italy

Source: based on (Doing Business Index, 2022)

As of 2022, Italy was ranked 58 in the global Doing Business index, with a score of 72.9 out of 100. The following picture demonstrates all the components of the index.



Pic. 2.18. Doing Business Index in Italy

Source: based on (Doing Business Index, 2022)

Economic factors, which include economic growth, inflation, exchange rates, and unemployment rates, can impact consumer spending patterns and thus affect Roshen Corporation's sales and profitability in the Italian market. The company may face economic challenges due to fluctuations in exchange rates between the Ukrainian Hryvnia and the Euro and changes in consumer spending patterns resulting from economic factors. Appendix 5 demonstrates the preliminary assessment of the economic macroenvironmental factors in the Italian healthy snacks market.

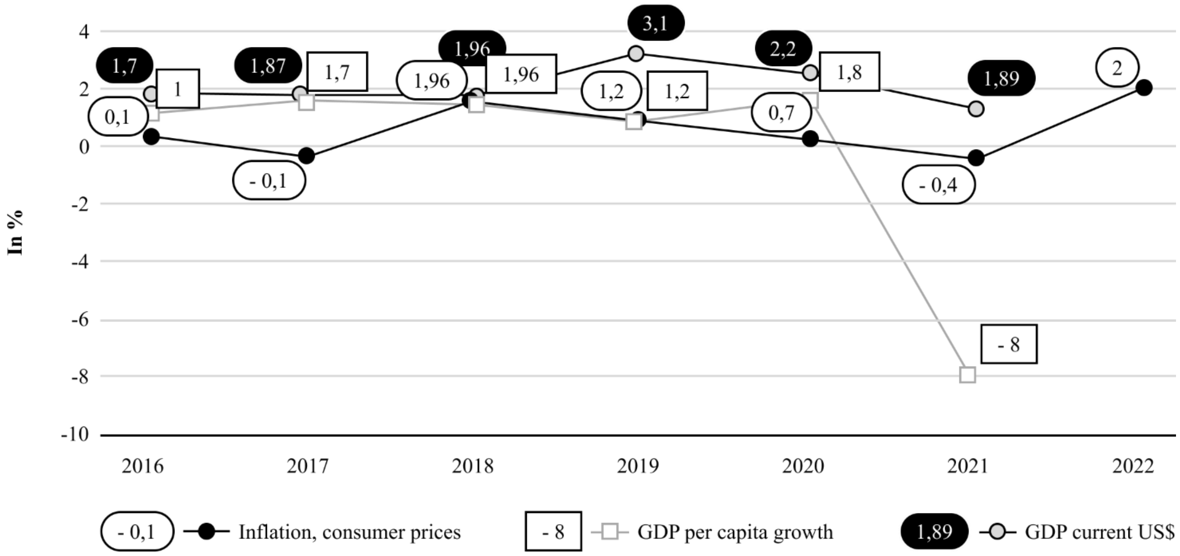
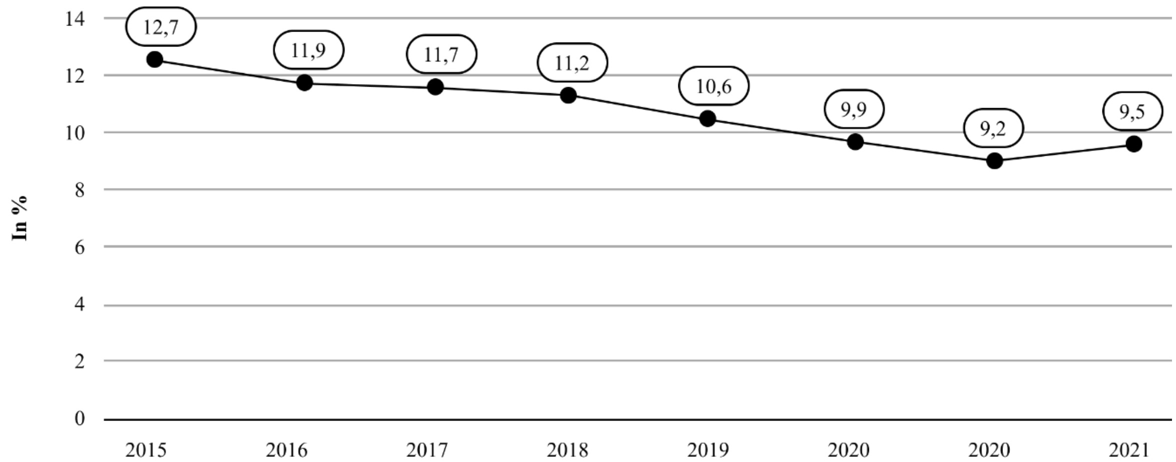


Fig. 2.19. Italy's economic indicators in 2022

Source: based on (World Bank, 2022)

Moderate inflation of around 2% is actually good for economic growth. Consumers are more likely to buy now rather than wait when they expect prices to rise. Italy's GDP has been decreasing for the last three years, alarming that the economy is shrinking.

Figure 2.20 supports the first factor in Appendix 5.

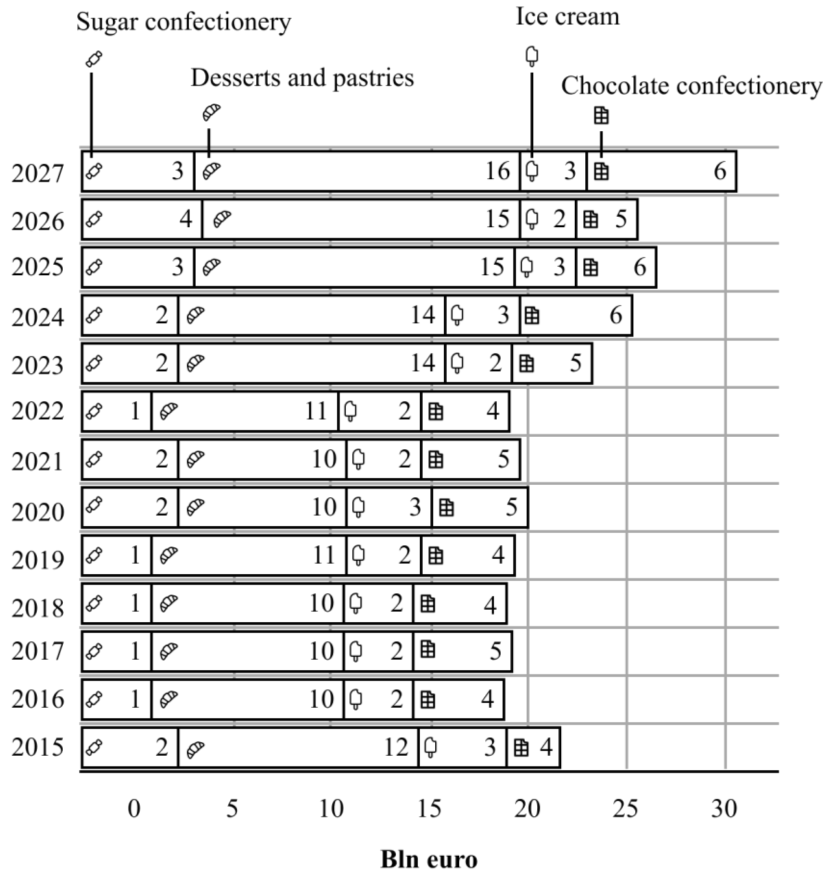


Pic. 2.20. The unemployment rate in Italy, 2021

Source: based on (Macrotrends, 2021)

The unemployment rate is decreasing, meaning that there will be more consumers ready to buy products.

Picture 2.21 supports the second factor in table in Appendix 4.



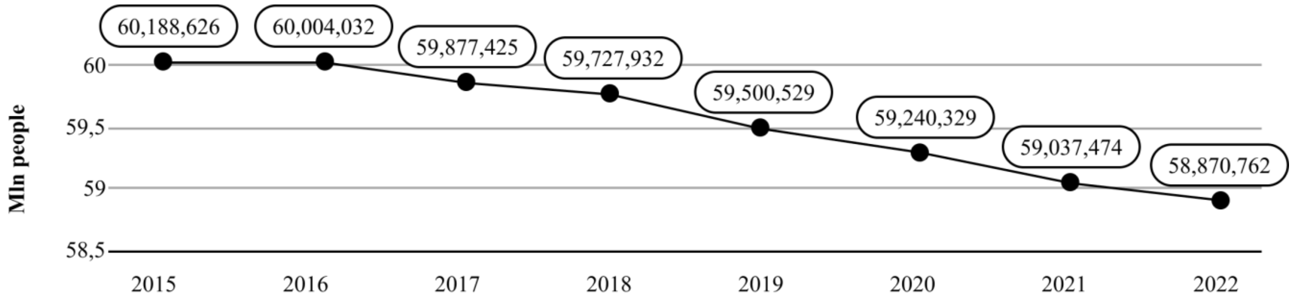
Pic. 2.21. Market growth forecasts for Italy

Source: based on (Statista, 2022)

The picture demonstrates that by 2027, chocolate confectionery will create a total market revenue of more than 6 billion euros.

Sociocultural factors reflect the cultural and social environment of the business, including demographics, lifestyle trends, and consumer behavior. Roshen Corporation's operations in Italy may be affected by sociocultural factors such as the preference for healthy snacks and wellness-promoting lifestyle trends. The company may need to adjust its product offerings to meet the changing demands of Italian consumers. Appendix 6 represents the preliminary assessment of the economic macroenvironmental factors in the Italian healthy snacks market.

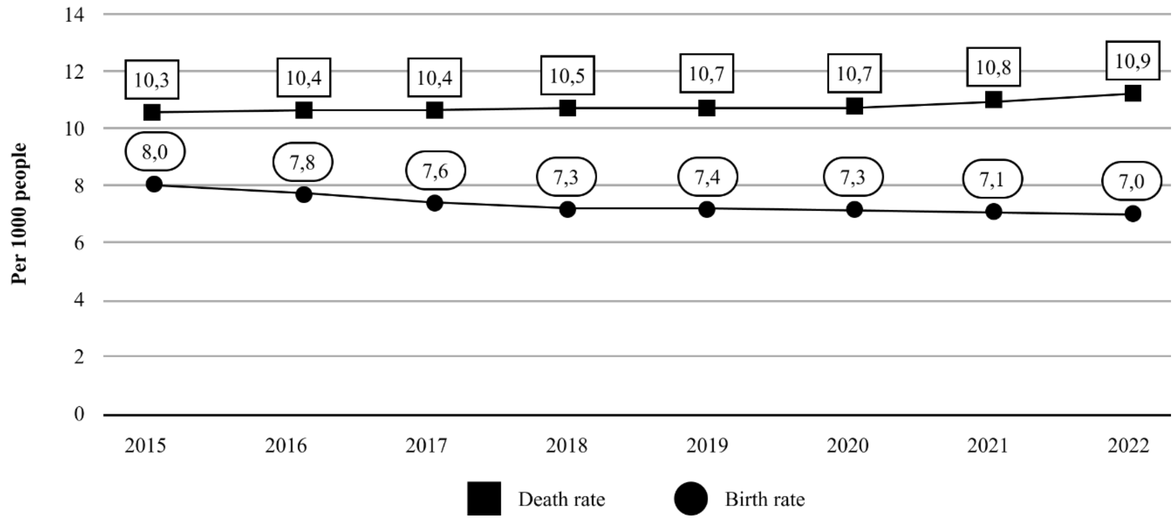
Decrease in population due to decrease in birth rate and increase in mortality because of CoViD-19. These indicators are shown in pictures 2.22, 2.23, and 2.24.



Pic. 2.22. Depopulation in Italy, 2022

Source: based on (Macrotrends, 2022)

On 19th February 2016 the Italian National Institute of Statistics (ISTAT) released 2015 mortality data reporting 9.1% excess mortality as compared to 2014, this corresponding to 54,000 excess deaths and representing the highest reported mortality rate (10.7 per 1000) since World War 2.



Pic. 2.23. Birth and death rates in Italy, 2022

Source: based on (Macrotrends, 2022)

The preliminary analysis reported this rise to be associated with meteorological factors (high and low-temperature heat wave saves) and demographic changing patterns (birth rate decrease in 1917-1920 and population aging). Other hypotheses are the association between excess mortality and air pollution due to air quality deterioration in Italian urban areas in 2015.

In Italy, from January 3rd 2020 to June 1st 2022, there have been 17 421 410 confirmed cases of COVID-19 with 166 697 deaths, reported to

WHO. As of 14 May 2022, a total of 136 206 350 vaccine doses have been administered. As of 2019, at least 240,000 Ukrainians have made their homes in Italy. This number has significantly grown after the russian invasion on the 24th of February, 2022.

Life Satisfaction Index is 6.5 out of 10. As soon as this index is above the average, it is okay. Though, this is an opportunity to use Roshen's product to improve this indicator. The quality of life index is improving. The Quality of Life Index in Italy is improving, proving that country is recovering from the CoViD-19 crisis.

Technological factors comprise advancements in technology that can impact the company's operations and competitiveness, including manufacturing processes, automation, and digitalization. The company's operations in Italy may be impacted by technological factors such as manufacturing process advancements that can reduce costs and improve efficiency. The company may need to invest in new technologies to stay competitive. Appendix 7 represents the preliminary assessment of the technological macroenvironmental factors in the Italian market. (Pechmann, Ratneshwar, 1991). Environmental factors relate to the impact of environmental issues on the business environment, including climate change, sustainability, and resource depletion. Roshen Corporation's operations in Italy may be impacted by environmental factors such as the sustainable sourcing of raw materials and reducing its carbon footprint. The company may need to adapt its operations to meet the changing demands of environmentally conscious consumers. Appendix 8 represents the preliminary assessment of the environmental macroenvironmental factors in the Italian market. (Porter, 1980) Lastly, legal factors comprise the impact of laws and regulations on the business environment, including consumer protection laws, labor laws, and intellectual property laws. Roshen Corporation's operations in Italy may be affected by legal factors such as compliance with food safety regulations and intellectual property laws. The company may need to seek legal counsel to ensure compliance with relevant laws and regulations. Appendix 9 represents the preliminary assessment of the legislative macroenvironmental factors in the Italian market. Legislation at the EU level has even regulated the kind of packaging that can be used, preferring eco-friendly and recyclable products. This is accompanied by a special CE label which is a mandatory conformity marking for certain products sold within the European Economic Area. Because Italy is part of the EU all products imported by companies must comply with both the local and the EU regulations. [22] Ukraine introduces and uses predominantly international (ISO) and European (EN) standards as national ones that are identical to international and European standards. They differ from the national standards (DSTU), but they have a number of significant advantages both for the economy of the country and for the average consumer. New standards make it possible to produce a wider range of products that also have more predictable quality indicators. (Gao, J., Xiao, R., & Cao, W. 2016)

The following table represents the final assessment of the macro-environmental opportunities and threats in the Italian market.

Table 2.7

Final assessment of the macroenvironmental factors in the Italian market

№	Factor	Assessment range			Current score	Opportunity realization / Threat elimination
		Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)		
Market threats						
1	Consequences of war in Ukraine	Country and economy are rebuilt	Country and economy are recovering after war	War is ongoing	10	Adapting the manufacturing to the new reality
2	Corruption in Italy	<2%	2-5%	>5%	5	Trying to avoid corruption schemes and provide transparency
3	Italian halted economy	Stagnating economy	Halted economy	Flourishing economy	6	Offering affordable prices
4	Growing depopulation	<2%	2-5%	>5%	4	Creating products for more segments

5	Traditions not to eat on-the-go	Italians eat on the go	Italians can occasionally eat on the go	Italians eat only in peace	6	Product positioning as not for 'on-the-go'
6	Tendency to consume national products	Italians have no preferences in country of origin	Italians occasionally can buy foreign products	Italians choose only familiar and national products	6	Proving with quality, taste, and price (positioning) that Roshen is not worse than Italian brands
7	Italians contribute to negative climate change	Highly involved in caring about environment	Care about environment partly	Don't care about environment at all	4	Making products totally ecofriendly
Market opportunities						
1	Consequences of war in Ukraine	War didn't affect brand recognition and external demand	Brand recognition and external demand increase slightly	Brand recognition and external demand increase significantly	7	Sharing more thoughts about Ukraine while promoting products
2	Ease of starting and running a business	Doing Business Score 0-50	Doing Business Score 51-75	Doing Business Score 76-100	6	Finding partners to collaborate with in future
3	Ukraine in the EU	Entering is not likely to happen	Entering is possible and close	Ukraine already entered the EU	6	Looking for other European markets to enter
4	No duties on import from Ukraine to EU	High tariffs	Low tariffs	No tariffs	8	Trying no enter the market not only with snacks but also with other Roshen products
5	Italian halted economy	GHAD decreases, unemployment increases	Economy is neither flourishing nor stagnating	GHAD decreases, unemployment increases	7	Using the price leadership strategy, outperform competitors with relatively low prices
6	Growing market	<15%	15-25%	>25%	6	Italians will buy more chocolate

7	Increasing Ukrainian diaspora in Italy	<25%	25-50%	>50%	5	Diaspora will create bigger demand for UA products
8	Tendency to minimize sugar consumption and choose healthy snacks	Italians prefer sugary snacks	Italians add healthy snacks to their usual food	Italians fully replace sugary snacks with healthy ones	5	Product positioning as 'sweet but healthy'
9	Improving Life satisfaction	LSI <5	5< LSI <8	LSI >8	5	More satisfied people eat more chocolate
10	HAI Robotics launch	System is not planned to be launched	System is about to be launched	System is already launched	4	Warehouse automation system will help to store Roshen products in adequate terms
11	EU regulations and standards	UA is far from EU standards	UA uses some of the EU standards	UA uses EU standards	7	Ability to be competitive on the international arena

Source: compiled by the author

The following table consists of the factors with scores not preceding 1,5.

Table 2.8

Final weighted assessment of market threats and opportunities in the Italian market

№	Factor	WC	Assessment range			CS	WS
			Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)		
Market threats							
1	Consequences of war in Ukraine	0,25	Country and economy are rebuilt	Country and economy are recovering after war	War is ongoing	10	2,5
2	Traditions not to eat on-the-go	0,25	Italians eat on the go	Italians can occasionally eat on the go	Italians eat only in peace	6	1,5
3	Tendency to consume national products	0,25	Italians have no preferences in country of origin	Italians occasionally can buy foreign products	Italians choose only familiar and national products	6	1,5
Total threads						-	5,5
Market opportunities							
1	Consequences of war in Ukraine	0,25	War didn't affect brand recognition and external demand	Brand recognition and external demand increase slightly	Brand recognition and external demand increase significantly	7	1,75
2	Ease of starting and running a business	0,25	Doing Business Score 0-50	Doing Business Score 51-75	Doing Business Score 76-100	6	1,5
3	Ukraine in the EU	0,25	Entering is not likely to happen	Entering is possible and close	Ukraine already entered the EU	6	1,5
4	No duties on import from Ukraine to EU	0,25	High tariffs	Low tariffs	No tariffs	8	2
Total opportunities						-	6,75

Source: complied by the author

Based on the macroenvironmental analysis, it can be inferred that there are more market opportunities than market threats for Roshen Corporation operating in the Italian market. The ongoing war in Ukraine and its associated consequences pose a significant risk to the company's operations. However, the potential benefits of entering the EU market and the EU's suspension of import duties on Ukrainian goods are also noteworthy factors that could positively impact the company's operations in the region.

In summary, the PESTEL analysis facilitates the identification of external factors that can impact Roshen Corporation's operations and profitability in the Italian market. The company must monitor and adapt to these factors to remain competitive. And, speaking of competitiveness, let us consider Roshen Corporation’s competitive position in the Italian market.

2.3. Roshen Corporation’s SWOT analysis and competitive positions

In the next part of the research, Roshen Corporation products will be compared with similar companies in the Italian candy market. Since Roshen doesn't have any direct competitors in the supermarkets, it was decided to focus on Italian companies that make chocolate-covered dried fruits, such as Cacao Crudo, Domori, Giraudi, and Watt+. Two criteria of comparison have been chosen: the price for one hypothetical candy of 25 grams and the number of positions in the product mix group. The following table depicts prices for candy from all the competitors.

Table 2.9

Pricing policy for one candy

Company	Actual weight and price	Price per 1 hypothetical candy 25 gr
Roshen	**25 gr x 50 cents**	**0,5 euro**
Domori	25 gr x 2 euro	2 euro
Cacao Crudo	25 gr x 1,7 euro	1,7 euro
Watt+	40 gr x 3,4 euro	2,1 euro
Giraudi	100 gr x 8,2 euro	2,05 euro

Source: compiled by the author

From this table, the weight of the parameter ‘price’ can be created. The following table demonstrates the criteria and their weight.

Table 2.10

Standardization of competitive criteria for dried fruits covered in chocolate

Parameter	Parameter value	Parameter definition
Price for a candy of 25 gram	Low	< 2 euro
	Average	2 – 3 euro
	High	> 3 euro
Number of positions within the product mix group	Low	< 2 positions
	Average	2 – 5 positions
	High	> 5 positions

Source: compiled by the author

Having created the parameters, it’s possible to draw the map of strategic competitors’ groups in the Italian market.

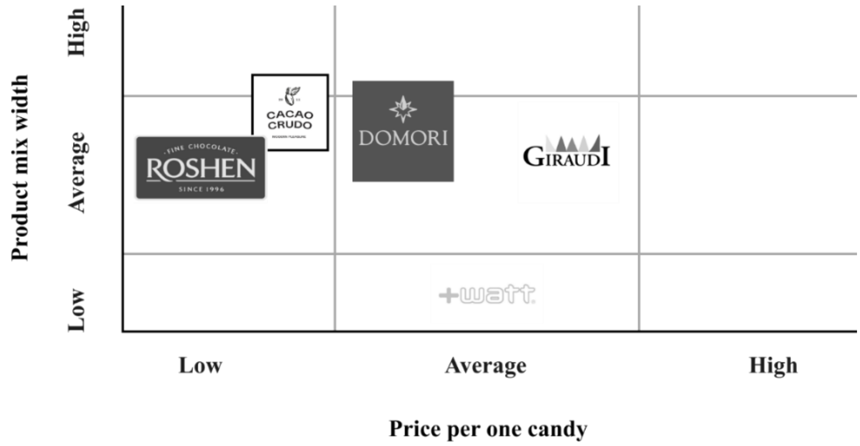


Fig. 2.25. The map of strategic competitors’ groups in the Italian market

Source: compiled by the author

Competitors are indicated with the first letter of the company name. Observably, Cacao Crudo, which offers three product variations priced at 1.7 euros per candy, has been classified in the same competitive segment as Roshen, which offers two varieties at a price of 50 cents per candy. As such, the evaluation scale with ten points pertains solely to Roshen and Cacao Crudo.

Table 2.3.3

The ten-digit grading scale for Roshen Corporation and Cacao Crudo in the Italian confectionery market

Parameter	Score scale										
	0	1	2	3	4	5	6	7	8	9	10
Assortment width				R			C			R	
Price per 1 candy					C						

Source: compiled by the author

It is evident from the table that Roshen has an advantage over Cacao Crudo in terms of pricing strategy. However, Cacao Crudo boasts a wider range of product options, which could appeal to a broader customer base. Through competitor analysis, a profile of Roshen's strengths and weaknesses can be developed by comparing the company to its main rival, Cacao Crudo.

Based on an objective analysis, it can be posited that the Roshen Corporation possesses competitive advantages in various parameters, including its global market presence, diversified range of product offerings, and possession of reputable quality marks and accolades. In contrast, Cacao Crudo appears to only surpass Roshen in a singular aspect, namely, the distinctiveness of its taste profile.

Considering the analyzed marketing environment of the Italian market and Roshen Corporation’s competitive positions in it, SWOT analysis can be conducted, which later will help in creating the DPM matrix.

Strengths	**Weaknesses**
• Presence in international markets • Diversified product lines • Quality marks and awards	• Taste exoticness • Originally not a healthy snack
Opportunities	**Threats**
• Consequences of war in Ukraine • Ukraine potentially entering the EU • Ease of starting and doing business in Italy	• Consequences of war in Ukraine • Traditions not to eat on-the-go • Tendency to consume national products • Geographical remoteness of the region

Fig. 2.27. SWOT analysis for Rohshen in the Italian market

Source: compiled by the author

Just to highlight once more, it can be seen from the table that the greatest weight in the opportunities-threats analysis has the factor of war in Ukraine. Speaking of strengths and weaknesses, taste exoticness can easily be eliminated at the later stages of development, by broadening the product line. Regarding the previously investigated factors, SWOT analysis can now be transformed into the DPM matrix (tables 2.11 and 2.12, figure 2.28).

Table 2.11

Market threats and opportunities in the SWOT matrix

Factor	WC	Assessment range			CS	WS
		Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)		
Market threats						
Consequences of war in Ukraine	0,55	Country and economy are rebuilt	Country and economy are recovering after war	War is ongoing	10	5,5
Traditions not to eat on-the-go	0,45	Italians eat on the go	Italians can occasionally eat on the go	Italians eat only in peace	6	2,7
Tendency to consume national products	0,45	Italians have no preferences in country of origin	Italians occasionally can buy foreign products	Italians choose only familiar and national products	6	2,7
Market opportunities						
Consequences of war in Ukraine	0,55	War didn’t affect brand recognition and external demand	Brand recognition and external demand increase slightly	Brand recognition and external demand increase significantly	7	3,85
In Italy, it is easy to start and run a business	0,55	Doing Business Score 0-50	Doing Business Score 51-75	Doing Business Score 76-100	6	3,3
Ukraine in the EU	0,55	Entering is not likely to happen	Entering is possible and close	Ukraine already entered the EU	6	3,3
No duties on import from Ukraine to EU	0,55	High tariffs	Low tariffs	No tariffs	8	4,4

Source: compiled by the author

Table 2.12

Market attractiveness in the DPM matrix

Factor	WC	Assessment range			Current		Forecast	
		Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)	CS	WS	CS	WS
Consequences of war in Ukraine	0,145	War is ongoing	The country and economy are recovering after war	Country and economy are rebuilt	1	0,145	6	0,87
Consequences of war in Ukraine	0,145	War didn't affect brand recognition and external demand	Brand recognition and external demand increase slightly	Brand recognition and external demand increase significantly	7	1,015	8	1,16
In Italy, it is easy to start and run a business	0,145	Doing Business Score 0-50	Doing Business Score 51-75	Doing Business Score 76-100	6	0,87	6	0,87
Ukraine entering the EU	0,145	Entering is not likely to happen	Entering is possible and close	Ukraine already entered the EU	6	0,87	8	1,16
EU suspending all duties on import from Ukraine	0,145	High tariffs	Low tariffs	No tariffs	8	1,16	8	1,16
Traditions not to eat on-the-go	0,1375	Italians eat only in peace	Italians can occasionally eat on the go	Italians eat on the go	6	0,825	6	0,825
Patriotism: tendency to consume national products	0,1375	Italians choose only familiar and national products	Italians occasionally can buy foreign products	Italians have no preferences in a country of origin	6	0,825	6	0,825
Total	1,00				-	5,71	-	6,87

Source: compiled by the author

Now the same will be done to the competitive advantages.

Table 2.13

Competitive advantages in the SWOT matrix

Factor	WC	Assessment range			CS	WS
		Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)		
Presence in international markets	0,4	The company is absent in foreign markets	The company is present in 3-foreign markets	The company is present in 3+ foreign markets	9	3,6
Diversified product lines	0,4	The company focuses only on producing one type of goods	The company operates 3-market segments	The company operates in 3+ market segments	9	3,6
Quality marks and awards availability	0,2	The company doesn't have award and provides no data on the product quality	Company has little data on quality and few awards	The company has many proofs and quality awards	7	1,4
Total	1,00				-	8,6

Source: compiled by the author

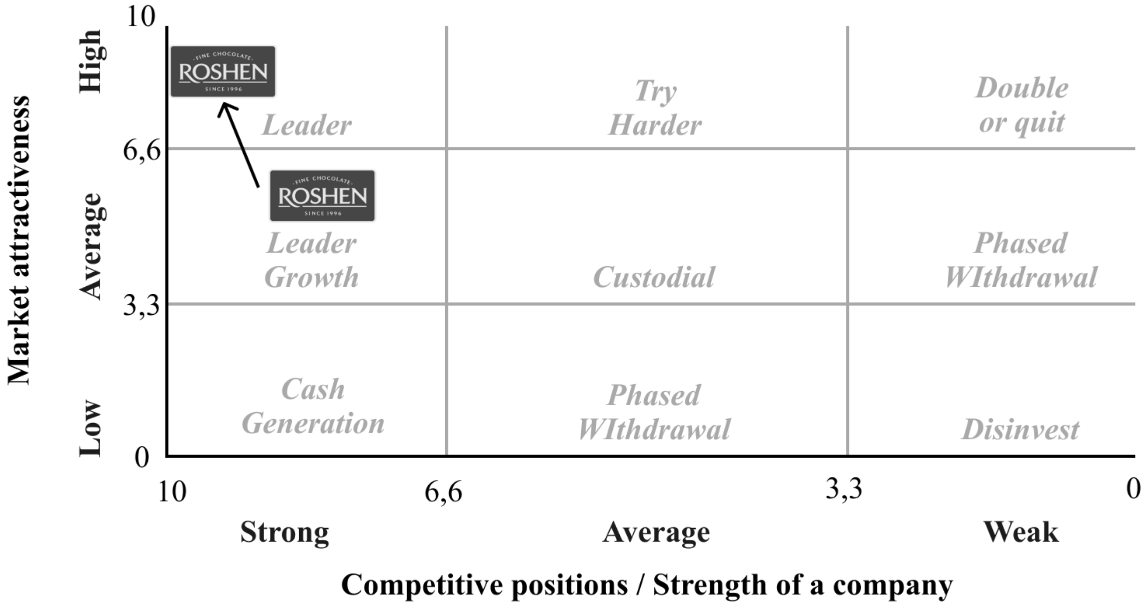
Table 2.14

Company competitiveness in the DPM matrix

Factor	WC	Assessment range			Current		Forecast	
		Low (0,0 – 3,3)	Average (3,4-6,6)	High (6,7-10,0)	CS	WS	CS	WS
Presence in international markets	0,4	The company is absent in foreign markets	The company is present in 3-foreign markets	The company is present in 3+ foreign markets	9	3,6	10	4
Diversified product lines	0,4	The company focuses only on producing one type of goods	The company operates 3-market segments	The company operates in 3+ market segments	9	3,6	9	3,6
Quality marks and awards availability	0,2	The company doesn't have award and provides no data on the product quality	Company has little data on quality and few awards	The company has many proofs and quality awards	7	1,4	9	1,8
Total	1,00				-	8,6		9,4

Source: compiled by the author

Having obtained from the DPM matrix the actual and predicted results, it's possible to build the DPM matrix for the Italian \ market.



Pic. 2.28. The DPM matrix for the Italian market

Source: compiled by the author

It's evident from the matrix that the segment shows an upscaling trend, meaning that Roshen needs to invest in the product, broadening the product line, improving the product mix, to keep the positions and go only forward.

2.4. Research of consumer motivation in the Italian healthy snacks market

The subject of healthy eating and lifestyle has emerged as a prominent issue in contemporary times. In recent years, there has been a notable surge in the desire for wholesome food choices and healthy products, with numerous countries worldwide, Italy inclusive, following this trend. Notably, healthy confectioneries have gained significant popularity as one of the most sought-after product categories among consumers in Italy. In 2018, a French multinational market research and consulting firm Ipsos published a "Global Views on Healthcare" where the current healthcare issues and habits were discussed. The share of individuals following a healthy lifestyle in Italy as of 2018 is depicted below (fig. 2.29).

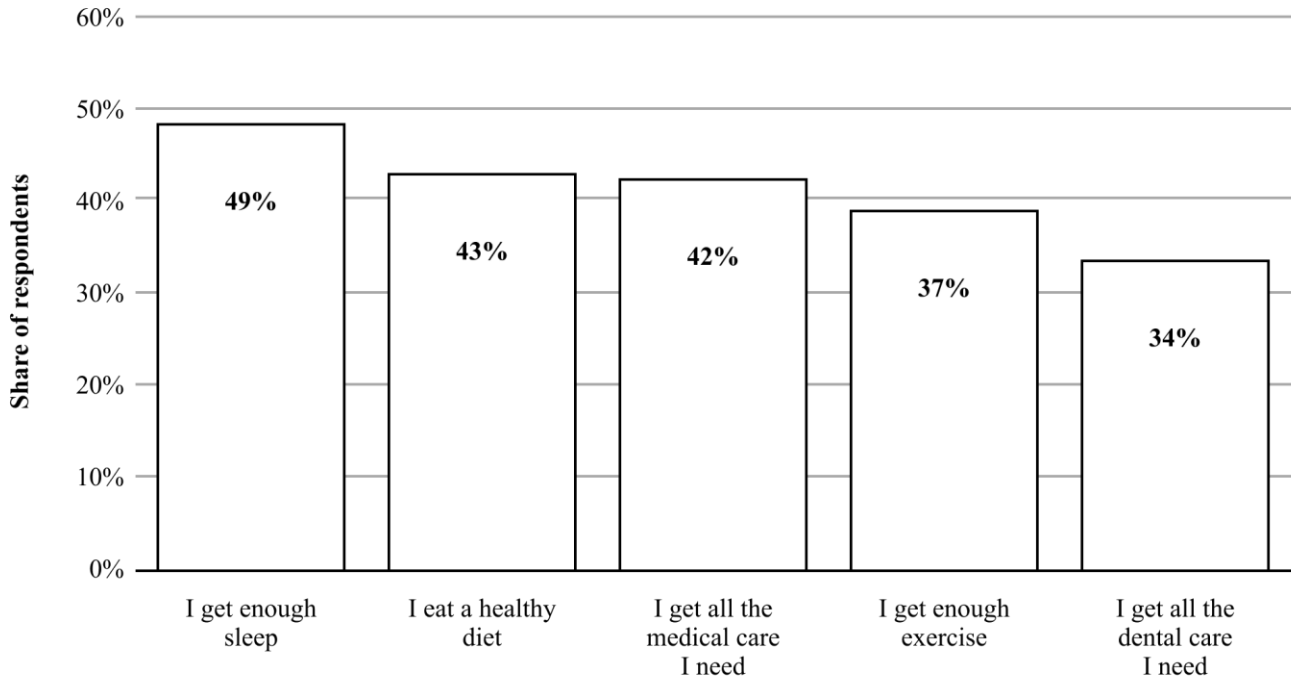


Fig 2.29. Share of individuals following a healthy lifestyle in Italy in 2018, by habit

Source: based on (IPSOS, 2018)

In 2018, Ipsos surveyed Italians to determine the percentage of individuals who follow a healthy lifestyle, categorized by habit. The results showed that the most common healthy habits among Italians were related to sleep quality and nutrition. Specifically, 49% of respondents reported getting enough sleep, and

43% stated that they follow a healthy diet. However, the survey found that Italians were less attentive to their dental health, with only 34% of participants reporting that they received all necessary dental care. The Italian market for healthy snacks has indeed experienced growth in recent years, as more and more Italians prioritize healthy eating and an active lifestyle. A study conducted in 2019 found that 76% of Italians preferred a healthy diet, and 63% reported that their eating habits were related to their overall health. This growing interest in health and wellness has contributed to the increasing popularity of healthy snacks in Italy.

To understand consumer motivations in the Italian healthy snacks market in more detail, research was conducted using various approaches and methods. In total, three research methods have been used to understand consumer motivations in the Italian healthy snacks market: focus group research, survey research using questionnaires, and research using interviews. As the outcome, the researchers identified a desire to maintain a healthy diet and lifestyle as the most common motivation for consuming healthy snacks, highlighting the importance of developing unique and innovative products to stand out in the market.

Factors influencing the choice of healthy snacks have been identified:

- **Composition of healthy sweets.** The composition of healthy sweets is a crucial determinant of consumer preferences. A significant number of consumers prioritize natural ingredients and the absence of artificial colors and preservatives. Owing to the rising demand for healthy food and lifestyles, manufacturers are increasingly focusing on optimizing their product composition. Additionally, consumers are habitual in evaluating product composition before purchase, leading manufacturers of healthy sweets to provide detailed product ingredient information to cater to consumer needs.
- **Calorie contents.** The caloric content of healthy sweets is a crucial aspect that affects consumer preferences. Weight-conscious individuals typically restrict their caloric intake and seek substitutes for high-calorie unhealthy sweets. Consequently, low-calorie healthy sweets that can

replace their high-calorie counterparts are gaining popularity among consumers.

- **Brand and its reputation.** Brand reputation is another significant factor affecting the selection of healthy sweets. Consumers tend to purchase products from reputable and well-known manufacturers that have established a positive image in the market for producing high-quality and healthy products. To attract consumers, manufacturers of healthy sweets rely on advertising campaigns and positioning their products as natural and healthy.
- **Price.** The cost of healthy sweets is also an important factor affecting consumer behavior. While healthy sweets are often priced higher than conventional sweets, some consumers may opt for less expensive options. However, as the demand for healthy and natural products increases due to a growing interest in healthy living, many consumers are now willing to pay a premium price for high-quality and nutritious products.

As well, there exist factors influencing consumers to make a decision to buy healthy sweets.

- **Packaging and labeling.** Packaging and labeling are also important factors that influence the choice of healthy sweets. Consumers prefer clear and informative labels that indicate the composition of the product, nutritional information, and potential allergens. In addition, many consumers are also concerned with the environmental impact of the packaging and prefer eco-friendly materials that can be easily recycled or composted.
- **Taste and texture.** Despite the emphasis on healthy ingredients and clear labeling, taste, and texture remain key factors in the popularity of healthy sweets. Consumers expect healthy sweets to be as enjoyable as traditional sweets and are more likely to repurchase products that meet their taste preferences. Manufacturers of healthy sweets often use natural

sweeteners and flavors to achieve the desired taste and texture of their products.

- **Price and availability.** Price and availability are also important factors that can influence the choice of healthy sweets. Consumers may be willing to pay more for high-quality products made from natural ingredients, but the price should still be reasonable and within their budget. Additionally, the availability of healthy sweets in local stores or online can impact consumer choice and may influence their decision to purchase a particular brand or product.

The study revealed that the primary motivation for consuming healthy sweets among Italian consumers is to maintain a healthy lifestyle and promote well-being. Consumers are highly attentive to the composition of healthy sweets, with a particular focus on the levels of sugar and artificial additives. Moreover, the calorie content of healthy sweets is also a significant consideration for most consumers. In terms of brand preferences, the study found that Alce Nero, Mellin, and Nutkao are the most popular healthy sweets brands in the Italian market. These brands are well-regarded for their high-quality products and positive reputation in the market. Thus, to successfully enter the Italian healthy sweets market, a company must consider various factors such as product composition, quality, brand reputation, price, and calorie content. Furthermore, a strategic advertising campaign and improvements in product quality are suggested to increase the company's visibility and competitiveness. Additional research on consumer profiles and preferences is also recommended for effective market penetration. Additionally, staying up-to-date on the latest production technologies and product innovations can provide a competitive advantage and attract consumers.

Primary research

As well, 8 months ago, there was conducted primary research on chocolate consumers living in Italy (not necessarily originating from Italy) in a form of a survey. As the main task of this survey is to identify consumer preferences of people living iт Italy to see if Roshen Corporation products are suitable frщь the Italian market, there were search questions created. In total, 20 people of different ages, lifestyles, and origins have given the answers to the questions, which resulted in compelling statistics. To summarize, the majority of the respondents appeared to be the target audience for Roshen Corporation products. This sample is believed to be representative, as it consists of people of various lifestyles, ages, genders, and origins (men and women, young and adults, students and those who finished the university 30 years ago, Italians and non-Italians, partygoers and bookworms). Thus, at this point, it can be assumed that the Italian environment is favorable for accepting Roshen Corporatoin’s healthy snacks.

In conclusion, the healthy snacks market in Italy presents promising opportunities as consumers prioritize health and nutrition. A company aiming to enter this market should take into account the demands and preferences of consumers, and develop high-quality products with suitable calorie content and price points that align with market needs. The further focus should be on advertising campaigns and enhancing product quality, while also exploring new production technologies and product innovation to gain a competitive edge.

Chapter 2 conclusions

In this chapter, an analysis of Roshen's marketing activities in the Italian healthy snacks market was conducted, and strategies for entering this market were proposed. Through studying consumer characteristics and the Italian health food market, the strengths and weaknesses of Roshen's marketing activities in this market segment were identified, and ways to improve the company's performance were suggested. To ensure a successful launch of its products on the Italian market, Roshen should use a tailored approach for each region and local consumer. This approach should involve creating products that meet the needs and desires of local consumers, using natural ingredients without artificial additives. Additionally, Roshen can use various marketing strategies such as promotions and advertising campaigns to attract new customers. Furthermore, Roshen should take into account the cultural and linguistic characteristics of the local population for a successful product launch. The company should use local language resources and advertising channels to attract local consumers, and consider local traditions and cultural peculiarities in advertising campaigns and product packaging.

Therefore, Roshen's marketing activities in the Italian healthy snacks market should be reviewed and optimized to enable the company to effectively compete with local and global brands in this market segment. By taking into account the peculiarities of local products, consumers, and the market in general, Roshen can successfully launch its products on the Italian market and ensure stable sales growth in the future.

CHAPTER 3. Recommendations on Roshen positioning activities in the Italian healthy snacks market

3.1. Recommendations on Roshen's marketing activities in the Italian healthy snacks market

Roshen Corporation's growth strategy. The market development strategy is deemed appropriate for Roshen Corporation as it is currently not operating in the Italian market but has established a strong presence in other international markets. The successful implementation of this strategy requires a sound knowledge of the local market and a robust track record of performance. These factors serve as preconditions for expanding into new geographical locations. Therefore, the proposed approach is to pursue international expansion by venturing into the Italian market.

Regarding market coverage strategies for Roshen Corporation, it is recommended to adopt the mass marketing, or undifferentiated marketing strategy based on several factors. The niche marketing strategy is not necessary, despite initial considerations, as the product being introduced to the Italian market is not unique, has indirect competitors, and the number of competitors depends on how the product is positioned. In the future, the product will be positioned as a healthy yet indulgent sweet treat, making it a variation of a common fruit-flavored candy rather than a niche product. Additionally, Roshen's end customers are confectionery shops and retail networks that cater to a wide range of customers with varying ages and budgets, making it necessary to appeal to a broad audience.

Within the context of the mass marketing strategy, it is recommended to adopt the cost leadership approach proposed by Michael Porter. As stated in Natalia Kochkina's Marketing Management book, the fundamental principle of the cost leadership strategy involves a focus on minimizing costs in all aspects of business operations. To successfully implement this strategy, it is necessary to have a substantial market share, which can be achieved by following the mass marketing approach, as well as access to affordable raw materials and the ownership of technologically advanced production plants that have automated manufacturing processes. Additionally, given that Roshen Corporation is a new entrant in the Italian market, this strategy can serve as a means of gaining customer attention and building a strong base of loyal clientele. Positioning is a vital element in all types of business strategies, and can help a company to outperform its major competitors and eventually attain market leadership. It is essential to conduct in-depth research to ensure proper and well-detailed positioning that highlights the company's strengths and competitors' weaknesses while masking the company's weaknesses and competitors' strengths. An effective unique selling proposition can also differentiate the company's products from its competitors. To develop a unique selling proposition, it is suggested to use mainly fruits and ingredients that can only be grown within the country's borders, highlighting the "made in UA" aspect. Later, a new line of "exotic" products can be introduced to appeal to a broader market. The packaging should be eco-friendly, and the use of paper or cardboard should be maximized while minimizing the use of plastic. Once a loyal customer base is established, a loyalty card and a Roshen community can be created, and gifts can be given with each purchase to enhance customer loyalty. Sales to loyal customers, such as discounts on specific days, can also be implemented. As per the cost leadership strategy, prices should be lower than those of the market leader and competitors. Designers should investigate current packaging trends and the psychology of colors to create attractive packaging that will appeal to customers. Additionally, free shipping or reduced-cost delivery from confectionery shops can be offered to customers.

Regarding the positioning strategy, it is recommended to consider the repositioning scenario of the competitors. A thorough examination of the previously studied competitors reveals the following findings: firstly, Watt+ offers protein bars, "to-go" candies, protein shakes, and other sports-related goods, thus, positioning themselves as a health and sports-oriented company; Domori produces and sells chocolate products and cocoa beans, positioning themselves as a high-quality chocolate dessert manufacturer; Cacao Crudo specializes in various types of dark chocolate, positioning themselves as an innovative chocolate dessert manufacturer; Giraudi primarily sells chocolate and candies without highlighting health aspects. None of Roshen's competitors seem to emphasize the combination of taste and health, as they are either focused on sports or desserts. Therefore, I recommend that Roshen position its apricot and plum chocolate products as unique and innovative. These chocolates are made from fruits grown in Ukrainian gardens, and their natural flavors, tastes, and juiciness are preserved, while being covered with homemade chocolate that is sweet and mouth-watering, despite having reduced sugar content. This distinctive proposition is likely to attract customers' attention. Based on the abovementioned competitors' positioning, there was created a perceptual map (figure 3.1).

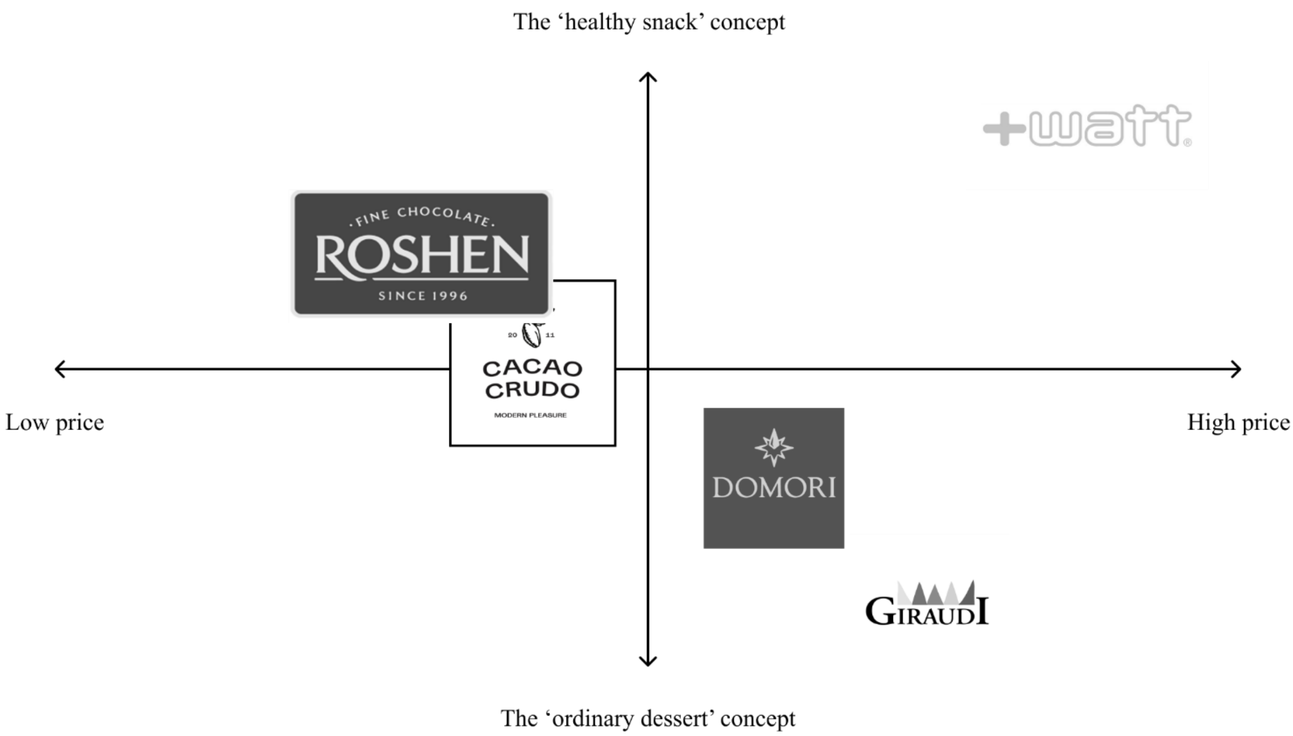


Fig. 3.1. The perceptual map for Roshen Corporation in the Italian market

Source: compiled by the author

As can be seen from the picture, Roshen has the lowest prices, combining two concepts in one, principally new: healthy desserts. It should be perceived as healthier than Giraudi, Domori, and Cacao Crudo; it should be perceived as tastier than Watt+.

Another critical aspect of the market product strategy is the product proposition, which involves assessing various indicators such as width, depth, stability, novelty, structure, and rationality of the product mix. Given that Roshen aims to pursue a mass marketing strategy in the Italian market, it is essential to have a single product proposition for the entire market. Although Roshen is introducing only two products (apricots and plums in chocolate) to the Italian market, the company produces a wide range of confectionery products that include cakes, chocolate bars, candies, jellies, biscuits, marshmallows, muffins, pastries, brownies, creams, waffles, and nuts and fruits covered with chocolate, sweet and salted crackers, and hot chocolate sticks. Therefore, to calculate the relevant indicators, we need to focus on the confectionery field.

Width of the product mix. The width of the product mix refers to the number of product mix groups offered by a company. Given that we are discussing the retail sector, it is reasonable to assume that the product mix is wide. In the Ukrainian market, Roshen caters to customers with different needs and budgets by offering a diverse range of products. The formula for calculating the width of the product mix is as follows:

$$K_w = \frac{W_{fact}}{W_{base}}$$

where W_{fact} is the total number of product mix groups of Roshen;

and W_{base} is the total number of product mix groups of Giraudi, competitor with the highest number of product groups.

The width coefficient for Roshen Corporation in the Italian market is:

$$K_w = \frac{14}{14} = 1$$

The indicator is 1, meaning that product mix is wide enough.

Depth of the product mix. The product mix's depth refers to the number of individual items within a specific product group. Since our focus is currently on the product group of dried fruits coated in chocolate, we will use the following formula to calculate the depth indicator:

$$K_d = \frac{D_{fact}}{D_{base}}$$

where D_{fact} is the total number of positions in a product group of Roshen;
and D_{base} is the total number of positions in a product group with the highest number – Giraudi. In fact, all the competitors have no more than 3 positions.
The depth coefficient for Roshen Corporation in the Italian market is:

$$K_d = \frac{2}{3} = 0{,}67$$

The indicator is rather close to 1 than to 0, making the product mix rather deep. Still, every competitor has more positions in the product group than Roshen, thus, this is a sign from above to introduce the society with the new flavors.

Stability of the product mix. In terms of war, Ukrainians stopped buying chocolate and chocolate candies. There is a demand for waffles and biscuits though, so here we will consider this group. The formula is as follows:

$$K_{st} = \frac{P_{st}}{P_{fact}}$$

where P_{st} is the number of positions in the product mix groups with the highest demand;
and P_{fact} is the actual number of positions in the product mix groups.
The stability coefficient for Roshen Corporation in the Italian market is:

$$K_d = \frac{34}{48} = 0{,}7$$

The indicator has a satisfactory score of 0,7, which I can consider as high given the fact that there’s a war in Ukraine.

Novelty of the product mix. This indicator won’t be calculated because of a lack of information concerning new and old products.

Structure of the product mix. The structure of the product mix indicates the relative weight of each type of product within the product mix group. Dried fruits covered in chocolate relate to the chocolate candies product group. The structure of the product mix can be calculated with the following formula:

$$K_{str} = \frac{1}{m}\sum_{j=1}^{m} K_{str}^{(j)}$$

where

$$K_{str}^{(j)} = \frac{P_{fact}^{(j)}}{P_{base}^{(j)}}$$

if

$$P_{fact}^{(j)} < P_{base}^{(j)}$$

where P_{base} is a relative weight of a product in the reference product mix, and P_{fact} is a relative weight of a product in the actual product mix.

$$P_{base} = \frac{2}{5} = 0{,}4$$

$$P_{fact} = \frac{2}{10} = 0{,}2$$

$$K_{str}^{(j)} = \frac{0{,}2}{0{,}4} = 0{,}5$$

$$K_{str} = \frac{0{,}5}{206} = 0{,}0024$$

This extremely low indicator shows that the product mix structure is totally unbalanced.

Product mix rationality. Companies with a rational product mix are more likely to satisfy customers of different segments at the highest level. Product mix rationality can be calculated with the following formula:

$$K_{rationality} = K_W W_W + K_d W_d + K_{st} W_{st} + K_{str} W_{str} = 0{,}5931$$

Such a low score is conditioned by the unbalanced product mix structure and the war in Ukraine. For Rohen Corporation, it is recommended to concentrate on manufacturing and selling products with the highest demand, such as biscuits and waffles. After the war, an ABC analysis can be conducted to identify positions that consume resources without generating sufficient revenue. This analysis can show which positions yield lower income, and redirecting the funds to enhance bestselling products can be considered. However, this research could not be conducted because Roshen Corporation has not disclosed financial statements. This chapter also discusses pricing, distribution, and communication strategies. As previously mentioned, following a cost leadership strategy is advised, and therefore, a low prices strategy is suggested. This strategy is suitable for newcomers who lack significant competitive advantages and want to generate long-term returns. Regarding communication, a pull communication strategy is recommended to create a positive image for the end customers, supermarkets, and confectionery shops, stimulating demand for the products. The microenvironment analysis suggests low dependence on intermediaries, meaning that logistics services can be used to deliver products from Ukraine to Italy. However, direct selling is the proposed strategy since there are no trade intermediaries involved.

Roshen Corporation's competitive strategy.

When considering competitors and competitive market strategies, the most suitable strategy for Roshen Corporation at present is the market follower strategy. This is because the company does not yet have a market share to challenge existing market leaders. Additionally, as discussed earlier, the product is not niche, making the market niche strategy inappropriate. Companies following the market follower strategy use the market leader as a determinant for their actions. Therefore, it is advisable for Roshen to learn from and follow the lead of one of the previously analyzed competitors to improve its product line, product promotion, and design. As time passes, Roshen may have the opportunity to become a market challenger and, ultimately, a market leader.

3.2. Recommendations on Roshen's positioning activities in the Italian healthy snacks market

As was discussed in Chapter 1.1, there are a few different approaches to positioning a company: attribute/benefit positioning, value positioning, competitor positioning, and niche positioning. To position a Ukrainian sweets manufacturer in the Italian healthy snacks market, there are several factors to consider. Firstly, it's important to ensure that the products are aligned with the preferences of Italian consumers in terms of taste, ingredients, and packaging. In order to deal with this factor, there was conducted research in Chapter 2.3, called "Consumer Motivations in the Italian healthy snacks market". As well, the manufacturer could focus on using natural, organic, and locally-sourced ingredients, highlighting the health benefits of these ingredients, and extending the product mix with new tastes.

Secondly, the manufacturer could leverage its Ukrainian heritage and use it as a unique selling proposition, highlighting the authenticity and traditional recipes of its products. As was stated while conducting the SWOT analysis, "Made in Ukraine" is one of the strengths for Roshen Corporation in the Italian market. Now that there is an ongoing war in Ukraine because of russia, the overall attention of the world is focused on Ukraine more than ever, making the conditions to promote the Ukrainian products more preferable. On the other hand, Italians are known to be more conservative and traditional, meaning that they would rather choose their own local products rather than international and unfamiliar ones. Thirdly, Ukrainian manufacturers could position themselves as a premium brand, using high-quality ingredients and innovative packaging designs that differentiate it from other healthy snack brands in the market. As the research has shown, some of the respondents pay close attention to the packaging, connecting minimalistic ones to the concept of healthy snacks, while others prefer to see the ingredients as the main component of the package design. On the following picture the example of the minimalistic design of the package.

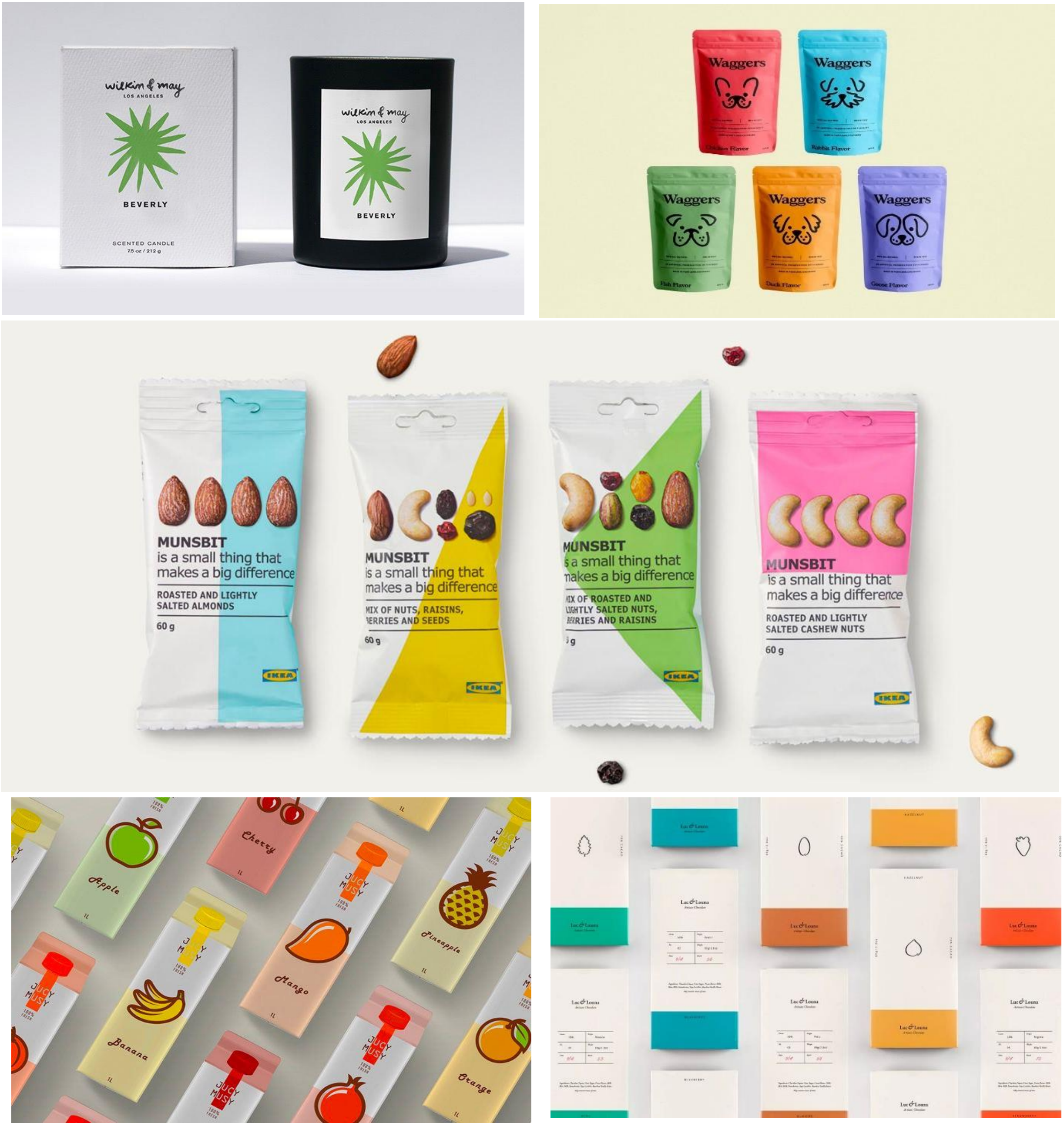


Fig.3.2. Examples of minimalistic packaging

Source: compiled by the author

Fourthly, the manufacturer could invest in marketing and advertising campaigns that target health-conscious consumers, including social media campaigns, influencer marketing, and collaborations with health and fitness brands. But also not to forget that there is a part of Roshen’s target audience that considers magazines and billboards, so that should be a share of the marketing spend as well as buying the place on the shelf. Overall, the key to positioning a

Ukrainian sweets manufacturer in the Italian healthy snacks market is to focus on quality, authenticity, and health benefits while differentiating the brand from competitors in the market.

Speaking of the positioning strategy itself, it’s recommended to implement an attribute/benefit positioning strategy due to positioning in terms of category shift. Attribute/benefit positioning strategy is a marketing approach that involves identifying the unique attributes and benefits of a product or service and using them to differentiate it from competitors. It is based on the premise that consumers make purchasing decisions based on the perceived benefits of a product or service. In attribute/benefit positioning, a company focuses on communicating the unique attributes and benefits of its product or service to its target market. The attributes refer to the characteristics of the product or service, such as quality, design, or ingredients. The benefits refer to the value that consumers derive from using the product or service, such as convenience, cost savings, or emotional satisfaction. It involves a strategic marketing approach to differentiate their products from competitors and meet the needs of Italian consumers. To implement an attribute/benefit positioning strategy, a company must first conduct market research to identify the needs and preferences of its target market. Based on this research, the company can determine which attributes and benefits are most important to its customers and use them to differentiate its product or service from competitors. It has been performed in the Chapter 2: the target audience is the b2b segment in a form of local supermarket and its visitors. Then, the research has been conducted to find out which preferences does the target audience has. The next step is to deliver the selling proposition to the consumers. The company can develop a positioning statement that clearly communicates the unique attributes and benefits of its product or service. This statement can be used in marketing communications, such as advertising, social media, or packaging, to help consumers understand the value proposition of the product or service. Here, it’s advised to Roshen to highlight that the product is, on one hand, a usual treat in a form of candy, and on the other hand, a healthy, low-calorie, no-added-sugar product that pleases not only the mind but also the body and the organism. Here is the way the statement can look like and be used as a promotional material.

Fig.3.3. Examples of Roshen's marketing materials

Source: developed by the author

Fig.3.4. Example of the Instagram post

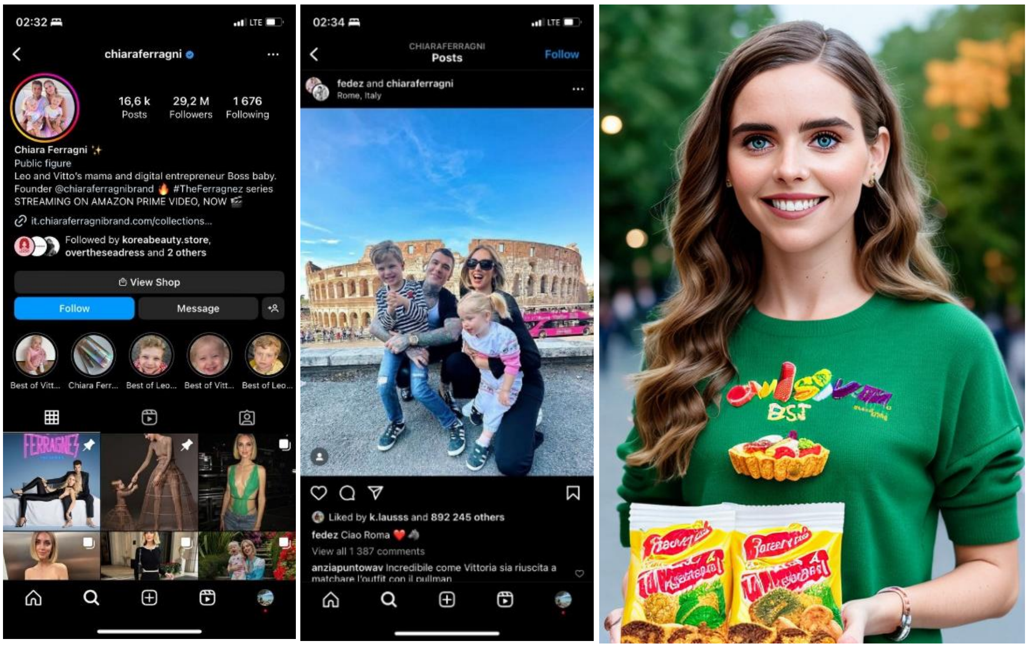
Source: developed by the author

So, the final thing Roshen should be working on is the package design and the promotional statement. For example, the advertisement in the shop Conad can be presented as in the following picture.

Fig.3.4. Example of advertisement

Source: developed by the author

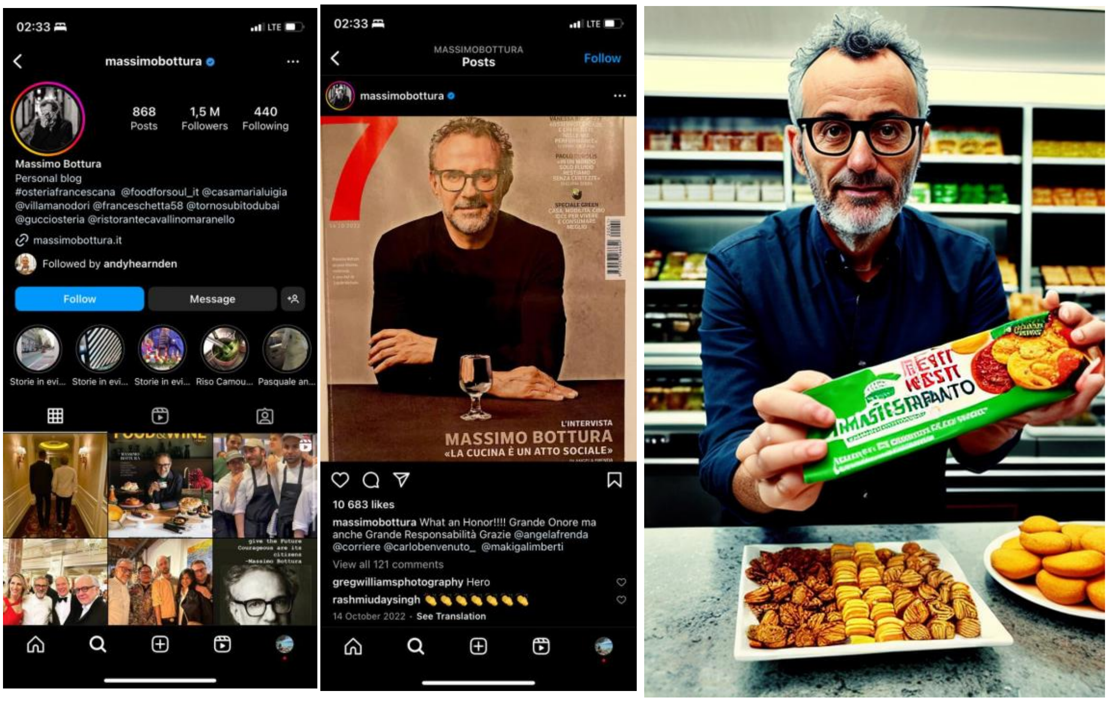
Speaking of promotional methods, today, due to the previous lockdown and the current development of social media, Italians spend more time in the Internet for various reasons, not only gathering news and getting entertained by the official sources, but also taking into account famous influencers and proactive media persons. Giving a product to be advertised by influencers through social media channels is one of the most useful approaches to obtain new consumers. For example, Chiara Ferragni is the most followed Italian influencer, having more than 5 million followers on Instagram. She is a businesswoman, model, fashion designer and a blogger, who is promoting a healthy lifestyle.



Pic.3.1. Chiara Ferragni

Source: Instagram original posts and AI (Midjourney)

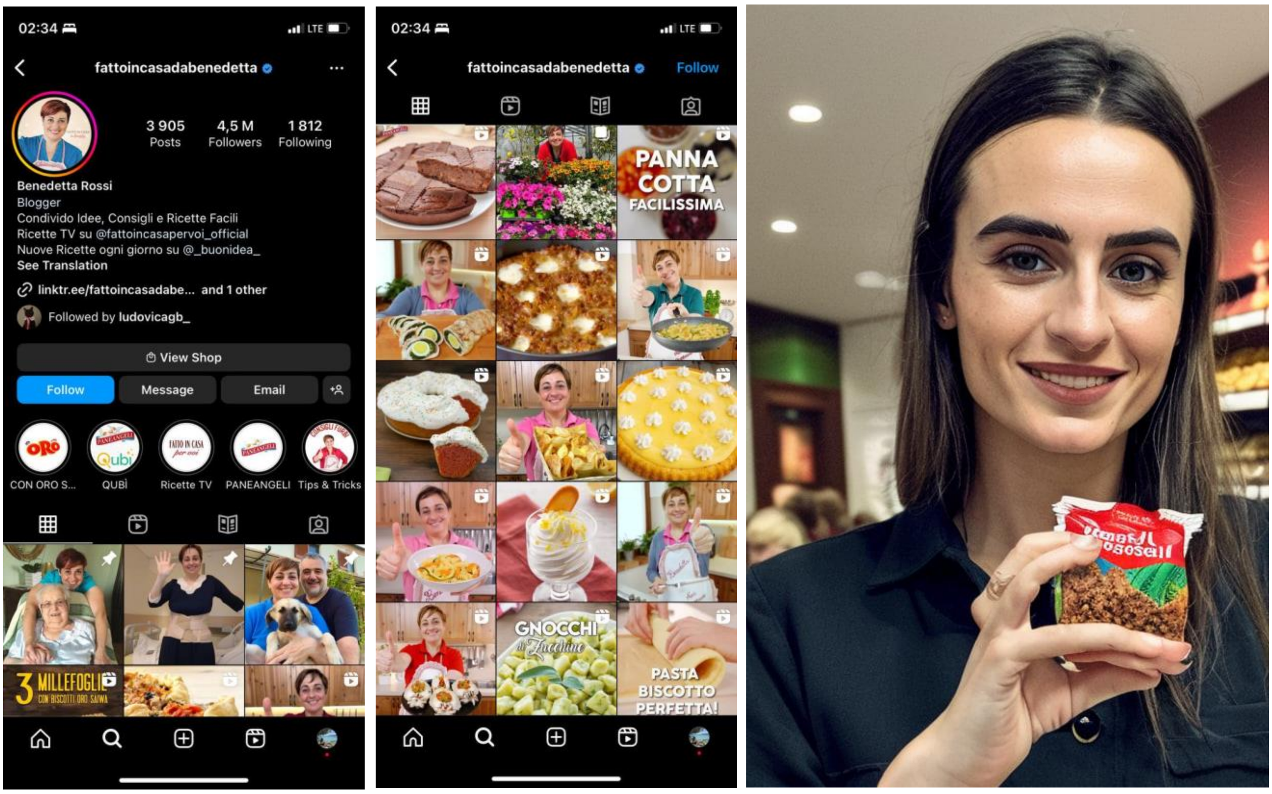
Massimo Bottura is another great example of famous Italian influencers. He is an Italian restauranteur, so people will follow his lead to try Roshen's new healthy snack.



Pic.3.2. Massimo Bottura

Source: Instagram original posts and AI (Midjourney)

Another healthy food-related influencer is Benedetta Rossi, one of the most followed food blogger.



Pic.3.3. Benedetta Rossi

Source: Instagram original posts and AI (Midjourney)

And the last suggestion to position products is by buying the placement on the shelf in the shop. Such activity is also usually referred to as “Shelf space buying”, for which the product owner pays the relailer the “slotting fee”. We know that very often consumers make unplanned purchases influenced by what they see around themselves. This is another interesting topic to be investigated, but for now this fact is all the company needs to use this tool to sell products in a quicker way. Buying shelf space can provide several benefits for brands. It can enhance product visibility and exposure, increase the likelyhood of customer purchases, and give brands a competitive advantage over their competitors. (Day, G. S., Shocker, A. D., & Srivastava, R. K. 1979). Shelf space in key locations can significantly impact consumer decision-making at the point of purchase. The phrase “eye level is buy level” is often used in the retail industry to suggest that products placed at eye level on store shelves have a higher chance of being noticed and purchased by customers.

3.3. Calculation of the economic efficiency of the implemented positioning strategy

Calculating the economic efficiency of an implemented attribute/benefit positioning strategy involves analyzing the financial performance of the strategy and comparing it to the costs associated with implementing the strategy. First step is to determine the costs of implementing the strategy. This can include costs such as market research, advertising, packaging design, promoting, logistics, warehouses, and any other expenses incurred in developing and executing the strategy. Next step is to calculate the indicators such as ROI, to see if the business plan happened to be successful. But because the real strategy has not been yet implemented in real life, the only thing that can be done now is defining the costs for implementing the strategy, and then defining the amount of product to be sold so that Roshen not only can equate costs with profits, but make profits prevail.

The costs of implementing an attribute/benefit positioning strategy for Ukrainian sweets manufacturers in the Italian healthy snacks market can vary depending on the specific strategy being implemented and the resources required to execute it. Conducting market research to understand the Italian healthy snacks market and consumer preferences can be a significant cost. This includes expenses such as hiring a research agency, conducting surveys, and analyzing data. It can range from a few thousand euros to tens of thousands of euros, depending on the extent of research required. One of the greatest ways to gather high quality data is to conduct a research called field studies. Field studies are a type of research that involves collecting data in a real-world setting. The goal of field studies is to observe and understand human behavior, social interactions, and environmental factors in a natural context. Field studies generally can be conducted in various settings, such as public spaces, workplaces, homes, and communities. To conduct such research, the researcher should follow the prescribed plan:

- to define clear research questions that can be answered through field observations. The research questions should be specific, measurable, and relevant to the study objectives

- To develop a study plan that outlines the data collection methods, research tools, and data analysis procedures
- To conduct the field study by collecting data through various methods such as observation, interviews, surveys, and focus groups
- To analyze the data using appropriate statistical and qualitative methods, to dentify patterns, trends, and relationships in the data
- To interpret the findings by drawing conclusions and implications for the research questions and study objectives
- To communicate the results of the field study in a clear and concise manner and provide recommendations for future research and practical implications for stakeholders.

Field studies can be time-consuming and complex, but they provide valuable insights into human behavior and social phenomena in natural settings. Proper planning, execution, and analysis are essential to ensure that the field study produces valid and reliable results. A budget of €10,000 to €20,000 may be reasonable for a comprehensive market research study.

Developing new products or reformulating existing products to meet the demands of the Italian healthy snacks market can also be a cost. This may include expenses such as research and development, raw materials, and production costs. Because the product is not hard to create and produce, it will not be the greatest share of the spend plan. Let's assume a budget of €5,000 for product development.

Packaging design costs can vary depending on the complexity of the design and the materials used. A budget of €5,000 to €10,000 may be reasonable for the design and printing of new packaging. Advertising and promotion costs can also vary depending on the extent of the campaign. A budget of €50,000 to €100,000 may be reasonable for a comprehensive advertising and promotion campaign. Distribution costs will depend on the distribution network and the volume of products sold. Let's assume a budget of €20,000 to €35,000 for transportation, warehousing, and logistics. Overall, the total cost of implementing an attribute/benefit positioning strategy for Ukrainian sweets manufacturers in the

Italian healthy snacks market could range from €90,000 to €170,000. However, it's important to note that these costs are estimates and may vary depending on the specific strategy and resources required to execute it.

Now, considering that the initial price of Roshen's products in the Italian market is 0,5 euro for one hypothetical candy of 25 grams, it's advised to sell packages of product consisting of 20 items, resulting in 10 euro per one package. Considering the least costly variant, where the spend is €90,000, Roshen Corporation should sell at least 9 000 packages of product to achieve a break-even point. According to the latest available data from 2020, the average per capita consumption of chocolate in Italy is around 4.5 kilograms per year, meaning that the so-called business plan will pay off in slightly more than 2 years.

Chapter 3 Conclusions

In this chapter, the recommendation on how to position Roshen Corporation and its products on the Italian healthy snacks market. Based on the previous market research, the investigation of the competitors and the consumer motivations, it was adviced for Roshen to implement mass marketing strategy, or undifferentiated market strategy, because of the target audience – various supermarket visitors, differentiated by age, gender, wealth, etc; it's also recommended to adopt the cost leadership approach, focusing on minimizing costs. Regarding the positioning strategy, it's advised to revise thr positioning strategy and make a repositioning in the Italian market. Based on the deep competitors examination, the perceptual map for Roshen Corporation in the Italian market was developed, placing Roshen in the top left quadrant, which means low price and the relevance to the healthy snack concept. When considering competitors and competitor strategy, it's reccomended to follow the market follower strategy.

Considering the future opportunities to enter the market with more products, market indicators have been calculated: width of the product mix, depth of the product mix, stability of the product mix, structure of the product mix, and product mix rationality. On the local market, it's advised to focus on producing and selling products of the highest demand, but on the Italian market, it’s recommended to focus on the preferences that were identified within the primary research. Speaking of the positioning strategy itself, it’s advised to follow the attribute/benefit positioning, where it's possible to enter the healthy snacks market with a confectionery product, but highlighting the healthy snack concept instead. As well, the promotional recommendations have been suggested, such as minimalistic packaging, selling slogan, advertisement materials and the use of social media channels and influencers.

Lastly, the economic efficiency has been calculated, considering the average prices on the market, Roshen suggested prices, tendencies of chocolate consumption in Italy, theoretical expences on marketing, research, production, promotion, logistics and other resourses, resulting in a plan to be successful and start generating revenue in two years.

Conclusions

In Chapter 1, a conceptual framework has been developed to aid in the selection and implementation of positioning strategies for various products. The framework proposes positioning alternatives for different types of products, taking into consideration the impact of the product's life cycle stage and brand equity. The brand's life cycle can also be incorporated into the framework in addition to the product category's life cycle stage. Different brand concepts that fulfill distinct needs, namely functional, symbolic, and experiential needs, were investigated. These concepts have produced a framework that facilitates the management of a brand concept throughout its selection, introduction, development, and reinforcement phases, which also influence positioning strategies. Furthermore, positioning is believed to be a key component in determining the type of value to be offered.

Positioning refers to the consumer's mental image of a product when they come into contact with it. It aims to be a tool for gaining consumer preference and establishing the foundation for long-term consumer loyalty in a dynamic market with high competition. To summarize, successful businesses today prioritize the consumer when selecting product promotion strategies. Different firms have different objectives when launching new products to the market. In this regard, the fundamental elements required to establish product identification have been discussed in this section. Positioning is a crucial concept in marketing as it defines how a brand is perceived by its target audience relative to its competitors. The main goal of positioning is to differentiate a brand from its competitors by identifying its unique selling proposition, which can be based on product attributes, price, quality, or other factors. Effective positioning can help a brand to establish a distinct identity and appeal to the desired target audience, resulting in increased customer loyalty and market share. It can also influence the overall marketing strategy, including product development, pricing, and promotional activities. Positioning can be particularly challenging in markets with a category shift aspect, where brands are competing in a new or evolving product category.

In such cases, companies need to identify the unique characteristics of the new category and develop positioning strategies that effectively differentiate their brand from competitors. As well, a new definition of the category “repositioning” has been created, considering seven different approaches of the scholars and dictionaries.

In the Chapter 2, an analysis of Roshen's marketing activities in the Italian healthy sweets market was conducted, and strategies for entering this market were proposed. Through studying consumer characteristics and the Italian health food market, the strengths and weaknesses of Roshen's marketing activities in this market segment were identified, and ways to improve the company's performance were suggested. To ensure a successful launch of its products on the Italian market, Roshen should use a tailored approach for each region and local consumer. This approach should involve creating products that meet the needs and desires of local consumers, using natural ingredients without artificial additives. Additionally, Roshen can use various marketing strategies such as promotions and advertising campaigns to attract new customers. Furthermore, Roshen should take into account the cultural and linguistic characteristics of the local population for a successful product launch. The company should use local language resources and advertising channels to attract local consumers, and consider local traditions and cultural peculiarities in advertising campaigns and product packaging.

Therefore, Roshen's marketing activities in the Italian healthy snacks market should be reviewed and optimized to enable the company to effectively compete with local and global brands in this market segment. By taking into account the peculiarities of local products, consumers, and the market in general, Roshen can successfully launch its products on the Italian market and ensure stable sales growth in the future.

In the Chapter 3, the recommendation on how to position Roshen Corporation and its products on the Italian healthy snacks market. Based on the previous market research, the investigation of the competitors and the consumer motivations, it was adviced for Roshen to implement mass marketing strategy, or undifferentiated market strategy, because of the target audience – various supermarket visitors, differentiated by age, gender, wealth, etc; it's also recommended to adopt the cost leadership approach, focusing on minimizing costs. Regarding the positioning strategy, it's advised to revise thr positioning strategy and make a repositioning in the Italian market. Based on the deep competitors examination, the perceptual map for Roshen Corporation in the Italian market was developed, placing Roshen in the top left quadrant, which means low price and the relevance to the healthy snack concept. When considering competitors and competitor strategy, it's reccomended to follow the market follower strategy.

Considering the future opportunities to enter the market with more products, market indicators have been calculated: width of the product mix, depth of the product mix, stability of the product mix, structure of the product mix, and product mix rationality. On the local market, it's advised to focus on producing and selling products of the highest demand, but on the Italian market, it's recommended to focus on the preferences that were identified within the primary research. Speaking of the positioning strategy itself, it's advised to follow the attribute/benefit positioning, where it's possible to enter the healthy snacks market with a confectionery product, but highlighting the healthy snack concept instead. As well, the promotional recommendations have been suggested, such as minimalistic packaging, selling slogan, advertisement materials and the use of social media channels and influencers. Lastly, the economic efficiency has been calculated, considering the average prices on the market, Roshen suggested prices, tendencies of chocolate consumption in Italy, theoretical expences on marketing, research, production, promotion, logistics and other resourses, resulting in a plan to be successful and start generating revenue in two years.

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Appendices

Appendix 1

Market research methods

Group of methods	Subgroup	Methods	Description
General scientific methods of learning	Empirical methods	Experiment, observation, description	Fruits in chocolate, if it is possible, will be given to a focus group, to understand their attitude to technical parameters (design), their preferences, and their overall impression of the product. The process will be recorded and described later
	Theoretical methods	Analysis and synthesis, abstraction, scientific generalizations, induction and deduction, unity of history and unity (statistics in dynamics), systematization and classification, content analysis, economic and statistical analysis, functional and structural analysis, methods of quantitative and qualitative analysis.	All of the methods will be suitable for adequate analysis of the data, presented on the internet.
Specific methods of learning	Methods of market research	Surveys, expert interviews	These methods can be used to test the product and define consumers' tastes and preferences, attitudes to the product and the related products/substitutes, to investigate the situation in the market in general.
	Comparative analysis		When it comes to comparing situations in the market then and now, competitors, positioning, etc.
Methods, based on research,		method of 'brainstorming'	to generate ideas and find creative solutions and

knowledge, and intuition of specialists			directions to move the company
		method of ‘scenarios’	to imagine, where these ideas and solutions may lead
		The methods of expert assessments	when it comes to the perception of the company and its products.
Methods of formalized representation of systems:		Analytical, statistical, logical	

Appendix 2

Preliminary assessment of the microenvironmental factors in the Italian market

№	Factor	Factor description	T/O	D/S
1	The absence of the direct competitors	Dried fruits in chocolate aren’t presented in Italian supermarkets.	T/O	D
2	Low supplier power	The company has a large number of international suppliers of easy-to-find products.	T/O	S
3	High threat of substitutes	Dried fruits in chocolate can be easily replaced by other healthy snacks (nuts bars, etc).	T	D
4	Low buyer power level	The product is unique and customers aren’t sensible about prices.	O	D
5	Low entry barriers	The company doesn’t have any direct competitors.	O	S/D
6	Existence of 2 potential segments ready to consume products	Confectionery shops and retail networks are ready to buy dried fruits in chocolate.	O	D
7	The absence of dependence on distributors because of direct export (sales)	No intermediaries for Roshen Corporation in the B2B market.	O	S

Appendix 3

Preliminary assessment of the political factors in the Italianmarket

№	Factor	Factor description	T/O	D/S
1	War in Ukraine	Can be seen as an opportunity to introduce international society with Ukrainian chocolate manufacturers. Can be seen as a threat to production plants located in Ukraine (and in general).	T/O	D/S
2	Corruption is present in Italy	Corruption can be perceived as a trade barrier to entering the market. This factor is supported by the Corruption Perception Index increasing	T	S
3	In Italy, it is easy to start and run a business	This factor is supported by the Doing Business index, where the overall score is 72.9 out of 100.	O	S
4	Ukraine entering the EU	If/When Ukraine enters the EU, Italy and Ukraine will be in the same free EU market, which is not subject to any trade barriers or tariffs.	O	S
5	EU suspending all duties on imports from Ukraine	No duties on imports for Ukraine.	O	S

Appendix 4

Preliminary assessment of the economic factors

in the Italian market

№	Factor	Factor description	T/O	D/S
1	Italy’s economy has come to a halt	Despite a healthy inflation rate and unemployment rate decrease, GDP is decreasing as well	T/O	D
2	The confectionery market in Italy is forecasted to be growing	An increase in revenue in the confectionery segment means an increase in the number of people ready to buy products. As well, there was an 18.5% increase in chocolate sales during the health emergency. This growth was maintained even after the reduction of restrictive measures, leading to an increase in home consumption.	O	D

Appendix 5

Preliminary assessment of the social factors in the Italian market

№	Factor	Factor description	T/O	D/S
1	Depopulation has been growing since 2014	Depopulation, caused by CoViD-19 and a decrease in birth rate theoretically decrease the demand	T	D
2	Ukrainian diaspora in Italy is increasing	The presence of the Ukrainian diaspora increases the demand	O	D
4	Traditions not to eat on-the-go	Due to the ‘enjoying’ way of living, Italians prefer to take their time and eat in the cafes	T	D
5	Tendency to minimize sugar consumption and choose healthy snacks	European Healthy Snacks market is growing	O	D
6	Patriotism: tendency to consume national products	Italians are known to be patriotic and to choose national trademarks. As well, mostly in the supermarkets, there are private labels.	T	D
7	Life satisfaction is improving	This is supported by Life Satisfaction and Quality of Life indexes improving	O	D

Appendix 6

Preliminary assessment of the technological factors in the Italian market

№	Factor	Factor description	T/O	D/S
1	Italian warehouses are about to launch HAI Robotics	Highly innovative warehouse automation system will help to store Roshen products in adequate terms	O	S

Appendix 7

Preliminary assessment of the environmental factors in the Italian market

№	Factor	Factor description	T/O	D/S
1	Italians contribute to negative climate change	Italy’s transportation sector reported dismal performance on the Earth Index. The country is turning into one big traffic jam, with a preponderance of old, diesel-powered cars and trucks. Electric vehicles are still a rarity.	T	D

Appendix 8

Preliminary assessment of the legislative factors in the Italian market

№	Factor	Factor description	T/O	D/S

1	Ability to follow EU regulations and standards	Italian (EU) standards may be demanding, but Ukraine follows them.	O	S

Appendix 10

Competitive positions of two market players in the Italian market

Parameter		Score range	Current score

	Coef	0-3,3	3,4-6,6	6,7-10	0	1	2	3	4	5	6	7	8	9	10
Presence in international markets	0,15	Company is absent in foreign markets	Company is present in up to three foreign markets	Company is present in more than three foreign markets											
Uniqueness of the product (tastes)	0,3	Competitors have such tastes	One of the competitor has such tastes	Competitors don’t have such tastes											
Taste exoticness	0,05	Tastes are usual, consisting of bananas, cherries, plums	Tastes are not common, such as mangoes, figs, dates	Tastes are unusual, such as lychee, dragon fruit											
Diversified product lines	0,1	Company focuses only on producing one type of goods	Company operates in up to three different market segments	Company operates in more than three different market segments											
Quality marks and awards availability	0,2	Company wasn’t ever granted with any award and provides no information about the product quality	Company has little information about quality and not more than 1 award for it in the last 10 years	Company has many proofs and awards for the quality products											
Ecological packaging	0,2	Packaging is either made of dangerous elements or has no eco marks on it	Packaging is ecofriendly, but cannot be reused	Packaging is reusable /recyclable /ecofriendly / no chemicals / etc											

- Cacao Crudo

- Roshen Corporation