

TARAS SHEVCHENKO NATIONAL UNIVERSITY OF KYIV

Faculty of Economics

**Department of Marketing
and Business Administration and Consulting**

THE UNIVERSITY OF MACERATA

Department of Political Sciences, Communication & International Relations

Promotional Strategy for Ukrainian Liquor Producers in the Italian Market

by

Yeva Blokhina

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

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

Student



Adviser approval



Professor Alla Starostina, DEcon

Approval of the Department of Marketing
and Business Administration and Consulting

Head, Professor Nataliia Rudenko, Associate Professor

Minutes No ____ of _____, 2023



Kyiv – 2023

THE OBJECTIVES

Thesis

by Yeva Blokhina

Full-time student of the second year master's degree course in Business
Administration and Consulting

1. Topic of the thesis is «Promotional Strategy for Ukrainian Liquor Producers in the Italian Market» (approved by the Department of International Economics and Marketing «__» _____ 20__, protocol №__),

2. Thesis finalization date: May 17, 2023.

3. Thesis preliminary presentation date: May 3, 2023.

4. Object of the thesis is the Ukrainian liquor producers marketing performance in the European Union market.

5. Subject of the thesis is Shabo's promotional strategy in the Italian liquor market.

6. Thesis aim and tasks:

The aim of the thesis is to develop an effective promotional strategy for Shabo, a Ukrainian alcohol producer, to be able to stand out among the competitors in the Italian market.

Based on the results of the thesis, there were formulated relevant practical recommendations for Ukrainian liquor producers to elaborate a promotional strategy that resonates with Italian consumers. The thesis outcomes provide valuable insights into the current state of the Italian liquor market, enabling businesses to devise a strategic approach that navigates the strong presence of market players, leverages the low barriers to entry, and addresses the challenges posed by the low-interest level and liquor-consuming culture.

The results obtained in the thesis serve as a foundation for advancing marketing and international business practices, providing valuable insights for further enhancement in these fields. They offer a novel outlook on how Ukrainian liquor producers can successfully establish their presence within the highly competitive

Italian market regarding its business and cultural environment specifics, challenges, and opportunities for the companies that are willing to enter and perform there.

The year of the research finalization is 2023.

The year of the research presentation is 2023.

SUMMARY

The thesis consists of 125 pages, 34 tables, 13 figures, a bibliography of 72 literature sources, and 2 annexes.

PROMOTIONAL STRATEGY FOR UKRAINIAN LIQUOR PRODUCERS IN THE ITALIAN MARKET

The object of the thesis is the Ukrainian liquor producers marketing performance in the European Union market.

The subject of the thesis is Shabo's promotional strategy in the Italian liquor market.

The aim of the thesis is to develop an effective promotional strategy for Shabo, a Ukrainian alcohol producer, to be able to stand out among the competitors in the Italian market.

There are a set of tasks that are needed to be followed:

6.1. To study the theoretical background and find out the economic essence of the category «promotional strategy»;

6.2. To outline the framework for developing an effective promotional strategy in international markets;

6.3. To elaborate the stages for promotional strategy development in international markets;

6.4. To explore the main features and trends in the Italian liquor market by carrying out micro- and macroenvironment analysis;

6.5. Based on the obtained information, to conduct market segmentation and decide on the target segment;

6.6. To define the competitors in the market and conduct the analysis of Shabo's potential competitive position;

6.7. To discover the consumers' behavioral patterns by conducting the survey among the potential consumers and analyzing the survey results;

6.8. To design the competitive strategy by analyzing Shabo's portfolio and positioning, product, and growth strategies for Shabo to be able to obtain a whole understanding of the further position progress in the Italian liquor market;

6.9. To assess the elaborated promotional strategy's effectiveness for Shabo to perform in the Italian market.

Adviser approval



Professor Alla Starostina, DEcon



Student

TABLE OF CONTENT

Introduction	7
Chapter I. Theoretical Background for Shaping the Promotional Strategy in International Markets	11
1.1. Economic Essence of the Category «Promotional Strategy»	13
1.2. Framework for Developing an Effective Promotional Strategy in International Markets.....	20
1.3. Promotional Strategy Development Stages in the International Markets ..	25
Conclusion of Chapter I.....	31
Chapter II. Strategic Analysis of the Italian Liquor Market Attractiveness for Ukrainian Producers	34
2.1. Current Business Environment Trends' Analysis in the Italian Liquor Market.....	34
2.2. Ukrainian and Italian Liquor Producers' Competitive Position Analysis ..	60
2.3. Studying Consumers' Behavioural Patterns in the Italian Liquor Market	69
Conclusion of Chapter II	80
Chapter III. Developing a Promotional Strategy for Ukrainian Liquor Producers in the Italian Market.....	82
3.1. Survey Results Analysis	83
3.2. Shabo's Promotional Strategy Development.....	88
3.3. Shabo's Promotional Strategy Economic Efficiency	102
Conclusion of Chapter III.....	107
Conclusion	110
Appendix.....	114

INTRODUCTION

Shabo is a well-established Ukrainian alcohol producer that has already gained recognition internationally by introducing its most popular product lines in over 10 foreign markets. However, the company's marketing efforts in Europe are primarily focused on the Northern region. Among all the European countries, Italy is considered a highly promising market due to its rich culture of consuming alcoholic beverages, particularly wine. Nevertheless, the Italian alcoholic beverage market is very diverse and has high entry barriers, especially in the wine and light alcohol industry, making it challenging to penetrate. On the other hand, the strong spirits (liquor) market is relatively open, providing Shabo with an opportunity to enter the market with its brandy line called "Elite Ukrainian Brandy".

Although the liquor market has low entry barriers, it does not imply that Shabo will not face other challenges, such as the general lack of interest in brandy and the weak culture of consuming liquors. As a result, developing an effective promotional strategy to penetrate the Italian market and raise awareness about the liquor-consuming culture may be the primary objective for Shabo.

To successfully enter the Italian market, Shabo must develop a strategy that resonates with the Italian consumer. Since brandy is not a popular choice among Italians, Shabo must create brand awareness by educating consumers about the unique qualities of its products. Additionally, the company must build a strong brand image to not only differentiate itself from other players in the market but to earn credibility and gain consumers' loyalty and trust. Thus, it should also pay attention to leveraging social media and other online platforms to reach its target audience effectively. By using targeted advertising and digital marketing campaigns, Shabo can increase brand visibility and awareness among potential consumers. Moreover, Shabo must develop partnerships with local distributors and retailers to ensure the availability of its products in the Italian market.

Entering the Italian market is a crucial step for Shabo to expand its international presence and establish itself as an international liquor producer. With a well-planned marketing strategy, Shabo can overcome the challenges it may face and successfully penetrate the Italian market.

Therefore, *the aim of the research* is to develop an effective promotional strategy for Shabo, a Ukrainian alcohol producer, to be able to stand out among the competitors in the Italian market.

To fulfill the aim, there are *a set of tasks* that are needed to be followed:

- 1) to study the theoretical background and find out the economic essence of the category «promotional strategy»;
- 2) to outline the framework for developing an effective promotional strategy in international markets;
- 3) to elaborate the stages for promotional strategy development in international markets;
- 4) to explore the main features and trends in the Italian liquor market by carrying out micro- and macroenvironment analysis;
- 5) based on the obtained information, to conduct market segmentation and decide on the target segment;
- 6) to define the competitors in the market and conduct the analysis of Shabo's potential competitive position;
- 7) to discover the consumers' behavioral patterns by conducting the survey among the potential consumers and analyzing the survey results;
- 8) to design the competitive strategy by analyzing Shabo's portfolio and positioning, product, and growth strategies for Shabo to be able to obtain a whole understanding of the further position progress in the Italian liquor market;
- 9) to assess the elaborated promotional strategy's effectiveness for Shabo to perform in the Italian market.

Thus, *the object of the research* is the Ukrainian liquor producers marketing performance in the European Union market, while *the subject of the research* is Shabo's promotional strategy in the Italian liquor market.

The following methods of research will be used in the course paper:

- 1) *Methods of analysis and synthesis* – integrating obtained information about the Italian strong spirits market to make certain conclusions concerning the perspectives on the market;

- 2) *Abstraction* – picking the most relevant pieces of information to make an objective conclusion regarding the trends in the Italian strong spirits market;
- 3) *Induction, deduction* – gathering all the possible information about the Italian cognac market, and combining the particular pieces into the whole general conclusion, and vice versa;
- 4) *Unity of history and logic* – analyzing the cultural habits of Italians' drinking behavior to make a conclusion concerning their preferences in alcoholic beverages;
- 5) *Systematic approach and system analysis* (systematization and classification) – searching, selecting, and managing the best available evidence for the Italian strong spirits market research;
- 6) *Rationale* (content analysis) – analyzing and proving the relevance of obtained information;
- 7) *Economic and statistical analysis* – finding the most relevant statistical evidence regarding the latest Italian strong spirits market trends;
- 8) *Methods of quantitative and qualitative analysis* – gaining the latest statistical data, using subjective judgments (articles, papers, research available on the Internet) to analyze Shabo's perspectives on the Italian strong spirits market.

The research represents a background for further improvement in the field of marketing and international business. It offers a fresh perspective on how Ukrainian liquor producers can effectively penetrate the highly competitive Italian market.

The novelty of the research lies in its comprehensive and detailed analysis of the Italian strong spirits market. The diploma goes beyond the surface-level analysis of the market and explores the micro- and macroenvironmental factors that impact the local business environment. It also identifies the potential challenges that Ukrainian liquor producers may face when entering the Italian market and provides a roadmap for overcoming these challenges.

Additionally, the diploma presents a unique approach to market segmentation and target segment identification. It considers the diversity of the Italian market and offers recommendations on how Ukrainian liquor producers can identify the most profitable segment to target. Furthermore, the diploma proposes innovative

promotional strategies and growth opportunities that have not been previously explored by Ukrainian liquor producers in the Italian market.

Overall, the diploma provides valuable insights for Ukrainian liquor producers seeking to enter the Italian market and sets the relevant outlook for promotional strategy development in the international liquor industry.

CHAPTER I. THEORETICAL BACKGROUND FOR SHAPING THE PROMOTIONAL STRATEGY IN INTERNATIONAL MARKETS

In today's ever-changing global landscape, local markets are often susceptible to political turmoil, economic downturns, natural disasters, and other unforeseen global events. For companies, these tumultuous times can be especially trying, as the uncertainty can make it difficult to survive or grow.

Fortunately, there is a way for local companies to diversify their business and mitigate the impact of these challenges – by entering foreign markets. Not only does this provide companies with the opportunity to spread their risks, but it also enables them to tap into new sources of growth and expansion, even during the most challenging of times.

Furthermore, entering foreign markets allows companies to reduce their dependence on domestic markets and open up a whole new world of possibilities. This can be particularly beneficial during times of global instability when local markets may be unpredictable or volatile. Companies can maintain their competitiveness and resilience by exploring new territories, safeguarding their future success.

However, when entering new markets, companies must have a solid marketing strategy that can weather any storm. A well-designed marketing strategy helps companies maintain their competitiveness and enables them to adapt to new challenges and seize opportunities. To come up with a profound marketing strategy, the companies should identify emerging trends or market gaps that can be leveraged to their advantage. It may also mean adjusting their products or services to better align with the needs of different customer segments in various regions or industries.

Moreover, during times of world instability, customers tend to become more risk-averse with their spending. Thus, companies need to have a marketing strategy that effectively communicates the value and benefits of their products, and builds trust and confidence in their brand.

In 2021, regarding the data from the State Statistics Service of Ukraine, the turnover of Ukrainian liquor producers reached 7,7 billion dollars which is 13% higher than in 2020 and 59% higher than in 2010 [1]. Thus, the Ukrainian producers

could recover after a period of shortage in liquor manufacturing in 2019, and show much better results in 2020 and 2021. Among the leaders of Ukrainian alcohol producers are such big companies as Nemiroff, Global Spirits, Shabo, Efes, and others.

However, the beginning of the full-fledged war in Ukraine on the 24th of February made all companies face a lot of challenges and consider the further possible options for continuing their performance in the Ukrainian market. Some of the companies had to stop their activity in the market, however, some of them are still contributing to the support and any possible development of the Ukrainian economy.

Therefore, considering the possible damage the war can cause (manufacturing facilities destruction, supply-chain disruption, human resource damage, etc.), the companies should think of a potential optimization of their business activity. One of the possible options is growing sales in foreign markets. The countries of the European Union (EU) are traditionally set as the leaders on the list of importers of Ukrainian alcohol. In 2021, they occupied about 40% of Ukraine's alcohol beverage turnover and are also recognized as the ones who consume the most alcohol yearly [2]. The mentioned above factors lead to the statement about the significance of trade intensification between Ukraine and the EU.

Usually, Ukrainian liquor producers choose to enter the markets of Northern Europe due to the well-formed culture of strong alcohol consumption. However, it is possible to consider other markets as potential options for expanding business activities – for instance, the Italian market.

Italy is commonly known for its old alcoholic beverage-consuming culture, and therefore, is seen as one of the most prospective markets for alcohol manufacturing companies. However, entering the Italian market is complicated with a high level of competition and a lack of interest in foreign products (especially, in the wine-manufacturing sector). Thus, Ukrainian companies can try to enter this market with their liquors but it still doesn't exclude the risk of facing another barrier – a general lack of interest in liquors, poor level of liquor-consuming culture, and distribution problems. Comparing the data on the revenue of alcoholic drinks in Italy, it is possible to state that Italians usually prefer wine over any other type of alcohol: in

2021 the revenue from wine formed 68% of the common revenue of alcoholic drinks in Italy while the revenue from liquor occupied only about 7% [3].

Thus, regarding the intensity of marketing and business activity in both markets, the high competitiveness of producers, and the high quality of the products in these markets, Ukrainian and Italian markets can be defined as competitive ones. The conditions mentioned above raise the significance of promotional strategy designing for entering the Italian market. Since the Italian market is highly competitive, the role of promotional strategy is especially important for any company to stand out and attract customers amidst intense competition. Therefore, a well-designed promotional strategy can help Ukrainian producers to differentiate themselves, increase brand recognition, and gain a competitive advantage in such a competitive market.

1.1. Economic Essence of the Category «Promotional Strategy»

The relevance of the definition of «promotional strategy» lies in its importance in guiding a company's marketing efforts. A clear understanding of what a promotional strategy is and what it entails is essential for companies to develop effective marketing campaigns that are aligned with their overall marketing objectives.

Many marketing experts have studied the concept of «promotional strategy» and have provided definitions based on their research and experience. Some of the notable authors who have studied the definition of the promotional strategy include: P. Kotler, K. Keller, J. McCarthy, D. Aaker, W. J. Stanton, D. Littler, G. Armstrong, etc. Their definitions confirm valuable insights into the concept of promotional strategy for developing effective promotional campaigns.

Therefore, underlining the main features and entailing a profound definition of promotional strategy based on international and Ukrainian approaches is going to be a starting point of Chapter I. The algorithm for constructing the authentic author's definition developed by A. Starostina will be used to come up with a complete definition for a promotional strategy.

The first stage of the algorithm is devoted to designing the list of definitions for promotional strategy. It includes such definitions created by P. Kotler and K. Lane Keller, M. Mooij, M. Czinkota and I. Ronkainen, J. Johansson, A. Starostina, R. Batra, J.G. Myers, and D.A. Aaker, etc.

Moving to the second stage, the definitions chosen for further research will be structured by their essence, content, and result. The table for framing the definitions is put below the paragraph (Table 1.1).

Table 1.1

Definition of Promotional Strategy in the scientific literature

Author	The essence of the definition	The content of the definition	The result of the definition
P. Kotler, K.L. Keller [4]	A plan	For using marketing communication tools	To create awareness, interest, and demand for a product or service
Marieke de Mooij [5]	A set of activities and communication methods used by a company	—	To promote and sell its products or services
A. Starostina [6]	Any form of communication used by the business entity	—	To inform, persuade, remind consumers about its goods or services
R. Batra, J.G. Myers, and D.A. Aaker [7]	A coordinated set of activities and messages	That communicate a brand's value proposition to its target audience and create a lasting impression	—
M. Czinkota, I. Ronkainen [8]	A blueprint	That defines the goals, objectives, target audience, message, and communication channels	To be used in promoting a product or service

Continuation of Table 1.1

J. Rossiter, L. Percy [9]	Any form of message used by the company	—	To inform, persuade or remind about its goods, services, ideas, public activities and their impact on society
Y. Lavrova [10]	A set of company's planned measures	To effectively influence its target audience	The main goal of promotion is to create sustainable demand for the company's products
J.C. Anderson, J.A. Narus [11]	A systematic plan	That utilizes various communication channels	To promote a product or service to a specific target audience
J.K. Johansson [12]	A methodical and coordinated plan	That integrates various communication tools	To achieve the desired marketing goals
W.D. Perreault, Jr. and J.P. Cannon [13]	A comprehensive plan	That integrates advertising, sales promotion, public relations, and personal selling	To achieve marketing objectives

Source: created by the author based on [4-13]

After framing the definition during the first stage, they need to be analyzed by the authors' approaches and summarised by the degree they as definitions correspond to the essence, content, and result measures (Table 1.2).

Table 1.2

Classification of the Current Approaches for Defining a Promotional Strategy

Author	The essence of the definition				The content of the definition	The result of the definition
	<i>A plan</i>	<i>A set of activities</i>	<i>A message</i>	<i>A form of communication</i>		
P. Kotler, K.L. Keller [4]	+				+	+
Marieke de Mooij [5]		+				+
A. Starostina [6]				+		+
R. Batra, J.G. Myers, and D.A. Aaker [7]		+			+	
M. Czinkota, I. Ronkainen [8]	+				+	+
J. Rossiter, L. Percy [9]			+			+
Y. Lavrova [10]		+			+	+
J.C. Anderson, J.A. Narus [11]	+				+	+
J.K. Johansson [12]	+				+	+
W.D. Perreault, Jr. and J.P. Cannon [13]	+				+	+

Source: created by the author

From what we can see in the third stage, the first element is pretty consistent and researchers have a very similar approach to defining the essence of promotional strategy. They mostly highlighted it as a plan for building communication with the target audience.

When it comes to the second element, the content is absent in the 3 out of 10 definitions. The situation is better with the result which is absent only in 1 definition.

Therefore, moving forward to the fourth stage it is possible to say that researchers have pretty similar approaches to defining a promotional strategy in their

works. They follow all the stages by listing the elements that are used by companies for achieving specific marketing objectives which usually can be both specified and generalized in the definitions.

The fifth stage in constructing the definition is evaluating the studied approaches by the following criteria: component presence, definition prevalence, theoretical reasonableness, and practical availability. Let's depict this in Table 1.3.

Table 1.3

Evaluation of the current approaches for defining a Promotional Strategy

Author	Score				Final score
	Component presence	Definition prevalence	Theoretical reasonableness	Practical availability	
P. Kotler, K.L. Keller [4]	5	5	4	4	18
Marieke de Mooij [5]	3	3	4	3	13
A. Starostina [6]	3	2	5	5	15
R. Batra, J.G. Myers, and D.A. Aaker [7]	3	3	3	4	13
M. Czinkota, I. Ronkainen [8]	5	5	4	3	17
J. Rossiter, L. Percy [9]	3	2	3	4	12
Y. Lavrova [10]	5	3	4	4	16
J.C. Anderson, J.A. Narus [11]	5	5	4	4	18
J.K. Johansson [12]	5	5	3	4	17
W.D. Perreault, Jr. and J.P. Cannon [13]	5	5	3	4	17

Source: created by the author

Regarding the definitions that were considered, it is possible to move to the sixth stage and come up with the following authentic definition: *promotional strategy*

is a plan that underlines the company's goals, objectives, target audience, message, and communication channels to inform, persuade or remind about its goods, services, ideas, public activities and their impact on society.

In the article named «Formation of Strategies for the Promotion of Goods to the Market», its author, A. Dergousova, also gives one of the widest interpretations of promotional strategy by noting not only the definition itself but also briefly determining the functions of promotional strategy. Regarding her words, the main functions the promotion system embraces need to be mentioned. Thus, we can see among them such tasks as [14]:

1) Informing

The promotion aims to transmit the information by the sender to the recipients through specified communication channels to inform the customers, wholesalers, retailers, and consumers about the features, price, benefits, etc. of the product. It initially initiates a positive attitude and decreases the level of target audience uncertainty about the buying process.

2) Persuading

The promotion also deals with customers' loyalty level by creating arguments to motivate the audience or change their minds towards the products, services, or company in general, and forming loyal groups. Forming trust in the target audience's behavior brings motivation to buy the company's products.

3) Competing

The promotion helps the company to stand out among the competitors and relates to the development of non-price competitive tools such as providing superior product quality, a unique selling proposition, a great location, and excellent service rather than lower prices.

4) Reminding

As it is well-known, each product has its life cycle. Thus, when the product enters the stage of «maturity» the strategy of its promotion will have to be changed since from now on the product needs to be retained in the market. So, the customers need to be given regular information about the company or its product to maintain their interest.

5) *Reassuring*

One more objective of the promotion is to give the customers assurance to minimize any possible chance for them to get dissatisfied and obtain the wrong information about the company's product since it is especially important for forming a positive buying decision.

Another important remark about the essence of the promotional strategy is the fact that it also includes the promotion of the product through the channels of distributors to the end consumers. So, it aims on stimulating the efforts of the distributors regarding the promotion of the product to the consumers.

We can also show it schematically (Figure 1.1).

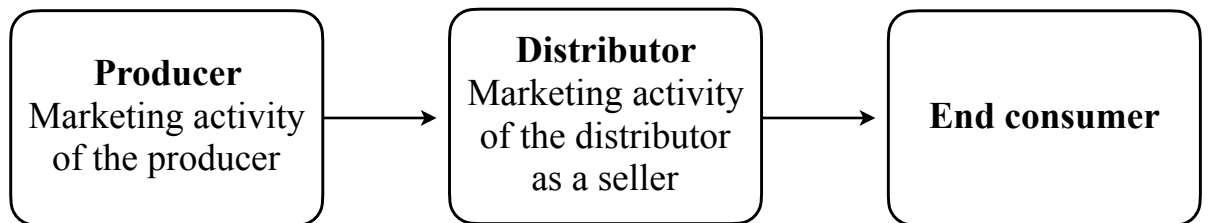


Figure 1.1. Subjects of the promotional strategy

Source: created by the author based on [15]

And also, as N. Popova mentioned, it is essential to touch upon the significance of promotional strategy for the company. The researcher made an incredibly important remark by saying that «if the company ignores shaping promotional strategy, it will risk remaining forgotten, unselected, even if its product or service has a lot of advantages» [16]. Consequently, in the modern highly competitive times the company cannot let itself skip this step. Since the market is enriched with similar offers, it should understand that consumers, wholesalers, retailers, users, and final consumers can easily find an alternative option to satisfy their needs. Therefore, developing an effective promotional strategy is a must to be able to enter and compete in the market. Promotional strategy is important for the next tasks:

1) *increasing brand awareness* is important for both, already entered companies and newbies since that is how the audience can learn about the brand

and the product it offers. Moreover, it is applied to different markets – not only foreign but also local ones;

2) *providing more reliable information to the target audience* which is essential not only to increase the customers' loyalty but also to let the customers understand the stages of the buying process including the initial search. That is the way the consumers can be informed about some basic stuff such as price, composition, store location, and so on, but also the latest important updates concerning the manufacturing process, technology usage, social impact, etc;

3) *building sales* which are also one of the primary objectives of promotional strategy. Promotion is designed to attract people, to make them try the company's products or services, and eventually, to build a loyal customer base to increase its profit.

1.2. Framework for Developing an Effective Promotional Strategy in International Markets

In today's business world, the scale of business processes has reached a whole different level. The level of international business involvement is growing by the enterprises which are aiming to enter a global market, expand their business performance and intensify their international cooperation. However, before conducting any activity in international markets there is an essential moment every entity should consider which is the specificity of developing the strategy in a foreign market. This aspect is also applicable to designing the promotional strategy, and I would even mention it as one of the most significant elements within the process of promotional strategy development. Raising the topic of effective promotion, S. Leung mentioned key elements for running a successful sales promotion [15].

First and foremost, before running to designing the strategy the company should outline *the achievable goals*. It means that the goals the company set for itself should be measurable so it is going to be possible for the company not only to track its progress by comparing the objectively measured results but also to decide whether the goals are achievable and relevant.

Another essential element for the company to develop an effective promotional strategy is *defining its target audience*. Determining the target audience will help the company to spot the certain group of people it should put the efforts to attract and turn them from potential consumers or customers into permanent ones. To achieve this goal, it is necessary to conduct customer analysis and create a customer profile by analyzing their behavior, lining up their common features, ascertaining their needs, etc.

Furthermore, before developing the promotional strategy the company should think beforehand about the way it can *create or increase the value of the product or service*. Regarding the previously mentioned non-price tools, the company should work on developing a significant value of its product/service for the consumers or customers by thinking about the features it can use to attract and retain the audience. It is also recommended for the company to create limited access to the product or the service, especially in the first stages of promotion in the market since it has been proven that the smaller the amount of the product is achievable, the greater the number of consumers show a desire to buy it. Moreover, it can be useful if the company still hasn't come up with the concept of a unique selling point (USP).

Last but not least, the methods the company uses for promotion *should be diverse*. Developing the promotional strategy and choosing promotion tools there is no need to focus on narrowing them but diversify them so the company will be able to choose the most effective ones considering the market features and specificities.

Regarding the mentioned elements, it is possible to define the basic criteria of an effective promotional strategy by depicting the following Figure 1.2.



Figure 1.2. Basic criteria of an effective promotional strategy

Source: created by the author based on [15]

However, moving to the aspect of internationality in developing the strategy there are some additional points that according to the author, companies should take into account.

The main dilemma here is whether the company should promote a universal product offering or customize the product offering to each market. It depends on the product type and the fact that some products cannot be customized as well as some products need to be modified should be taken into consideration. Thus, there are different paths the company can choose to follow to form its unique promotional strategy.

The first way is promotion standardization. It is the strategy that the company uses to present the product without any changes in the global market. Usually, it is applied to the products that are bought on a global basis once they are available in the market, or to the products that due to their specificity are a priori standardized and cannot be modified. Thus, the company simply does not create any additional strategy in the market.

The second one is promotion adaptation. The strategy is used when the product needs to be modified due to local conditions. Generally, it is possible to list several common conditions that companies need to consider during developing an adaptation strategy: price consideration and product customization. While the first condition has only one reason to be considered which is the economic conditions of the country, the second one may be shaped by several factors. For example, it may be caused by the local level of technical and technological development, political conditions and legal regulations, specific sociocultural conditions, and so on, so the company will have to apply certain changes to its product promotion to enter the market.

The last one is the promotion of invention. This strategy is applied for the products that are new in the market so they need to meet the needs of a particular market. Also, it is possible to use this strategy if the company needs to reinvent a popular product due to the changed conditions in the market.

Thus, companies should consider whether the promotion of their products can be universal or needs to be modified to some point due to mentioned factors and conditions.

Furthermore, another important aspect of forming an effective promotional strategy is pointing out the key global trends in marketing communications. Studying this topic, D. Newman selected the next recent trends and changes in marketing communications [17].

1) *Customer Experience Model*. This trend is aiming to increase the customers' involvement and also spice up the whole process of customer service. Today, there are lots of examples of how marketers can engage customers offline and online to track their needs and interests, elaborate further feedback and communication, and motivate them for repeating a collaboration.

2) *Increasing advertisement targeting*. Since consumers are getting tired of direct marketing and advertisement, especially if the advertisement is not relevant and ultimately annoying. Thus, the popularity of ad blockers is rising dramatically, and being noticed is becoming a challenge even for good brands. That is why companies should pay more attention to making their promotion campaigns targeted, so they will not be blocked but perceived well.

3) *Market in 3D*. Since companies aim to provide a better customer experience, 3D models are an innovative and effective option for product presentation and promotion due to the growing popularity of video content. Regarding the current order of life which includes working from home and doing the majority of routine affairs online, providing personal experience is getting harder, however, it is still critical for the final purchase decision. Therefore, 3D technologies can be obtained as a problem-solving option.

4) *Social media significance growth*. It is mentioned that marketers finally agreed on the fact that social media can be listed as one of the tools in marketing regarding the opportunities it provides to people from all around the globe and changing business patterns.

5) *Omnichannel marketing rise*. It is still all about expanding customers' personal experience. Nowadays, considering all the possibilities for promotion,

companies try to involve a fully integrated shopping experience by including all channels, devices, and platforms to ensure the customers were reached.

6) *Big data inclusiveness*. Big data is recognized as a goldmine for companies, however, companies stayed away from using it due to a lack of knowledge and skills. Today, when the tools are mastered, the greatest data array can enrich marketing analytics.

7) *Mobile content promotion*. The relevance of mobile applications rose significantly these days. Today, it is possible for us to use mobile phones as a tool for work so lots of people have switched to mobile-optimized work. Thus, another chance for a successful promotion is developing a good mobile-optimized application or website.

8) *Video marketing*. Another tool that is gaining popularity is video and streaming marketing. It is especially effective for attracting millennials as potential auditory. This tool has put a good start for developing an interactive and entertaining component in marketing.

9) *Content over everything*. The leading role still belongs to the content while the supporting one is to the context. Today customers are looking for quality and relevance, so the focus is on bringing organic marketing that actualizes storytelling, and natural and relevant content.

10) *Data collecting*. The importance of collecting data and analyzing the results at all levels is essential. Companies should assess their investment critically and plan their further actions regarding the key performance indicators (KPI).

All the listed elements, tools, and mechanisms will be effective only if the company obtains a clear understanding of the market it is aiming to enter since it provides an ability to adapt to foreign marketing features and guarantees further successful performance there. Thus, companies usually use the basic elements for conducting international marketing research which is marketing complex. It consists of the following steps: 1) studying the basic specificities of the market (consumer behavior, level of demand, possible competitors and level competitiveness of company's products, ways for distribution, etc.); 2) deciding on pricing policy and

forming the price of the product; 3) promotional strategy development (choosing among the listed above instruments for presenting and promoting the product in the market); 4) forming logistic strategy (selecting among the optimal channels for distribution, supply-chain optimization, carrying out the negotiation with the potential distributors, etc.).

This complex is also known as the 4P model which includes four pillars: product, price, promotion, and place, and these are the main elements the company should take into consideration to be able to succeed in both, local and foreign, markets. Regarding the statistics from the textbooks, 45% of the products in the markets are the result of applying the needed improvements or modifications to the product strategy; the products that are added to the existing assortment group and provide a greater depth of it make up 25% in the market; new assortment groups that expand the company's product line – 20%, and fundamentally new products or innovations are only 10% of the market. Therefore, it becomes obvious that creating fundamentally new products is a great risk. It is mentioned that generally entering the market with one commercially successful product is preceded by 80 to 100 unsuccessful tries [18]. This leads to the statement that companies should follow or at least take into consideration an already set framework for developing an effective promotional strategy in the international markets to minimize the risks and maximize the opportunities.

1.3. Promotional Strategy Development Stages in the International Markets

Studying the process of developing a promotional strategy for international markets is critical in global marketing. By effectively promoting the products or services in international markets companies can enhance their brand recognition, establish customer loyalty, and ultimately, increase their market share and profitability. However, designing a successful promotional strategy in international markets can be challenging due to the unique cultural, linguistic, and market conditions that always vary from country to country. Thus, companies need to study the stages for developing a promotional strategy in international markets. It can

ensure the effectiveness of companies' promotional efforts, avoid common mistakes, save time and resources, achieve global consistency, adapt to local market conditions, stay competitive, and build brand equity.

The stages for developing a promotional strategy have been studied and discussed by various researchers, authors, and experts in the field of international marketing. Some of the prominent researchers who have contributed to international promotional strategy development are P. Kotler, J. Johansson, J.C. Usunier, M.R. Czinkota, and I. Alon. They have explored various aspects of developing promotional strategies in international markets, studying the challenges of cross-cultural communication, the importance of understanding local market conditions, the benefits and limitations of standardization versus customization, and the role of digital and social media in international promotional campaigns. Thus, regarding their studies, it is possible to mention the following stages for companies to follow on the way to developing a promotional strategy [4, 19]:

- 1) *Market Research* is the first stage in developing a promotional strategy. Conducting market research is essential to understand the target audience and their needs, preferences, and behaviors. Thus, it will help to determine the most effective promotional tools and channels.

- 2) The second stage is *Setting Objectives*. This stage is aimed at setting clear and specific objectives for the promotional campaign. These objectives should align with the overall business goals, and they should be measurable to evaluate the success of the campaign.

- 3) *Budgeting* is the third stage in developing a promotional strategy. The promotional campaign's budget should be determined by considering the promotional tools and channels that will be used, and the resources available.

- 4) *Developing the Message* is the fourth important stage in promotional strategy development. The promotional message should appeal to the target audience and convey the benefits of the product or service being promoted. The message should be culturally sensitive and tailored to the specific market.

- 5) *Selecting the Promotional Mix* is mentioned as the fifth stage. The promotional mix is the combination of promotional tools and channels that will

be used to reach the target audience so it is vital to decide on the best options among them regarding advertising, personal selling, public relations, direct marketing, and sales promotion.

6) The sixth stage includes *Implementing the Strategy*. The promotional strategy should be implemented in the target market. Special attention as was mentioned before should be paid to cultural differences and local customs.

7) *Evaluating the Results* is the last, seventh stage of developing a promotional strategy. After the promotional campaign has been implemented, its effectiveness should be evaluated. This can include measuring sales, customer feedback, and other metrics to determine the campaign's success and identify areas for improvement.

Since international markets are diverse and complex, and what works in one market may not work in another, companies should also consider various approaches to developing a promotional strategy for entering international markets. Studying different approaches to promotional strategy development allow companies to tailor their messaging and communication channels to the specific cultural and linguistic nuances of each market. Therefore, it can help companies create more compelling promotional campaigns, build stronger relationships with local customers, and ultimately increase their sales and profitability. Moreover, by considering different approaches, companies can achieve a balance between standardization and customization, thereby maximizing the efficiency and effectiveness of their promotional efforts. Also, different approaches enable them to be flexible, respond to changes in the market, and stay competitive in a dynamic global business environment.

Let's list these approaches and mention their main features [20-22]:

1) Global Approach. This approach involves developing a standardized promotional strategy that is used across all international markets. It means applying the same promotional messages and tools in each market, regardless of cultural differences;

2) Regional Approach. In this case, developing a promotional strategy is tailored to each region. Thus, the messages and tools used in each region may vary slightly to account for cultural differences and preferences;

3) Local Approach. Choosing this approach includes developing a unique promotional strategy for each local market. This approach takes into account the specific cultural nuances, language, and local market conditions of each market;

4) Glocal Approach. Invented by S. Hollensen, this approach combines elements of both global and local approaches. The promotional strategy is developed globally but then adapted to local markets as needed to ensure that it is culturally sensitive and effective [23];

5) Mixed Approach. Combining multiple approaches to develop a promotional strategy that is tailored to each market, this approach is created for flexibility and customization to account for different cultural, linguistic, and market conditions.

Each approach has its benefits and challenges, and the approach chosen will depend on the business's goals, resources, and the target market's characteristics. It is important to carefully consider which approach is best suited for each market before developing a promotional strategy. Therefore, let's consider each approach's benefits and challenges.

Table 1.4

Benefits and challenges of each approach for promotional strategy development

Approach	Benefits	Challenges
Global Approach	1. Leads to cost savings and efficiency since the same promotional messages and tools can be used across all markets 2. Creates a consistent brand image and message	1. May not be effective in markets with significant cultural differences 2. Limits creativity and the ability to tailor promotional messages to specific markets

Regional Approach	<ol style="list-style-type: none"> 1. Allows some customization while still maintaining consistency within each region 2. Messages and tools can be tailored to specific cultural differences which may lead to better results 	<ol style="list-style-type: none"> 1. Can be more expensive and time-consuming than a global approach 2. The level of customization may not be sufficient in some markets
Local Approach	<ol style="list-style-type: none"> 1. Allows for the most customization and can lead to better results in markets with significant cultural differences 2. Messages and tools can be tailored to local market conditions and preferences 	<ol style="list-style-type: none"> 1. Can be time-consuming and expensive, as each market requires its own unique promotional strategy 2. Maintaining consistency across markets can also be challenging
Glocal Approach	<ol style="list-style-type: none"> 1. Combines the benefits of both global and local approaches 2. Messages and tools can be developed globally, but then adapted to local markets as needed 3. Can lead to both cost savings and customization 	<ol style="list-style-type: none"> 1. Can be challenging to implement effectively, as it requires careful balancing between standardization and customization
Mixed Approach	<ol style="list-style-type: none"> 1. Allows for maximum flexibility and customization 2. Messages and tools can be developed and adapted as needed for each market 3. Can lead to highly effective promotional strategies 	<ol style="list-style-type: none"> 1. Can be the most expensive and time-consuming, as each market requires its own unique strategy 2. Maintaining consistency across markets can also be challenging

Source: developed by the author based on [20-23]

Ultimately, every company has a chance to choose the approach regarding the business's goals, resources, and the characteristics of the target market. Thus, the

right approach will optimize the company's efforts in the markets and lead to better results.

The Italian liquor market is known as a highly competitive one with a variety of brands and products competing for consumers' attention. Thus, considering the Italian market as a possible way for expanding market performance, Ukrainian liquor manufacturers should get to know some practical ways to promote their products in the Italian liquor market that already have been used by other players [24]:

1) Participating in trade shows and exhibitions is considered one of the most effective ways for manufacturers to showcase their products to the Italian market. These events provide an opportunity for manufacturers to meet potential customers, network with other industry players, and let others know about the company's products.

2) Leveraging social media is also one more powerful tool for companies to use. Social media influences and change our life day by day, so Ukrainian manufacturers can use it to promote their products in the Italian liquor market [25]. By creating social media pages and regularly posting engaging content, manufacturers can increase brand awareness and attract new customers.

3) Collaborating with influencers is another effective way for Ukrainian manufacturers to promote their products in the Italian liquor market [25]. By partnering with influencers who have a large following in the Italian market, manufacturers can increase their reach and attract new customers.

4) Offering discounts and promotions is a proven way to attract new customers and increase sales. Ukrainian manufacturers can offer discounts and promotions on their products to encourage consumers to try their products and increase brand loyalty.

5) Advertising in local media also should be included in the list of effective promotional strategies for Ukrainian manufacturers looking to enter the Italian liquor market. By placing advertisements in local newspapers, magazines, and online publications, manufacturers can increase brand awareness and attract new customers.

Thus, Ukrainian manufacturers can combine, upgrade, and use a variety of promotional tools in developing an effective promotional strategy in the highly

competitive Italian liquor market. However, regarding the dynamics and trends of Ukrainian companies in the foreign markets [26] some additional points can be considered when developing a promotional strategy in the Italian liquor market.

Ukrainian manufacturers need to develop innovative and engaging promotional strategies to capture the attention of Italian consumers.

One way to achieve this is by focusing on product differentiation. By highlighting unique features, such as locally sourced ingredients or traditional production methods, Ukrainian manufacturers can create a distinct brand identity that stands out in the market. This can be further amplified by collaborating with Italian distributors who deeply understand the market and can help position the brand effectively.

In addition to traditional marketing tactics, such as tastings and trade shows, Ukrainian companies can leverage the power of social media to reach a wider audience. By partnering with Italian influencers and bloggers, Ukrainian manufacturers can generate buzz and excitement around their brand, creating a community of passionate fans and loyal customers.

Another way to capture the attention of Italian consumers is by offering educational opportunities. By hosting workshops and tastings, Ukrainian companies can educate consumers on the history and culture of their products, creating a deeper connection between the brand and the consumer. This can help generate repeat business and establish the brand as a trusted authority in the market.

Ultimately, the key to success in the Italian liquor market lies in creating a brand that is both unique and engaging. By combining traditional marketing tactics with innovative and creative strategies, Ukrainian companies have all chances to establish a strong presence in the market, capturing the hearts and taste buds of Italian consumers.

Conclusion of Chapter I

Chapter I is devoted to studying three main theoretical components: the economic essence of the category «promotional strategy», the framework, and the stages for its effective development in international markets.

Different approaches for defining a promotional strategy were studied to construct the authentic author's definition based on the method of Professor A. Starostina. Thus, by finding out the possible economic essence, content, and result of the definition regarding the most profound approaches that were evaluated due to the three mentioned components. According to the most popular definitions that were highlighted in the scientific literature, it is possible to state that researchers, experts, and marketers have very similar approaches to defining the essence of promotional strategy even though some components of definitions may be absent sometimes.

After following all stages of A. Starostina's category development algorithm, the following authentic definition of the promotional strategy was developed: it is a plan that underlines the company's goals, objectives, target audience, message, and communication channels to inform, persuade or remind about its goods, services, ideas, public activities and their impact on society.

After that, the focus was aimed on finding out the framework for developing an effective promotional strategy in international markets due to the dynamically developing business world. The main point that was raised is before entering or performing in foreign markets it is necessary to study it. Raising the topic of effective promotion, the key elements for designing a successful promotional strategy such as achievable goals, defining its target audience, defined product value, and diversified promotion tools were studied and mentioned.

As another important aspect of forming an effective promotional strategy, the key global trends in marketing communications were also defined in the subchapter. The majority of them are referred to the dynamic and effective growth of technological advancement in the world and are aimed at market performance optimization.

Also, the main stages and approaches to developing a promotional strategy were covered. Therefore, such stages as Market Research, Setting Objectives, Budgeting, Developing the Message, Selecting the Promotional Mix, Implementing the Strategy, and Evaluating the Results were brand out as the most critical elements for designing an effective promotional strategy. Due to the international market diversity and complexity some of the approaches were studied and discussed by their

main features, benefits, and challenges in implementation. Five approaches were considered: a global approach, a regional approach, a local approach, a glocal approach, and a mixed approach.

Also, regarding the Italian liquor market's high competitiveness, some practical ways to promote their products in the Italian liquor market were highlighted, such as participating in trade shows, leveraging social media, collaborating with influencers, offering discounts and promotions, and advertising in local media. Additionally, Ukrainian manufacturers should pay attention to product differentiation, try to collaborate with Italian distributors, leverage social media, offer educational opportunities, and create a unique and engaging brand to capture the attention of Italian consumers. By combining traditional marketing tactics with innovative and creative strategies, Ukrainian companies can establish a strong presence in the market and capture the hearts and taste buds of Italian consumers.

Summing up in Chapter I, it is now possible to see not only the essence but also the most important features of promotional strategy in marketing, the principal trends in its current development, actual recommendations, and also steps and approaches to effective promotional strategy development.

CHAPTER II. STRATEGIC ANALYSIS OF THE ITALIAN LIQUOR MARKET ATTRACTIVENESS FOR UKRAINIAN PRODUCERS

The business environment is dynamic and constantly evolving. Therefore, to stay competitive and adapt to changing market conditions companies should analyze current business environment trends, otherwise, they risk being left behind.

By conducting a market analysis, it is possible to identify emerging opportunities and threats, understand customer preferences and behaviors, and anticipate changes in the market. Gathering this information is essential to come up with strategic decisions, develop new products or services, and improve customer experience and satisfaction. Moreover, by regularly monitoring and analyzing trends, companies can also stay ahead of the curve and proactively respond to challenges and disruptions, minimizing the impact on their operations and bottom line.

Therefore, this chapter will be devoted to analyzing current business environment trends in the Italian liquor market by conducting a macro- and microenvironment analysis, studying Ukrainian and Italian liquor manufacturers' competitive positions by carrying out their portfolio analysis and reviewing promotional strategies for Ukrainian manufacturers in the Italian liquor market. The listed actions are essential for remaining competitive, identifying opportunities and threats, and adapting to changing market conditions.

2.1. Current Business Environment Trends' Analysis in the Italian Liquor Market

Macroenvironment Analysis

To begin the analysis of the Italian liquor market, the A. Starostina methodology will be used to create a table for the preliminary assessment of macrofactors. These macrofactors will be divided into five groups, namely political, economic, sociocultural, demographical, and technical factors. The assessment tables will highlight the most significant factors in the current Italian market, including their description and impact on the company. These factors will be further categorized based on two primary classifications - threat or opportunity, and demand or supply categories.

Preliminary Assessment of Political Macrofactors

№	Factor	Problem/Opportunity	Demand/Supply
1	Extremely burdening bureaucracy in Italy	Problem	Supply
2	Selling alcohol in Italy is under stricter regulations in comparison with Ukraine	Problem	Supply
3	Moderate excise duty level in Italy	Opportunity	Supply
4	High tax level in Italy	Problem	Supply
5	Advertising limitations for alcoholic beverages	Problem	Both
6	Unified sanitary and phytosanitary norms in the EU	Opportunity	Both

Source: created by the author based on Prof. Starostina's methodology [6]

Starting from the political factors, we can mention the following ones:

1) ***Extremely burdensome bureaucracy in Italy [27]***. Italy is mostly burdened by longstanding structural issues and the inability to manage them properly. Thus, the country suffers from labor market problems, weak institutional systems performance, poor education system structure, etc. Regarding the World Bank's Doing Business report, it ranks 122nd among 190 economies in the category of enforcing contracts.

The factor is classified as a ***problem*** with a major ***supply impact*** since the process of registration and verification might be extremely challenging for any company that is willing to start a business in the country. Thus, its current evaluation is 7.

2) ***Selling alcohol in Italy is under stricter regulations in comparison with Ukraine [28, 29]***. Comparing legal regulations, Italian governmental entities unlike Ukrainian ones require lots of mandatory information to be presented by the company

regarding environmental and sustainability correspondence, genetically modified components labelings, enterprise registration documents, and so on. In Ukraine, the documentary process is easier and clearer for Ukrainian companies. If all the documents are prepared correctly, there wouldn't be any problem with further license obtaining.

This leads to the following factor classification: it is a **problem** with an impact on **supply** since it creates barriers to business performance launch in the Italian market. Therefore, it can be evaluated in 6 points.

3) **Moderate excise duty level in Italy [30]**. In Italy, the duty is stable and stands at €2.90 which is considered a medium-level excise duty for the EU. While the average EU excise duty on a 700ml bottle of liquor containing 40 percent alcohol is €5.07.

The less burdensome nature of excise duty makes it possible to classify the factor as an **opportunity** with a **supply** impact and a 5-point evaluation.

4) **High tax level in Italy [27]**. The Ease of Doing Business confirms that Italy's corporate tax burden is one of the heaviest in Europe, and the country ranks 128th in the rate among 190 economies. There are lots of items in the overall tax requirements, such as additional 14 tax payments each year.

Previously mentioned facts lead to confirming the factor as a **problem** that has a major **supply** impact. And its current evaluation makes up 8 points since despite the lower excise duty rate in Italy the tax level remains burdening for the company's market performance.

5) **Advertising limitations for alcoholic beverages [28]**. The requirements are mentioned in the Alcohol Act saying that TV and radio set a ban on advertising of alcoholic products between 4 PM and 9 PM and prohibits alcohol advertisements from being shown on TV within 15 minutes before or after any children's programs, and so on.

Thus, the mentioned limitations inflict additional burdens on Shabo’s advertising campaign development and further promotion, and turn the factor into a **problem** with an impact on **both**, supply and demand. So, the factor can be evaluated in 8 points.

6) **Unified sanitary and phytosanitary norms in the EU. [31]**. Ukraine is working on the EU norms and regulations adaptation to create a unified system based on the EU standards. Italy is a member state of the EU so all the norms regarding food safety and quality are unified in the country, and thus, it eases the trading processes with Ukraine.

Regarding the factor classification, it is claimed as an **opportunity** with an impact on **supply and demand**, too. Also, its evaluation is 10.

Once the most relevant political environment factors have been identified, a final assessment will be conducted by designing the table for the final assessment of political macrofactors. In further, this will enable and simplify the strategy development by addressing each factor much more effectively (Table 2.2).

Table 2.2

Final Assessment of Political Macrofactors

№	Factor	Current evaluation	Problem/ Opportunity	Demand/ Supply	How to overcome the threat of use the opportunity
Opportunities					
1	Moderate excise duty level in Italy	5	Opportunity	Supply	Shabo has an opportunity to sell bigger amount of products since low- and medium-level taxes helps to maintain market demand
2	Unified sanitary and phytosanitary norms in the EU	10	Opportunity	Both	Shabo’s trade flow is going to be simplified significantly

<i>Threats</i>					
1	Extremely burdening bureaucracy in Italy	7	Problem	Supply	Shabo have to be ready to face the Italian market specificities by researching, preparing, and handling all the needed documents, and planning the timeline for the documentary process beforehand
2	Selling alcohol in Italy is under stricter regulations in comparison with Ukraine	6	Problem	Supply	
3	High tax level in Italy	8	Problem	Supply	
4	Advertising limitations for alcoholic beverages	8	Problem	Both	Advertisement restrictions can't be avoided, thus, Shabo should work on its advertisement campaign to make the brand much brighter and memorable

Source: created by the author based on Prof. Starostina's methodology [6]

Among the Political Macrofactors, it is essential to pick up the ones that have the largest impact based on their classification and the way they can be handled. Thus, the most essential political factors are unified sanitary and phytosanitary norms in the EU, advertising limitations for alcoholic beverages, and high tax level in Italy.

Preliminary Assessment of Economic Macrofactors

№	Factor	Problem/Opportunity	Demand/Supply
1	Low market growth	Problem	Supply
2	The exports of Italian spirits are growing	Opportunity	Supply
3	Weak sales of premium spirits on the Italian market	Problem	Demand
4	Decreasing GDP per capita in Italy	Problem	Demand

Source: created by the author based on Prof. Starostina's methodology [6]

The next group of factors to consider is economic ones:

1) **Low market growth [32]**. Regarding the latest data, the liquor market's compound annual growth rate is considered pretty low. For now, it is expected to grow annually by only 0.31% to 2025 being a sign of high returns volatility for the company.

Since it serves as a barrier to the further expansion of Shabo in the Italian market, it is classified as a **problem** with a **supply** impact, and evaluated in 3 points.

2) **The exports of Italian liquor are growing [33, 34]**. Lately, the export of liquor from Italy increased by 27% between 2020 and 2021. Such a trend serves not only as a growth driver for the local manufacturers but also serves as a good opportunity for Shabo in entering the market and occupying its place there.

Therefore, the factor is an **opportunity** for the company with a **supply** impact and a 7-point evaluation.

3) **Weak sales of premium liquor in the Italian market [33]**. Italy is one of the countries that experienced the COVID-19 pandemic influence the most. It affected the performance of different price segments within the alcoholic beverage industry. Moreover, due to the lockdown restrictions consumption at home started to increase,

and since liquor is usually sold in different public places the industry experienced a sales drop.

According to the mentioned effect, the company might experience some difficulties in sales promotion and boost in the Italian market so this factor is classified as a *problem* with a *demand* impact. Its current evaluation makes up 6 points.

4) *Decreasing GDP per capita in Italy [35]*. In 2018, the GDP per capita in Italy started to decrease, and therefore, it affected the consumers' behavior which became increasingly price-sensitive.

It is not a good sign for allocating premium-price liquors in the market so the tendency makes the factor a *problem* with a *demand* impact and current evaluation in 5 points.

Now, let's follow the same steps as in the previous table development (Table 2.4).

Table 2.4

Final Assessment of Economic Macrofactors

Nº	Factor	Current evaluation	Problem/ Opportunity	Demand/ Supply	How to overcome the threat of use the opportunity
<i>Opportunities</i>					
1	The exports of Italian liquor are growing	7	Opportunity	Supply	Shabo has an opportunity to take its place in the Italian market since the Italian manufacturers starts exporting actively and freeing the room for other market players

<i>Threats</i>					
1	Low market growth	3	Problem	Supply	Shabo should pay attention to the sales channels' structure to maintain a stable level of them
2	Weak sales of premium liquor in the Italian market	6	Problem	Demand	
3	Decreasing GDP per capita in Italy	5	Problem	Demand	If the GDP per capita will continue to shrink Shabo should review its pricing strategy for the Italian market

Source: created by the author based on Prof. Starostina's methodology [6]

Let's also highlight the economic factors with the largest impact based on the already mentioned criteria. Thus, among the most essential factors are the exports of Italian liquor are growing and weak sales of premium liquor in the Italian market.

Socio-cultural macrofactors

Table 2.5

Preliminary Assessment of Sociocultural Macrofactors

№	Factor	Problem/Opportunity	Demand/Supply
1	Italian consumer patriotism	Problem	Demand
2	Digestivo culture	Opportunity	Demand
3	Italians demonstrate a pure interest to unknown	Opportunity	Demand
4	Modern image of Ukraine	Opportunity	Demand
5	Italians drink coffee adding in it alcohol	Opportunity	Demand

Source: created by the author based on Prof. Starostina's methodology [6]

Socio-cultural factors are following up the economic ones:

1) ***Italian consumer patriotism [36]***. Consumer patriotism is another well-known Italian feature that creates one more barrier for foreign companies. The Italians got a high level of loyalty to local manufacturers sometimes even refusing to buy non-Italian products. This was confirmed by the Buy Locally Index: in 2020, Italy was in the top 10 occupying the 5th place on the list with a score of 59,5 points.

Thus, it is a ***problem*** for Shabo's entry with a major ***demand*** impact so it takes 10 points in the evaluation.

2) ***Digestivo culture [37]***. In Italy, the process of serving alcoholic beverages after a meal to aid digestion is called digestivo. Since usually, liquor is among the beverages that are served during a digestivo, brandy may become a popular position on the list, too.

Therefore, this factor is considered as an ***opportunity*** that has a ***demand*** impact and makes up 10 points in the current evaluation.

3) ***Italians demonstrate a pure interest in the unknown***. Even though it was mentioned that the Italians are patriotic and pretty conservative people, they are also very curious about foreign cultures and traditions. Therefore, they might be attracted to buy a foreign product by being curious to try something new even though that might be a one-time purchase.

In any case, it creates an ***opportunity*** for Shabo, impacting ***market*** demand with a 10-point score.

4) ***Positive modern image of Ukraine***. The beginning of the full-fledged war by Russia in Ukraine shocked the whole of Europe, so the overall conciseness about the country among the Italians is now much higher than it was before, and the image of Ukraine continues improving day by day. Thus, the intention to buy Ukrainian products might be provoked by the desire to support Ukraine or generally, to know it better.

So, it definitely should be considered as an ***opportunity*** for Shabo that has an impact on market ***demand***, and a high 10-point score.

5) *Italians drink coffee adding in it alcohol [38]*. In Italy, numerous types of coffee drinks also include alcohol as the main ingredient. Since liquor is commonly added to drinks, it provides another good way of consuming and promoting Shabo's liquor among Italians.

Therefore, it is an *opportunity* with a *demand* impact that is evaluated in 10 points.

Let's design a similar table to represent the final assessment for this group of factors (Table 2.6).

Table 2.6

Final Assessment of Socio-cultural Macrofactors

№	Factor	Current evaluation	Problem/ Opportunity	Demand/ Supply	How to overcome the threat of use the opportunity
<i>Opportunities</i>					
1	Digestivo culture	10	Opportunity	Demand	Shabo may promote brandy as a suitable option for a digestivo list
2	Italians demonstrate a pure interest in the unknown	10	Opportunity	Demand	Shabo should stress on its uniqueness and origin in its marketing strategy
3	Positive modern image of Ukraine	10	Opportunity	Demand	
4	Italians drink coffee adding in it alcohol	10	Opportunity	Demand	It provides another way of consuming Shabo's brandy
<i>Threats</i>					
1	Italian consumer patriotism	10	Problem	Demand	Shabo should declare the quality of its products in the Italian market by passing the Italian quality testing procedures

Source: created by the author based on Prof. Starostina's methodology [6]

Following the algorithm and analyzing the most essential factors of the group, it is possible to mention that all of the factors have a great impact on the company's market performance since all of them affect demand and are factors that can be handled easily to release Shabo's market potential.

Demographic macrofactors

Table 2.7

Preliminary Assessment of Demographic Macrofactors

№	Factor	Problem/Opportunity	Demand/Supply
1	Italy is an aging nation	Opportunity	Demand
2	The European age classification differs from the Ukrainian one	Opportunity	Demand
3	People in the northern part of Italy tend to consume much stronger beverages	Opportunity	Both

Source: created by the author based on Prof. Starostina's methodology [6]

The demographic factors can be listed in the following way:

1) ***Italy is an aging nation [39, 40]***. In the rank of the oldest population, Italy has the 3rd one in the world. As of 2020, it is said that 23% of the Italian population was aged 65 years and older.

For Shabo, it is considered as an ***opportunity*** since the liquor target segment is adults and seniors. Also, it has an impact on ***demand*** and makes up 9 points in the current evaluation.

2) ***The European age classification differs from the Ukrainian one [41]***. The Italians not only treat time differently, but they also perceive the age in the European time framework where the youth is considered as a period between 15 and 29 years old, and adolescence is between 30 and 64 years old. Therefore, the segment of adults is much broader and more generalized than it is in Ukraine.

The mentioned point is an *opportunity* for Shabo since it expands its target segment in Italy. Thus, it has an impact on *demand* and 10 points in the evaluation.

3) *People in the northern part of Italy tend to consume much stronger beverages.* The official division of Italy into three main regions serves not just to make administrative management easier but also, it reflects internal cultural specificities in Italian society. Usually, those people who live in the North generally tend to consume much more nutritious food and much stronger beverages due to the colder climate which is going to be another criterion Shabo can take into consideration for promoting and placing the products.

Anyways, it is an *opportunity* for the company that not only creates additional segments but generally simplifies the targeting. This factor also has an impact on *supply*, not only on *demand*. However, it has a bit lower evaluation by 7 points.

The final assessment of the demographic situation in Italy for Shabo's entry is shown in the following Table 2.8.

Table 2.8

Final Assessment of Demographic Macrofactors

№	Factor	Current evaluation	Problem/ Opportunity	Demand/ Supply	How to overcome the threat of use the opportunity
<i>Opportunities</i>					
1	Italy is an aging nation	9	Opportunity	Demand	Since the share of potential consumers in the Italian market is big it creates an opportunity for Shabo to embrace the largest sales
2	The European age classification differs from the Ukrainian one	10	Opportunity	Demand	The segmentation process for Shabo is simplified

Continuation of Table 2.4

3	People in the northern part of Italy tend to consume much stronger beverages	7	Opportunity	Both	Shabo can use it in its target and entering strategies by assessing the most beneficial places where it can enter the Italian market
Threats					
No threats identified					

Source: created by the author based on Prof. Starostina's methodology [6]

As well as with the previous groups of factors, the most essential ones among the demographic factors should be mentioned. Thus, the demographic factors that have the largest impact are the European age classification differs from the Ukrainian one and Italy is an aging nation.

Technological macrofactors

Table 2.9

Preliminary Assessment of Technological Macrofactors

№	Factor	Problem/Opportunity	Demand/Supply
1	Development of a digital platform for business registration	Opportunity	Supply

Source: created by the author based on Prof. Starostina's methodology [6]

Last but not least is the technological group of factors. There is only one of them for Shabo in the Italian liquor market which is ***the development of a digital platform for business registration [42]***. The project launched a digital platform that provides a centralized place for businesses to fill in administrative documents and other essential paperwork which is an ***opportunity*** with a ***supply*** impact. It can be evaluated in 7 points.

Let's depict the factor final assessment in Table 2.10 below.

Table 2.10

Final Assessment of Technological Macrofactors

№	Factor	Current evaluation	Problem/ Opportunity	Demand/ Supply	How to overcome the threat of use the opportunity
<i>Opportunities</i>					
1	Development of a digital platform for business registration	7	Opportunity	Supply	A further expanding of a digital registration platform will simplify the registration procedure for Shabo on the Italian market
<i>Threats</i>					
No threats identified					

Source: created by the author based on Prof. Starostina's methodology [6]

Since the technological group of factors consists of only one factor, it is recognized as the most essential one to influence the technological market environment for Shabo's performance in the Italian market.

Now, let's move to the weighting of each factor group assessing them by four main criteria: 1) the number of factors in the group; 2) the common number of scores; 3) the group impact on demand; 3) an opportunity to manage factors (Table 2.11).

Table 2.11

Weighting of Factors

Group of factors	Number of factors in the group	Total sum of points	Number of factors that impact demand	Number of factors that impact supply	Number of factors that impact both	Weight
Sociocultural	5	50	5	–	–	0,35
Political	6	44	–	4	2	0,25
Economic	4	21	2	2	–	0,2

Demographic	3	26	2	–	1	0,15
Technological	1	7	–	1	–	0,05

Source: created by the author based on Prof. Starostina's methodology [6]

Thus, sociocultural factors are considered the most essential group of factors (0,35) with 5 out of 5 factors that influence demand and make up 34% of the total score. Political factors (0,25) are the second important group that takes up 30% of the total score but does not have an impact on the market demand. Economic factors (0,20) are the next group on the list that occupies 14% of the total score with 4 factors among which 2 affect demand. Even though the demographic group of factors (0,15) makes up 17% of the total score which is a bigger share than the economic group of factors has, it is still less essential since it has less number of factors in the group. As for the least significant group of factors (0,05), the technological one consists only of 1 factor that affects the market supply and takes up only 5% of the total score.

The reasons behind such factors' weighting correspond with a specificity of the Italian business environment that is characterized by a high bureaucracy level, the latest liquor market changes, and a huge influence of the cultural environment on business activity.

After conducting an assessment of the market factors' weights, the weighted factors will be put into the table due to the «Opportunity-Problem» classification. Let's start with the market opportunities (Table 2.12)

Table 2.12

The Weighting of Market Opportunities

№	The group of factors	Curent evaluation	Weight	Weight evaluation
1	Digestivo culture	10	0,35	3,5
2	Italians demonstrate a pure interest in the unknown	10	0,35	3,5
3	Positive modern image of Ukraine	10	0,35	3,5
4	Italians drink coffee adding in it alcohol	10	0,35	3,5
5	Unified sanitary and phytosanitary norms in the EU	10	0,25	2,5
6	The European age classification differs from the Ukrainian one	10	0,15	1,5
7	The exports of Italian liquor are growing	7	0,2	1,4
8	Italy is an aging nation	9	0,15	1,35
9	Moderate excise duty level in Italy	5	0,25	1,25
10	People in the northern part of Italy tend to consume much stronger beverages	7	0,15	1,05
11	Development of a digital platform for business registration	7	0,05	1
Total				24,05

Source: created by the author based on Prof. Starostina's methodology [6]

Thus, among the market opportunities, the most essential are the following ones: digestivo culture, Italians demonstrate a pure interest in the unknown, positive modern image of Ukraine, Italians drink coffee adding in it alcohol, and unified sanitary and phytosanitary norms in the EU.

Market problems will be classified and weighted in the same way (Table 2.13)

Table 2.13

The Weighting of Market Problems

№	The group of factors	Curent evaluation	Weight	Weight evaluation
1	Italian consumer patriotism	10	0,25	2,5
2	High tax level in Italy	8	0,25	2
3	Advertising limitations for alcoholic beverages	8	0,25	2
4	Extremely burdening bureaucracy in Italy	7	0,25	1,75
5	Selling alcohol in Italy is under stricter regulations in comparison with Ukraine	6	0,25	1,5
6	Weak sales of premium liquor in the Italian market	6	0,2	1,2
7	Decreasing GDP per capita in Italy	5	0,2	1
8	Low market growth	3	0,2	0,6
Total				12,55

Source: created by the author based on Prof. Starostina's methodology [6]

Thus, among the market problems, the most essential are the following ones: Italian consumer patriotism, high tax level in Italy, advertising limitations for

alcoholic beverages, extremely burdening bureaucracy in Italy, and selling alcohol in Italy is under stricter regulations in comparison with Ukraine.

The final step of the macroenvironment analysis is designing the common table of factors' hierarchy and picking up the most essential of them (Table 2.14).

Table 2.14

The Hierarchy of Macrofactors

№	The group of factors	Problem/ Opportunity	Demand/ Supply	How to overcome the threat of use the opportunity	Weight evaluation
1	Digestivo culture	Opportunity	Demand	Shabo may promote brandy as a suitable option for a digestivo list	3,5
2	Italians demonstrate a pure interest in the unknown	Opportunity	Demand	Shabo should stress on its uniqueness and origin in its marketing strategy	3,5
3	Positive modern image of Ukraine	Opportunity	Demand		3,5
4	Italians drink coffee adding in it alcohol	Opportunity	Demand	It provides another way of consuming Shabo's brandy	3,5
5	Italian consumer patriotism	Problem	Demand	Shabo should declare the quality of its products in the Italian market by passing the Italian quality testing procedures	2,5
6	Unified sanitary and phytosanitary norms in the EU	Opportunity	Both	Shabo's trade flow is going to be simplified significantly	2,5
7	Advertising limitations for alcoholic beverages	Problem	Both	Advertisement restrictions can't be avoided, thus, Shabo should work on its advertisement campaign to make the brand much brighter and memorable	2

Continuation of Table 2.14

8	High tax level in Italy	Problem	Supply	Shabo have to be ready to face the Italian market specificities by researching, preparing, and handling all the needed documents, and planning the timeline for the documentary process beforehand	2
9	Extremely burdening bureaucracy in Italy	Problem	Supply		1,75
10	The European age classification differs from the Ukrainian one	Opportunity	Demand	The segmentation process for Shabo is simplified	1,5
11	Selling alcohol in Italy is under stricter regulations in comparison with Ukraine	Problem	Supply	Shabo have to be ready to face the Italian market specificities by researching, preparing, and handling all the needed documents, and planning the timeline for the documentary process beforehand	1,5
12	The exports of Italian liquor are growing	Opportunity	Supply	Shabo has an opportunity to take its place in the Italian market since the Italian manufacturers starts exporting actively and freeing the room for other market players	1,4
13	Italy is an aging nation	Opportunity	Demand	Since the share of potential consumers in the Italian market is big it creates an opportunity for Shabo to embrace the largest sales	1,35
14	Moderate excise duty level in Italy	Opportunity	Supply	Shabo has an opportunity to sell bigger amount of products since low- and medium-level taxes helps to maintain market demand	1,25
15	Weak sales of premium liquor in the Italian market	Problem	Demand	Shabo should pay attention to the sales channels' structure to maintain a stable level of them	1,2

Continuation of Table 2.14

16	People in the northern part of Italy tend to consume much stronger beverages	Opportunity	Both	Shabo can use it in its target and entering strategies by assessing the most beneficial places where it can enter the Italian market	1,05
17	Decreasing GDP per capita in Italy	Problem	Demand	If the GDP per capita will continue to shrink Shabo should review its pricing strategy for the Italian market	1
18	Development of a digital platform for business registration	Opportunity	Supply	A further expanding of a digital registration platform will simplify the registration procedure for Shabo on the Italian market	1
19	Low market growth	Problem	Supply	Shabo should pay attention to the sales channels' structure to maintain a stable level of them	0,6
Total					36,6

Source: created by the author based on Prof. Starostina's methodology [6]

Upon analyzing the macroenvironment of the Italian liquor market for Shabo, it was discovered that the total number of market opportunities (24,05) outweighed the total number of market problems (12,55). This indicates a favorable environment that presents an opportunity for developing effective marketing strategies, improving market position, and increasing productivity for the company.

Among the most essential factors, it is possible to mention the following ones: digestivo culture, Italians demonstrate a pure interest in the unknown, positive modern image of Ukraine, Italians drink coffee adding in it alcohol, and Italian consumer patriotism.

Microenvironment Analysis

To evaluate the competitive landscape of the Italian liquor market and determine its attractiveness for Shabo, the next step in the strategic analysis is to conduct a microenvironment analysis.

Table 2.15

Preliminary Assessment of Microfactors

№	Factor	Problem/Opportunity
1	Low competitive rivalry	Opportunity
2	High risk of new entries	Problem
3	High threat of substitute products	Problem
4	Increasing consumer power	Problem
5	High agent power	Problem
6	Low power of suppliers	Opportunity

Source: created by the author based on Prof. Starostina's methodology [6]

1) ***Low competitive rivalry [32]***. Nowadays, revenue in the liquor segment in Italy amounts to 306.12 million euros in 2022: 188.61 million of revenue are generated inside the country, and 117.51 million are generated outside. Moreover, the price per unit is expected to rise: in 2022, it stands at 15.63 euros, but by 2025, it's expected to reach the mark of 16.73 euros. Also, it's important to mention that, in global comparison, most revenue is generated in such countries as the United States, India, the Philippines, Thailand, and Russia. However, the market compound annual growth rate is considered pretty low: it's expected to grow annually by only 0.31% to 2025.

Therefore, a low competition rate within an industry provides an ***opportunity*** for the company to increase an individual market share and expand the available customer base, however, it limits the development within the industry.

2) ***High risk of new entries [43]***. The threat of new entrance within the liquor industry is another factor. The latest trend shows the growing popularity of premium and high-end liquors which is prompted by their unique differentiating taste.

Moreover, the versatile nature of liquor allows to blend it with other spirits in cocktails which also contributes to its popularity. One more additional arguments are, firstly, the increasing number of bars, restaurants, pubs, and other similar public places, and secondly, the rise of disposable income and improvement of living standards all around the globe which only support the market growth. All the listed arguments make the industry attractive enough for new market actors to enter. Also, it was said above the market barriers are considered pretty low – that’s one more good reason to stress the brandy industry's attractiveness.

Furthermore, the existing market players are considered to have limited power to respond to new entrants. Shabo plans to introduce brandy, which, unlike cognac, is not bound by strict geographical or production requirements. This makes it more challenging for established market actors to impede the entry of new competitors and restrict their presence in the market.

Since the liquor industry is considered to be pretty attractive, and the reaction of the main players within it is, in contrast, low, there’s a risk of increasing market competitiveness over time which is a *problem* for Shabo.

3) *High threat of substitute products [43]*. As for the threat of substitute products, it’s necessary to focus on the following market features such as price/quality ratio and expenses to switch to a substitute product. Talking about the price/quality ratio of liquor it’s a noble alcoholic beverage with a high price-to-quality ratio: basically, to taste its unique taste the consumer should be ready to pay respectively.

However, when it comes to the consumers’ expenses to switch to substitute products, they might be pretty low since the range of substitute products, that serve the same purpose as brandy products, vodka, cognac, limoncello, and other strong alcoholic beverages is broad but the price of the substitutes doesn’t differ a lot from the price of brandy. Therefore, there’s the possibility to replace the brandy with some other liquors. So, it would be better to assess the expenses to switch to a substitute product as a low one.

Usually, that's not a big problem for an average brandy consumer to find a substitute product so a necessity to strengthen the company's marketing differentiating strategy is obvious for Shabo. Thus, this factor is considered as a *problem*.

4) *Increasing consumer power*. The concentration level of Italian consumers is a crucial factor in assessing consumer power. However, the level of concentration for liquor products is relatively low due to the lack of interest in the product, its drinking culture, and its history among Italian consumers. As a result, there is a possibility that the price of the product may decrease in the future, and the company may have to find ways to reduce its costs to remain competitive in the market. That is a *problem* that affects *both*, supply and demand.

5) *High agent power [32]*. Agents play a crucial role in the supply chain of liquor sales in Italy. As per the source, nearly 100% of liquors are sold offline through various retail shops such as Coop, Eurospin, Tigre, and some local shops. Therefore, for Shabo to succeed in this market, it is essential to collaborate with these agents and build a long-term relationship based on trust. Since the product is standardized, the company's success in distributing the product in the market largely depends on cooperation with these agents. It is considered as a *problem*.

6) *Low power of suppliers*. In the case of Shabo, the company has its production facilities, and as a result, it is its sole supplier of beverages. Therefore, the power of suppliers is relatively low. The company does not depend on external supplies of materials and can focus on enhancing and innovating its manufacturing facilities to improve its performance in the market. It is considered as an *opportunity*.

After giving each of the factors a brief description and classifying them due to the «Problem-Opportunity» range, it is possible to move to their evaluation and designing the ways to handle problems or use opportunities (Table 2.16).

Table 2.16

Final Assessment of Microfactors

№	Factor	Current evaluation	How to overcome the threat of use the opportunity
<i>Opportunities</i>			
1	Low competitive rivalry	3	Shabo shouldn't stop working on developing its product line by investigating and gathering the information about the Italian liquor market
2	Low power of suppliers	10	Shabo should continue working on improving and innovating its manufacturing facilities
<i>Threats</i>			
1	High risk of new entries	7	Shabo should work on its brand image, strengthen its marketing differentiating strategy, and promote the uniqueness of its products
2	High threat of substitute products	8	
3	Increasing consumer power	5	
4	High agent power	9	Shabo should build the long-term trusting cooperation with agents

Source: created by the author based on Prof. Starostina's methodology [6]

The next essential step is weighting the factors due to their group belonging (Table 2.17).

Table 2.17

Weighting of Factors

Group of factors	Weight
Competitors	0,2
Buyers	0,3
Suppliers	0,1
Agents	0,4

Source: created by the author based on Prof. Starostina's methodology [6]

In the case of Shabo, the **agents** would be the most essential group of factors since they directly affect the market presence of the company in the Italian market.

Thus, their weight is going to be 0,4 or 40% for Shabo which plans to enter the new market which is the Italian one.

Buyers are the second most important group with a weight of 0,3 or 30% for Shabo. The power of buyers is usually pretty obvious, however, we should touch upon it one more time by saying that the consumers in Italy are still not interested enough in liquor. Therefore, there is a probability of rejecting the product by consumers and further blocking market entry for Shabo.

Competitors and **suppliers** are the groups that gain the least significant shares among the microfactors: their weights are 0,2 (or 20%) and 0,1 (10%) respectively. The reasons behind such share division are: the number of competitors in the industry is not as intense as it could be so it does not put strong pressure on the company, and suppliers are not even included in the manufacturing process of Shabo.

Starting with the market opportunities, it is necessary to assess them due to their group belonging (Table 1.18).

Table 2.18

The Weighting of Market Opportunities

№	The group of factors	Curent evaluation	Weight	Weight evaluation
1	Low competitive rivalry	3	0,2	0,6
2	Low power of suppliers	10	0,1	1
Total				1,6

Source: created by the author based on Prof. Starostina's methodology [6]

Let's follow the same algorithm for the market problem (Table 1.19).

Table 2.19

The Weighting of Market Threats

№	The group of factors	Curent evaluation	Weight	Weight evaluation
1	High risk of new entries	7	0,2	1,4
2	High threat of substitute products	8	0,2	1,6
3	Increasing consumer power	5	0,2	1
4	High agent power	9	0,5	4,5
Total				8,5

Source: created by the author based on Prof. Starostina's methodology [6]

Just like in the microenvironment analysis, the final step of the microenvironment one is designing the common table of factors' hierarchy and picking up the most essential ones (Table 2.20).

Table 2.20

The Hierarchy of Microfactors

№	The group of factors	Problem/ Opportunity	How to overcome the threat of use the opportunity	Weight evaluation
1	High agent power	Problem	Shabo should build the long-term trusting cooperation with agents	4,5
2	High threat of substitute products	Problem	Shabo should work on its brand image, strengthen its marketing differentiating strategy, and promote the uniqueness of its products	1,6
3	High risk of new entries	Problem		1,4
4	Increasing consumer power	Problem		1
5	Low power of suppliers	Opportunity	Shabo should continue working on improving and innovating its manufacturing facilities	1

6	Low competitive rivalry	Opportunity	Shabo shouldn't stop working on developing its product line by investigating and gathering the information about the Italian liquor market	0,6
Total				10,1

Source: created by the author based on Prof. Starostina's methodology [6]

Regarding the analysis of the microenvironment for Shabo in the Italian liquor market, we can mention that the sum of market problems (8,5) for the company is much bigger than the sum of market opportunities (1,6).

Among the most essential factors, it is possible to mention the following ones: high agent power, high threat of substitute products, and high risk of new entries.

For sure, the problem factors' prevalence complicates the entry of the company into the market, however, the overall result is not as bad as it looks at first sight. Most of the problems are usually opportunities for companies. In the case of Shabo, the majority of problems push the company towards developing its unique selling point strategy, strengthening its brand image, and enforcing cooperation ties with the partners.

2.2. Ukrainian and Italian Liquor Producers' Competitive Position Analysis

The next step in the research is analyzing Shabo's competitive position in the Italian liquor market. In providing competitive analysis for Shabo, it is essential to focus not only on discovering the direct competitors' positions on the market – the most representable analysis would be provided by mentioning the closest substitute product lines for brandy among the liquors. Such products will be *Fernet Branca* (by Fratelli Branca), *Grappa Cividina* (by Bepi Tosolini), *Disaronno Amaretto* (by Disaronno), and *Campari* (by Campari Group) which are considered one of the most popular liquors in Italy [44]. To make the comparison clear, we also pick one product

line among the Shabo product mix: it is going to be *Shabo Elite Ukrainian Brandy* which emphasizes the most bright features of the company's identity.

We will start with the standardization of competitive positions in the liquor market for each mentioned beverage. Thus, we will mention such basic parameters as the price for one bottle of spirit and the product mix introduced by the company in the chosen product line (Table 2.21).

Table 2.21

Standardization of Competitive Criteria for Liquors in the Italian Market

Parametr	Parametr Value	The definition of each parameter
Price for one bottle of liquor	Low	<15 euros
	Medium	15-20 euros
	High	>20 euros
Number of positions in the product line	Low	Only 1 position
	Medium	2-4 positions
	High	Over 5 positions

Source: created by the author

Regarding the mentioned parameters, we can portray the positions of the companies in the following way:

- 1) *Shabo Elite Ukrainian Brandy* [45]: the average price of the product line is medium ranging from 10 to 20 euros for one bottle (depending on the position on the line), while the product mix is considered pretty broad since it includes 5 different positions;
- 2) *Fernet Branca* [46]: the average price of the beverage is, as in the previous case, considered medium standing at 12-15 euros for the bottle, and also, it has a broad product mix of 10 positions;
- 3) *Grappa Cividina* [47]: the average price is a bit higher than the price of the previous beverages lines since there're some positions on the product line that can cost 40 euros for one bottle, however, generally, the price for the majority of positions can be considered medium standing at about 22 euros

for one bottle, while the product mix is even broader (includes 11 positions);

- 4) *Disaronno Amaretto* [48]: the average price of the beverage on the product line is classified as medium standing at about 12-17 euros for one bottle, same goes for the product mix which has 4 positions and therefore, can be considered medium, too;
- 5) *Campari* [49]: the average price of the beverage on the line is about 17 euros for one bottle, and thus, considered medium, and the same value goes for the product mix which is also medium including 4 positions.

Therefore, the standardization map of competitive parameters will be look in the following way (Figure 2.1).

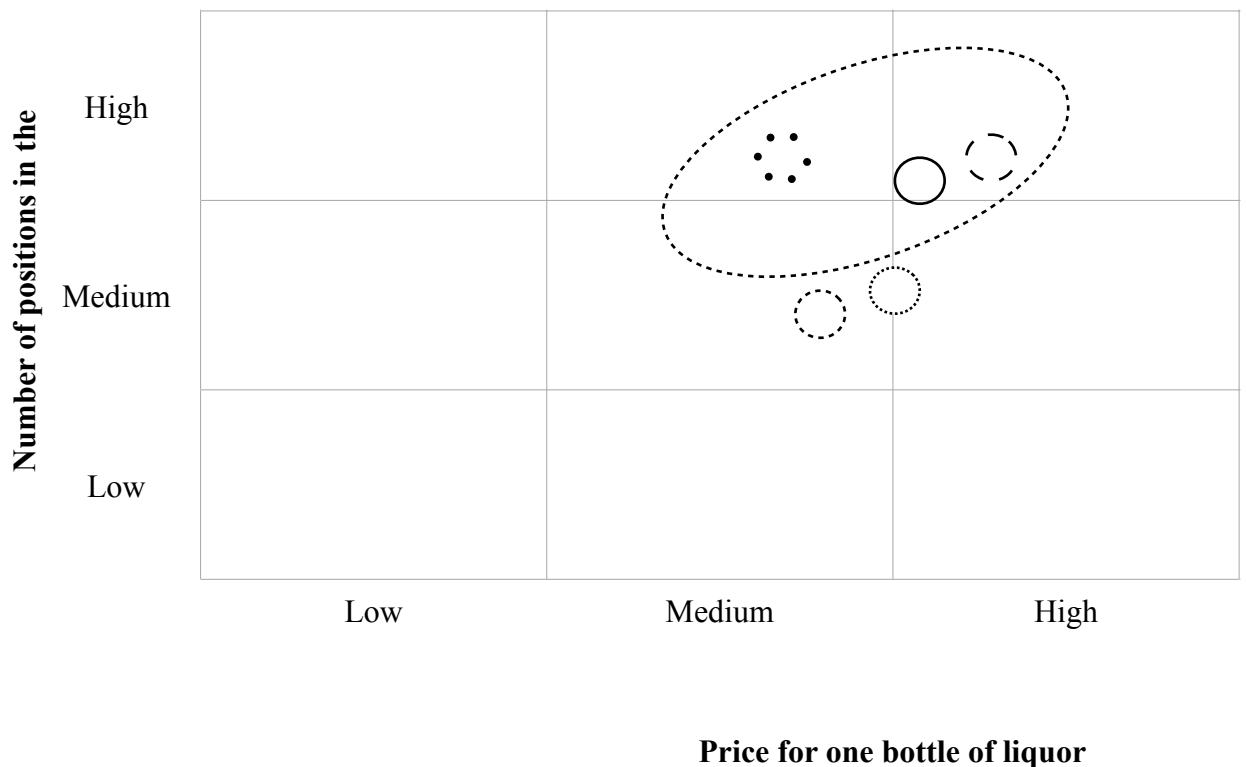


Figure 2.1. The map of strategic competitors of companies in the Italian liquor market

Source: created by the author

Right after portraying the companies' competitive positions on the map, it's possible to conduct an additional representation of their positions by using the ten-point score assessment table (Table 2.22).

Table 2.22

Ten-Point Score Assessment

Parametr	Companies' Scores				
	Shabo Elite Ukrainian Brandy	Fernet Branca	Grappa Cividina	Disaronno Amaretto	Campari
Price for one bottle of liquor	7	6	7	6	6
Product line width	7	8	8	6	6

Source: created by the author

Regarding the analysis of the basic competitive parameters for the companies in the Italian liquor market and the portraying their positions on the map, now it's clear that the closest competitors for Shabo would be Fernet Branca and Grappa Cividina since both of them are located in the same competitive area on the market (the clearest demonstration is pictured on the standardization map).

Now there's an opportunity to deeper the understanding of Shabo's competitive position in the Italian liquor market by creating the profiles for the key market players by the following parameters: receipt uniqueness, spirits quality certification, and awards, company's own manufacturing facilities availability, chemical, and technical control laboratory availability, customers' loyalty to the brand, and package sophistication.

But before putting the scores on the table, let's give a brief description of the companies concerning their positions in each category.

- 1) *Shabo Elite Ukrainian Brandy* [45], in general, shows high results in every category: the products on the line have no unique receipts being the only spirits with the controlled designation of origin in Ukraine, but also they are produced in

Shabo's facilities and tested but the company's laboratory. The package of the products isn't limited to graceful bottles but also includes the box so it can be presented as a gift without any additional effort. Moreover, the box is decorated with some of the quality marks and the latest awards providing consumers a confirmation of quality at first sight;

2) *Fernet Branca* [46] is a traditional Italian spirit, and its receipt was formulated almost 200 years ago as a cure for cholera. It has been handed down from generation to generation and produced by only one company located in Milan for years. Therefore, it's obvious that the receipt of this beverage is even more than unique. Nowadays, it's one of the most favorite alcoholic drinks in Italy that is used as a taste refresher after a long eating session. Fratelli Branca works on improving its products since 1981 when it opened the Centro Studi Fratelli Branca Srl in Milan to focus on quality control and research. Moreover, it provides all the needed information about the results of its efforts by updating the information about quality certification and the latest awards. However, the package of its products remains pretty simple and conservative not been updated for years. Thus, the whole look of Fratelli Branca doesn't look representative enough;

3) *Grappa Cividina* [47] is usually called the Italian whisky that is traditionally produced in Northern Italy. However, even though the original receipt includes producing the beverage in a certain region, nowadays it's widespread in Argentina, Bulgaria, Georgia, and some other countries around the globe. Bepi Tosolini is a family-run business that has followed the traditions of spirits production since 1943 becoming one of the largest alcoholic beverage manufacturing companies in Italy. Even though the company doesn't have a laboratory, it provides information about quality control by posting the latest updates about conducting its products' quality tests and consulting with its quality control managers. Also, it's important to note that the products of Bepi Tosolini are usually recognized by their distinctive design, and can be presented as a gift in a beautiful box that comes with several products on the line;

4) *Disaronno Amaretto* [48] is another drink with centuries of history. The receipt itself was discovered in Ancient times, and the Disaronno company which is also a family-run business has been a representative of it for many years. Thus, we understand the company is producing the beverage by itself but it doesn't have a quality control laboratory relying only on a couple of its quality control managers. Also, it posts information about the numerous awards it gets year by year that doesn't give a chance to doubt its product quality level but the relevant quality certification information is limited. But Disaronno differs in the number of effort it puts to enhance the package of its products to make them look luxurious stressing its nobility. Periodically, it even launches limited edition collections in cooperation with well-known brands specializing in the products for specific events;

5) *Campari* [49] is only associated with the company with the cognominal name. The receipt of the drink was invented even before Italy was unified by the family-run business and has a special place in Italian history. Today it's used in one of the most popular cocktails in Italy, for example, in Aperol Spritz. Campari has already proved its high quality and continues working on it every day within its quality department. However, the company as in the previous cases doesn't cost a lot of confirming information about quality certifications mostly focusing on sharing new awards information. It also serves the consumers with a distinctive package and even gift boxes for any special occasion.

Considering the analyzed data about the key players' positions on the market, now it's easier to put it into the table and conduct an assessment due to each parameter (Table 2.22).

Table 2.23

Profiles of Key Players' Competitive Positions in the Italian Liquor Market

Parametr	W	Companies' Scores				
		Shabo Elite Ukrainian Brandy	Fernet Branca	Grappa Cividina	Disaronno Amaretto	Campari
Receipt uniqueness	0,20	7	10	6	10	10
Company's own manufacturing facilities availability	0,20	10	10	10	10	10
Chemical and technical control laboratory availability	0,25	10	10	5	6	6
Package sophistication	0,10	9	6	9	10	10
Spirits quality certifications & awards	0,25	10	10	10	8	8

Source: created by the author based on [45-49]

From what we can see in the table, Shabo has high scores in all the represented parameters. However, among the highest ones are manufacturing facility availability (10), chemical and technical control laboratory availability (10), and quality certification availability (10). As for the other parameters (receipt uniqueness and package sophistication), the company also demonstrates pretty high results proving its competitive position in the market.

Shabo's competitive positions can be illustrated more clearly by creating a radar chart. This illustration will help us to compare the company's competitive advantages with its closest competitors' ones (Fernet Branca, Grappa Cividina) in a much easier way (Figure 2.2).

— Shabo Elite Ukrainian Brandy — Fernet Branca — Grappa Cividina

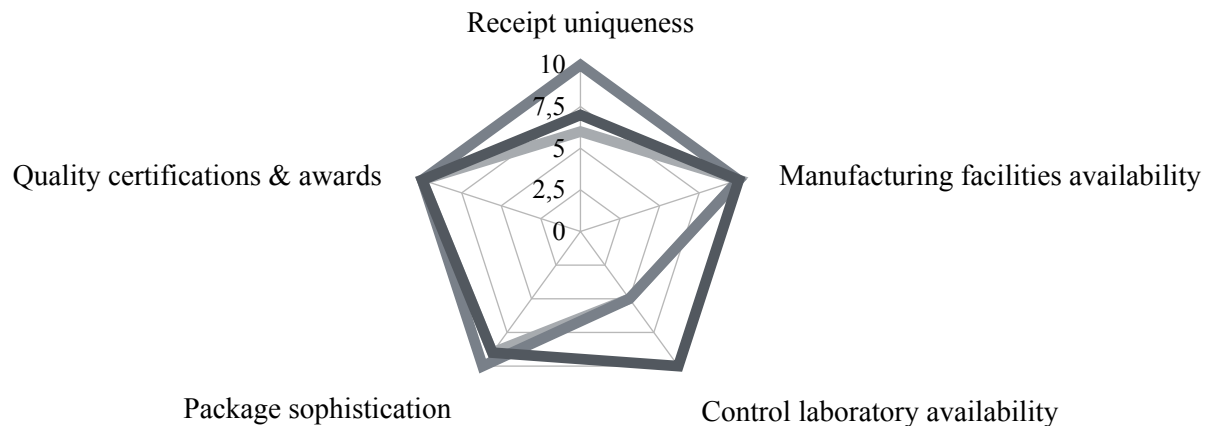


Figure 2.2. Radar chart for profiles of key players’ competitive positions in the Italian liquor market

Source: created by the author based on [45-49]

Looking at the radar chart, we can see the stronger position and weaker positions of each company. Generally, it is possible to state that Shabo’s competitive positions regarding its closest competitors on the market are pretty strong.

The next step of the research is Shabo’s market attractiveness assessment and forecasting, and to do so, we can use the DPM methodology [50]. However, at first, we should change the previous factors’ evaluation methodology by reversing the evaluation criteria and their current scores, and adjusting the factors’ weights so they can amount to 1,00 (or 100%) in common (Table 26). When it comes to forecasting, the evaluation as it is covered in the DPM methodology will be set due to the author’s subjective opinion. The Tables for market problems and opportunities scores modification due to the DPM Methodology and competitive advantages’ scores modification Due to the DPM Methodology will be presented in Annex 1 and Annex 2.

Now, taking into consideration the obtained results we will build the DRP matrix by picturing two main axes which are market competitiveness (based on Annex) and Shabo’s competitiveness in the market (based on Annex 2) (Figure 2.3).

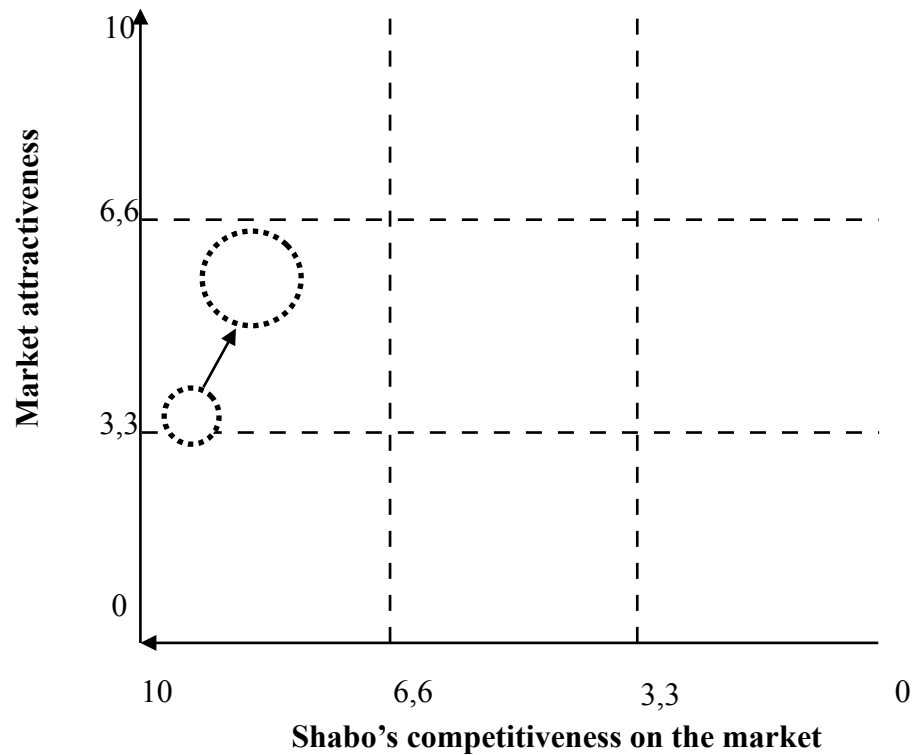


Figure 2.3. DPM matrix for Shabo on the Italian liquor market

Source: created by the author based on [50]

The DPM matrix shows us Shabo's prospects in the Italian liquor market. Regarding Figure 2.3, the following statement can be formulated: Shabo should maintain its competitive position in the market that tends to shrink over time due to the increasing market attractiveness level and its further intensification with competitors.

Therefore, owing to Arthur D. Little's methodology, we can define one of the most suitable options for Shabo's market strategy updating regarding the life cycle stage the company is located in and its competitiveness in the market (Figure 2.4).

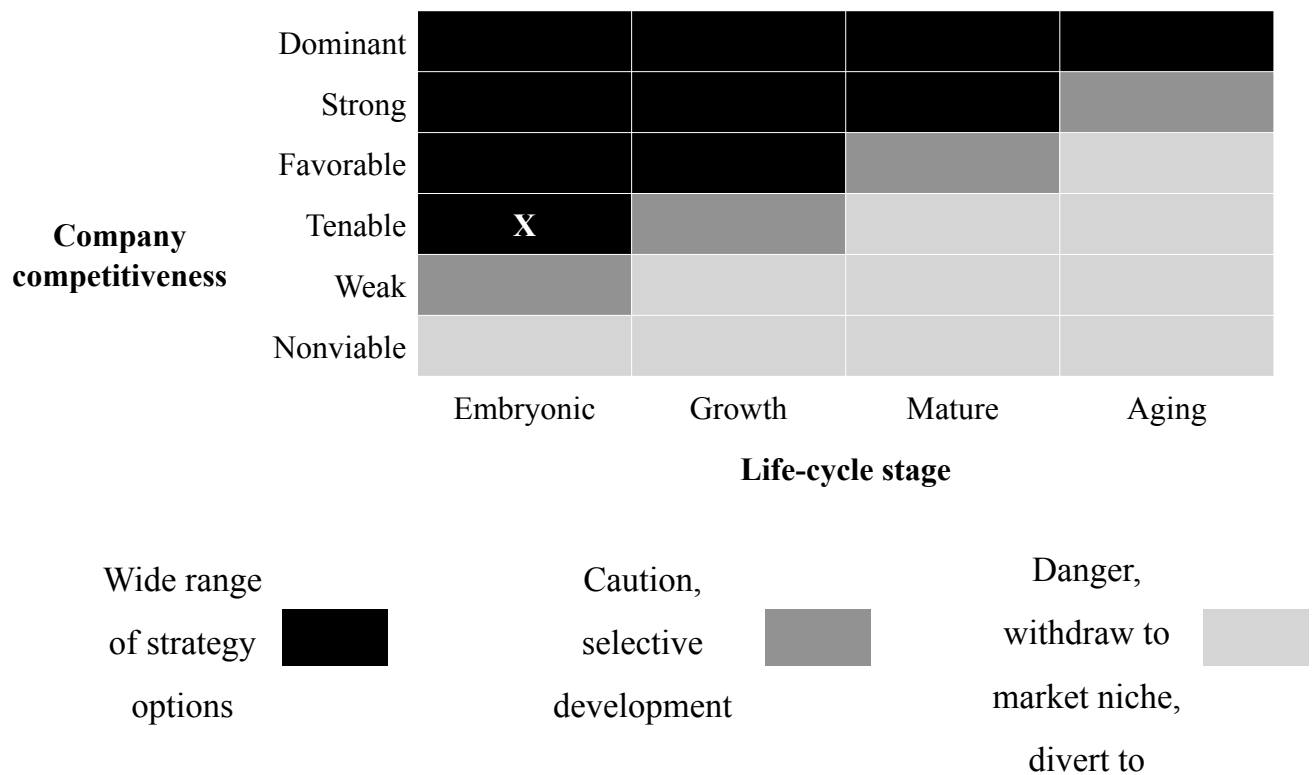


Figure 2.4. Arthur D. Little Matrix for Shabo’s market strategy assessment

Source: created by the author based on [51]

Outlining Shabo’s position in the matrix, the following features can be mentioned: the company is still not present in the Italian market, and, let’s say, only about to enter it, thus, it is in the embryonic stage of its market life cycle; while Shabo’s competitive position can be described as tenable regarding its high scores on the previous assessment but also taking into account the risk of its weakening in the future. Therefore, the perfect option for Shabo’s strategy development would be selective market position enhancement.

2.3. Studying Consumers’ Behavioural Patterns in the Italian Liquor Market

Studying consuming behavior patterns in the market is crucial for businesses to understand the needs, wants, and preferences of their target audience. They provide insights into the decision-making process of consumers, including their purchasing habits, motivations, and attitudes toward products or services. By analyzing consumer

behavior patterns, businesses can tailor their marketing strategies and improve their product offerings to better meet consumer demands.

The first step in studying consumer behavior research is conducting target microsegmentation by picking up the basic segmentation criteria, which are *age* and *income level* (Table 2.24).

Table 2.24

Microsegmentation for Shabo in the Italian Liquor Market

Criteria of segmentation	Description		
Age	People over 18	Youth (18-29)	Since liquor is alcoholic beverage, selling it to people under 18 is forbidden by the Italian Law
		Adults (30-64)	
		Seniors (over 64)	
Income level	High income		Pay attention to brand image, sort of beverage, its key features, open to try something new
	Mid income		Much more loyal when it comes to the criteria of choosing the beverages but are not indifferent to them, might be even «stuck» with the only one brand
	Low income		The price is the key criteria of buying the product, the other criteria is rarely considered

Source: created by the author

- The first criterion is *age* because selling alcoholic beverages to people under 18 is forbidden by Italian Law [52]. However, taking into consideration the cultural Italian features, the group of consumers specified by their age is going to be divided into the following age groups: youth (18-24 years), adults (25-64 years), and seniors (over 64 years). From what is seen from the division, the main trait of the Italian age division is a much wider age period of adulthood conditioned by the cultural differences of the nation since Italians generally perceive time differently.

- The second one is *income level*. It's chosen because usually, the price of strong alcohol is higher than the price of light alcohol. Therefore, the income level of the consumers can be one of the main criteria for defining their vital buying behavior. Here it's possible to mention the following groups and their main traits concerning buying spirits: high-income consumers who pay attention to brand image, sort of beverage, and its key features, and are open to trying something new; mid-income consumers who are much more loyal when it comes to the criteria of choosing the beverages but are not indifferent to them, they might be even «stuck» with the only one brand; and low-income consumers who look at the price as the key criteria of buying the product, rarely considering the other criteria.

After that, it's possible to discuss the mentioned criteria based on the main behavior patterns of the consumers which is going to be the macrosegmentation.

Considering the factors of buying due to the *age* of the customers, the next ones can be stressed: *motivation, drinking behavior or practices, and experience* (Table 2.25).

Table 2.25

Consumer Behavioral Patterns Based on the Age

Criteria	Age		
	Youth (18-24)	Adults (25-64)	Seniors (over 64)
Motivation	1) Individual preferences 2) Buy the beverage for an occasion (as a present, or if it's a holiday, and so on) 3) Other		
Drinking behaviour/ practices	Usually, consuming liquor not in a pure form but as a part of cocktails	May drink liquor in a pure form (especially, men) being gourmands or having certain preferences	May drink liquor in a pure form (especially, men) being gourmands or having certain preferences or even consider the liquor as
Experience	The level of familiarity is usually low	The level of familiarity varies from medium to high one (depends on individual preferences)	

Source: created by the author

a) **Motivation** for all the age groups is going to be similar, and can't be classified by such criteria since it's too subjective for each case: it might be individual preferences that make the consumers buy liquor, or it might be an occasion (for example, buying brandy as a present, or as a special drink for a holiday, and so on), it also might be some other reasons that every person can add depending on a certain context;

b) **Drinking behavior or practices** are pretty much differentiated by age group: usually, it's possible to note that young people drink liquor, not in a pure form but as a part of cocktails while adults being gourmands or having certain preferences may drink strong beverages in a pure form (especially, men), and when it comes to seniors, they not only may drink the strong beverages in a pure form but also consider the liquor as a «medic tool»;

c) **Experience** also usually differs for each age group: while for young people liquor is an unknown beverage, for adults and seniors the level of familiarity varies from medium to high one (depending on individual preferences).

Regarding income level, the factors and patterns for buying strong alcohol can be referred to as the **price of the beverage**, **brand image**, **taste of the beverage**, and **liquid capacity** (Table 2.26).

Table 2.26

Consumer Behavioral Patterns Based on the Income Level

Criteria	Income level		
	High income	Mid income	Low income
Price of beverage	Consumers have the lowest price sensitivity, sometimes they are indifferent to it	The price sensitivity is moderate: they take into consideration the other factors making a decision about buying the beverage, and might not buy the beverage if the price is higher than they expected	Consumers with the highest price sensitivity: they are limited with the income level

Brand image	The name of the brand is important: usually, buy luxury brands with a high loyalty rate	The name of the brand is less important, consumers might be stuck with the most suitable option	The name of the brand is not important if the price is suitable
Taste of beverage	Usually, extremely picky when it comes to the taste of the beverage	Have their preferences and try to match them by finding the most suitable option considering the price and other factors	Have their preferences but usually, can not vary among the options
Liquid capacity	Usually, do not pay attention to bottle size	Try to find the most optimal bottle capacity	Usually, look for the largest bottle with the smaller price

Source: created by the author

a) Talking about behavioral patterns regarding income level, the ***price of the beverage*** is the most essential criteria that divide the clearest traits. For instance, high-income consumers usually have the lowest price sensitivity, sometimes they are even indifferent to it. When it comes to mid-income consumers, their price sensitivity can be assessed as moderate since they take into consideration other factors making decisions about buying the beverage, and might not buy the beverage if the price is higher than they expected. And low-income consumers are the consumers with the highest price sensitivity and are mostly limited in their income level. Basically, the higher the income of the consumer the lower their price sensitivity;

b) ***Brand image*** is another criteria that consumers with different income levels can be referred to. Here, the general picture is the opposite: the higher the income the more important the brand image for the consumer. For example, for high-income consumers, the name of the brand is usually important, so they buy luxury brands with a high loyalty rate. Mid-income consumers take the name of the brand as a less important criteria for buying, however, they might be the ones who are stuck with the most suitable option avoiding shifting to the new option.

And low-income consumers see the brand's name as unimportant if the price is suitable for them;

c) The next criteria is the *taste of the beverage*. Having a higher income, the consumers might be extremely picky since they got the opportunity to choose, to sort out among the spirits they're offered to buy. Even though mid-income consumers also have their preferences, they usually try to match them by finding the most suitable option considering the price and other factors when buying spirits. And low-income consumers having their preferences usually cannot vary among the options they just buy the one that they can allow themselves to buy;

d) The last but not the least criteria is *liquid capacity*. Again, the least sensitive category is high-income consumers, and the most sensitive one is low-income consumers. It can be explained by the limitations they got due to their income level: the consumers with lower income try to find the most optimal bottle capacity or even the largest bottle for the cheapest price.

To sum up, let's mention the most attractive segments for Shabo in the Italian market. Based on the findings, the adults and seniors can be united into one group due to some similarities in their behavioral patterns, and therefore, *the adults and seniors with medium and high levels of income* should be considered as the most preferable segment for promoting Shabo's liquor.

To be able to fulfill the market research objectives for creating Shabo's effective promotional strategy for liquors in the Italian market, it is necessary to conduct a survey which is a list of questions aimed at extracting data from a potential target group to study consumer behavior patterns in the market.

However, before creating the survey we should decide on the search questions that will lead us to the systematization of information we would like to know from respondents. These questions will be presented in Table 1 mentioning the hypothesis and possible sources of information.

Search Questions for Designing the Survey

Nº	Search question	Hypothesis	Source of information
1	Do you drink liquor?	▶ Yes	Primary
2	Do you drink liquor?	▶ No	Primary
3	Why do Italians buy liquor?	<ul style="list-style-type: none"> ▶ Personal consuming ▶ Interest to try ▶ Collecting alcohol drinks ▶ For an occasion (buying as a present, for a holiday, etc.) ▶ For a digestivo ▶ For an aperitivo ▶ For cocktail making ▶ Other 	Primary
4	Why do not Italians buy liquor?	<ul style="list-style-type: none"> ▶ Individual preferences ▶ Lack of awareness of liquor ▶ Lack of interest in liquor ▶ Lack of information about liquor ▶ Other 	Primary
5	Where do Italians buy liquor?	<ul style="list-style-type: none"> ▶ At the supermarkets ▶ At the local stores ▶ At the restaurants ▶ At the online shops ▶ At the vinery ▶ Other 	Primary
6	What are the most important features for Italians in choosing liquor?	<ul style="list-style-type: none"> ▶ Pricing features ▶ Qualitative features ▶ Additional features 	Primary

7	What liquor features are considered as important qualitative ones for Italians?	<ul style="list-style-type: none"> ▶ Liquor taste ▶ Liquor smell ▶ Alcohol content ▶ Liquor composition ▶ Storage period ▶ Chemical additives absence ▶ Liquor package ▶ Bottle size 	Primary
8	What price would Italians pay for one bottle of liquor?	–	Primary
9	What liquor features are considered as important additional ones for Italians?	<ul style="list-style-type: none"> ▶ Country of origin ▶ Brand image ▶ Quality certification availability ▶ Consumer reviews ▶ Other 	Primary
10	What are the most popular liquors in Italy?	<ul style="list-style-type: none"> ▶ Cognac ▶ Vodka ▶ Brandy ▶ Limoncello ▶ Whisky ▶ Amaretto ▶ Fernet Branca ▶ Grappa ▶ Campari ▶ Other 	Primary, Secondary

Source: created by the author

The survey should start with an introduction that uncovers the respondents the intentions of the interviewer and the purpose of the study. Therefore, the survey will start with the following paragraph:

«The study is conducted by a student of the Taras Shevchenko National University of Kyiv, Yeva Blokhina, and devoted to the examination of the Italian consumer behavioral patterns in the liquor market.

I am inviting you to participate in the research by completing the following survey. It will take up to 7 minutes to complete. Your answers are essential for completing my research, and I would appreciate it if you shared them with me.

The collected data will remain confidential and be used only for academic purposes.»

The first part of the survey starts with two simple questions with only two possible answers: yes or no. It will help to define from the beginning if the respondent falls into the target audience to continue the further research.

1. Do you drink alcohol?

▶ Yes

▶ No => The survey ends

2. Do you drink liquor?

▶ Yes

▶ No

These questions will provide us with additional information concerning the share of Italians who: 1) don't consume alcohol; 2) consume it but for some reason don't drink liquor; 3) consume liquor. Thus, further research will be devoted to studying these patterns, and the respondents who don't consume strong spirits will be asked to answer one more question for clarifying the reasons for denying drinking liquor.

Please, mention the reason why you do not drink liquor. (open-ended answer)

The survey finishes for the respondents who don't consume liquor but continues for the ones who do with section 2 and the following couple of questions that touch upon the behavioral patterns in choosing and buying liquor.

3. Why do you usually buy liquor? Please rank the listed motives for buying liquor in order of frequency, from 1 to 10 (1 being the least frequent and 10 being the most common reason for you to buy liquor).

- ▶ Personal consuming
- ▶ Interest to try
- ▶ Collecting alcohol drinks
- ▶ For an occasion (buying as a present, for a holiday, etc.)
- ▶ For a digestivo
- ▶ For an aperitivo
- ▶ For cocktail making

4. What liquor features are the most important for you? Please rank the listed features in order of importance for you, from 1 to 10 (1 being the least important and 10 being the most important features for you to buy liquor)

- ▶ Quality
- ▶ Price
- ▶ Additional characteristics

5. What qualitative liquor features are the most important for you to buy liquor? Please rank the listed features in order of importance for you, from 1 to 10 (1 being the least important and 10 being the most important features for you to buy liquor).

- ▶ Liquor taste
- ▶ Liquor smell
- ▶ Alcohol content
- ▶ Liquor composition
- ▶ Storage period
- ▶ Chemical additives absence
- ▶ Liquor package
- ▶ Bottle size

6. What additional liquor features are the most important for you to buy liquor? Please rank the listed features in order of importance for you, from 1 to

10 (1 being the least important and 10 being the most important features for you to buy liquor).

- ▶ Country of origin
- ▶ Brand image
- ▶ Quality certification availability
- ▶ Consumer reviews

7. What price would you pay for a bottle of liquor? (*open-ended answer*)

8. Where do you usually buy strong alcohol? Please rank the listed places for buying liquor in order of purchasing frequency, from 1 to 10 (1 being the least frequent and 10 being the most frequent place for you to buy liquor).

- ▶ At supermarkets
- ▶ At local stores
- ▶ At restaurants
- ▶ At online shops
- ▶ At winery

After question №8 the understanding of the awareness of liquor will be deepened by devoting the next section of the survey to uncovering the drinking behavior patterns of the Italians regarding brand awareness and sources reliability.

9. What liquor brands do you know? If you know some of them, please mention them. (*open-ended answer*)

10. What sources of information do you trust the most? Please rank the listed places for buying liquor in order of purchasing frequency, from 1 to 10 (1 being the least frequent and 10 being the most frequent place for you to buy liquor).

- ▶ Online sources
- ▶ Magazines/newspapers/other printed sources of information
- ▶ Word of mouth
- ▶ Recommendations
- ▶ Advertisements

As for the final words, I would like to mention the following paragraph:

«Thank you for spending your time participating in the survey!

Your answers made a great contribution to researching the relevant behavioral patterns in the Italian liquor market.

Also, I would be grateful if you could help in spreading the survey by sharing the link to it.

Hope you enjoyed it!».

Conclusion of Chapter II

The strategic analysis of the Italian liquor market's appeal to Ukrainian manufacturers was conducted by examining three key components. These components were the analysis of current business trends within the Italian market, competitive research on both Ukrainian and Italian liquor manufacturers, and studying consuming behavior patterns.

After conducting a thorough analysis of the macroenvironment in the Italian market, it was discovered that the main problems and opportunities for Shabo. The sum of market opportunities (24,05) was found to be greater than the sum of market problems (12,55) in the microenvironment revealing a favorable environment for the development of marketing strategies and further market position growth.

The microenvironment analysis showed the opposite tendency: the sum of market opportunities (1,6) was much lower than the sum of market problems (8,5). However, this presents an opportunity for Shabo to transform these problems into future opportunities. By developing unique selling points, strengthening its brand image, and building stronger partnerships, Shabo could mitigate these threats and continue to grow its market position.

Through the analysis of competitive positioning, it was possible to identify Fernet Branca (by Fratelli Branca), Grappa Cividina (by Bepi Tosolini), Disaronno Amaretto (by Disaronno), and Campari (by Campari Group) as the primary competitors in the market. Although Shabo exhibits a high potential score across all parameters, it lacks a competitive advantage over its rivals, who also hold strong market positions.

As a result, Shabo must focus on creating a powerful unique selling point to differentiate itself from its competitors. This will be the only way for the company to stand out in a crowded market and gain a significant market share.

Since understanding the needs, wants, and preferences of the target audience is especially essential, specific criteria were defined within the microsegmentation, and a deep understanding of Italian consumers' behavior was established within it. This allowed to identify the target market segment which is adults and seniors with medium to high levels of income. Also, to confirm the hypothesis the survey template was designed and launched to get the relevant data from the potential consumers.

CHAPTER III. DEVELOPING A PROMOTIONAL STRATEGY FOR UKRAINIAN LIQUOR PRODUCERS IN THE ITALIAN MARKET

Ukrainian liquor producers face numerous challenges when entering the Italian market. They must navigate cultural differences, language barriers, and unique market preferences while also competing against established brands with significant market share. Developing a successful promotional strategy requires a deep understanding of the Italian market, including consumer behavior, preferences, and cultural norms. Effective branding, advertising, and public relations are essential for building a strong brand presence and establishing credibility in the market. Moreover, the competitive landscape in the Italian liquor market is diverse and complex, with a range of established brands and local producers. Ukrainian liquor producers must therefore develop a clear understanding of their unique value proposition and positioning strategy in order to effectively differentiate themselves from the competition.

In this chapter, various aspects of developing a promotional strategy for Ukrainian liquor producers in the Italian market will be explored. It begins with a discussion of the survey results and their relevance including the identification of key market trends, consumer preferences, and the competitive landscape. Next, the main part of the promotional strategy development including brand identity, social media presence, positioning, and entering strategies that resonate with Italian consumers and market trends will be discussed. Finally, it will be concluded with recommendations for evaluating and adjusting the promotional strategy as needed, to ensure that Shabo continues to achieve success in the Italian market.

By following the recommendations outlined in this chapter, Shabo can create a promotional strategy that is tailored to the unique characteristics of the Italian market, helping them to establish a strong brand presence and achieve long-term success in this important market.

3.1. Survey Results Analysis

In the process of conducting the survey, **32 people of different age groups and income levels** were asked to fill in it by sharing their personal opinion. Thus, the respondents provided the following results:

1) **84,4% of them**, which is 27 people out of 32 who participated, **consume alcohol**, however, **78,1% of them** which is 25 people **consume liquor** (Figure 3.1);

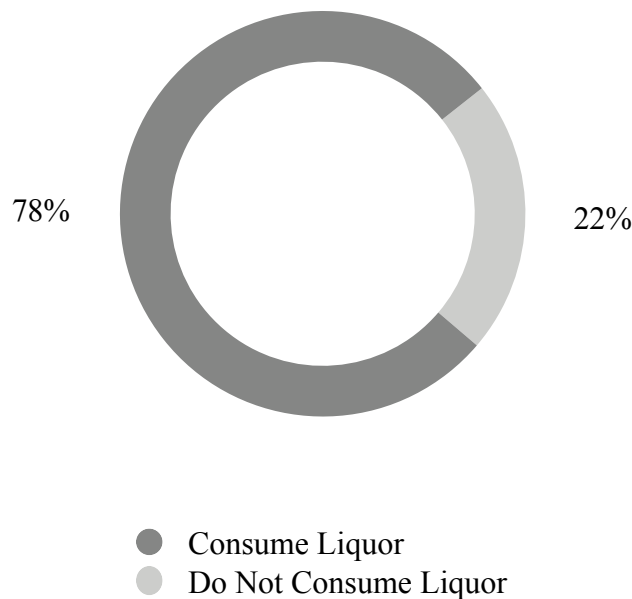


Figure 3.1. Share of Respondents Who Consume Liquor

Source: created by the author based on the Survey Results

2) as for the reasons why they do not consume liquor, respondents answered that they simply do not consume alcohol (this option was mentioned 5 times) and also mentioned **their individual preferences** (which might be connected with the taste of the beverage or its high-degreed nature, and was chosen 2 times);

3) thus, regarding the results obtained in the next section, **the motives to buy liquor** were ranked by their frequency in the following way: 1) **personal consuming** was mentioned as the most popular motive among all (its average score stands at **8,7** out of possible 10); 2) second popular option is **an interest to try** (gained an average score of **7,2**); 3) pretty similar results showed such options

as buying liquor *for cocktail making* (5,6), *for an aperitivo* (5,2), and *a digestivo* (4,7); 4) the next in the rank is buying liquor *for an occasion* which made up 4,1 points out of 10; 5) the least frequent reason to buy among all of the presented ones is considered *collecting alcohol drinks* with an average score that stands at 2,5;

4) as for *the most important liquor features*, *quality* (9,1) and *price* (8,7) stand out with the highest results while the *additional characteristics' score* notably differs (6,2). Let's also depict the results in Figure 3.2;

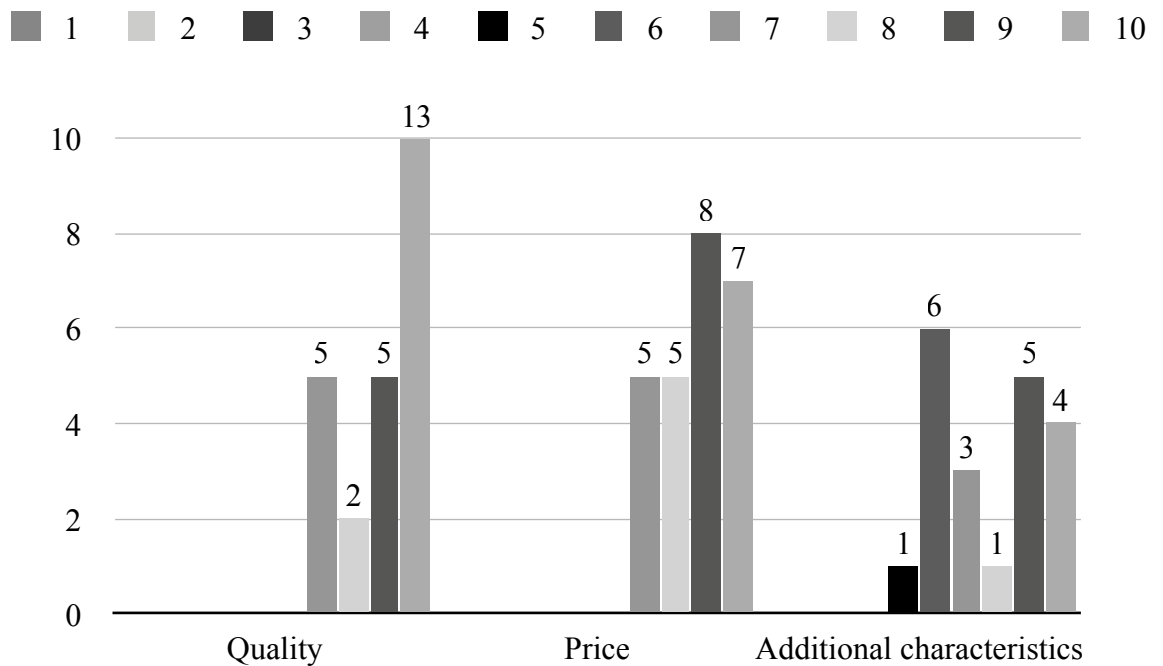


Figure 3.2. Most essential liquor features based on the survey results

Source: created by the author based on the Survey Results

5) among the most important qualitative liquor features, the respondents' answers were divided in the following way: 1) *liquor taste* (9,2) and *its smell* (8,6) were stressed as the most essential criteria that affect the decision to buy; 2) *liquor composition* (7,5), *its package* (7,2), and *bottle size* (7,0) are the next important and most frequent criteria to be considered when buying liquor; 3) the next in the list are *chemical additives absence* (6,4) and *alcohol content* (6,1); 4) and the last one is *storage period* (4,3) that is considered as the least popular criteria when buying liquor;

6) the majority (60%) of those respondents who continued filling out the survey proved the *price of liquor matters* picking it as the second most important criteria when buying liquor. Thus, it makes sense to find the most appropriate liquor price. The results of the survey showed the respondents are ready to pay *from 10 to 20 euros* for one bottle (Figure 3.3). Analyzing the data, it is possible to mention the price in the range of *10-15 euros* as the most optimal solution for the companies. Also, for now, respondents are not ready to pay more than 20 euros per liquor bottle, they mostly consider cheaper options;

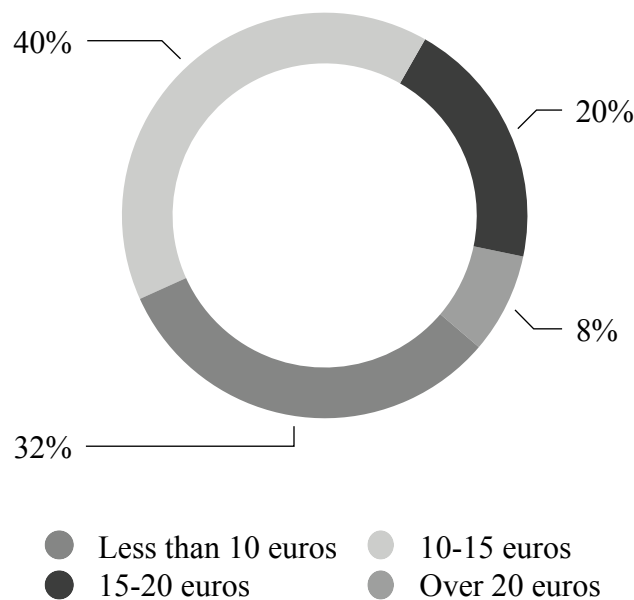


Figure 3.3. The most optimal price range for one bottle of liquor

Source: created by the author based on the Survey Results

7) when it comes to the most important additional liquor characteristics, the respondents' answers were divided in the following way: 1) *brand image* (9,2) is considered as the most essential criteria for buying liquor; 2) *quality certification availability* (8,3) and *consumer reviews* (7,9) are the next important and most frequent additional features to be considered when buying liquor; 3) the last one is *the country of origin* (6,7) that is considered as the least popular criteria when buying liquor;

8) as for the most popular *places to buy liquor*, the respondents chose *supermarkets (9,5)* as the most frequent place to visit when buying liquor, and the next options basically demonstrate pretty similar results being not as popular as the first one: *local stores (6,6)*, *restaurants (5,7)*, *online shops (5,6)*, and *vineries (4,7)* (Figure 3.4);

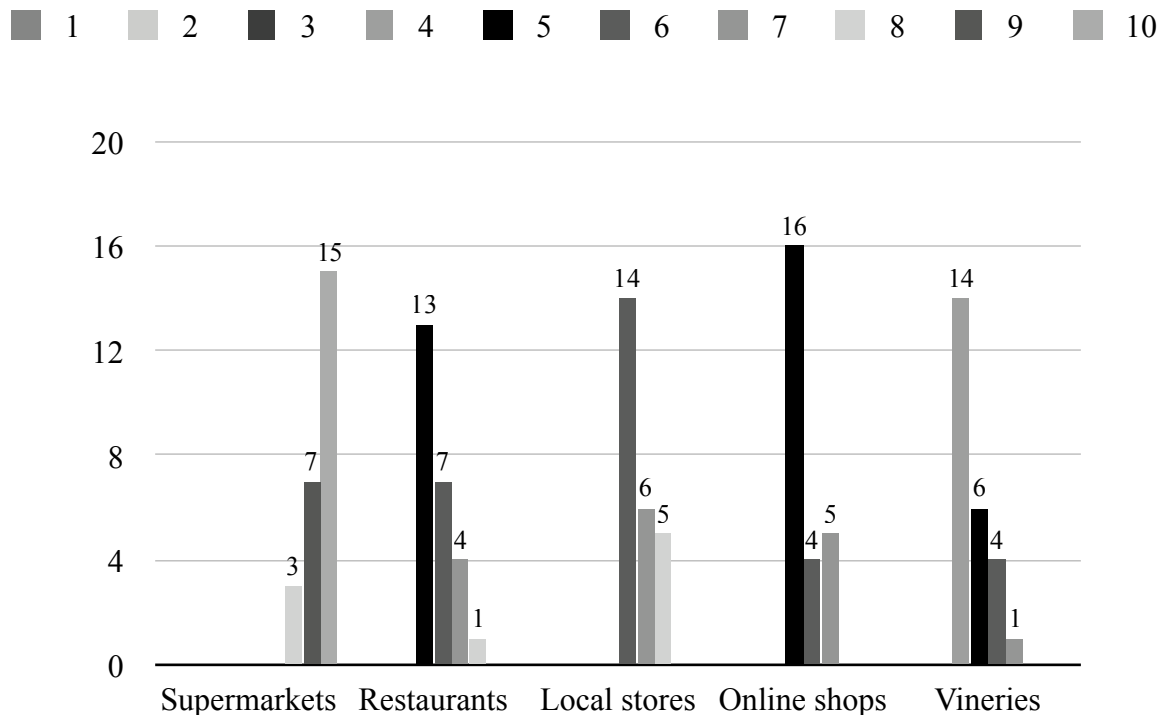


Figure 3.4. Most popular places to buy liquor based on the survey results

Source: created by the author based on the Survey Results

9) as for the liquor brands, the majority of respondents agreed on its importance, but *only some of them (10 people or 40%)* could list the names of the most popular brands such as Chartreuse, Cointreau, Bacardi, Captain Morgan, Limoncello, Smirnoff, Bailey's, Jack Daniels, Vecchia Romagna, Carlos, and Cardenal Mendoza;

10) talking about *the sources for gaining information about liquor*, the respondents picked recommendations (8,6) and online sources (8,3) as the most popular ones. They also mentioned *word of mouth (6,2)* as the source they can rely on and use often. As for *advertisements* and *printed media*, these options gained the lowest scores – 5,1 and 4,6 respectively.

Thus, regarding the survey results, even though liquor is not the most popular alcoholic beverage category in the market it is still often consumed by the Italians. Among the main motives when buying liquor it is possible to mention personal consuming and interest to try as the most popular ones. Other possible options do not appear as the most popular motives to buy this alcoholic beverage category.

However, the majority of Italians that were asked to fill out the survey could barely name the liquor brands. It leads to the next statement: there is an obvious general lack of awareness about liquor brands in the market. Therefore, Shabo should work on raising liquor visibility and boosting the interest in liquor (in brandy particularly) in the Italian market.

When it comes to the most essential criteria Italians pay attention to when buying liquor, quality, and price are considered as equally important for buying decisions. The Italian alcohol market is highly competitive and offers not only a wide range of products but also provides them of a distinctly high quality. Thus, it is vital to focus on maintaining «quality-price» correspondence for Shabo to be able to compete in the market.

Among the most important qualitative features are liquor taste and smell, however, liquor's composition and its visual features such as package and bottle size were also stressed as the ones that consumers usually pay attention to.

Also, Shabo should look through its pricing strategy by taking into consideration the answers of respondents regarding the price range they are ready to consider when buying liquor. Since the price is one more essential criteria, it still should be acceptable. Thus, survey results stated the price range of 10-15 euros per bottle as the optimal option.

Moving to the channels for product distribution, Shabo should definitely focus on setting ties with Italian supermarket networks since the majority of potential consumers prefer buying brandy there.

Lastly, as the most popular and reliable source of information, the Italians picked recommendations and online sources. So it raises the importance of working on the company's credibility and the significance of the social media promotion integration in Shabo's promotional strategy.

3.2. Shabo's Promotional Strategy Development

Brandy for Italian consumers is not a usual product. As it was already mentioned, there is an obvious lack of interest in brandy among Italians. Therefore, one of the main objectives of Shabo's promotional strategy would be to work on raising the interest and additional awareness of consumers by contributing to liquor-drinking culture development.

Regarding the obtained results from the competitive analysis of Shabo's market positions, it is possible to state that the company, even though it has high scores for all the parameters, does not have any competitive market advantage. The reason behind it is the majority of Shabo's competitors in the market also demonstrate high results for the same parameters so it doesn't give the company a chance to stand out by positioning on any of the studied parameters. Thus, before talking about promotional strategy development, the positioning of Shabo in the Italian market should also be considered and designed.

For this purpose, Shabo should focus on creating a strong unique selling point for its products within the positioning strategy. That doesn't mean the company cannot appeal to the main advantages regarding the previously conducted competitive analysis, however, in addition to this, it is also important to develop a unique feature that Shabo can include in its promotional strategy.

As it was mentioned, the company still has the main competitive advantages which are the following:

- 1) manufacturing facility availability;
- 2) chemical and technical control laboratory availability;
- 3) quality certification availability.

Regarding the mentioned competitive features, it is possible to underline the main attributes of Shabo's unique selling point in the Italian liquor market.

The whole positioning of Shabo in the Italian market due to the Italians' affection for the family-run business should be built around *the company's long history* and *the manufacturing traditions* that are followed so far. As was mentioned, the Italian market presents a lot of highly competitive competitors for Shabo, thus,

the company should promote its catchy and bright **brand legend** that will help to stand out among the competitors in the market.

The brand image surely should be built around Ukrainian traditions and history, and among the possible options for its development can be: Ukraine's victory celebration (the most relevant historic event) or the Cossack symbolics included in the brand history promotion. Basically, the first attribute of the positioning strategy would be a combination of the real advantage of the company which is **its unique manufacturing technology** and **independent spirits manufacturing process**, and the artificial one which is **the brand legend**.

Moreover, the mentioned above attribute of the unique selling point can be complemented by the artificial advantage which is **the receipt uniqueness**. The receipt of the Shabo Elite Ukrainian Brandy product line is unique but the whole nature of the brandy is quite standardized. Therefore, the attribute can't be classified as one hundred percent real one.

However, the receipt's uniqueness leads us to another advantage which is **the company's origin**. In light of recent events, Ukraine became the center of attention of the whole world. For Shabo, it is a great opportunity not only to express itself in the new market but also, to support Ukraine's image by proving its local manufacturers' prominent competitive positions in the EU markets.

Another essential moment is positioning Shabo should pay enough attention is **quality certification availability** since this attribute is a must for entering the EU markets. So, Shabo should proudly claim and remind about it in its promotional strategy to stand out among its competitors.

Therefore, for the successful positioning of its products in the Italian liquor market, Shabo should focus on stressing **its sufficient product quality level** that is not lower than the European one, and on underlining **its product uniqueness** by declaring its origin, receipt originality, and long traditional manufacturing process.

Also, it is vital to consider possible product proposal solutions for Shabo in the Italian market. This requires conducting the rationalization of the product mix by calculating the following set of indexes [53].

1) Width of the product mix index

$$I_w = \frac{W_c}{W_b} \quad (3.1)$$

W_c – current width of the product mix

W_b – basic width of the product mix (the maximum for the strategic group)

$$I_w = \frac{3}{3} = 1$$

In this case, the basic width of the product mix is presented by Shabo itself since the company has the biggest number of product lines presented on its product mix providing the highest level of consumer need satisfaction with a broader product mix.

2) Depth of the product mix index

$$I_D = \frac{D_c}{D_b} \quad (3.2)$$

D_c – current depth of the product mix

D_b – basic depth of the product mix (the maximum for the strategic group)

$$I_D = \frac{5}{11} = 0,45$$

Regarding the depth of the product mix, it includes 11 positions and is considered as the basic depth number (the maximum presented in the strategic group by Grappa Cividina). Shabo offers 5 positions within the chosen product line which is Shabo's Elite Ukrainian Brandy, and thus, the index stands at 0,45 which is a sufficient result regarding the fact that the company mostly specializes in wine than brandy.

3) Stability of the product mix

$$I_{ST} = \frac{P_c}{P_b} \quad (3.3)$$

P_c – the number of products with a stable demand

P_b – basic number of product positions on the product group

$$I_{ST} = \frac{7}{13} = 0,54$$

The basic number of product positions within Shabo's brandy product group stands at 13. As for the number of products with a stable demand, it was decided to take into consideration the products that were rewarded with the corresponding award as a mark for good quality and consumers' choice. The number of such products in Shabo's product group stands at 7.

4) Novelty of the product mix index

Regarding the specificity of brandy, it is impossible to calculate the novelty of the product mix index. The reason behind it is the recipe of liquor is standardized and was followed for centuries, and hence it is not reasonable to raise the issue of moral obsolescence of liquor, or the frequency of new types produced since basically, even if the new types of liquor appears usually it does not damage and cause the limitation of the classic ones.

5) Structure of the product mix index

$$I_{STR} = \frac{1}{m} \sum_{j=1}^m K_{str}^j \quad (3.4),$$

$$K_{str}^j = \frac{P_c^{(j)}}{P_b^{(j)}} \quad (3.5)$$

K_{str}^j – partial coefficient of structure for (j) product

$P_c^{(j)}$ – the current ratio between different product positions on the actual product mix

$P_b^{(j)}$ – the basic ratio between different product positions on the basic product mix

m – general number of product positions on the product mix

Let's calculate the current and basic ratios for brandy on Shabo's product mix, and also, brandy's partial structure coefficient.

$$P_c^{(j)} = \frac{13}{73} = 0,18; 2) P_b^{(j)} = \frac{20}{70} = 0,29; 3) K_{str}^j = \frac{0,18}{0,82} = 0,22$$

Also, the same indexes will be mentioned for the other product positions on Shabo's product mix (except brandy).

$$P_c^{(i)} = \frac{60}{73} = 0,82; 2) P_b^{(i)} = \frac{50}{70} = 0,71; 3) K_{str}^i = \frac{0,29}{0,71} = 0,41$$

$$I_{STR} = \frac{1}{13} \times (0,22 + 0,41) = 0,048$$

And now, after calculating all the needed components let's define the rationality of the company's assortment by calculating the rationality index itself.

$$I_{rationality} = I_W W_W + I_D W_D + I_{ST} W_{ST} + I_{STR} W_{STR}$$

$$I_{rationality} = 1 \times 0,25 + 0,45 \times 0,25 + 0,54 \times 0,25 + 0,048 \times 0,25 = 0,5095$$

The obtained results can lead to the following recommendation for Shabo's product mix enhancement for entering the Italian market:

1) regarding ***the width of the product mix***, Shabo demonstrates satisfaction with possible arising consumers' needs with unique product lines. Therefore, for now, the company should not focus on developing new product lines – it should work on their appropriate promotion and improvement to make the consumers interested in each of them;

2) even though ***the depth of the product mix*** doesn't look sufficient at first sight, for Shabo the result is pretty satisfying. Shabo specializes in wine but, from what is seen, it also succeeds in other product groups. This leads to the statement that the company does not need to rush in broadening its product lines with new positions but it should pay into consideration consumers' preferences, especially in case of entering the new market;

3) ***the stability of the product mix*** is also pretty high for Shabo since there is a stable demand for 54% out of 100% of Shabo's brandy products so more than half of them is a consumers' favorites. So, the company can consider the most perspective options within its product mix for its entry into the Italian market.

After deciding on which attributes Shabo should focus on when promoting itself in the Italian market, it is possible to move to the promotional strategy elaborating.

Based on the results obtained from the survey, the most popular channels for Shabo promotion could be recommendations and online sources. As for both of the channels for promotion, Shabo should put effort into developing strong company **credibility** so choosing Shabo's products the consumers will have more confidence in a successful purchase. There are some key principles Shabo can touch upon to increase its credibility in the Italian market:

1) **Build a strong brand** with a clear message that communicates what the company stands for, what are its values, and what are its unique features. That is why the matter of positioning and product solutions was discussed above: entering the new market Shabo should formulate a clear understanding of its image and how it is going to be promoted;

2) Based on the survey results, **establishing a strong online presence** is another subject of special attention in Shabo's promotional strategy. In today's digital age, having a strong online presence is crucial for establishing credibility. This includes having a professional website, social media accounts, and positive online reviews.

3) **Building partnerships with established and reputable organizations** in the new market can help boost credibility. That is a good way to let potential consumers understand that you are trusted. This can include partnerships with local businesses, industry associations, or other organizations that are respected in the market.

Continuing the topic of boosting online presence, it will be useful to analyze the current condition of Shabo's social media and its SMM strategy and develop possible ways of enhancing promotion in the Italian market through online sources.

First and good point about Shabo's social media: the company has **its own well-design website** that offers not only Ukrainian but also an English interface that is necessary and useful for foreign consumers. On Shabo's website, consumers can find all the needed information about the company's products and its history. The website

also operates as an online shop so the consumer can buy products right from the official Shabo shop and even arrange delivery. Moreover, the website has been recently updated so the latest information and functional setup are available for the best consumer experience.

Furthermore, Shabo is active on its social media which are *Instagram* and *Facebook*. The company openly communicates with its audience and shares the latest news and updates which is great for building close ties and consumer loyalty. On *Instagram*, Shabo usually covers the following topics:

- 1) product presentation or product promotion by providing the latest information and reminding about its product line variety;
- 2) quick facts and extra information about the company and its team by conducting interviews with team members, telling about the company values and its history;
- 3) events participation by mentioning Shabo's performance and the most essential insights from it;
- 4) international and wine-related holidays celebration;
- 5) news and the latest updated regarding company's market performance. The number of Instagram followers on Shabo's page is 13 thousand people.

All the posts from Instagram are duplicated on Shabo's *Facebook page* which is also popular and active embracing an audience of 53 thousand people. Also, Shabo has its own *YouTube channel* which compared to its Instagram and Facebook is less active. However, the company provides content only for Ukrainian-speaking audiences, and thus, even though its Instagram is active and well-managed it does not provide an international audience with any information they can understand.

If the company is planning to expand its market presence it definitely should work on developing an SMM strategy for the Italian market by creating Instagram and Facebook pages for Italian-speaking audiences as it did for entering the Kazakhstan market. Thus, let's take a look at what Shabo's main competitors communicate on their social media and how they do it to develop reliable recommendations for the company's promotional strategy.

Fernet Branca might be a good reference for Shabo to look up to. Performing in the Italian market, the company provides a fully adapted SMM strategy. Thus, Fernet Branca has **three main channels of communication**: the company website, Instagram, and Facebook page.

Fernet Branca's website looks good and informative. The design is simple and elegant that corresponds with a corporate style and is good for highlighting the noble nature of the products. It has seven main pages such as Home (the page with general information), Fernet Branca World (the page devoted to the most essential news, facts, and events), The Secret Recipe (the page about the original recipe of Fernet Branca and its unique nature), Limited Editions (the page for presenting exclusive special editions to collect or gift from Fernet Branca), Cocktails (the page with the most popular recipes with Fernet Branca), #MyFernet (the page for sharing consumers to share their feedbacks), Contact (the page with the company contact information for consumers to connect if needed). Furthermore, the website is provided in two languages: English and Italian so consumers not only from Italy but from all around the world can get to know the Fernet Branca brand.

The main channel of the company is still **Instagram** which is active and getting updated daily. Fernet Branca mainly touches upon the same topics that Shabo raises in its Instagram, however, it mostly focuses on product presentation by posting different ways of serving its products, telling followers about the product's special features, and promoting its new product lines. The topic that Fernet Branca focuses on a lot is cocktail recipes with its products (posts about 4-5 recipes in a month) which is not only a good way to promote products but also to boost communication with the audience. Moreover, the company started to post the recipes not only as static pictures but also as reels (short videos) to show the followers the whole step-by-step process of cocktail making which is both entertaining and visually pleasant. Also, Fernet Branca has an interesting category of stories that is called «bartender»: the whole point if the bartenders give the followers professional advice regarding cocktail making and alcohol drinking insights. The number of followers there is almost 11 thousand so Fernet Branca's community on Instagram is pretty active.

Also, it is aimed at an Italian-speaking audience since the language that is used for communication is Italian.

When it comes to the **Facebook** page, it is not active. Even though it has lots of likes and followers, the last time the company posted something was in 2021, on the 21st of March.

Grappa Cividina produced by **Bepi Tosolini** is considered as the second-closest Shabo competitor so let's also look through its social media channels which are four: website, Instagram, Facebook, and LinkedIn.

Starting from the **website analysis**, it is possible to mention the fact that it is designed well – the general style is minimalistic, yet elegant to emphasize the company's long history, nobility, and products' premium quality. It consists of seven main pages such as Our History (the page with the information about Bepi Tosolini's history), The Method (the page devoted to Bepi Tosolini's manufacturing methods), Our Products (the page telling about the company's product line), Awards (the page for presenting Bepi Tosolini's main achievements in the liquor-making industry), Cocktail (the page with the most popular recipes collected by Bepi Tosolini), Catalogs (the page about Bepi Tosolini's product line), Contacts (the page with the company contact information for consumers to connect if needed). Also, the website has two languages to switch to – English and Italian.

When it comes to **Instagram**, the post sequence is consistent however it lacks a unified page design. Comparing Instagram's design to the website's one, it does not look modern and stylish enough. Also, there is no variety in topics for posts: the company mainly posts cocktail recipes or some information about the latest events or holidays. Scrolling the page down, it is possible to mention that Bepi Tosolini has cooperated with the marketing agency before since the posts were more diverse, and the page design was generally better. However, the company still works on managing its Instagram page, regularly posts some stuff, and communicates with the followers who are almost three thousand people. It is important to mention Instagram page is Bepi Tosolini's main channel for communication and its main language is Italian so it is obviously aimed at an Italian-speaking audience.

Talking about **Facebook**, the posts from Instagram are simply reposted to it. The community there is not that active but it still has 12 thousand likes and 12 thousand likes.

Bepi Tosolini also has a page on **LinkedIn**. However, it is not active and probably is mostly used for corporate and business communication.

After studying Shabo's main competitor's specificity in running their social media, let's move forward to developing the company's competitive strategy which is vital for a company to differentiate itself from other players in the market, gain a significant share of the market, and create barriers to entry for potential competitors. A strong competitive strategy can also lead to increased profitability, as Shabo can charge a premium for its unique products or services. Without a competitive strategy, it may struggle to establish a foothold in the market and compete effectively, leading to poor performance and potential failure. Thus, Michael Porter's methodology will be referred to evaporate the competitive strategy (the matrix "strategic objective-competitive advantage») [54]. Picking the most suitable strategy for Shabo among the developed Porter's strategies, the next features should be discussed:

- 1) The proceed of consumer segmentation defined two main segments that were later united into one since both have similar buying behavioral patterns. It leads to the statement that the biggest part of the market is Shabo's potential consumers, and thus, it means that the company can rely on **occupying a potentially larger market share**;

- 2) Shabo offers a standardized product but concentrates on **promoting its unique selling point** which is a unique brand legend that helps to differentiate the product in the market;

- 3) Even though the company doesn't specialize in liquor production a lot, it provides **a pretty broad product mix** including various positions within the product lines due to different consumers' preferences;

- 4) Shabo aims at becoming recognized for **its strong brand image** that includes not only a unique brand image but also high-quality products with memorable taste;

5) The company should focus on *differentiation in the market* by developing and enhancing its brand image, or otherwise, it risks being "lost" among strong competitors.

6) Regarding all the mentioned points, the most appropriate option for Shabo will be *the strategy of broad differentiation*.

As for the Phillip Kotler methodology, the following points should be mentioned:

1) The Italian liquor market is highly competitive due to the strong players' presence but *the level of competition is not intense*, so Shabo won't meet any barriers to entering the market;

2) The product is standardized so *there are not many opportunities for differentiation* not only for Shabo but for all the companies on the market;

3) There is *a set of usual patterns* concerning promoting liquor in the Italian market so the companies in the market follow it by doing it in a pretty conservative way.

Therefore, for Shabo, it will be much better to enter the Italian market with *a non-aggressive strategy of market followers* to get some time to take its position in the market and gain a sufficient share of it. Later, after creating a strong brand image the company can consider the option of moving to the market challenger strategy which is usually the typical way for market followers as they are raising their market shares.

Another important point for Shabo's promotional strategy development that should be studied is the company is not performing in the Italian market. Entering a new market is only the beginning of the way but each company should pay attention to thinking about further position strengthening in the market and ways for its maintenance. Therefore, the next step is choosing and developing a scenario concerning the possible way of Shabo's market growth due to Igor Ansoff's methodology [55].

The matrix consists of two main axes: product and market. Regarding their novelty, the company can pick the most suitable strategy for its future development. Before choosing the strategy for Shabo, let's touch upon the following features:

a) *Shabo is not presented in the liquor market in Italy*, so even though it is not new it is unknown to the company. However, there is a chance to enter it since the competition in the industry is not intense and there are no high entry barriers;

b) *Brandy is a standardized product* that is already produced not only by Shabo but also by other various companies in the Italian market, so the product is not new. It's important to mention that the interest in brandy in the Italian market is low. Thus, there is no developed drinking culture of brandy and not enough sources for gathering relevant information. However, the Italian market is full of opportunities for promoting brandy and developing its drinking culture.

Thus, at first, Shabo should follow *the market penetration strategy* by focusing on developing its unique brand image and using its high potential and competitive advantages in strengthening its market position and intensifying consumers' interest in brandy (Figure 3.4).

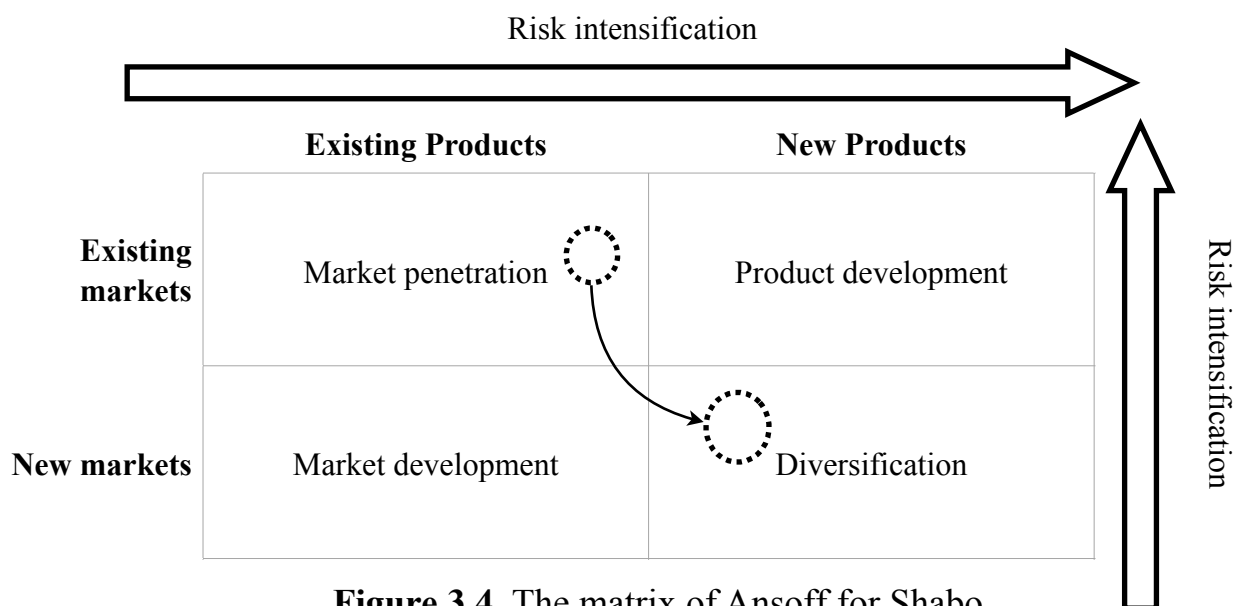


Figure 3.4. The matrix of Ansoff for Shabo
Source: created by the author based on [55]

After accustoming to new market conditions, as it is shown in one of the possible scenarios for companies' strategy development, Shabo will be able to transform its strategy into *a market development one* by implementing a market strategy similar to the Ukrainian one.

Moving forwardly to the next stage of market growth, Shabo has a chance to implement *the diversification strategy* by entering new segments and offering completely new products.

However, at the current stage, the company should manage to enter the Italian market by following the market penetration strategy and gaining consumers' interest in the brandy. Therefore, it should be taken into consideration in promotional strategy development.

Regarding the profound analysis that was conducted, it is possible to come up with the relevant recommendations to elaborate an efficient promotional strategy for Shabo in the Italian liquor market.

Firstly, the company should remember that based on the survey results the main channel for communication in the Italian market is online sources. Thus, one of the most efficient ways for promoting Shabo's products is through social media such as Instagram and Facebook (based on the main competitors' social media presence analysis). The content that is shared should be informative and consistent yet entertaining to maintain followers' interest and communication between the company and the audience. For example, it can post not only some information about its products, recent events, achievements, and news, but also, share the most popular recipes for cocktails, add such a section as Q&A (Questions and Answers) to be able to communicate with the audience, provide small interviews with the founders and team members, and so on. Also, for promotion in the Italian market, Shabo should shift its focus from wine (like it does in the Ukrainian market) to the whole product line. It is also essential for the company to create social media pages and a website at least in English but better in Italian.

Surely, that is not the only way for Shabo to promote itself. Other good ways for the company to pay attention are public relations and networking.

Public relations can help the company to establish a positive image and reputation in the market [56, 57]. This can be achieved through media coverage, influencer marketing, and taking part in such events as exhibitions, conferences, festivals, and other industry events.

While attending such events it is possible to kill two things at once since the target audience for building a network is probably gathered in one place. Networking is another effective way of creating relationships with other businesses and potential consumers [58]. These relationships can lead to opportunities for collaboration, partnerships, and sales. Moreover, by networking with other businesses in the same industry or related fields, Shabo has an opportunity to learn about industry trends, best practices, and potential challenges. This information can be valuable for developing new products or services, improving existing ones, and making informed business decisions. And of course, it can also help to establish a presence in the market and build brand awareness which is extremely important when it comes to increasing visibility and credibility in the market to attract new consumers or even investors [59].

Secondly, creating a strong brand image in the market is essential [60]. To make it possible, Shabo needs to focus on such an element as the brand legend that may include Shabo's long history and origin, manufacturing traditions, receipt uniqueness, and European standards correspondence. The brand legend should be bright and catchy for the company to be able to stand out among the strong competitors. It is possible to create a legend around Cossack's history with such slogans for campaigns as, for example, «Ukraine's heritage in a glass», «Experience the bold and fearless Cossack's spirit», or «Strong taste for strong Cossack-alike people».

Thirdly, it is not recommended for Shabo to use intense marketing promotion when it is just entering the market. Regarding the strategies that were studied for Shabo above, Shabo needs to take a cautious approach when entering the Italian market. Before actively promoting its product, it would be wise for the company to conduct thorough market research and gain a deeper understanding of the market [61]. This will allow them to identify potential challenges, competition, and consumer preferences. By entering the market with a proposed strategy, Shabo can take the time to establish its brand image and gain a sufficient share of the market. As it continues to grow and gain market share, it can consider transitioning to a much more active strategy aimed to increase its market share.

Also, since Shabo appears satisfied with its current product mix's ability to meet consumer needs with unique product lines, the company's focus should be on promoting and improving existing products to generate interest rather than developing new product lines for the Italian market [62, 63]. Although the depth of the product mix may not seem extensive, Shabo has shown success in other product categories beyond wine, indicating that it has a strong foundation for growth. As the company considers entering the new market, it should pay close attention to consumer preferences and invest in effective promotion strategies to increase product awareness. Shabo's high product mix stability, with over half of its brandy products being popular among consumers, provides an opportunity to leverage its most promising options for promotion in Italy. Overall, Shabo's strategy of prioritizing effective promotion and product mix stability is a prudent approach for sustaining its success in the market.

3.3. Shabo's Promotional Strategy Economic Efficiency

The last but not least step in developing a promotion strategy is assessing and proving its economic efficiency.

Regarding the fact that data about Shabo's marketing budget is unknown and the main source for promotion is considered digital resources, let's analyze the company's traffic and come up with a possible solution for its qualitative improvement.

Based on the data provided by SEMRush, it is possible to mention that Shabo has not included digital promotion in its marketing budget for 6 months starting from December 2022 (Figure 3.5).

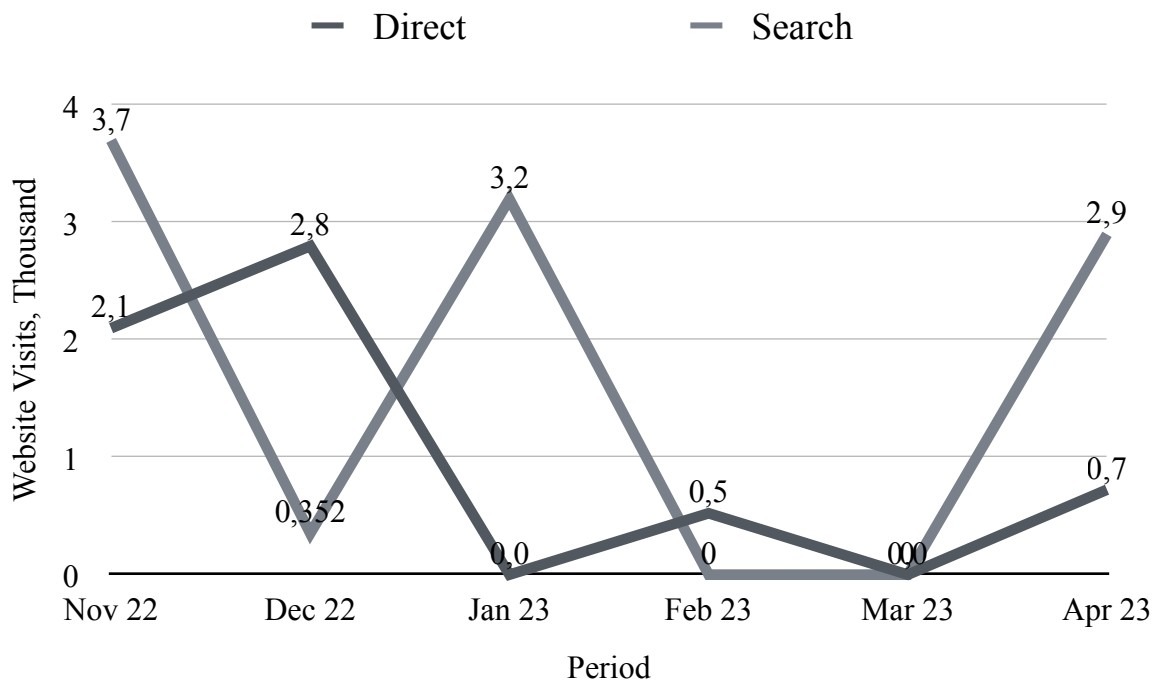


Figure 3.5. Shabo's Traffic Analytics (December 2022 – April 2023)

Source: created by the author based on [64]

As it is shown in Figure 3.5, Shabo's traffic is only organic, and having only organic traffic means that a company's website receives visitors from search engines or other online platforms, without any paid advertising or promotional activities. This can be a sign of strong SEO (Search Engine Optimization) and content marketing strategies that have successfully attracted and engaged potential customers [65, 66]. In the case of Shabo, even though its organic traffic during these 6 months was pretty high (6.3 thousand which is 16,51% higher than it was in November) and the bounce rate is 0% meaning the users got engaged with the website (spending 15 minutes to explore it on average), it mainly presents challenges, as relying solely on organic traffic means that the company's online visibility and customer acquisition are impacted by changes in search algorithms or competition. Therefore, relying on organic traffic it is preferable to continuously monitor the website's performance and optimize the SEO and content strategies to maintain and improve the online presence [67, 68]. However, entering the Italian market Shabo cannot follow a similar strategy as it is following in Ukraine if it is willing to attract traffic.

Moreover, the statistics about advertising in Italy proved the previous statement since advertising spending is increasing and thus, it means businesses start paying much more attention to promotion in the market (Figure 3.6). According to the data, in 2021, spending on digital advertising in Italy exceeded that of television advertising, amounting to 3.78 billion euros and 3.41 billion euros, respectively. Looking ahead to 2022, projections indicate that spending on digital advertising will continue to increase to 3.94 billion euros while spending on television advertising is expected to slightly decrease to 3.31 billion euros.

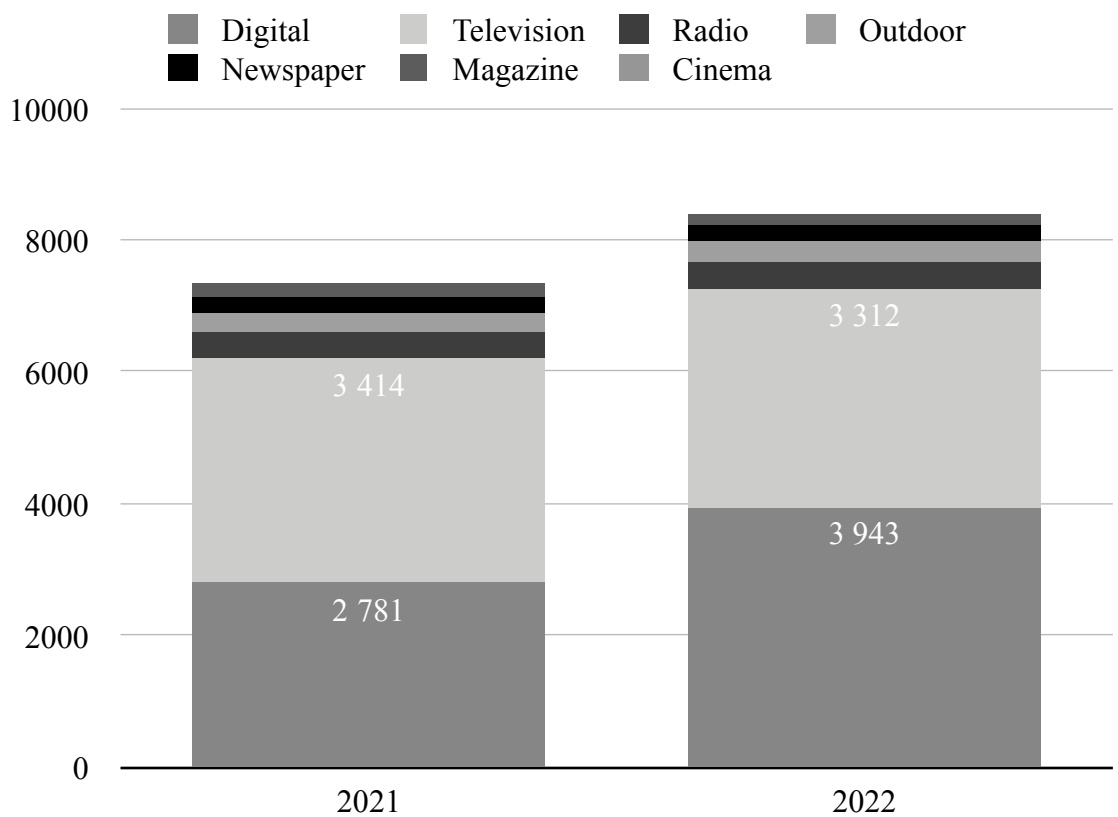


Figure 3.6. Advertising spending in Italy in 2021 and 2022, by medium (in million euros)

Source: created by the author based on [69]

The trends in the market have prompted Shabo to reconsider its promotional strategy. To stay ahead of the competition, the company needs to analyze recent market trends and make informed decisions. For this reason, it is highly recommended for Shabo to consult and cooperate with a local marketing agency [70,

71]. While this may be more expensive than working with a Ukrainian agency, the benefits of having a local agency's expertise are significant. A local agency can provide valuable insights into the local market's culture, trends, and consumer behavior, which is critical for developing a successful promotional strategy that resonates with the target audience. They have experience working with the local audience and can navigate any cultural or language barriers, simplifying the process of adapting the promotional strategy's messaging to the target audience. This approach helps to avoid misunderstandings and negative reactions from the audience, ultimately leading to better results for the company.

Usually, marketing agencies do not open the exact prices of their services. However, it is possible to assess minimum and maximum marketing spending by studying the average monthly prices provided by some of the agencies that operate in the European market. To be able to get market visibility in the Italian market Shabo should consider a complex of marketing services. Thus, before deepening into details regarding each service, here is an overview of the average monthly cost of SEOs, social media management, and PPCs for businesses provided by Barefoot Creative (Table 3.1).

Table 3.1

Cost of Online Marketing Services

Service	Average monthly price
Website Optimization & SEO	€500 – €1,000
Social Media Management	€2500 – €4,000
Facebook-, LinkedIn-, Google Ads	€6,000 – €8,000

Source: created by the author based on [72]

To determine the exact costs associated with the project, it is crucial to reach out to a digital agency and provide a detailed description of the project's needs. However, it is still essential to note that each agency works differently and calculates costs based on various factors. Factors such as company size and strategies may

influence budgets and ambitions. Therefore, the difference between minimum and maximum prices is pretty big.

Table 3.2

Cost of SEO Services

SEO/SEM Services	Average costs
Single Freelancer	€60 – €110/hour
Marketing Agency	€650 – €1,200/month
On/Off- Campaigns	€900 – €6,000

Source: created by the author based on [72]

SEO is an effective digital marketing strategy that can help grow business visibility online and increase its profitability. However, as it is shown in Table 3.2, the cost of SEO services varies depending on the desired outcome. For instance, hiring an SEO expert or outsourcing to a freelancer typically costs between €50 and €110 per hour. It is recommended to avoid freelancers who offer low rates as the quality of work may be substandard and may damage the online reputation.

Alternatively, establishing a lasting relationship with a digital marketing agency can cost between €650 and €1200 per month on average. Working with an agency will help to address search engine issues and focus on building long-lasting relationships with the audience in the new market. However, SEO results typically take a few months to materialize, and long-term payments may be necessary.

As for the individual SEO campaign, the cost of the campaign typically ranges between €900 and €6,000, depending on the size and complexity of the issues the company is facing. Thus, the company should be prepared to pay more if the case is exceptional.

Table 3.3

Cost of Digital Marketing Services

Digital Marketing Service	Monthly Average Costs
Social Media Marketing	€1200 – €3500

Website and Graphic Design	€650 – €1,200
Online Advertising Campaigns	€1500 – €5,000

Source: created by the author based on [72]

As previously discussed, Shabo will need a comprehensive marketing campaign to successfully enter the Italian market. This will include a range of digital marketing services such as SEO, social media management, content creation, advertising, etc. In order to budget for these services, it is important to consider the average costs of digital marketing packages.

Table 3.3 provides an overview of the average costs for different digital marketing service packages. It is important to note that these are just estimates and actual costs may vary depending on the scope of the project and the agency's pricing model.

However, according to the table, the minimum amount Shabo should be prepared to pay for a comprehensive digital marketing campaign in the Italian market is 3350 euros. This package would likely include basic SEO services, social media management, and content creation. On the other hand, if Shabo wants a more extensive campaign with advanced SEO strategies, targeted advertising, and in-depth analytics, the costs can go up to 9700 euros.

It is important to keep in mind that investing in a comprehensive digital marketing campaign can yield significant results. With the right strategy and execution, Shabo can increase brand awareness, drive traffic to its website, and ultimately increase sales. Additionally, the costs of digital marketing are often much lower than traditional marketing methods such as TV advertising or print media. This makes it a cost-effective option for businesses of all sizes looking to expand their reach and grow their customer base.

Conclusion of Chapter III

In conclusion, developing a successful promotional strategy is crucial for Ukrainian liquor producers seeking to enter the competitive Italian market. The

survey results analysis revealed important insights into Italian consumers' preferences and expectations, highlighting the need for Ukrainian liquor producers to create a clear and compelling brand identity that resonates with Italian culture and values.

The survey results showed that even though liquor is not the most popular alcoholic beverage category in Italy, it is still frequently consumed by Italians, primarily for personal consumption and the desire to try something new. However, there is a general lack of interest in liquor brands in the market, which indicates that Shabo should focus on boosting brand visibility to gain consumer interest.

Quality and price are equally important criteria when making purchasing decisions, which implies that Shabo needs to maintain a good "quality-price" correspondence to compete in the highly competitive Italian alcohol market. In terms of qualitative features, liquor taste, and smell are essential, but liquor composition, package, and bottle size also play a significant role in consumer purchasing decisions.

The survey results suggest that the optimal price range for Shabo's liquor should be between 10-15 euros per bottle, and Italian supermarket networks should be a primary channel for product distribution.

Since recommendations and online sources are the most popular and reliable sources of information for Italians, Shabo should prioritize social media as the main channel for communication and promotion. Thus, the SMM strategy for Shabo to promote its products was developed concerning its main competitors' social media management analysis. The overview showed that the content that Shabo should share on its social media pages should be informative, consistent, and entertaining to maintain followers' interest and communication between the company and its audience. Also, creating social media pages and a website in both English and Italian is essential to reach a wider audience and increase brand awareness.

In addition to social media, Shabo can utilize public relations and networking to establish a positive image and reputation in the market. Shabo can also attend industry events to engage with potential customers, build relationships with other businesses, and learn about industry trends to gain enough credibility in the new market.

Another essential component for Shabo to be able to stand out among its competitors is creating a strong brand image. It is possible to achieve this by developing a brand legend that emphasizes the company's long history, origin, manufacturing traditions, receipt uniqueness, and European standards correspondence.

Lastly, the economic efficiency of the promotional strategy for Shabo in the Italian market was assessed through the analysis of the company's current digital marketing campaign results and providing some useful insights to improve it. Thus, Shabo is recommended to consult and cooperate with a local Italian marketing agency to develop a successful promotional strategy that resonates with the target audience. Also, in order to develop a comprehensive digital marketing campaign in the Italian market Shabo should be ready to pay from 3350 to 9700 euros. However, It is crucial to consider that allocating resources to a thorough digital marketing campaign has the potential to generate substantial returns. By implementing an effective strategy, Shabo can enhance brand recognition, attract more visitors to its website, and ultimately boost sales.

CONCLUSION

The development of an effective promotional strategy to enter and perform in the Italian market was set as *the aim of the research*. After following the list of tasks that needed to be done to reach the aims, and conducting the whole research on the topic, it is possible to mention the following outcomes.

Firstly, the theoretical background provided a comprehensive overview of the promotional strategy's essential components for international markets. Moreover, based on Professor A. Starostina's method, there was developed an authentic definition of the promotional strategy which is a plan that underlines the company's goals, objectives, target audience, message, and communication channels to inform, persuade or remind about its goods, services, ideas, public activities and their impact on society. Thus, regarding the deep analysis of the latest and the most prominent definitions in the marketing literature, the definition created by the author can be considered as one of the most relevant ones. It lets the companies and researchers to use it for the further practical or academic goals.

Also, after that, the focus was aimed on finding out the framework for developing an effective promotional strategy in international markets due to the dynamically developing business world. The main point that was raised is before entering or performing in foreign markets it is necessary to study it. Raising the topic of effective promotion, the key elements for designing a successful promotional strategy such as achievable goals, defining its target audience, defined product value, and diversified promotion tools were studied and mentioned.

As another important aspect of forming an effective promotional strategy, the key global trends in marketing communications were also defined in the subchapter. The majority of them are referred to the dynamic and effective growth of technological advancement in the world and are aimed at market performance optimization.

Also, the main stages such as Market Research, Setting Objectives, Budgeting, Developing the Message, Selecting the Promotional Mix, Implementing the Strategy, and Evaluating the Results were covered as the most critical steps for designing an effective promotional strategy.

Moreover, taking into consideration the market diversity and complexity five approaches such as a global approach, a regional approach, a local approach, a glocal approach, and a mixed approach were considered as the possible ways to follow when developing a promotional strategy.

Secondly, a strategic analysis of the Italian liquor market attractiveness was conducted to determine its appeal to Ukrainian producers. The strategic analysis provided valuable insights for Ukrainian liquor producers seeking to enter the highly competitive Italian market. By understanding the market trends, competitive landscape, and consumer behavior patterns, they can develop effective promotional strategies and grow their market position.

The macroenvironment analysis revealed that there were more market opportunities than problems for Shabo in the Italian market. This provided a favorable environment for developing effective marketing strategies and expanding the market position. However, the microenvironment analysis showed a different trend. There were more market problems than opportunities, which, however, presented an opportunity for Shabo to transform these challenges into future opportunities. By creating unique selling points, strengthening its brand image, and building stronger partnerships, Shabo could mitigate the threats and continue to grow its market position.

The strategic analysis was complemented by competitive research that identified Fernet Branca, Grappa Cividina, Disaronno Amaretto, and Campari as Shabo's primary competitors in the Italian market. Although Shabo exhibited a high potential score across all parameters, it lacked a competitive advantage over its rivals, who also held strong market positions. Therefore, it was essential for Shabo to create a powerful unique selling point to differentiate itself from its competitors and gain a significant market share.

Furthermore, microsegmentation was used to gain a deep understanding of Italian consumers' behavior, needs, wants, and preferences, which allowed for the identification of the target market segment. The target audience was identified as adults and seniors with medium to high levels of income. To validate this hypothesis,

a survey was designed and launched to collect relevant data from potential consumers.

Thirdly, to come up with an effective promotional strategy and succeed in the competitive Italian liquor market the survey results were analyzed providing valuable insights into Italian consumers' preferences and expectations, indicating the need for a strong brand identity that resonates with Italian culture and values. It was proved that liquor is not the most popular alcoholic beverage in Italy, but it is still frequently consumed for personal reasons and the desire to try new things. There is general lack of interest in liquor brands creates for Shabo an additional task of increasing brand visibility in the Italian market. Also, based on the survey results, social media was outlined as the primary channel for communication and promotion. So, it was decided that Shabo should work on empowering its online presence and creating informative and entertaining content on social media pages in both, English and Italian.

Public relations and networking are emphasized as two essential elements of promotional strategy to establish a positive image and reputation in the market and create relationships with other businesses and potential consumers. As well as creating a strong brand image in the market is also crucial to differentiate itself from strong competitors. It can be achieved by focusing on the brand legend, making it bright and catchy. However, based on the elaborated recommendations, it is better for Shabo to take a cautious approach when entering the Italian market and conduct thorough market research before actively promoting its product. Before switching to a much more active strategy aimed to increase its market share, Shabo should take the time to gain useful insights and a sufficient share of the market to make its actions more thoughtful and profound.

The effectiveness of Shabo's promotional strategy in the Italian liquor market was another important step in the research. It was evaluated by analyzing the company's current digital marketing campaign results. To improve its campaign, it is recommended that Shabo collaborate with a local Italian marketing agency that understands the target audience and market better.

In addition, to implement a digital marketing campaign in the Italian market, Shabo should be prepared to invest enough resources. It is essential to note that

allocating resources to a thorough digital marketing campaign has the potential to generate substantial returns in the form of increased brand recognition, more website visitors, and higher sales. Moreover, after the marketing campaign implementing it is essential for Shabo to continuously monitor and adjust its digital marketing campaign to ensure it remains effective. So, it is also a matter of time so the company should be ready to invest to see the desired results. And after analyzing the results of the campaign on a regular basis and making changes Shabo will be able to optimize its promotional strategy for the Italian market and achieve its best outcomes.

Summing up on the conclusion, it is possible to state that the highlighted in the introduction objectives were successfully achieved and fulfilled.

APPENDIX

Annex A

Market Problems and Opportunities Scores Modification Due to the DPM Methodology

Factor	W	Evaluation criteria			Present		Forecast	
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	CE	WE	CE	WE
<i>Opportunities</i>								
Moderate excise duty level in Italy	0,06	The excise duty is above €5	The excise duty is €2-€5	The excise duty is below €2	8	0,48	6	0,36
Unified sanitary and phytosanitary norms in the EU	0,06	The standards in Italy are unified in accordance to the EU association agreement	The standards in Italy are generally similar to the EU countries' ones	The standards in Italy are completely different from the EU countries	1	0,06	5	0,30
The exports of Italian spirits are growing	0,07	The export of Italian liquor is increasing, and therefore, the Italian manufacturers start to expand their activities outside the country	The export of Italian liquor stays stable so the market trends don't make the company to adjust to new conditions	The exports of Italian liquor is decreasing and the local manufacturers concentrate their activity inside the country	1	0,07	6	0,43
Digestivo culture	0,05	Liquor is perceived as the most appropriate option for a digestivo	There is no rules for serving beverages	Liquor is not supposed to be served during a digestivo	1	0,05	5	0,24

Continuation of Annex A

Italians demonstrate a pure interest to other cultures	0,05	Italians are interested in discovering other cultures by buying the products imported from those countries to Italy	Italians are indifferent to other cultures	Italians are not interested in discovering other cultures by buying the products imported from those countries to Italy	1	0,05	6	0,29
Modern image of Ukraine	0,05	The intention to buy Ukrainian products is high among the Italians, and provoked by the desire to support the country	Italians are indifferent to the issues in Ukraine	The intention to buy Ukrainian products is low among the Italians since they don't understand they can help the country in this way	3	0,14	8	0,39
Italians drink coffee adding in it alcohol	0,05	Italians add liquor in coffee	Italians have alcohol containing coffee drinks but they are not that common	Italians do not add liquor in coffee	10	0,48	5	0,24
Italy is an aging nation	0,02	Italy is in the top 5 oldest populations in the world	Italy is in the top 10 oldest populations in the world	Italy is not in the top of the list of the oldest populations in the world	2	0,05	5	0,12
The European age classification differs from the Ukrainian one	0,02	The segment of adults is much broader than it's set in the Ukrainian classification	The segment of adults is standardised regarding the global age classifications	The segment of adults is much narrower than it's set in the Ukrainian classification	1	0,02	3	0,07

Continuation of Annex A

People in the northern part of Italy tend to consume much stronger beverages	0,02	There are differences in alcohol consuming behaviour among the regions of Italy	There are some slight differences in alcohol consuming behaviour among the regions of Italy	There are no differences in alcohol consuming behaviour among the regions of Italy	5	0,12	3	0,07
Development of a digital platform for business registration	0,04	There is a centralised governmental digital platform to register business on the Italian market	There is a digital platform to register business on the Italian market but it is still limited in use	There is no digital platform for business registration in Italy	4	0,14	6	0,22
Threats								
Extremely burdening bureaucracy in Italy	0,06	Italy is ranked 101-190 in the Ease of Doing Business Rate	Italy is ranked 51-100 in the Ease of Doing Business Rate	Italy is ranked 1-50 in the Ease of Doing Business Rate	1	0,06	5	0,30
Selling alcohol in Italy is under stricter regulations in comparison with Ukraine	0,06	There are strict regulations on selling alcohol in Italy	There are some additional regulations on selling alcohol in Italy	There are no differences in regulations on selling alcohol in Italy	1	0,06	5	0,30
High tax level in Italy	0,06	Italy ranks 1-50 in the Ease of Doing Business Rate	Italy ranks 51-100 in the Ease of Doing Business Rate	Italy ranks 101-190 in the Ease of Doing Business Rate	1	0,06	5	0,30

Continuation of Annex A

Advertising limitations	0,06	The advertisement is under the ban	There are strict limitations concerning time, place, and general way of alcohol advertisement	There is no advertising limitations for alcohol	2	0,12	5	0,30
Low market growth	0,07	CAGR is over 10% for the next 5 years	CAGR is 5%-10% for the next 5 years	CAGR is less than 5% for the next 5 years	10	0,72	8	0,58
Weak sales of premium spirits on the Italian market	0,07	The sales of premium spirits in the Italian market is increasing	The sales of premium spirits in the Italian market is stable	The sales of premium spirits in the Italian market is decreasing	7	0,51	5	0,36
Decreasing GDP per capita in Italy	0,07	GDP per capita is increasing by more than 5%	GDP per capita is relatively stable	GDP per capita is decreasing by more than 5%	10	0,72	7	0,51
Italian consumer patriotism	0,05	The score of Italy due to the Buy Locally Index is over 50 points	The score of Italy due to the Buy Locally Index is between 25-50 points	The score of Italy due to the Buy Locally Index is under 25 points	1	0,05	4	0,19
	1,00					3,98		5,58

Source: created by the author

Competitive Advantages' Scores Modification
Due to the DPM Methodology

Factor	W	Evaluation criteria			Present		Forecast	
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	CE	WE	CE	WE
Receipt uniqueness	0,20	The receipt is widespread all around the globe	The receipt has a couple of different varieties	The company is the only representative of the receipt	7	1,4	7	1,4
Company's own manufacturing facilities availability	0,20	There is no facilities / There is no information about manufacturing process	The company is partly included in the manufacturing process	The company has its own manufacturing facilities	10	2	10	2
Chemical and technical control laboratory availability	0,25	The company doesn't share the information about chemical and control	The company conducts chemical and control laboratory	The company has its own chemical and control laboratory	10	2,5	10	2,5
Package sophistication	0,10	There is no additional packaging – just the bottle itself	The bottle itself looks appropriate to be presented without package	There is a box / a gift package but the bottle itself looks noble and decent	9	0,9	7	0,7
Spirits quality certifications & awards	0,25	None / No information	1 quality certification	More than 1 quality certification	10	2,5	10	2,5
1					9,3		9,1	

Source: created by the author

BIBLIOGRAPHY

1. Державна служба статистики України. Економічна статистика [Online Source]. – Retrieved from: https://ukrstat.gov.ua/operativ/menu/menu_u/sze_20.htm.
2. Державна служба статистики України. Товарна структура зовнішньої торгівлі України [Online Source]. – Retrieved from: https://ukrstat.gov.ua/operativ/operativ2021/zd/tsztt/tsztt_u/arh_tsztt2021_u.html
3. Statista. Revenue of alcoholic drinks in Italy from 2012 to 2025, by segment [Online Source]. – Retrieved from: <https://www.statista.com/forecasts/1315042/italy-alcoholic-drinks-market-revenue-by-segment>
4. Kotler P., Keller K.L. Marketing Management, 15th Edition / P. Kotler P., K.L. Keller. – Pearson Education, 2015. – 832 p.
5. Mooij M. Global Marketing and Advertising: Understanding Cultural Paradoxes, 4th Edition / M. Mooij. – Sage Publications, 2018. – 416 p.
6. Starostina A., Kravchenko V., Prygara O., Yarosh-Dmytrenko L. Маркетинг. Навчальний посібник / A. Starostina, V. Kravchenko, O Prygara, L. Yarosh-Dmytrenko. – НВП «Інтерсервіс», 2018. – 216 p.
7. Rajeev B., John G.M., David A.A. Advertising Management, 6th Edition / B. Rajeev, G.M. John, A.A David. – Pearson Education, 1996. – 754 p.
8. Czinkota M., Ronkainen I. International Marketing, 10th Edition / M. Czinkota, I. Ronkainen. – Cengage Learning, 2012. – 720 p.
9. Rossiter J., Percy L. Advertising and Promotion Management / J. Rossiter, L. Percy. – McGraw-Hill Education, 1987. – 647 p.
10. Lavrova Y. (2012) Маркетинг. Класичні положення і особливості застосування на практиці: конспект лекцій / Y. Lavrova. – ХНАДУ, 2012. – 227 p.
11. James C.A., James A.N. Business Market Management: Understanding, Creating, and Delivering Value, 3rd Edition / C.A. James, A.N. James. – Pearson Education, 2008. – 496 p.

12. Johansson J.K. Global Marketing: Foreign Entry, Local Marketing, and Global Management, 6th Edition / J.K. Johansson. – McGraw-Hill Education, 2009. – 672 p.
13. Perreault W., Cannon J., McCarthy E.J. Essentials of Marketing, 17th Edition / W. Perreault, J. Cannon, E.J. McCarthy. – McGraw-Hill Education, 2018. – 768 p.
14. Dergousova A. Формування стратегій просування товарів на ринок. [Online Source]. – Retrieved from: <http://oldconf.neasmo.org.ua/node/1428>
15. Berkey A. 6 Sales Promotion Tips for Marketing Success [Online Source]. – Retrieved from: <https://www.salesforce.com/blog/2015/08/5-key-elements-successful-sales-promotion.html>
16. Popova N., Kataiev A., Bazaliieva L., Kononov O., Mukha T. Маркетингові комунікації [Online Source]. – Retrieved from: https://www.researchgate.net/profile/Nadezhda-Popova-5/publication/347491691_MARKETINGOVI_KOMUNIKACII_pidruchnik/links/5ff5ef4d92851c13fef16125/MARKETINGOVI-KOMUNIKACII-pidruchnik.pdf
17. Newman D. The Top 10 Marketing Trends That Will Define 2016 [Online Source]. – Retrieved from: <https://www.forbes.com/sites/danielnewman/2015/11/03/the-top-10-marketing-trends-that-will-define-2016/?sh=181ca98c2dd5>
18. Voichak A. Маркетинговий менеджмент: підручник / А. Voichak. – КНЕУ, 1998. – 268 p.
19. Kotler P., Armstrong G. Principles of Marketing, 15th Edition / P. Kotler, G. Armstrong. – Pearson Prentice Hall, 2012. – 695 p.
20. Keegan W.J., Green M.C. Global Marketing, 7th Edition / W.J. Keegan, M.C. Green – Pearson Education, 2013. – 594 p.
21. Cateora P.R., Graham J.L. International Marketing, 15th Edition / P.R. Cateora, J.L. Graham – McGraw-Hill Education, 2011. – 659 p.
22. Daniels J.D., Radebaugh L.H., Sullivan D.P. International Business: Environments and Operations, 11th Edition / J.D. Daniels, L.H. Radebaugh, D.P. Sullivan – Pearson Education, 2007. – 792 p.

23. Hollensen S. Marketing management: A relationship approach, 4th Edition / S. Hollensen – Pearson Education, 2019. – 728 p.
24. Delaney L.J. Exporting: The Definitive Guide to Selling Abroad Profitably / L.J. Delaney – Apress, 2013. – 552 p.
25. Okazaki S., Taylor C.R. Social media and international advertising: Theoretical challenges and future directions / S. Okazaki, C.R. Taylor – International Marketing Review, 2013. – p. 56-71.
26. Sabadash V., Stauvermann P., Peleshchenko R. Competitiveness of Ukrainian Companies in Foreign Markets: New Challenges and Opportunities [Online Source]. – Retrieved from: https://mer.fem.sumdu.edu.ua/content/article/s/issue_40/Viktor_V_Sabadash_Peter_J_Stauvermann_Ruslana_O_PeleshchenkoCompetitiveness_of_Ukrainian_Companies_in_Foreign_Markets_New.pdf
27. Kluwer W. Doing Business in Italy: Advantages & Disadvantages [Online Source]. – Retrieved from: <https://www.wolterskluwer.com/en/expert-insights/doing-business-in-italy>
28. TTBGov. Italy's Alcohol Labelling Requirements, Standards, and Required Documents [Online Source]. – Retrieved from: <https://www.ttb.gov/itd/international-affairs-resources-for-italy#FILL>
29. ЗКГ. Ліцензія на алкоголь: продаж і виробництво алкогольної продукції [Online Source]. – Retrieved from: <https://zkg.ua/litsenziia-na-alkohol-prodazh-i-vyrobnytstvo-alkohol-noi-produktsii/>
30. European Commission. Excise Duty Tables: Part I [Online Source]. – Retrieved from: https://ec.europa.eu/taxation_customs/index_en
31. European Parliament. Association agreement between the EU and Ukraine. [Online Source]. – Retrieved from: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/642844/EPRS_STU\(2020\)642844_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/642844/EPRS_STU(2020)642844_EN.pdf)
32. Statista. Brandy Market Forecast in Italy. [Online Source]. – Retrieved from: <https://www.statista.com/outlook/cmo/alcoholic-drinks/spirits/brandy/italy>

33. Triton Market Research. Italy Alcoholic Spirits Market: Growth, Share, Size. [Online Source]. – Retrieved from: <https://www.tritonmarketresearch.com/reports/italy-alcoholic-spirits-market>

34. ITC. Trade Map: List of importing markets for a product exported by Italy [Online Source]. – Retrieved from: https://www.trademap.org/Country_SelProductCountry_TS.aspx?nvpm=1%7c381%7c%7c%7c%7c2208%7c%7c%7c4%7c1%7c1%7c2%7c2%7c1%7c2%7c1%7c1%7c1

35. The World Bank Data. GDP per capita (current US\$) in Italy [Online Source]. – Retrieved from: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=IT>

36. Grant Thornton. Polscy konsumenci szukają „made in Poland” [Online Source]. – Retrieved from: <https://grantthornton.pl/wp-content/uploads/2021/09/Buy-Locally-Index-informacja-prasowa-Grant-Thornton-22-09-2021.pdf>

37. Eataly. Digestivo: The Italian Way to End Dinner [Online Source]. – Retrieved from: https://www.eataly.com/us_en/magazine/culture-and-tradition/dinner-ends-with-digestivo

38. Taste Atlas. 5 Most Popular Italian Alcoholic Coffee Drinks [Online Source]. – Retrieved from: <https://www.tasteatlas.com/most-popular-alcoholic-coffee-drinks-in-italy>

39. Statista Research Department. Aging population of Italy [Online Source]. – Retrieved from: <https://www.statista.com/topics/8379/aging-population-of-italy/#dossierKeyfigures>

40. The United Nations Population Reference Bureau. United Nations Population Division, World Population Prospects 2019 [Online Source]. – Retrieved from: <https://population.un.org/wpp/Download/Standard/Population/>.

41. Eurostat. European Age Classification [Online Source]. – Retrieved from: https://ec.europa.eu/eurostat/web/main/search/-/search/estatsearchportlet_WAR_estatsearchportlet_INSTANCE_bHVzuvn1SZ8J?p_auth=AjkUbpO6&text=age+classification

42. European Commission. Online platform reduces business red tape in Emilia-Romagna, Italy [Online Source]. – Retrieved from: https://ec.europa.eu/regional_policy/en/projects/Italy/online-platform-reduces-business-red-tape-in-emilia-romagna-italy
43. Cognac & Brandy Market Size. Cognac & Brandy Market Size, Share, Industry Forecast 2029 [Online Source]. – Retrieved from: <https://www.fortunebusinessinsights.com/cognac-brandy-market-104316>.
44. Tatler. 5 Great Liquors of Italy [Online Source]. – Retrieved from: <https://www.tatlerasia.com/dining/drinks/5-great-liquors-of-italy>
45. Shabo Official Website [Online Source]. – Retrieved from: <https://shabo.ua/en/>
46. Fernet-Branca Official Website [Online Source]. – Retrieved from: <https://www.fernetbranca.com/en>
47. Bepi Tosolini Official Website [Online Source]. – Retrieved from: <https://www.bepitosolini.it/en/>
48. Disaronno Official Website [Online Source]. – Retrieved from: <https://www.disaronno.com/en/>
49. Campari Official Website [Online Source]. – Retrieved from: <https://www.campari.com/>
50. MBA Knowledge Base. Shell's Directional Policy Matrix (DPM) [Online Source]. – Retrieved from: <https://www.mbaknol.com/strategic-management/shells-directional-policy-matrix/>
51. MBA Knowledge Base. ADL Matrix – The Arthur D Little Strategic Condition Matrix [Online Source]. – Retrieved from: <https://www.mbaknol.com/strategic-management/adl-matrix/>
52. Trova Norme Salute. Dettaglio atto [Online Source]. – Retrieved from: <https://www.trovanorme.salute.gov.it/norme/dettaglioAtto.spring?id=43801&completo=true>
53. Corporate Finance Institute. Product Mix [Online Source]. – Retrieved from: <https://corporatefinanceinstitute.com/resources/management/product-mix/>

54. Institute for Manufacturing. Porter's Generic Competitive Strategies (ways of competing) [Online Source]. – Retrieved from: <https://www.ifm.eng.cam.ac.uk/research/dstools/porters-generic-competitive-strategies/>
55. Corporate Finance Institute. Ansoff Matrix [Online Source]. – Retrieved from: <https://corporatefinanceinstitute.com/resources/management/ansoff-matrix/>
56. Henslowe P. Public Relations: A Practical Guide to the Basics (PR In Practice), 2nd Edition / P. Henslowe – Kogan Page, 2003. – p.160.
57. Ledingham J.A., Bruning, S.D. Public relations as relationship management: A relational approach to the study and practice of public relations [Online Source]. – Retrieved from: <https://www.taylorfrancis.com/books/mono/10.4324/9781410604668/public-relations-relationship-management-stephen-bruning-john-ledingham>
58. Dennis L.W., Cameron G.T., Bryan H.R. Public Relations: Strategies and Tactics, 11th Edition / L.W. Dennis, G.T. Cameron, H.R. Bryan. – Pearson Education, 2014. – p. 598.
59. Cutlip S.M., Center A.H., Broom G.M. Effective Public Relations / S.M. Cutlip, A.H. Center, G.M. Broom. – Prentice-Hall, 1994. – p. 540.
60. Huang R., Sarigollu E. How Brand Awareness Relates to Market Outcome, Brand Equity and the Marketing Mix [Online Source]. – Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2216933
61. Clow K.E., Baack D. Integrated Advertising, Promotion, and Marketing Communications, 7th Edition / K.E. Clow, D. Baack. – Pearson Education, 2015. – p. 464.
62. Hooley G., Piercy N., Nicoulaud B. Marketing strategy and competitive positioning, 4th Edition / G. Hooley, N. Piercy, B. Nicoulaud. – Pearson Education, 2008. – p. 614.
63. Kotler P., Keller K.L. Strategic Marketing Management: Planning, Implementation and Control, 2nd Edition / P. Kotler, K.L. Keller – A Butterworth-Heinemann Title, 1997. – p. 700.
64. SEMRush. SEMRush Data Hub [Online Source]. – Retrieved from: <https://www.semrush.com/projects/>

65. McDonald J. SEO Fitness Workbook: The Seven Steps to Search Engine Optimization Success on Google, Workbook Edition / J. McDonald. – Independently published, 2019. – p. 260.
66. Clarke A. SEO 2021: Learn Search Engine Optimization with Smart Internet Marketing Strategies / A. Clarke. – Independently published, 2020. – p. 259.
67. Turner G. Content Marketing: Proven Strategies to Attract an Engaged Audience Online with Great Content and Social Media to Win More Customers, Build your Brand and Boost your Business (Marketing and Branding) / G. Turner. – Independently published, 2019. – p. 179.
68. Clay B., Jones K. Search Engine Optimization All-in-One For Dummies, 4th Edition / B. Clay, K. Jones. – Independently published, 2022. – p. 768.
69. Statista. Advertising spending in Italy in 2021 and 2022, by medium [Online Source]. – Retrieved from: <https://www.statista.com/statistics/398548/advertising-expenditure-in-italy-by-medium/>
70. Hill C., Hult T.. International Business: Competing in the Global Marketplace, 11th Edition / C. Hill, T. Hult. – McGraw Hill, 2016. – 704 p.
71. Wild J., Wild K. International Business: The Challenges of Globalization, 9th Edition / J. Wild, K. Wild. – Pearson Education, 2021. – 448 p.
72. Barefoot Creative. How much does an Online Marketing Agency Cost? [Online Source]. – Retrieved from: <https://barefoot-creative.com/de/how-much-does-an-online-marketing-agency-cost-2/>