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Faculty of Economics

THE UNIVERSITY OF MACERATA

**Department of Political Sciences, Communication & International
Relations**

**Developing models for the Ukrainian online supermarket Cooker to
enter the Italian grocery market**

by


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The dissertation in partial fulfillment of the requirements for the degree of
Master in Marketing (Curriculum Business Administration & Consulting)

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

Student 

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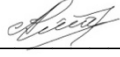
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ЗАВДАННЯ


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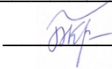
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1. Тема роботи: формування моделей виходу українського онлайн-супермаркету Cooker на італійський ринок продовольчих товарів (затверджена на засіданні кафедри міжнародної економіки та маркетингу «22» жовтня 2021 р., протокол №3).
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5. Предмет дослідження: механізм розробки моделей виходу українського онлайн-супермаркету Cooker на італійський ринок продовольчих товарів.
6. Мета та завдання дослідження
Мета: узагальнення теоретичних підходів та розробка практичних рекомендацій щодо моделі виходу українського онлайн-супермаркету Cooker на італійський ринок продовольчих товарів на основі стратегічного аналізу конкурентоспроможності компанії.

Завдання:

- 6.1. розкрити сутність міжнародної підприємницької діяльності;
- 6.2. охарактеризувати моделі виходу компаній на міжнародні ринки;
- 6.3. описати процес виходу компаній на міжнародні ринки;
- 6.4. розкрити потенціал компанії Cooker для виходу на європейські ринки;
- 6.5. здійснити аналіз макросередовища діяльності компанії Cooker на італійському ринку;
- 6.6. провести конкурентний аналіз роботи Cooker на ринку Італії;
- 6.7. визначити короткостроковий попит і мотивації італійських споживачів;
- 6.8. Рекомендувати відповідну модель для виходу компанії Cooker на італійський ринок, розробити маркетингову стратегію для компанії;
- 6.9. оцінити економічні ефекти від впровадження розроблених рекомендацій.

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SUMMARY

The thesis consists of 83 pages, 14 tables, 16 drawings, a list of 83 references, 3 appendices.

DEVELOPING MODELS FOR THE UKRAINIAN ONLINE SUPERMARKET COOKER TO ENTER THE ITALIAN GROCERY MARKET

The research subject is the mechanism of developing of models for Cooker company to enter the Italian market of online grocery delivery.

The object of the study is the activity of the company Cooker in the market of online grocery delivery.

The thesis aims at designing a model for the Ukrainian online supermarket Cooker to enter the Italian grocery market based on a strategic analysis of the company's competitiveness.

Based on the results of the study methodological recommendations have been formulated for Cooker company on the developing and implementation of an appropriate model for the Ukrainian online supermarket to enter the Italian grocery market. Along with this, a strategic analysis of the company's competitiveness was carried out.

The practical significance of the research is based on that the developed set of cost-effective strategic recommendations for the Cooker brand can be applied by the company in practice to ensure the company's competitiveness when entering the Italian online grocery market.

2020-2022: undertaking the thesis research.

2022: defense of the thesis.

РЕФЕРАТ

Дипломна робота містить 83 сторінок, 14 таблиць, 16 рисунків, список літератури з 83 найменувань, 3 додатки.

ФОРМУВАННЯ МОДЕЛЕЙ ВИХОДУ ОНЛАЙН-СУПЕРМАРКЕТУ COOKER НА ІТАЛІЙСЬКИЙ РИНОК ПРОДОВОЛЬЧИХ ТОВАРІВ

Предметом дослідження є механізм розробки моделей виходу онлайн-супермаркету Cooker на італійський ринок продовольчих товарів.

Об'єктом дослідження є діяльність компанії Cooker на ринку онлайн-доставки продовольчих товарів.

Метою дипломної роботи є розробка моделі виходу українського онлайн-супермаркету Cooker на італійський ринок продовольчих товарів на основі стратегічного аналізу конкурентоспроможності компанії.

За результатами дослідження сформульовано методичні рекомендації для компанії Cooker щодо розробки та впровадження відповідної моделі виходу українського онлайн-супермаркету на ринок продовольчих товарів Італії. Поряд з цим було проведено стратегічний аналіз конкурентоспроможності компанії.

Практична значущість дослідження ґрунтується на тому, що розроблений набір економічно ефективних стратегічних рекомендацій для бренду Cooker може бути застосований компанією на практиці для забезпечення конкурентоспроможності компанії при виході на італійський ринок продовольчих товарів.

2020-2022: проведення дипломного дослідження.

2022: захист дипломної роботи.

TABLE OF CONENTS

INTRODUCTION	3
CHAPTER 1. THEORETICAL FUNDAMENTALS OF FORMATION OF MODELS OF COMPANIES ENTERING INTERNATIONAL MARKETS	7
1.1 Essence of international business	7
1.2 Models of companies entering international markets	12
1.3 The process of companies entering international markets.....	24
Conclusion on chapter 1	28
CHAPTER 2. STRATEGIC ANALYSIS OF THE CONDITIONS OF UKRAINIAN ONLINE SUPERMARKET COOKER TO ENTER THE ITALIAN MARKET.....	29
2.1. Company potential to enter European markets.....	29
2.2. Macro environmental scanning of Cooker opportunities and threats.....	35
2.3 Competitive context of Cooker’s operation in the Italian market	40
Conclusions on chapter 2.....	49
CHAPTER 3. DEVELOPMENT OF MODELS OF COOKER ENTERING THE ITALIAN MARKET.	51
3.1 Definition of Short-Term Demand and Consumer Motivations in the Italian Market.....	51
3.2 Recommendations for the company to enter the Italian market	58
3.3. Economic effects of implementing the proposed recommendations.....	66
Conclusions on chapter 3.....	73
CONCLUSIONS	75
REFERENCES	77
APPENDIX.....	85

INTRODUCTION

2022, like 2020, is also becoming a new extremely difficult challenge for the whole world. The entire world democratic community is faced with an acute problem of the uncertainty of the future, and all because of the extremely aggressive policy of the Russian Federation that is growing like an ulcer. Russia's military invasion of Ukraine finally showed its diabolical black side and began to sharply threaten the entire civilized world. Ukrainians, the Ukrainian state, Ukrainian enterprises and Ukraine as a whole are experiencing a black page in their history, which is associated with the numerous deaths of men, women and children who simply wanted to live in peace and tranquility and did not even imagine that they would be attacked from a neighboring state. February 24, 2022 will forever go down in history as a day of shame for the Russian Federation, which openly and furiously decided to encroach on foreign lands. Nevertheless, after the first very difficult months for Ukraine and Ukrainians, our domestic enterprises are back on track, and the economy is resuming its work to ensure the well-being of Ukrainians and other peoples, including European ones, thanks to the continuation and expansion of economic ties, the export of goods and services, mutual trade, etc.

Now, turning to other global problems of the world society, the consequences of the 2020 crisis should be considered (Tavoletti, 2021). Despite the devastating losses that humanity has suffered as a result of Covid-19 pandemic, there are also some positive changes that the pandemic has pushed humanity to. Covid-19 gave impetus to the development of online grocery. Previously, this industry was already promising, but still remained a niche. Buyers' interest has been influenced by the desire to avoid public places, government orders to stay at home, and to address the need for groceries during such a difficult time. These factors have become key to the growing popularity of online food delivery and online supermarkets. Due to this accelerated shift to the e-commerce, it is predicted that by 2023, online grocery sales will reach 123,26 billion € and will account for nearly 10% of total grocery sales. The pronounced development of this segment in the world should be noted. During the period of development of the coronavirus from 2019 to 2020, the volume of grocery retail e-commerce sales

increased from 55,46 billion € to 84,78 billion €, which was a gigantic 52.9 percent percentage (Digital transformation, 2021). By the end of 2021, the percentage forecast is significantly reduced (5.2% per annum), but the further growth of this market is still underlined. For 2022 and 2023, 18.1% and 17% are forecasted, respectively (Morgan, Gorman 2020).

All this indicates that Covid-19 has become the starting point for the development of this online grocery market, as well as for the entire e-commerce as a whole. So it should be noted that in parallel with the new global challenges of the world community, we are moving irreversibly into a new era of technology across the board (Aull, et al., 2021). Someone started doing it earlier, and someone is pulling up now.

While the pace of Covid-19 growth is easing, online grocery stores and delivery services are facing new challenges. Even those who use this type of technology solely because of the fear of getting health problems are increasingly beginning to raise their requirements and expectations from delivery services. If earlier people were ready to pay any money just to protect themselves from possible diseases, now the situation on the market has changed. People are concerned about factors such as free shipping, increased delivery speed, quality, discounts, etc (Galante, Garcia-Lopez, and Monroe 2013).

Even before the start of the war, the Ukrainian online supermarket Cooker did everything possible to meet all the needs of customers in the most convenient and fast delivery of quality food at a reasonable price (Yanytskyi, 2021). After the start of the war, the company's capacities weakened, which was caused by the economic recession of the country, the departure of people abroad, reduced demand, and simply the high danger of delivering food to customers due to the incessant enemy strikes on the cities of our country.

Nevertheless, in the near future, Cooker plans to restore their positions in Ukraine, and also aims to expand its activities abroad, for example in Europe, where at the moment the likelihood of aggression by the Russian Federation is much lower. In addition, the company already has a large weighty positive experience in the field of delivery of food products.

But how can Cooker enter a foreign market, which market to choose considering its the macro and micro state, what are the advantages and disadvantages of Cooker, what are the competitive positions of the company, what is the marketing strategy and idea of the company? All these and other points will be analyzed in this work. The best model for the Cooker company to enter a foreign market in the current realities will be finally formulated and defined.

During the writing of the thesis the scientific category was formulated. Models to enter the international markets are forms, methods and approaches applied by the companies and/or brands to expand their international activity in accordance with economic interests of the company in the framework of dynamic and changeable environment in order to achieve sustainable competitive advantages and strong market positions in the international markets.

This research is mainly based on the theoretical basis proposed by Ukrainian scholars representing the department of International Economics and Marketing at Taras Shevchenko University of Kyiv, including: Olena Kanishenko, Alla Starostina, Lidia Pashchuk, Natalia Kochkina and others. At the same time, the developments of such foreign scientists as Philip Kotler, Michael Porter, Igor Ansoff, Ernesto Tavoletti and others will also be used.

Object of study: the activity of the company Cooker in the market of online grocery delivery.

Subject of study: the mechanism of developing of models for Cooker company to enter the Italian market of online grocery delivery.

The thesis aims at designing a model for the Ukrainian online supermarket Cooker to enter the Italian grocery market based on a strategic analysis of the company's competitiveness.

Research tasks:

- To reveal the essence of international business activities;
- To characterize the models for companies to enter international markets;
- To demonstrate process of companies entering international markets;
- To reveal company potential to enter European markets;

- To make macro environmental scanning of Cooker opportunities and threats;
- To observe competitive context of Cooker operation in the Italian market;
- To determine short-term demand and consumer motivations in the Italian market;
- To choose the applicable model for the company Cooker to enter the Italian market, to create a market strategy for Cooker;
- To describe the economic effects of implementing the proposed recommendations.

Methods of scientific research. As part of the research assignments, the author uses various methods of scientific knowledge, in particular: methods of qualitative analysis and systematic approach for comprehensive analysis of the business environment for Cooker, the method of drawing up a scientific hypothesis and the method of expert evaluation when constructing positioning maps, method of economic experiment and logical analysis in the development of market strategy, as well as other qualitative and quantitative methods of scientific knowledge.

CHAPTER 1. THEORETICAL FUNDAMENTALS OF FORMATION OF MODELS OF COMPANIES ENTERING INTERNATIONAL MARKETS

1.1 Essence of international business

At the turn of the twentieth and XXI centuries, the international activities of enterprises and international business became a comprehensive and pervasive phenomenon of modern civilization. According to the definition of Robock S. and Simmonds K. (1989), international business is a set of business transactions related to the intersection of national borders and the movement of goods, services, capital, workers; transfer of technology, information and data.

International business is based on the possibility of obtaining benefits from international business transactions, namely that the company can get more benefits from trade in goods and services with third countries than if the company did business only in the national market.. This is a key point not only in understanding the nature and specifics of international business itself, but also in its emergence and development. (Starostina, 2015)

The specific benefits of the international operations of enterprises, transnational companies, etc. are related to the production of greater profits, taking into account the following factors: access to foreign labour markets (price, qualification); access to mineral deposits and sources of raw materials; entering new sales markets, also due to an effective marketing strategy; increasing production volumes and reducing production costs (economies of scale); reduction of currency risks (Pashchuk and Bulkot, 2017).

Depending on the purposes of the analysis and the selected criterion, the commodity and geographical structure of international business can be distinguished. But in general, international business can be characterized as follows (Lukyanenko, 2001):

1. The main goal is to make a profit by taking additional advantages of going beyond the national borders.

2. Entrepreneurs use additional economic opportunities due to resource features of foreign markets; capacity of foreign markets; legal features of foreign countries; specifics of interstate (interstate) political and economic relations.

3. The international activities of companies depend on the level of internationalization.

4. As a result of internationalization, a global business service becomes available to any enterprise: scientific, financial, transport and other services.

5. Taking into account the cultural factor in the international activities of enterprises; the totality of the requirements and restrictions imposed by the culture of this country on the business leading with it.

6. The global nature of international business is its most important feature, as it covers the global information business exchange system, the global money market, the global structure of technological innovations, etc.

7. Information is the main strategic resource, and adaptability is the main strategic weapon.

8. The fundamental feature of international business is the possibility of a so-called reverse assessment of the country: negative trends in the country's economy (or a separate industry) can be otherwise regarded by an international company, since they can open up additional business opportunities for companies (Lukyanenko 2001).

Now we are at a stage of gradual globalization of the international business relations that, in turn, affects structure of the international business in general. The essence of globalization lies in the development of relationships and the strengthening of interdependence between individual countries and geographical regions of the world. Globalization is an objective social process, the content of which is the growing interconnection and interdependence of national economies, national political, social systems, national cultures and the environment. In a simplified form, the following aspects of globalization should be highlighted (Starostina et al., 2018):

- technological: globalization was due to the breakthrough revolutionary achievements in the field of microelectronics, optical electronics and telecommunications;

- cultural: changing cultural traditions and social conditions, not towards the development of world culture, but towards the expansion of cultural values dominant in developed countries;

- economic: liberalization of world trade within the framework of the WTO. The result of this is the constant growth of international activities of enterprises, the interweaving and mutual dependence of people's farms;

- political: the growing international mobility of enterprises and their capabilities exacerbates competition among states and limits their sovereignty

- social: globalization strengthens the difference in the social level of developed developing countries;

- environmental aspect: environmental problems with global challenges and consequences (global warming, ozone hole, water and air pollution) can be solved only by joint efforts of all countries.

Globalization processes cover different regions of the world and stimulate firms to find better operating conditions. Given the internal inconsistency of globalization processes, international corporations (ICs) choose balanced strategies for their actions in different regions of the world. Each corporation has to compete in three areas: 1) with local competitors of this country; 2) with foreign competitors in this country; 3) with foreign competitors in foreign markets.

To achieve success in the context of globalization local firms have to accept not individual actions of companies, but a whole range of proposals - the so-called development packages, which include the main aspects of business. Thus, for the real promotion of business to the effective production of goods and services, it is necessary to use the "development package" complex, which includes capital, technologies, information, qualifications and competence of personnel, advertising and consulting support, and a sales network.

Internationalization of business and management - combining the efforts of national and international companies of different countries in the implementation of various business transactions (Rokocha, Plotnikov and Novytskyi, 2001).

With the development of internationalization actions, the forms of international business change from simple to complex. The following forms of international business are distinguished: export (import), licensing, management contracts, joint ventures, international corporations etc (Kanishchenko, 2004). All these and other forms of international business in the context of models for entering new markets will be discussed in more detail in the next subsection. It should be noted that in modern conditions, foreign trade operations (a simple form of international business) account for more than 80% of international business volumes.

To understand the stages of internationalization, the EPRG (ethnocentrism - polycentrism - regioncentrism - geocentrism) model developed by Howard Perlmutter is used (Wind, Douglas and Perlmutter, 1973). A more detailed scheme for the internationalization of business was proposed by Adler and Gundersen (2008) (Figure 1.1):

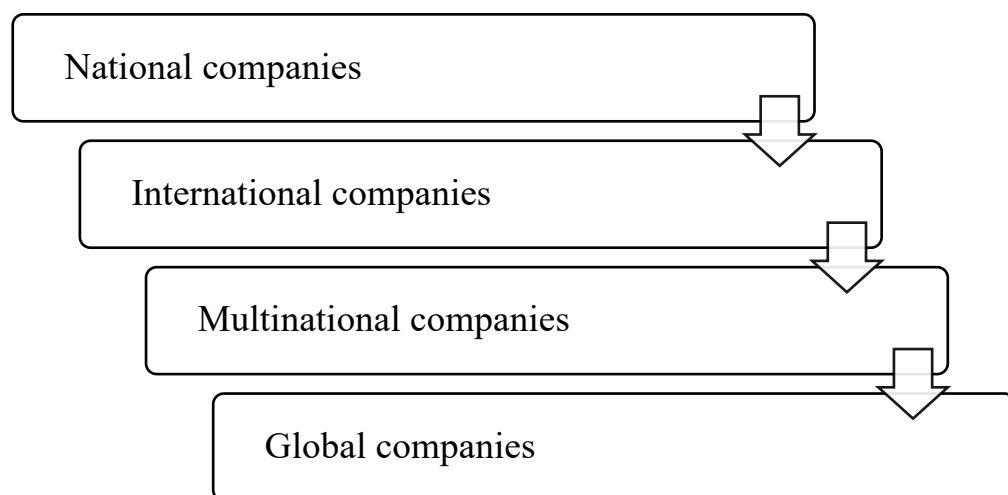


Figure 1.1 Business internationalization scheme

Source: developed by the author based on materials sources (Adler and Gundersen 2008)

Under this scheme, national firms do not engage in international activities, international firms direct their efforts to expand foreign markets. Multinational companies are trying to balance their ties within the boundaries of their own international markets. Global companies - balancing internal ties is accompanied by a dynamic search for the latest markets. But mainly international companies should be considered. Because this phase is initial and takes the company to another level. As determined by UNCTAD, an international corporation is an enterprise that combines

legal of any organizational and legal forms and activities in two or more countries and implements interconnected policies and a common strategy through one or more decision-making centers. Therefore, the main characteristics of international corporations are: availability of owners from different countries; international composition of employees, including managers; international thinking of senior management; sources of profit in different countries; international structure of assets; sales in foreign markets.

Currently, there are about 65 thousand international corporations in the world, with more than 700 thousand branches. In the second half of the twentieth century, there were such trends as an increase in the number of non-American ICs (formerly Japanese) and the development of mini-international corporations, which are small and medium-sized enterprises. For all international corporations (international organization, multinational and transnational organization) the general movement of goods, capital, services, technologies, information, management between national economies is inherent (Pashchuk, 2019). The companies themselves are a system of multinational companies. The international corporation consists of the following elements: the parent company residing in the country of origin; networks of branches (branches) located in the host countries. In addition, the parent company and affiliates have connections with other partners.

The organization of business in international corporations is based on the specialization of individual branches and the certain types of products or activities. There are two specialization models: horizontal and vertical integration. Horizontal integration refers to the interaction of the international corporation's branches, in which the manufacture and sale of certain products in international markets is assigned to specific branches, taking into account all costs. Vertical integration is based on the specialization of individual branches at the stages of the technological process and the concentration of the manufacture of final products in a small number of branches supplying it to international markets. The nature of IC is largely reflected by the theory of internationalization substantiated by Buckley and Casson (2010).

The theory of IC internationalization is that the markets of intermediate products and semi-finished products are less perfect than the markets of finished products, therefore, it is advisable to concentrate the production of intermediate products inside the enterprise, placing orders between individual branches of both the country of origin and abroad.

1.2 Models of companies entering international markets

An important task for a company that is going to enter the international market is to determine how to penetrate foreign markets (Lomiychuk, 2015). Let's look at the main ways of the enterprise entry into the external market in terms of the market service process, the level of investment and the degree of control over the process. In global practice, 3 basic strategic areas of this process are distinguished: hierarchical business construction, export and mediation (Figure 1.2).

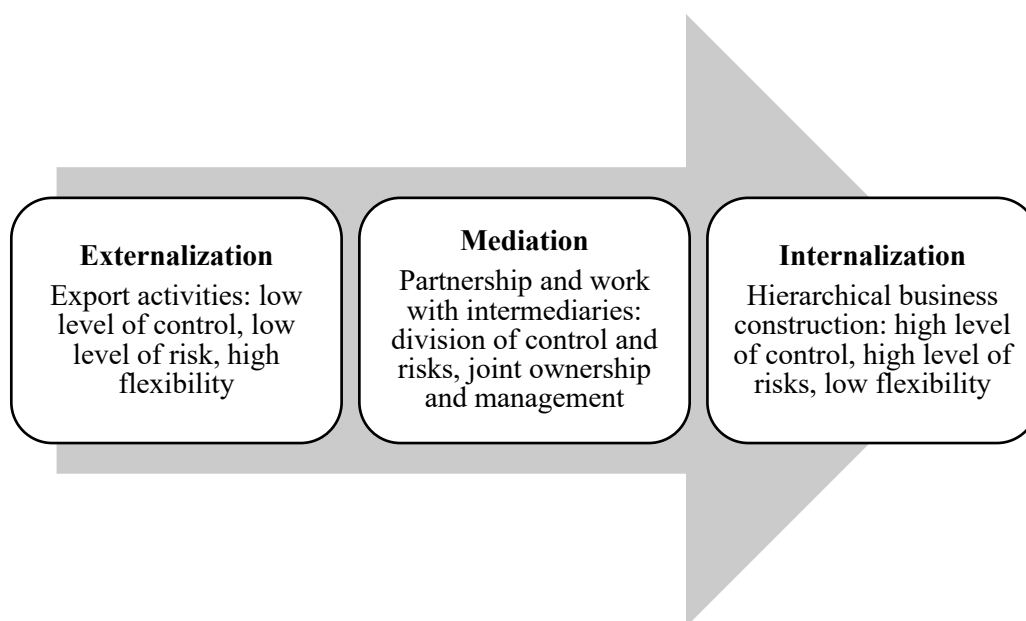


Figure 1.2 Strategic directions of business entry into the international market

Source: developed by the author based on materials sources (Lomiychuk, 2015)

Many companies begin expanding into foreign markets as exporters and only then switch to other types of internationalization, which gives them the possibility to strengthen the positions already achieved (Trachuk, 2017). The idea of export activity lies in the production of goods and services in the internal markets of companies (or in third countries and regions) and the sale of these products in target foreign markets. If

a company chooses the export method as access to foreign markets, it has the opportunity to choose which functions in the promotion of products it reserves for itself, and what it transfers to an intermediary on the foreign market. The level of delegation of duties is reflected in the degree of risk and responsibility. There are 3 different directions of export: direct export, indirect export and joint export (Table 1.1).

Table 1.1

Areas of export activity

Direction of export activity	Description of the direction of export activity
Direct export	Companies export their goods to foreign markets by entering into a direct contract with intermediaries in the foreign market. All operational activities (search for intermediaries, documentation, certification of products) in this case are reserved by the exporting company.
Indirect export	The company establishes links with intermediaries in domestic markets, which realize sales in foreign markets. At the same time, intermediaries know the intricacies of working in target markets and own an established network of dealers who sell goods.
Joint export	The company conducts cooperation with another company in the domestic market in order to organize a joint supply of goods to target foreign markets. This approach is chosen by companies that do not have enough resources to independently enter foreign markets. Cooperation helps bridge resource gaps.

Source: developed by the author based on materials sources (Lomiychuk, 2015)

The most important advantages in choosing an export activity is that the exporting company has minimal risks and costs during the implementation of such a model for entering the international market. However, there are certain drawbacks, namely the weak control of the chosen intermediaries in the target market. A company that uses this strategy to aggressively capture new target markets must come up with and implement a strategy to influence local intermediaries in order to obtain guarantees of compliance with the rules for working with the company's products, make sure that intermediaries fulfill the outlined sales plans, as well as guarantee the promotion of products on the market and avoiding sabotage of all these processes. This model is

often used under the guise of economic intelligence and provides an opportunity to understand and objectively analyze the demand for products in the local market. If the product is really in demand, the company may choose another alternative model for controlling activities in the local market.

Mediation is a separate type of work in foreign markets, which does not involve full ownership of a certain company that operates on the international market, but share the responsibility and control with another entity. This type of activity involves the whole or partial transfer of knowledge, skills, resources and other components. For this, the recipient company guarantees the maintenance of a joint strategy and methodology for the sale. 4 types of mediation should be distinguished: licensing, contract manufacturing, franchising and joint ventures.

Licensing is the simplest and most understandable type of mediation. It involves the transfer of rights to use patents, know-how, trademarks, technological innovations, skills and knowledge to another company from another country for a certain previously agreed value. Since it is properly implemented, licensing gives the company the opportunity to set its own conditions by complying with the marketing strategy, and it is also a convenient way to organize production in a foreign market with minimal investment.

However, this type of entry into the international market has its drawbacks: in some cases, the company that grants licenses may lose control over the conduct of activities in the local market. Also, with this model, companies often face difficulties in controlling activities in the foreign market. Sometimes companies that have received a license may try to use it for selfish purposes, which leads to the fact that the former partner develops into a potential competitor who perfectly knows the company that transferred the license, its advantages, etc. Thus, license control is a complex process that requires proper professionalism.

Franchising is a type of licensing in which the franchisor transfers to the franchisee the rights to use its trademark, product, business processes and brand. Now let's consider the advantages and disadvantages of franchising. Franchising is one of the most popular types of market relations. According to statistics, there are more than

16.5 thousand franchisors and 1.2 million franchisees around the world. There are crucial benefits of franchising:

1. A ready-made business plan. Buying a franchise allows you to use a ready-made step-by-step guide to building business processes and achieving goals.

2. The name of the brand is known on the market. Franchisors are most often large companies that have gained trust and loyalty to the target audience. Even if a brand is known only in a specific region, in the future you have every chance of becoming part of a large network. In this case, you need to take into account all the dangers associated with entering a new market.

3. Design. Together with the franchise, the franchisee buys a brand book, which details the brand's corporate identity, necessary for proper positioning in the market.

4. Ready-made advertising. The franchiser thinks over all stages on its own, investing finances in the popularization of the network. It can be, for example, a company website or television advertising.

5. Assistance in recruiting and training employees. Franchisors often offer their help in finding staff. New workers are also often taught. However, this clause is not an unshakable law, so it is important to study the terms of the franchise in every particular case.

6. Agreement with suppliers. Most often, when buying a franchise, the franchisee receives a ready-made list of reliable suppliers with whom uninterrupted cooperation has already been established.

7. Business Process Management Standards. To organize internal work, you just need to follow the instructions and hone your skills.

However, for all the obvious advantages of franchising, it also has disadvantages. A number of major drawbacks are highlighted below:

1. Inability to change suppliers. More often, the franchise does not allow the services of other contractors or importers. Therefore, even if you find more favorable conditions for other suppliers, it will most likely be impossible to use them.

2. Set price. Franchisors often set prices for the entire network of enterprises, so franchisees are deprived of the opportunity to raise the cost of any product in order to increase profits.

3. Additional payments. The franchise is not about buying a ready-made business, it's about renting. Therefore, in addition to a one-time lump sum fee for the name and goods of the brand, franchisees must pay for royalties every month or annually - a fee for use. However, the deductions do not end there. Some franchises provide additional advertising contributions.

Unfortunately, franchising, despite all the thoughtfulness, has serious risks. The same business model significantly limits freedom of action. Nevertheless, it is the strict framework that sometimes saves entrepreneurs from failure. To become a franchisee, the one first needs to find a company selling franchises. As soon as a suitable franchisor has been found, it is necessary to check its reliability, read all the franchise terms and conditions etc.

Moving to the types of franchising it should be determined that franchising is classified in different ways. The following are three main types of franchising that depend on the type of activity. The first type is commodity franchising. This type implies that the franchisor sells its own product using a retail network. The second type is manufacturing franchising. The company shares certain secrets of franchisee production and provides an opportunity under the brand name to produce goods of the same quality and sell them. The third type is service franchising. It provides the right to open a certain point of service and use intellectual property. Franchisees can conduct certain activities on behalf of the brand, demonstrating their advantages. Service franchising includes fitness centers, beauty salons, cafes, restaurants, training centers. There is also mixed franchising, which implies a combination of trading, service and production franchising.

Now it is appropriate to observe franchising forms (Lomiychuk, 2015). The form of franchising is determined by the terms of cooperation. The main forms of franchising are given in Table 1.2.

Types of franchising

Forms of franchising	Description of forms of franchising
Direct franchising	The company grants its franchise to one person, and the franchisee can use it exclusively in the specified territory
Subfranchising	Three parties are involved here: the franchiser, the subfranchiser and the franchisee. Such a scheme allows the latter to buy a franchise and sell it to third parties in a certain territory. However, the subfranchizer still receives only a part of the franchiser's rights
Master franchise	This form is similar to subfranchising, but differs in scale. The master franchise is usually used by large international networks, so one or more countries can be a fixed territory. At the same time, the middle link receives all the capabilities of the franchiser
Reverse franchising	This form of activity allows franchisees to take goods from the franchisor and sell them in order to make a profit in the form of a percentage of turnover. This approach reduces the cost of purchasing goods to open a store
Soft franchising	Allows franchisees to contribute only half the cost of the franchise or pay it at all. At the same time, he undertakes to bear all current expenses.

Source: developed by the author based on materials sources (Lomiychuk, 2015)

One of the most popular examples of franchising is McDonald's. The McDonald's franchise successfully operates in more than a hundred countries around the world. According to statistics, 80% of franchisees work under the brand name. However, McDonald's has one of the most expensive franchises, because it takes from \$500,000 to open a restaurant. In addition, it should be personal, not credit funds. To buy a franchise, you need to contact a representative of your country. At the same time, you acquire not one restaurant, but a development plan. Franchisors have high requirements for franchisees, so not everyone can become a partner. The advantages of the McDonald's franchise are brand awareness, fixed advertising fees - 4.5% of profits, training and a carefully crafted business strategy. In fact, It should be emphasized that franchising has some key differences from licensing. The main difference is tighter control over the activities of your partner. Thus, the franchisor creates its branch in the foreign market, and the franchisee undertakes to fulfill all the

conditions specified in the franchise agreement. Often the franchisor appoints for the first time or permanently its manager to the franchisee company, who monitors the fulfillment of all obligations and compliance with the rules on confidential information. It should be noted that in such a model, the franchisor, as well as in licensing, transfers its skills, knowledge and experience to the franchisee. But in this case, this happens through the training of personnel and local management in parallel with strict control over this process..

Contract production refers more to companies that manufacture products under their own brand. Contract manufacturing means transferring the rights to manufacture goods to a local company while retaining all other business processes for the main company. This includes marketing, sales, distribution organization. IKEA is a good example of such activity. This corporation transfers the right to manufacture its goods to local markets. In this way, IKEA can save on a large amount of costs, the main of which is the transportation of goods to foreign markets.

This method of entering international markets has a large number of advantages, as it allows the company to save on production costs, since with this method the company does not need to build its own production facilities in foreign markets. But at the same time, the company reserves the centralization of management, management of marketing, sales, advertising, control, etc. It is also worth noting that due to this method, the company bypasses many legal aspects and barriers that it may encounter when entering another market in person. However, there are some disadvantages. It can be quite difficult for high-tech companies to implement this model, since it requires finding a professional partner who can competently perform their tasks. Also, in the long term, the company risks leakage of some technologies and developments due to possible difficulties in controlling the activities of a local company.

Joint ventures are a special type of activity in which several companies create a separate independent enterprise. The degree of control and responsibility can be divided not equally but on the terms of a preliminary contract. The company has the opportunity to create a common enterprise together with the subject of the target market in order to gain access to knowledge, technologies, resources and skills in the process

of work. In any case, the joint venture partners share the risks and revenues of working in the industry.

This model of entering foreign markets has key advantages, namely, access to knowledge, technology, patents, and the production base of the local market. Also, a joint venture allows you to bypass many of the legal barriers that may arise when acquiring an entire company. But there are certain disadvantages, namely the rather high cost of such a model, the risk of disagreements with a partner, etc.

Returning to strategic directions of business entry into the international market consider hierarchical business structure. This model of entering a new market is an investment model. When using this method, it is supposed to obtain complete control in the target foreign market. There are several different strategies for such a model. The first strategy is to buy an existing business, which can be part of an M&A model, or build a new business from scratch..

First of all, consider the first option, namely mergers and acquisitions. Such forms of entry into the international market have been and remain a popular trend in the development of modern corporations. The main reason for the rapid spread of this trend is global competition, which forces companies to actively look for various investment opportunities, as well as effectively use all available resources and optimize costs. Expanding its capabilities gives companies a chance to create diversification and restructuring strategies. From this point of view, corporate control agreements are a familiar reaction to changing markets.

Mergers and acquisitions are a business integration option that provides control over the company, that is, the ability to determine its strategic and current tasks in the areas of production, investment, sales and other activities of corporations in order to achieve the goals set by the owners. Control over the company is ensured by the acquisition by the investor of ownership of a significant part of the assets in the share capital of the enterprise. Today, in modern literature, there is no single approach to determining the essence of this method of reorganizing companies. In order to analyze this question, some economists can compare the interpretation of the processes of the essence of M&A, which is systematized in Table 1.3.

Table 1.3

Comparative characteristics of M&A definitions in the works of some authors

Author(s)	Characteristics of terms
P.A. Gohan	The merger in his work is interpreted as a combination of two companies, in which one of the companies ceases to exist and the other continues to operate. According to P.A. Gohan, consolidation is the process by which a completely new company emerges from two or more companies. He explains the term "absorption" as a kind of merger, but the process in this case is in the form of enemy capture.
F. Reed and R. Laju	In the works of these authors, mergers and acquisitions are defined as an agreement as a result of which the company becomes the property of the buyer. In this case, the buyer establishes control over the acquisition of the company and takes on its balance sheet all its assets and liabilities.
D. Depamphilis	In this author's work, an acquisition occurs when one company becomes the primary owner and acquires control of another company, with its subsidiary or individual assets, such as a manufacturing enterprise. At the same time, the author singles out merging as a more complex process that can take different forms. From the organizational point of view, the author defines a merger as a merger of two companies, as a result of which only one of them remains as a legal entity.

Source: developed by the author based on materials sources (Gaughan, 2007), (DePamphilis, 2015), (Rid, Lajoux and Nesvold, 2007)

The merger merges two or more businesses into one. During such a transaction, as a rule, there is one buying company that acts as the initiator of such a transaction and has greater economic potential. A typical feature of merger transactions is that the shareholders of the company that they buy retain their right to shares after the merger, but already a newly formed, united corporation.

The takeover procedure, in turn, differs in that the acquiring company buys from shareholders the purchased (absorbed) enterprise all or most of the shares. Consequently, the shareholders of the absorbed enterprise lose their rights to a share of the capital of the newly formed combined company.

It should also be noted that in the broad sense, merger and acquisition can also be considered the formation of strategic alliances with other societies, as well as the separation of assets (Divestitures). Very often, strategic unions are formed on the basis

of mutual participation in capital or with the full right of joint ventures (Joint Ventures) thanks to contributions to a joint subsidiary. One of the most well-known forms of asset separation is the sale of an existing subsidiary to another company. Sometimes part of the company is allocated separately as an independent enterprise ("rest"), and the shares in it are proportionally divided between the shareholders of the parent company (Spin-Off). If we are talking about the liquidation of the entire parent enterprise, such a phenomenon as crushing (Split-Up) is distinguished. It is also possible to legally separate part of the company thanks to the exchange of shareholders of the parent company of their shares for shares of the newly formed company (Split-Off). At the same time, the parent company can sell the shares of the allocated enterprise to a third party, thereby receiving additional capital (EquityCarve-Out) (Volkov, 2003).

General characteristics of individual forms of consolidation processes are given in Table 1.4.

Table 1.4

General characteristics of some forms of corporate consolidation

Category	Description
Mergers	<ul style="list-style-type: none"> - the transfer of property, rights and obligations of each of the enterprises that merge into the newly formed enterprise - formation of a new governing body, at the same time there is a conversion of securities of companies merging into securities of a new legal entity.
Accession	- acquisition by one of the parties to the agreement of property rights and obligations of the other party to the agreement. The result of the process is the consolidation of one of the entities with the simultaneous liquidation of the other. At the same time, the shares of companies are converted into securities of the enlarged enterprise.
Acquisition	- obtaining by one of the parties to the agreement full or partial control over another enterprise. In this case, the acquired company may continue to exist as a subsidiary or become a structural unit with complete loss of independence.
Division	- formation on the basis of the existing company of several new, completely independent enterprises, each of which has the status of a legal entity. Assets are distributed in full between the new legal entities formed as a result of reorganization.

Category	Description
Allocation	- formation on the basis of the existing company of several new, completely independent enterprises, each of which has the status of a legal entity. Upon allocation to each of the new legal entities, the property rights and obligations of the reorganized legal entity are transferred in the relevant parts.

Source: developed by the author based on materials sources (Volkov, 2003)

It should be noted that the economic nature and features of mergers and acquisitions can be distinguished from the motives that encourage the parties to implement such agreements. Of the most common motives in world practice, researchers primarily use the following: the possibility of rapid growth and synergy. As for synergies, it is possible to clarify such certain types, in particular operational and financial synergies. In general, operational synergies involving economies of scale have the most economically sound basis. While financial synergy is a more questionable motive for a merger or acquisition. Companies often merge, trying to diversify into another kind of business. The history of mergers and acquisitions is rife with diversification agreements. It should be noted that there are many cases when the motive for diversifying the business is not justified in the end. However, if differcification does not provide for a move towards a completely different industry in the market, such an agreement often has a great chance of success.

Another feature of the use of mergers and acquisitions to promote growth is the expansion of the enterprise into other geographical regions. This can be, as well as internal expansion within one state, as external, to other markets in the world. In many cases, the process of expanding geographically through mergers and acquisitions can be implemented significantly faster and with less risk than through organic scaling. This may especially apply to international expansion, where many aspects must be taken into account to succeed in the new geographical market. The company must have information about all the nuances of the new market, successfully recruit new staff and eliminate many other obstacles, such as, for example, language barriers and cultural differences. Internal expansion can be much slower and more complex.

As for the negative aspects of mergers and acquisitions, it can be highlighted, among other things, that the decision to choose a takeover strategy of an international company should take into account the legislative regulation of the absorbed company - for example, China has restrictions on the ownership of foreigners by local companies, and in the United States only Americans are allowed to own television channels. Similarly, foreigners cannot own a stake in more than 25% of US airlines. Absorption is a good strategy when there is a possibility of saving on volumes (for example, wireless telecommunications). However, this is a very risky strategy for entering the international market, since according to statistics, about 40-60% of acquisitions cannot increase their market value by the amount of funds invested.

In 1978, Arthur D. Little, a consulting company, conducted one of the first serious studies of the motives of M & A. The result of this work was a list of the most significant reasons for mergers and acquisitions, which included the following items: gain synergies, diversify the business by entering new markets and expanding the range of goods, increase market share, leverage the acquired innovations and legislative advantages of another country, tax benefits, purchase of necessary undervalued assets, exit strategy and managers' desire for larger and more profitable deals. Later, the audit company KPMG also conducted an experience that revealed slightly different motives. Of the 100% of the companies surveyed, 22% could not explain the specific reasons for such agreements, 31% referred to the goal of increasing their market share, 26% relied on geographical expansion of their activities, 15% considered diversification the main reason, 6% declared savings on the scale of production. Thus, it can be said that in the second case a narrower list of M&A motives was considered, in addition, some real motives are not always realized, or simply hidden. Therefore, the analysis of the reasons for mergers and acquisitions taken from the assessments of the practical experience of various companies is selective and does not provide an objective assessment.

All the reasons for mergers and acquisitions are reduced to growth and achieving a stronger strategic position in the market, that is, the main goal is the strategic advantage of the company, which the enterprise cannot achieve through internal

business growth. Thus, the strategic approach requires the separation of two groups of M&A motives: strategic and functional. The first group of motives includes the following points - strengthening a competitive position and increasing the market value of the business, gaining financial stability and developing new business models. While the second includes a variable list of economic, subjective and psychological motives, for example, receiving tax breaks, increasing market share, increasing cash flows and control over them, and more.

All the goals of these corporate strategies are based on the need to ensure the interests of owners. However, the main reason for the implementation of integration processes is the desire of companies to obtain a synergistic effect: an integrated business creates more value for shareholders than each of its divisions separately.

Synergy is understood as an economic phenomenon in which a corporate association is more profitable for both parties than remaining to work separately. It is believed that the classical explanation for the expediency of mergers and acquisitions lies in the synergistic theory of mergers and acquisitions. We are talking about the receipt by the buyer corporation of surplus economic value, which is formed as a result of the purchase of the target company.

As for the second type of hierarchical business building, it is called a business “from scratch”. This type of activity is also called "green field strategy". This implies a strategy for expanding the business to foreign markets through the construction of new production facilities. This type of entry into foreign markets has the lowest risks and absolute control over all business processes. This type of activity is often used by large innovative companies that open production, for example, of new technologies in specific markets. This method is very costly and quite time consuming.

1.3 The process of companies entering international markets

The process of entering the international market is a complex task and involves the passage of certain stages. It is appropriate to consider these stages (Figure 1.3).



Figure 1.3 The process of entering the international market

Source: developed by the author based on materials sources (Kanishchenko, 2010)

The first stage is defining goals and objectives. Before entering the international (foreign) market of the company, it is necessary, based on the formulated mission, strategic goals, to determine for yourself possible goals and objectives (financial, marketing, production, organizational, etc.). They form the focus of further analysis. Therefore the next stage is analysis of the international marketing environment. The factors of the international marketing environment are:

- macro-environments (political, legal, economic, demographic, scientific and technical, sociocultural, etc.);
- microenvironment (consumers, competitors, suppliers, intermediaries, international contact audiences).

During this stage the company's competitive strategies, market growth strategies are selected, the target segment is analyzed by analyzing the company's business portfolio. Graphical calculations are made by creating matrices. Due to the globalization of processes, analysis involves making estimates and forecasts both for

the global market and for each regional national market. The third stage is defining company performance criteria. In order to take preparatory steps for the geographical expansion of a company, it is first necessary to make a comprehensive analysis of its activities and determine the main indicators/criteria for its effectiveness, in order to calculate them later and, based on them, create its own program of expansion into international markets.

The next stage is resource base analysis. Based on the results of the analysis of the international marketing environment, the company evaluates its own resources for compliance with the identified capabilities and threats, determines the required amount of borrowing of resources.

The fifth stage can be a decision on the expediency of entering the foreign market. A comparison of the resource base of the enterprise (availability of free production capacities, capital, experience, etc.) and the international marketing environment is carried out, possible factors of the enterprise's competitiveness are formulated. An international SWOT analysis is being conducted. Based on the results, a decision is made on the feasibility of the company's entry into the foreign market. A decision is made on the form of international marketing at the enterprise: international activities; multinational activities; global activity.

The next stage is decision on which markets to enter. International segmentation is carried out, a filter model is being built. The attractiveness of the markets is assessed. A comprehensive analysis of the economic attractiveness of foreign markets is being carried out, taking into account: target analysis; analysis of demand (its structure, quantitative indicators); analysis of market availability (political and legal factors, logistics, etc.); competitive analysis; risk analysis; resource analysis; profitability analysis. The analysis highlights markets that allow the enterprise to maximize return on invested capital. In the process of choosing markets, the enterprise is faced with the task of continuing the life cycle of the product by using differences in the development of foreign markets.

The next stage is decision on ways to enter foreign markets that is followed by development of a market strategy stage. The company's international market strategy

is developed at the following levels: corporate (mission, corporate goals, markets, business areas), division (by division, including geographical), business (due to which it will compete), functional (by functional elements). The company's market strategy in the international market involves taking into account both purely international aspects and traditional elements that determine the market strategy of the enterprise, transferred to the international market. This step is followed by selecting a market location type. Depending on the degree of differences in the socio-cultural sphere, there are three main types of international positioning in the countries' consumer motivations: intercultural positioning, repositioning and unique positioning in each market.

Cross-cultural positioning can be used in the absence of significant disagreements in consumer behavior and the specifics of market functioning. In this case, the strategy and tactics of positioning in the international market fully coincide with the response in the national market. The idea of a repositioning strategy (shared adaptation of the trademark) is that, in general, the marketing environment of countries is similar, but there are minor differences in terms of consumer perception. At the same time, the strategy remains unchanged, only the creative concept of implementing the strategy can change, or when duplicating the advertising product, the name of the product itself can change. The vast majority of companies entering the international market use this strategy. First you need to see the segments and only then - the country. Using this strategy allows the company to avoid additional promotion costs. If the positioning concept implemented on the national market cannot be accepted in another country, a unique positioning strategy (complete adaptation of the brand) is used, which provides for the passage of all stages of positioning of the product - from detailed analysis of the market, its segments to the choice of strategy and positioning tactics. It may be completely different from the national ones.

The ninth step is decisions on the structure of the marketing complex. Working in the international market, the company is forced to decide whether one marketing complex will be used or different variations of it are required. Based on this, the company can use one of the following strategies: 1) standardized - unified marketing

strategy in all foreign markets; It should be emphasized that an absolutely standardized marketing strategy probably still does not exist, but one of the closest to that is Coca-Cola's marketing campaign, which supplies many standardized products around the world. 2) an adapted - unique marketing strategy in each foreign market; 3) integrated - a strategy that connects the elements of standardization and adaptation. A good example of such a strategy is the multinational (multi-local) corporation McDonalds, because the products of this company have both standardized products and tailored to each culture of the world. Most often, this strategy is used in international practice.

Conclusion on chapter 1

It is now almost impossible to imagine a working economic activity in the world without comprehensive integrated international trade. International business is based on the principles of obtaining benefits from the advantages of interstate business transactions. Therefore it can be observed that in modern economic conditions, companies need to look for effective methods of development, increasing competitiveness, increasing profitability and value of companies. This is mainly due to the entry of enterprises to the international level. There are a number of ways to successfully conduct effective international activities for both powerful and less powerful companies. For a company that plans to operate abroad, it is mainly necessary to define goals and objectives in the financial, marketing, production, organizational sector, etc. On the basis of a correctly defined motivational policy, a base can be formed for further analysis. The company's performance criteria, the marketing mechanism should be determined, a strategic analysis of the company's market attractiveness and competitiveness must be carried out, a market strategy is created, a method of entering the foreign market is chosen, etc. As for the models for entering the international market, there is actually a large number of them. This means that each company can choose its own way to expand into foreign markets. The decision to enter the international arena must be clearly justified, since it can radically affect the future of the company and have both positive and negative consequences.

CHAPTER 2. STRATEGIC ANALYSIS OF THE CONDITIONS OF UKRAINIAN ONLINE SUPERMARKET COOKER TO ENTER THE ITALIAN MARKET

2.1. Company potential to enter European markets

In December 2020, the first Ukrainian online supermarket Cooker with ecological delivery in 30 minutes opened in Kyiv. This is the first "dark store" network in Ukraine, which offers products directly from manufacturers and delivery in a record time - 30 minutes from the moment of ordering on the website. Cooker belongs to the SMK Group, the largest domestic meat producer. Cooker works closely with many suppliers of various products and receives them directly.

The supermarket operates in the "dark store" format (a store without a sales area and customers) - it is a network of stations where products are stored and orders are completed (Novyie raspredelitelnyie tsentryi, 2021). In the countries of Western Europe, "dark stores" have been successfully developing for several years. Now Cooker has 12 such stations in different parts of the capital, provides the possibility of ultra-fast delivery - a maximum of 30 minutes from the moment of order. In the future, it is planned to increase the number of stations in the city to 25 and reduce the waiting time to 15 minutes (Nesterenko, 2021). The company plans to expand in the Ukrainian market, and also aims to enter international market. Couriers of Cooker's own delivery service use Ukrainian-made electric bikes, which allows you to quickly move around the city even in difficult road and weather conditions.

"In the project of the Cooker online supermarket, we focused on several important issues: fresh products directly from production, fast delivery, the use of ecological electric transport, saving time and reducing the risk of infection for consumers, which is especially important in today's conditions. these factors are important and in demand." – said Denis Paramonov, Cooker founder ("Svoj" servis, 2021).

Residents of cities and parts of the suburban areas can order groceries at the Cooker online supermarket. Cooker also makes a point on speed and shipping costs. In

Ukraine, delivery of an order worth from 10 euros is free, below this amount is 3 euros. To ensure speed and sustainability, the company has at its disposal the latest electric bikes. Therefore, there are crucial competitive advantages of Cooker company: free delivery from 10 euros; own courier service equipped with ecological electric bikes, modern equipment, protective helmets and thermal bags; care for the health of customers because products are delivered in compliance with sanitary standards, and all couriers and employees of the company undergo temperature checks and pass PCR tests every few days; well-thought-out logistics of deliveries of goods from logistics centers ("dark stores"); convenient site interface both on the desktop and on the phone with the ability to place an order in just a couple of clicks; compliance with all government regulations for the storage and transportation of products. So, on the basis of already existing experience, Cooker would like to represent the position of a modernized technological online supermarket in the international market so that as many customers as possible can experience the convenience of this service.

In the context of the process of globalization of the modern economy, an increasing number of companies are striving to develop foreign markets, thereby establishing a leading position in their industry (Zlatyeva, 2018). The entry of a business into the international arena allows attracting new customers, reducing the risk of losses, increasing the competitiveness of the enterprise and increasing its capitalization.

It is also important to mention the prerequisites for a company to enter the foreign market. Entering foreign markets is an important strategic decision. Its adoption is influenced by a number of reasons, among which: desire to increase profits and ensure business growth; striving to improve competitiveness through key competencies (know-how, unique technologies, a system of relationships with customers, etc.); the possibility of minimizing the risk of losses during the crisis due to the presence of the enterprise in foreign markets. As a result, the level of business capitalization and its stability in relation to external factors (actions of competitors, legislative measures, etc.) increase. The decision to organize a business in another

country is preceded by an analysis of the current situation and prospects for the development of the company, which are expressed in the following questions:

1. Time. The question concerns not only the desire to get ahead of competitors or become their follower, but also the real capabilities of the company, the availability of favorable conditions for the development of new economic territories.

2. Scale. Depending on the available resources, the scale of the exit is determined: an aggressive strategy of mass capture or a gradual expansion of the market presence.

3. Market. The most attractive market segments for the enterprise are established (in accordance with costs, risks, prospects for expansion). Thus, the enterprise lays the foundation for determining the desired exit strategy and developing specific marketing measures to achieve the set business goals.

Online grocery market is in continuous growth mainly due to the impact of the Covid-19 pandemic around the world. In order to understand the geographical direction of the expansion of the Cooker delivery service, an appropriate analysis was carried out, thanks to which it was found that the most suitable market for doing this business is the market of the European Union. The main selection of factors that influenced the choice of this market are described below. The European Union was Ukraine's main trading partner in 2019: the share of trade in goods and services with the EU amounted to 40.1% of Ukraine's total trade. And now, at this difficult time, Europe has become even closer to us by supporting our military, economic, social positions in the war that Russia unleashed on the territory of our country.

Entering the EU market allows to distribute products / services throughout the EU in the future. The constant growth of share of consumers who purchased food or groceries online in selected countries in Europe. Association with the EU greatly simplifies and expands the legal aspects of Ukraine's trade opportunities with the European Union. Moving on to the analysis of online grocery delivery in Europe, the following key points and trends were identified. Many grocery retailers are still struggling with moving part or all of their businesses online. This is due to fears related to the economic side of doing business. Some say that for them it is a big extra cost

for wages: for training special personnel, for the purchase of additional equipment, storage and rental of additional equipment and vehicles, etc. They believe that this investment exceeds the income from this type of activity, since consumers do not want to see much increase in the price of purchasing food, when buying online, and not in retail outlets. Also, this is especially difficult in markets where gross profit compared to labor costs is not sufficient to further develop the online business industry (Belgium, the Netherlands, some Scandinavian countries, etc.). There is also another factor that is present in the market currently. This is a relatively skeptical attitude of customers regarding the possible quality of products. In some studies, consumers have noticed that when using food delivery services, they are deprived of the opportunity to see, touch and choose products for themselves. This mostly applies to fruits and vegetables.

However, hidden demand exists. In France, almost forty percent of those surveyed said they had never used such a service, but would very likely try it if the service was properly implemented in their region. In Spain and the Czech Republic, for example, this mark reaches 48 percent, and in Italy it even exceeds 50 percent. In addition, the level of competition in the Italian market is currently relatively low. In this market there are no such powerful German, English, American, Turkish and other brands as, for example, Gorilas (Browne, 2021), Zapp (Lunden, 2022), Flink (The Flink Business Model, 2022), Gopuff (Weinberg, 2021), Getir (The Getir Business Model, 2022), etc. Together, these and other factors influenced the final choice of the Italian market for expansion.

Online groceries will develop according to different strategies in each country depending on market share, margin and various other factors, but nevertheless, the process has been launched, this market is developing and only those who quickly transform their capacities, including online sales, after conducting a pricing analysis and having formed a strategic marketing strategy will be able to profitably operate in this segment. One of these groceries is the online supermarket Cooker, which, as mentioned earlier, based on various fundamental factors, wants to try to develop its position in the Italian market (Galante, Garcia-lopez and Monroe, 2013).

Now it is appropriate to present the scheme for entering the Italian market developed on the basis of a study of the works of Professor Kanishchenko (2004).

The first stage in this scheme is informational. It conducts a comprehensive assessment of the business situation, collection of information and data processing. It starts with collecting information and includes such items:

1. Internal-corporate analysis of the state and market opportunities of Cooker; opportunities to enter the Italian market: financial opportunities; definition of criteria for the effectiveness of enterprise management (management style, organizational structure of management, functional responsibilities, etc.); monitoring of pre-defined foreign markets of online supermarkets.

2. Analysis of the state of market opportunities of the company: experience and reputation in the market; the company's share in the national market; the amount of the budget for the company's marketing activities.

3. Market research of online supermarkets in the global and European market: study of the development of E-Commerce in the European market; research of tendencies of characteristics of the goods which have started to use demand for the last 2 years; research of existing and promising online supermarkets in the European market.

4. Research of the Italian market of online supermarkets: volumes and structure of demand for E-Commerce in the field of online food delivery; a study of the cultural habits of Italians regarding food; a study of the cultural behavior of Italians regarding the habits of buying food; analysis of competitors; collection of information and analysis of data on Cooker's methods of entering the Italian market.

The next task in this first stage is data processing: forecasting the situation in the Italian market in the field of online supermarkets, analysis of market trends, preparation of data for the matrix of the company's competitiveness in the market, the matrix DPM; determination of the main parameters when choosing an online supermarket; proposals to improve the organizational structure of the company to enter foreign markets; assessment of the possibility of product modernization.

The second stage is analytical. During it, such type of work is carried out:

1. Nomination, evaluation and subordination of goals.
2. Analysis and evaluation of the place of the company Cooker on the main parameters of the choice of online supermarkets among strategic competitors: study of factors of micro - and macromarketing environment of selected markets; justification for choosing the Italian market among other possible ones; competitive analysis; definition of the target country; preparation for marketing research (conducting questionnaires, surveys, search questions, etc.); development of marketing strategy.
3. List and performance of tasks: decision-making on the model of entering the Italian market; marketing activities; preparation for the deployment of the company in the Italian market according to the model defined earlier.
4. Justification of marketing activities.
5. Calculation of scenarios for the development of marketing activities.

The third stage is strategic marketing. During the current stage, substantiation of market entry strategies (stages, deadlines, methods, etc) is carried out . Conventionally, this stage can be divided into two sub-stages. The first substage is analysis of competitors using matrix evaluation methods: construction of the BCG matrix; conducting DPM analysis based on data on the analysis of market attractiveness and competitiveness of the company; analysis of the company's position in the Italian market. The second sub-stage is conducting a narrower analysis of Cooker's competitive advantages in the Italian market: preparation and collection of data for market segmentation; conducting segmentation; determining the unique trade offer of the company; preparation and collection of data to create the Ansoff matrix; construction of the Ansoff matrix (Ansoff, 2007); competitiveness analysis according to M. Porter's strategy; construction of the Porter matrix (Porter, 2006); determining the Kotler's competitiveness strategy; construction of the Kotler matrix (Kotler, 1967).

The fourth is called operational-tactical. During it, such actions are performed: developing of an operational plan (distribution of operational and tactical tasks); coordination and implementation of marketing activities; specific defining and calculating of subjective and objective pricing parameters based on previous analysis; solving all possible problems that may relate to logistics, segmentation; reassessment

of projected budgets to achieve goals; completing analysis of the future advertising campaign, the formation of pr, stimulating demand and sales.

Stage five is called marketing control during which the following is carried out: control, collection and evaluation of data on the results and evaluation of performance indicators and evaluation of indicators of production and commercial activities of the company and indicators of effectiveness (success) of marketing activities; informal control; determining the level of success of marketing support of production and commercial activities of the company; the level of awareness, loyalty, effectiveness of advertising, etc.

As can be understood from this sub-section, Cooker has a positive experience in the online food delivery service, and also has great potential for development in the future. But it can also be concluded that the decision to enter a foreign market in order to realize one's potential must also be fully justified in any case. Nevertheless, with proper implementation, the company will be able to achieve the cherished goal of conquering the international market and, most importantly, gaining benefits from this.

2.2. Macro environmental scanning of Cooker opportunities and threats

The macro environment opportunities and threats analysis is based on Pestel (Political, Economic, Social, Technological, Environmental) analysis, which in turn allows us to assess the impact of various external factors on our delivery service.

Below is Table 2.1, which selected and combined economic, political and legal factors that affect the operation of this business.

Table 2.1

Final assessment of economic, political, legal factors of the macro environment

№	Factor	Evaluation criteria			Current evaluation
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Italy
Market threats					
1.	The inflation rate growth (directly affects the prices of products)	> 1% yearly	0-1% yearly	< 0% yearly	3,5
2.	Tax policy (tariffs and incentives)	high level of taxation (sometimes more than 50%). Lack of a single document regulating tax Legislation	average level of taxation of legal entities (45% - 50%).	low level of taxation < 45 %	3
3.	Business registration	strict requirements for registration of a legal entity	average requirements for the registration of a legal entity. Loyal legal framework.	Lightened requirements for the registration of a legal entity. Privileges. Investment incentives.	7
Market opportunities					
1.	Market value of e-commerce B2C food & grocery	1-2 bln. EUR	2-5 bln. EUR	>5 bln. EUR	7
2.	Grocery eCommerce sales (yearly)	0,5-1%	2-3%	3+%	6
Total					33,5
0 – 20		Strong negative influence of macroeconomic factors. Business deployment danger			
20 – 30		Medium moderate influence of macroeconomic factors. Caution in starting a business			
> 30		The positive impact of macroeconomic factors. Relevance and encouragement of business creation			

Source: developed by the author based on materials sources (Clark, 2005), (Digital transformation, 2021), (Italy Hourly Wage Inflation, 2022), (Italy inflation rate, 2022)

The first factor, namely the rise in inflation, is very important for Cooker. Since an increase in the level of prices for products from buyers will negatively affect the

final price of the product for the consumer. Some consumers may even stop buying a product if its price jumps up and turn their attention to substitute products (services). Based on these facts, the inflation rate was included in the list of the main external factors. Other macroeconomic factors such as level GDP growth, exchange rates, etc. also affect the work of the company, but rather indirectly than directly.

The next important factor for doing business abroad is the level of taxation, a political and legal factor. Since this factor directly affects the level of the company's net profit, it was impossible not to include it in this list. In this case, we can say that the Italian tax system is quite difficult. The idea behind it is that the general, aggregate tax for businesses in Italy is higher than in many European countries. That is why the corresponding points were exposed.

As regards purely legal macro-factors, one can single out such a factor as the ease of registering a business abroad. We all know that there are countries where doing business is frustrating for foreigners due to a lot of bureaucracy and various legal issues. In this case, starting a business in Italy is not too difficult and time-consuming process.

In terms of market opportunities, the following macroeconomic factors can be vividly expressed that can positively affect business development: growth of online grocery market share and sales. Both factors indicate that the level of e-commerce is increasing every year, sales on the Internet are also growing. Most importantly, this also applies to online grocery sales. This is a very positive factor for Cooker. Undoubtedly, such a sharp rise took place against the backdrop of the Coronavirus pandemic, this gave impetus to the development of such services. We are entering a new era of e-commerce and most likely, even after the end of the coronavirus pandemic, all the indicators mentioned above will continue to rise.

The next important task is to describe the remaining factors, namely social and environmental, in order to finally formulate Pestel's analysis and come to the choice of a market for business deployment. For this, Table 2.2 was built.

Table 2.2

Final assessment of social and environmental factors of the macro environment

№	Factor	Evaluation criteria			Current evaluation
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Italy
Market threats					
1.	Age structure of the population from 25 to 52 years old	< 40%	40-50%	> 50%	5
2.	Covid-19 Recovering	6%	3-6%	0,6+%	5
3.	Attitude towards imported/foreign goods and services	More loyalty to domestic services/brands than to their own	Approximately the same loyalty to both foreign and domestic brands	High loyalty to foreign brands	5
Market opportunities					
1.	The level of Innovation and technological development of the industry based on online sales (yearly)	0-1 %	1-4%	> 4%	5
2.	Requirements for product quality and service level	The level of loyalty to the uniqueness of the product is low. Partial indifference to the quality of the product and service in favor of a low price.	The level of loyalty to the uniqueness of the product is low. Partial indifference to the quality of the product and service in favor of a low price	The level of loyalty to the uniqueness and features of the company is high. Consumers are more likely to choose based on quality	7
Total					27

Continuation of the Table 2.2

0 – 20	Strong negative influence of macroeconomic factors. Business deployment danger
20 – 30	Medium moderate influence of macroeconomic factors. Caution in starting abusiness
> 30	The positive impact of macroeconomic factors. Relevance and encouragement of business creation

Source: developed by the author based on materials sources (Digital transformation, 2021), (Grocery trends, 2022), (Italy indicators, 2022), Naselenie Italii, 2013)

It is worth starting the description of the tables with factors that can potentially form threats to business development in the market. The first factor will indicate that the number of people between the ages of 25 and 52 is medium, which directly means that our target audience is in an acceptable number. It should be noted once again that our target audience is people who work, have a family or plan to start a family who are interested in buying food at an adequate price with fast and high-quality delivery.

Second place is the recovery rate after Covid-19. In this case, we fully support and wish recovery to all people affected by this and other diseases. These statistics only note the fact that quarantine conditions in countries automatically increase the volume of online sales, bringing great profits to all companies that can work online. It should be emphasized once again that all online purchases from both sick and healthy people are taken into account during quarantine. Since the difficulty of logistics processes, the closure of shops, markets, etc. positively affects the earnings of the company, the line "Covid-19 recovery" was included in this table.

People's attitude to foreign goods / services is the third factor. This factor is also very important for the decision to open a business in the country. If people are loyal to their traditions, to their domestic brands, then foreign companies have few chances to reach a high level in sales and profits.

In terms of market opportunities, such technological and social factors were selected: "The level of innovation and technological development of the industry based on online sales (yearly)" and "Requirements for product quality and service level". The first factor, an increase in the level of technological development, also affects the growth of the level of e-commerce, which in our case is a very important factor, since the Cooker company offers its products precisely through e-commerce.

Regarding the second factor, then it should be said that it is important to understand in the case of the Cooker company the attitude of people towards high-quality products. It means that this factor helps to know whether people are willing to pay for quality products or choose a substitute with low quality but with a relatively cheap price.

Coming to the conclusion of the analysis of macro factors, it should be emphasized that Italian market is favorable for the location of a business of this kind. The number of barriers to entry in the markets is also low due to the novelty of this type of activity. Market is open to entry. In terms of capabilities of the Cooker company in the Italian market, it should be noted that the Italian market is gaining acceptable number of points when assessing the impact of macro factors.

2.3 Competitive context of Cooker's operation in the Italian market

In this chapter, a strategic analysis of the Italian market of online grocery delivery attractiveness will be conducted, as well as the competitiveness of Cooker within them.

Strategic analysis of the competitive position of Cooker in the segment above will begin with an analysis of the company's micro environment. This is done in order to assess the data of national markets of food delivery services and determine which of them is the most promising for the future of Cooker. To analyze the micro environment opportunities and threats, the Porter's Five Forces model will be used. Overcoming competitive threats involves developing a strategy based on building a two-dimensional matrix to assess the strength of each threat.

First we are to analyze the competitive rivalry within an industry. The competitive rivalry within the industry is shown on Figure 2.1. The preliminary assessment can be seen in Appendix A. (Table A.1).

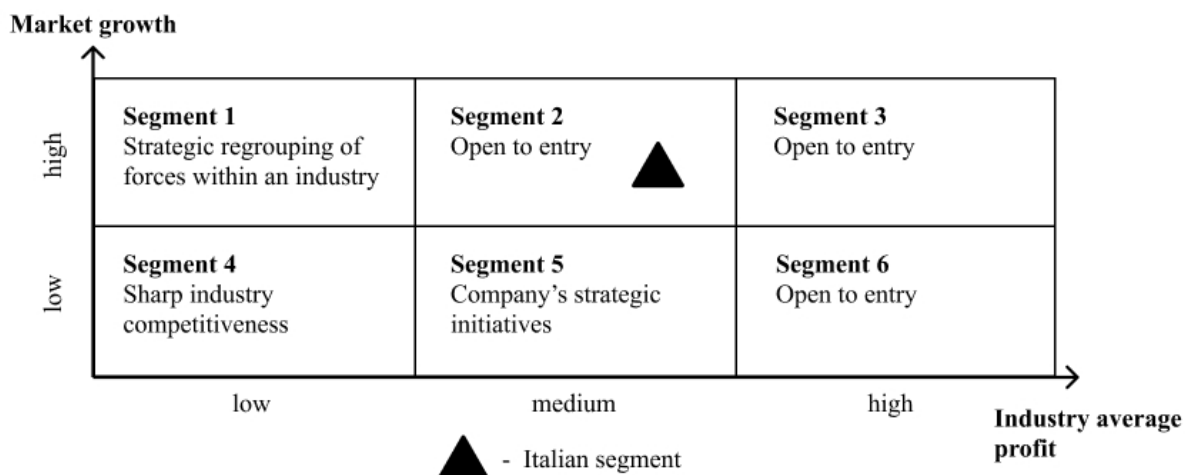


Figure 2.1 – Competitive rivalry within the global market of online grocery Services

Source: developed on the basis of author's researches

The threat of new entrants was analyzed (Figure 2.2). The preliminary assessment can be seen in Appendix A. (Table A.2).

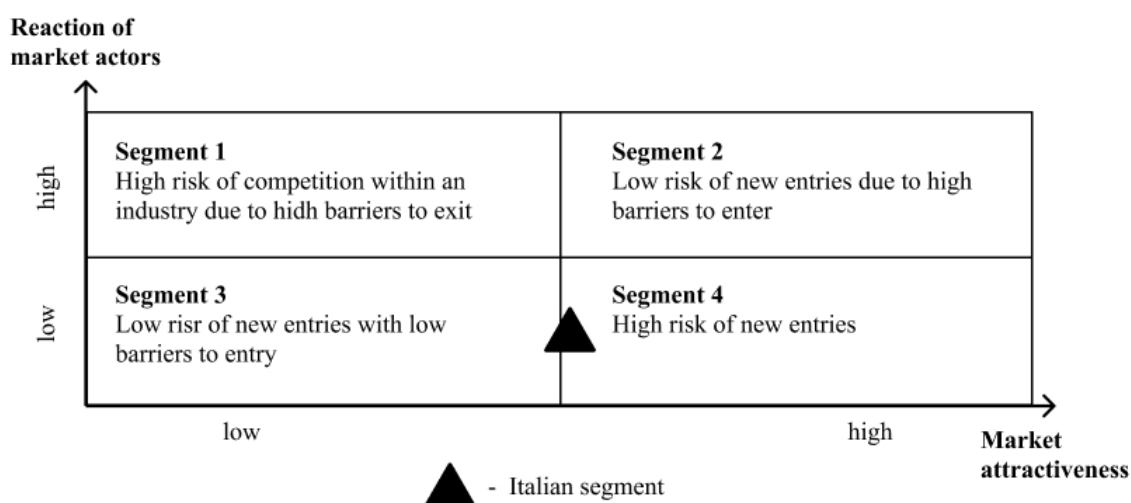


Figure 2.2 – Threat of new entrants in the global market of food delivery

Source: developed on the basis of author's researches

Thus, the Figure 2.2 shows that Italian food delivery markets are on the border between 3 and 4 segments but still belong to fourth. This segment is open for new companies to enter. The industry is attractive, but the existing business entities do not react rigidly to new invasions. This is due to the lack of primary demand, when

companies focus on quickly gaining a large market share, rather than on the actions of competitors. In addition, they do not yet have sufficient market power to respond toughly to new incursions.

The threat of substitute products was analyzed (Figure 2.3). The preliminary assessment can be seen in Appendix A. (Table A.3)

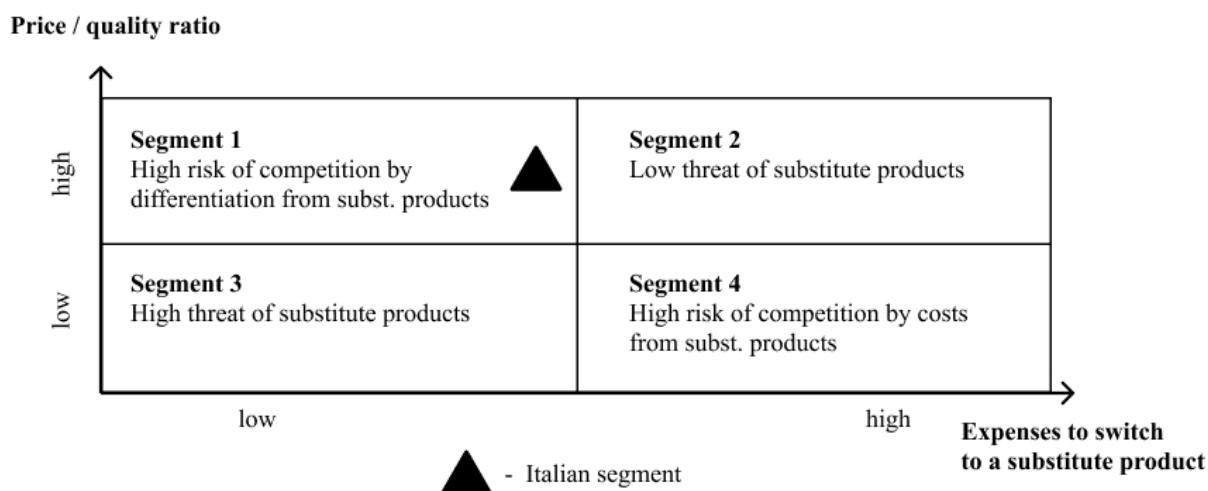


Figure 2.3 – Threat of substitute products in the global market of food delivery

Source: developed on the basis of author's researches

Thus, the Figure 2.3 shows that Italian food delivery market is in segment 1. It is characterized by the competitiveness of the product offer with low expenses of switching to a substitute product. In this case, it means that users need to convey to them what are the benefits of using Cooker delivery, compared to a simple trip to the supermarket. We are talking about saving their time, speed and quality of delivery at a relatively inexpensive price.

The preliminary assessment for the Figure 2.4 can be seen in Appendix A (Table A.4). Thus, the Figure 2.4 shows that the Italian food delivery service market is in segment 4. This is due to the fact that this type of service is not yet sensibly presented in the Italian market.

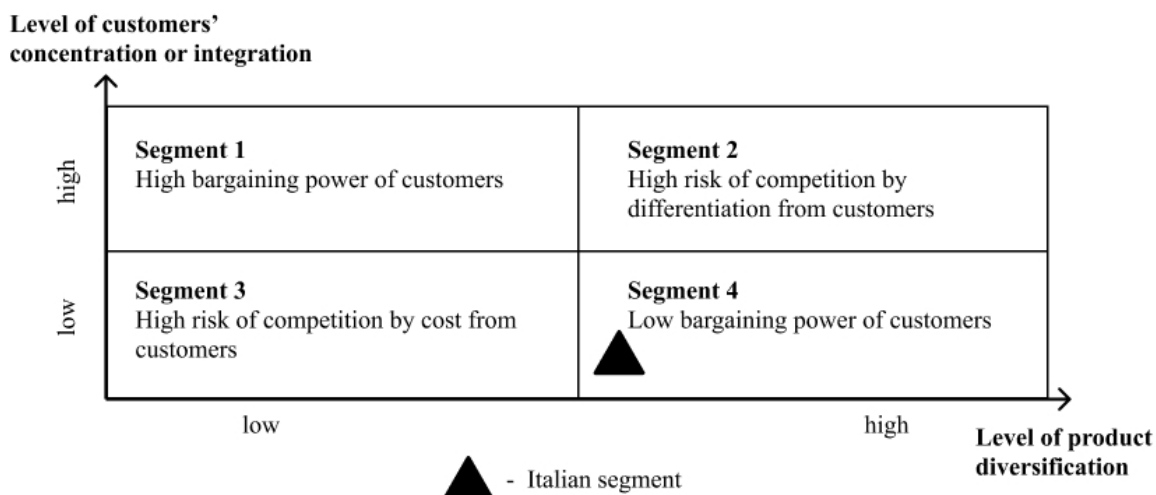


Figure 2.4 – Bargaining power of customers in the global market of online grocery delivery

Source: developed on the basis of author's researches

Figure 2.5 depicts a matrix for assessing the market strength of suppliers. The preliminary assessment can be seen in Appendix A (Table A.5). Based on the fact that the online grocery delivery service does not produce products on its own, but works with suppliers, their power is high in the Italian market.

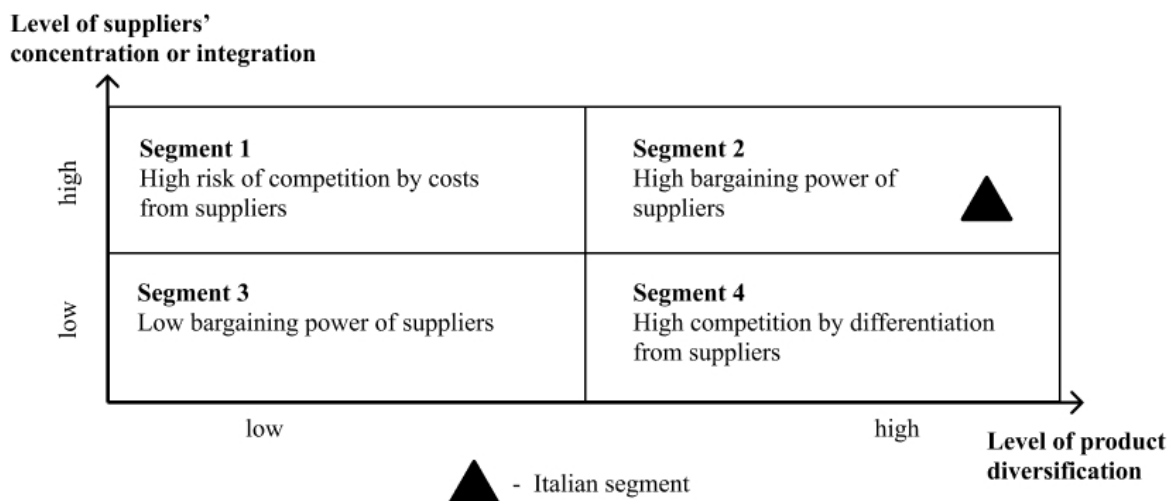


Figure 2.5 – Bargaining power of suppliers in the global market of online grocery delivery

Source: developed on the basis of author's researches

Below you can see the final results of the assessment of microfactors (Table 2.3).

Table 2.3

Final assessment of the micro environment factors

№	Factor	Evaluation criteria			Current evaluation
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Italy
Market threats					
1.	Threat of new entrants	in segment 3	in segment 1, 2	in segment 4	7
2.	Threat of substitute Products	in segment 2	in segment 1, 4	in segment 3	6
3.	Bargaining power of customers	in segment 4	in segment 2, 3	in segment 1	3
4.	Bargaining power of suppliers	in segment 2	in segment 1, 4	in segment 2	8
5.	Competitive rivalry within the industry	in segment 2, 3, 6	in segment 1, 5	in segment 4	3
Total					27
0 – 25		Low level of overall threats			
26 – 35		Medium level of overall threats			
> 35		High level of overall threats			

Source: developed on the basis of author's researches

In order to identify companies that are the closest competitors for Cooker in the identified attractive segments, strategic groups' maps will be built for each of them.

Figure 2.6 depicts Cooker's closest competitors by key metrics in the Italian market. It is worth noting here that the company is in a separate segment, which means that the closest competitors cannot really compete with Cooker in terms of price, quality and delivery speed, which is positively reflected in the creation and development of this business in the Italian market.

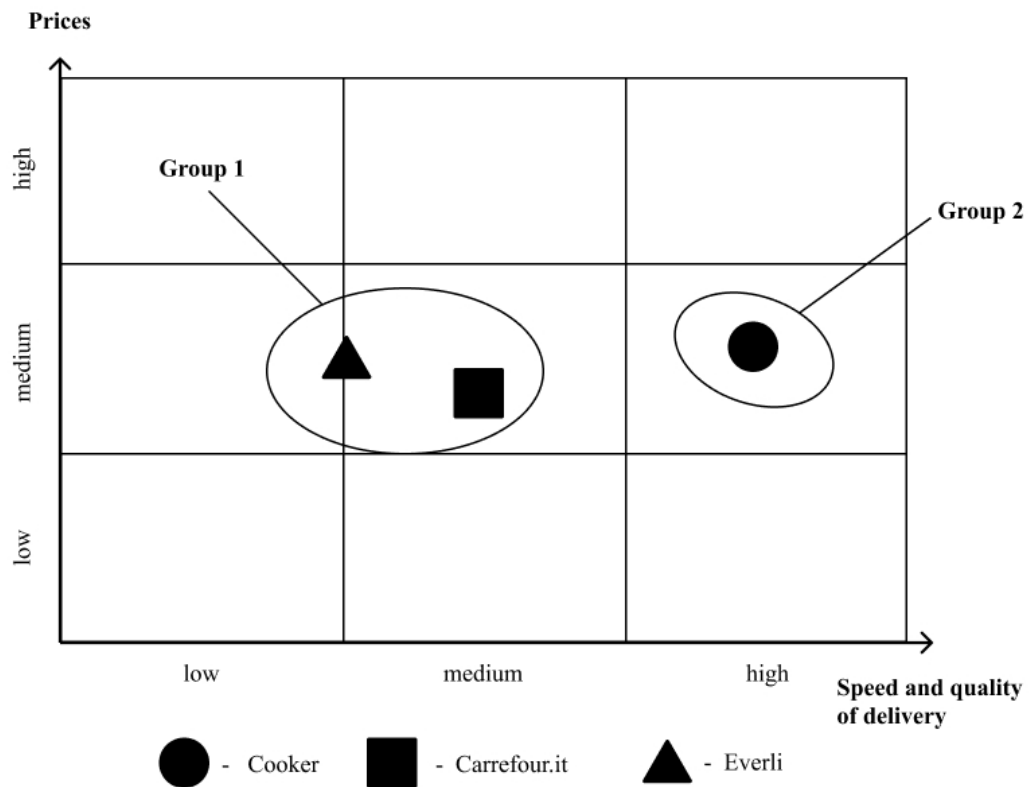


Figure 2.6 – Strategic group's map in the Italian market of online grocery delivery

Source: developed on the basis of author's researches

Compilation of a profile of Cooker strengths and weaknesses in the Italian segment and analysis of its key competitor was carried out in a table form (Appendix B). The comparison was done on a set of key parameters, each of which got a current evaluation from 1 to 10, where 10 - the highest score.

Based on this table, you can see that Cooker outperforms its main competitors in some key indicators, such as: price for delivery, speed and quality of delivery, as well as in terms of "Safe and eco-friendly delivery". Cooker company is ahead of its main competitors in some key indicators, namely, such as: price for delivery, speed and quality of delivery, as well as in terms of "Safe and eco-friendly delivery ". In sum, this gives Cooker great advantages over its Italian competitors in terms of important indicators when choosing a delivery service by consumers. Among the key shortcomings, one can similarly notice the diversification of the company's product line, as well as the supply chain, compared to the large Carrefour supermarket. It should also be said that there are other well-known supermarket chains (Conad, Coop,

etc.). Many of them already have their own online delivery. But it differs significantly from the Cooker delivery system and basically works on the following principle: special personnel take an online order, collect supermarket products running from shelf to shelf, and transfer the collected order to a courier service that carries these products from the supermarket to customers. Cooker at the same time works on a system of warehouses or "dark store" (Novyie raspredelitelnyie tsentyi, 2021). The staff takes the order and collects it right at the warehouse where this process is automated. There are no buyers and everything works at a fast pace. These warehouses are located so that it is convenient to deliver products to any point in the city as soon as possible. They do not need to be in front of everyone, in places where a lot of people are concentrated and there can be heavy traffic. On the contrary, they are located conveniently and logistically competently. Thus, couriers significantly save time on delivery. This means that the quality of delivery is improving. This all happens due to the fact that this service is not an "add-on" service to the supermarket. Online supermarket Cooker and online grocery delivery are one whole.

Choosing the target segment by means of portfolio analysis. The next important point in the analysis of Cooker company is Optimization of the company's business portfolio. Portfolio analysis is used to optimize a company's business portfolio. In this work, the DPM matrix will be used, as in the portfolio analysis tools. To build this matrix, it was first necessary to analyze the main factors of market attractiveness, as well as the competitiveness of the Cooker company. The tables with the main factors are presented below.

In the Table 2.4 the main factors of market attractiveness at the moment are highlighted, as well as estimated indicators for the near future. You can summarize all the information as follows: at the moment, the Italian market is really developing in the field of eCommerce. It is also interesting to note that because of Covid-19, the demand for online grocery delivery services has begun to grow. It should also be noted that there are currently few competitors in this industry on the Italian market. This adds up to a great development advantage for Cooker in this market.

Table 2.4

Market attractiveness for the DPM matrix

Factor	W	Evaluation criteria			Italy			
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Now		Future	
					CE	WE	CE	WE
Covid recovering	0,20	6%	3-6%	0,6+%	6	0,2	7	1,5
Grocery e-commerce sales (yearly). Source: Mercatus	0,15	0,5-1%	2-3%	3+%	4	0,6	8	1,2
Competitors	0,20	4+	2-4	<2	9	1,8	6	1,2
Market value of e-commerce B2C food&grocery in Italy 2015-2020	0,15	1-2 bln. EUR	2-5 bln. EUR	>5 bln. EUR	3,5	0,5	7	1,05
E-commerce purchase rate of food or grocery in Europe 2006-2019, by country	0,15	0 – 15% of consumers	15-40% of consumers	>40% of consumers	2	0,3	5	0,75
Demand value of B2C food delivery in Italy from 2015 to 2020 Source: Statista	0,15	0 – 300 m. EUR	300-1,000 m. EUR	1,000>EUR	3,5	0,53	5	0,75
Total	1					3,93		6,45

Source: developed by the author based on materials sources (Laricchia, 2022), (Reiley, 2020), (Sabanoglu, 2020), (Share of consumers etc., 2021), (Share of sales etc., 2022), (Soergel, 2020)

In turn, the Table 2.5 highlights the main advantages of the Cooker company over its competitors, as well as weaknesses, which will be leveled in the future as the company develops. This table clearly and distinctly shows that the main advantages of this company are low delivery costs, speed and quality of product delivery. All in all, this provides good development opportunities in the Italian market.

Table 2.5

Company competitiveness for the DPM matrix

Factor	W	Evaluation criteria			Italy			
		Low (0,0-3,3)	Medium (3,4-6,6)	High (6,7-10,0)	Now		Future	
					CE	WE	CE	WE
Prices	0,20	Higher in the market	Average	Lower than in the market	5	1,24	6	1,36
Prices of delivery	0,15	Stable delivery price > €5 / free shipping from €20	Stable delivery price > €4-3 / free shipping from €20-15	Stable delivery price > €3 / free shipping from €15 and lower	8	1,2	9	1,35
Speed and quality of delivery	0,20	Low speed. No additional bonuses in quality and speed of delivery. Low accuracy of deliver.	Average	High speed. Some additional bonuses in quality and speed of delivery. High accuracy of delivery	7	1,4	8	1,6
Suppliers network	0,15	Unstable, few	Stable, average	Stable, many	6	0,9	6,5	0,98
Diversification of product line	0,15	<5000	5000-10000	>10000	4	0,6	7	1,05
Safe and eco-friendly delivery	0,15	Higher in the market	Use safe delivery of goods (safe packaging, etc.) They also use fuel vehicles for delivery	Use safe delivery of goods (safe packaging, etc.) They also use only electric vehicles for delivery	8	1,2	8	1,2
Total	1					5,54		7,54

Source: developed on the basis of author's researches

Now, based on the base that has been formed, we can create a DPM matrix for our grocery delivery service Cooker (Starostina, Goncharova and Krikavsky, 2012). This matrix is be presented below (Figure 2.7).

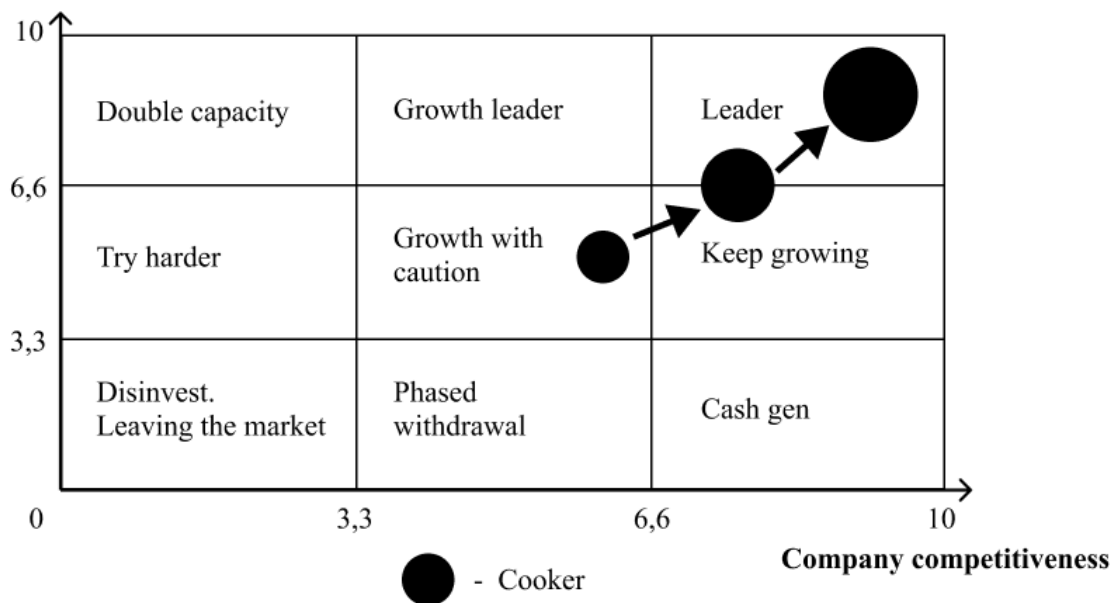
Market attractiveness

Figure 2.7 – DPM matrix for Cooker

Source: developed by the author based on materials sources (Kochkina, 2019), (Starostina, 2012)

According to the DPM matrix designed, it can be noticed that Cooker is now in the "Growth with caution" segment. Nevertheless, based on the forecasts, due to the correct implementation of the marketing strategy, in the near future the Italian segment may become attractive enough to focus exactly on it.

Conclusions on chapter 2

From this section, the following main conclusions can be drawn: Cooker is an ambitious Ukrainian online supermarket that operates on a unique "dark stores" system, allowing staff to collect and deliver the freshest products directly from the warehouse to the client in the shortest possible time; The European market is the most acceptable for Ukraine both geographically and economically. At this difficult time, Europe not only did not turn away from us, but made it clear that it would help us and protect our positions until peace returned to our country and region; Italy is a favorable market for the development of online activities from the online supermarket Cooker, since there is still no strong competition in this geographic market, there is demand,

and the entry thresholds for this market are not high. The capacious macro and micro analyzes of the attractiveness of the Italian food market were carried out. Due to these analyzes, the openness of this market was once again emphasized. Some of the Cooker key competitors in the Italian market were carefully examined. A distinctive analysis was carried out and the competitive advantages of Cooker were highlighted.

The entire analysis conducted above emphasizes that Cooker has an impressive competitive potential and will continue to develop its positions despite the economic difficulties that arose in connection with the Russian military invasion in Ukraine. Also, thanks to this study, the company's ability to access a foreign market was noted and justified, given that a suitable and correct model will be selected in advance.

CHAPTER 3. DEVELOPMENT OF MODELS OF COOKER ENTERING THE ITALIAN MARKET.

3.1 Definition of Short-Term Demand and Consumer Motivations in the Italian Market

Based on an earlier comprehensive analysis of Cooker activities, an alternative option was chosen to solve marketing problems and implement marketing opportunities, namely, Cooker entry into the Italian online food delivery market. The purpose of the study was formed as follows: a study of demand and consumer motivations when choosing the service of the online supermarket Cooker (Starostina, 2009).

After formulating the purpose of the study, it is necessary to establish clear boundaries of the study (Zhurylo and Starostina, 2010). Study limits are defined in terms of: territorial boundaries of the study (global market, regional market, country market, individual region in the country, individual city, etc.); time limits (short, medium, long-term periods); product or service line latitudes; number of market segments (Belyaevsky, 2001). In our case, the following study limits were established the Italian market by territory, short-term demand and consumer motivations by time, online supermarket Cooker by breadth of product line.

Therefore, given this, the purpose of this marketing research is formed as follows: to investigate consumer motivations and the level of short-term demand for the online supermarket Cooker in the Italian market. To conduct this study, a survey method was chosen. Questionnaire - a structured form of data collection, consisting of a series of questions that the respondent must answer (Jenkins, 1999-2000). The questionnaire is the main means of obtaining information from respondents. The main function of the survey is to collect the information necessary to implement the specific purpose of the marketing research. A questionnaire is a structured, logical, written list of questions (open and closed) that provide reliable information to achieve the specific goal of a marketing research (Kochkina, 2013).

Questionnaire as Primary Information Collection Tool has a number of goals (Payne, 1951):

- transform the questions of interest to the marketer into specific ones questions that respondents would want and be able to answer;
- standardize questions and forms of answers to them;
- create prerequisites for successful communication with the respondent and contribute to the completion of the interview;
- increase the input speed with automated processing information;
- be a means of verifying the reliability and reliability of data;
- minimize errors in the study.

The process of developing the questionnaire is iterative in nature and is aimed at sequentially clarifying, increasing the likelihood of obtaining reliable answers, eliminating the impact of the content of questions and their format on answers (Peterson, 2000). Defining the purpose of the marketing research and drawing up a questionnaire using the example of the implementation of the educational and scientific project “Marketing risks of consumers of the online supermarket Cooker in the Italian market”. The design of this marketing study took into account important cultural, economic, social factors, as well as the habits of purchasing food products in order to investigate the possibility of introducing this service in the Italian market.

Based on the analysis of the factors of the marketing environment, a management problem was formed - what should be the marketing complex aimed at reducing consumer risks in the Italian online food delivery market. In accordance with this, the purpose of the study was formed, namely, to determine the elements of perceived risk in the Italian market for online food delivery and a strategy for reducing it that consumers can use (Starostina and Kravchenko 2003a).

The purpose of the market research has the following components:

1. Identify the most important points for consumers when choosing an online supermarket service.
2. Find out the main strategies for minimizing risks when choosing an online supermarket service.

3. Identify the main differences in the perception of risks, as well as strategies proposed to reduce them, among different groups of consumers. Highlight the consumer segments on this basis.

4. Find out the most common way to buy food at the moment.

5. Establish how often consumers buy food.

6. Establish how often consumers use online food delivery.

7. Install or use consumers online supermarket service and establish the main causes and risks associated with the use of the service.

8. Establish the main criteria affecting the choice of online food delivery service.

9. Identify the potential likelihood that consumers will use the online supermarket service for daily/weekly/monthly food purchases if satisfied with price, quality and other important criteria.

10. Identify and assess the importance of each criterion when choosing an online supermarket service.

11. Formulate specific questions on the most convenient option for paying for the use of the online food delivery service.

The development approach to market research was implemented, which in turn includes the definition of research methodologies, an analytical model, and a questionnaire (Starostina and Kravchenko 2003b). Based on the analysis of the factors of the marketing environment, a management problem was formed: what should be the marketing complex aimed at reducing consumer risks in the Italian online food delivery market. In accordance with this, the purpose of the study was formed, namely, to determine the elements of perceived risk in the Italian market for online food delivery and a strategy for reducing it that consumers can use.

This study is based on the methodology of market research in a transformational economy. The basis for determining analytical models of consumer risk perception in the online food delivery services market was the provisions of theories of marketing, consumer motivations, and consumer segmentation (Zhurylo and Starostina, 2010). The main independent and dependent variables were substantiated, their operationalization was carried out; clarified the type of study (descriptive); the type of

selective observation was revealed; completed a questionnaire; a strategy for analyzing the data that was collected was drawn up (Vriens, 2001).

During the development of the methodology for the study, certain provisions and results of the work of competent specialists who studied the issues of perceived risk based on the use of a theoretical approach were used. According to the approach, there is a risk where the consumer has some degree of uncertainty about the results of using the service. The essence of this concept of risk is as follows: while using the service, there is a certain probability that the buyer will be dissatisfied. The total accepted risk of the buyer is divided into a number of components: functional (operational), social, financial, temporary and physical.

From this theory of perceived risk, it can be noted that buyers prefer the company with which the lower risks are associated. Therefore, marketers urgently need to determine how clients can reduce risks. This allows to develop a marketing complex taking into account consumer actions. There are certain ways that can reduce risks when using the online supermarket service:

1. Search for information by customers. This is an exculpatory strategy, since if consumers have enough information about the service, then the consequences of its use become more predictable. Consumers use information from a variety of formal and informal sources. There is a statement that if the first place for the consumer is occupied by financial risk, then he or she will rather take into account personal information sources.

2. Brand loyalty. Research shows that consumers can reduce their risks by staying loyal to the brands they love. But it is important to note that this is not always the case.

3. Image and popularity of the service. Consumers tend to rely on brand reputation, and often prefer brands that are advertised nationally. The large amount of advertising adds confidence that they are buying or ordering services from a popular brand.

4. Service price. It plays a big role for buyers, mainly when other information is inaccessible to them. But it should be noted that in the online grocery market, a lot

depends on price/quality indicators. *Ceteris paribus*, consumers can resort to cheaper services, thereby reducing their financial risks, but increasing their functional ones.

5. Search for confirmation of the correct selection (reinsurance). Those consumers who doubt that the choice of this service is the right solution sometimes resort to a trial order of a certain number of goods.

In order to confirm or refute some of these theses, a survey was conducted (Jenkins 1999-2000). This survey is a critical primary study of consumer motivations (Kanishchenko and Dotsa, 2004). Also, this study sheds light on the general situation in the Italian grocery market. Fundamental questions that come from Cooker competitive advantages were also included in this survey. The survey was conducted among students of Italian universities, mostly from the University of Macerata. 100% of respondents are Italian citizens. ~ 76% of respondents are between 18 and 25 years old. After conducting questionnaire (Appendix C), the following conclusions were made:

1. The vast majority (81% of respondents) buy food by visiting supermarkets (Figure 3.1), which is a significant indicator for the company, as Cooker is an online supermarket and can cooperate with other supermarkets.

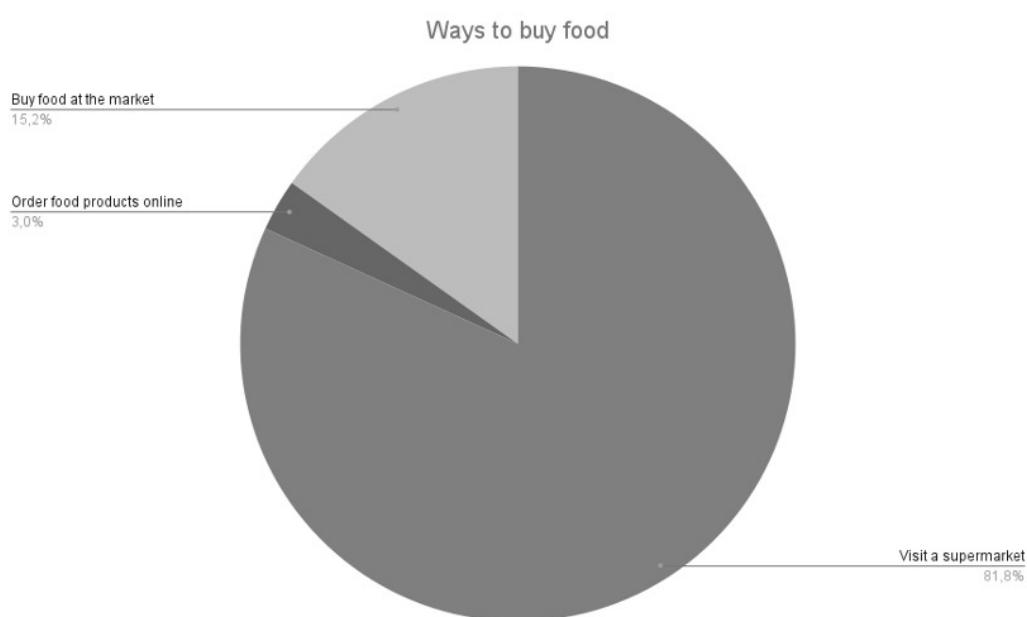


Figure 3.1 – The most popular ways to buy food

Source: developed on the basis of author's researches

2. The frequency of buying food is quite high. After all, about 70% of respondents buy food more than once a week (Figure 3.2). Therefore, the potential demand for food orders is quite high.

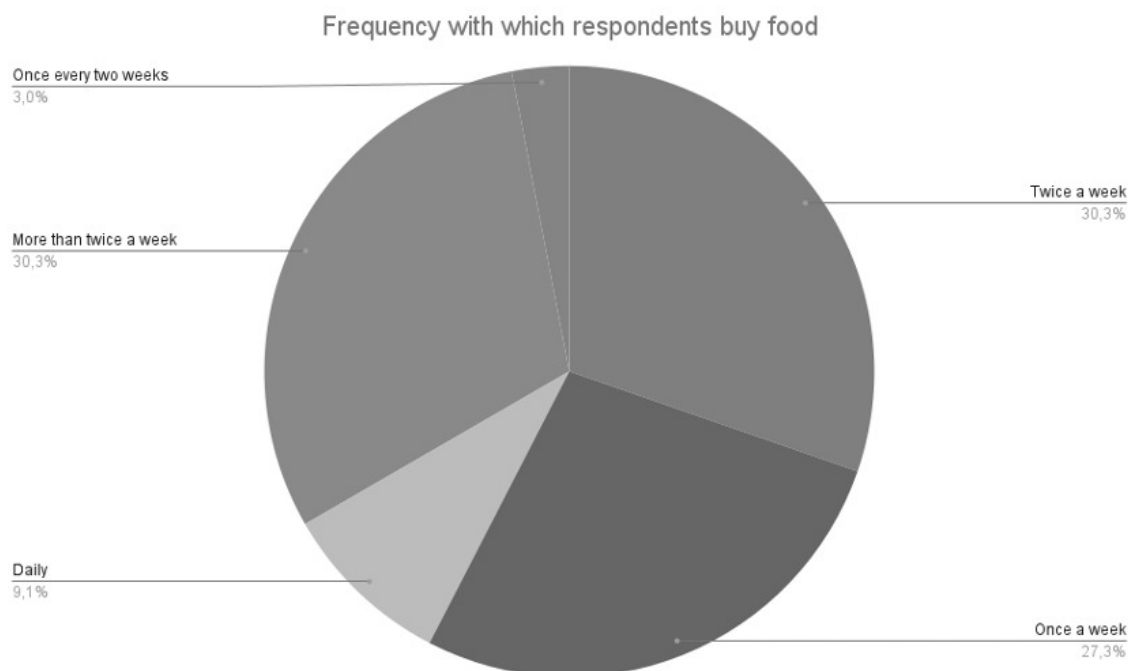


Figure 3.2 – Frequency with which respondents buy food

Source: developed on the basis of author's researches

3. The majority of respondents (80%) have never used the services of an online supermarket, but 20% of them did not have such an opportunity due to the lack of this service in the local market. But it should be noted that if there is an online supermarket that could meet all the needs of respondents, 70% of whom expressed a desire to try this service.

4. Almost 50% of respondents almost do not use online food delivery from restaurants (Figure 3.3). For us, this may indicate that a given number of people are cooking at home from products they buy in supermarkets / markets, etc. This is good information for Cooker, because it mostly sells raw food for subsequent cooking.

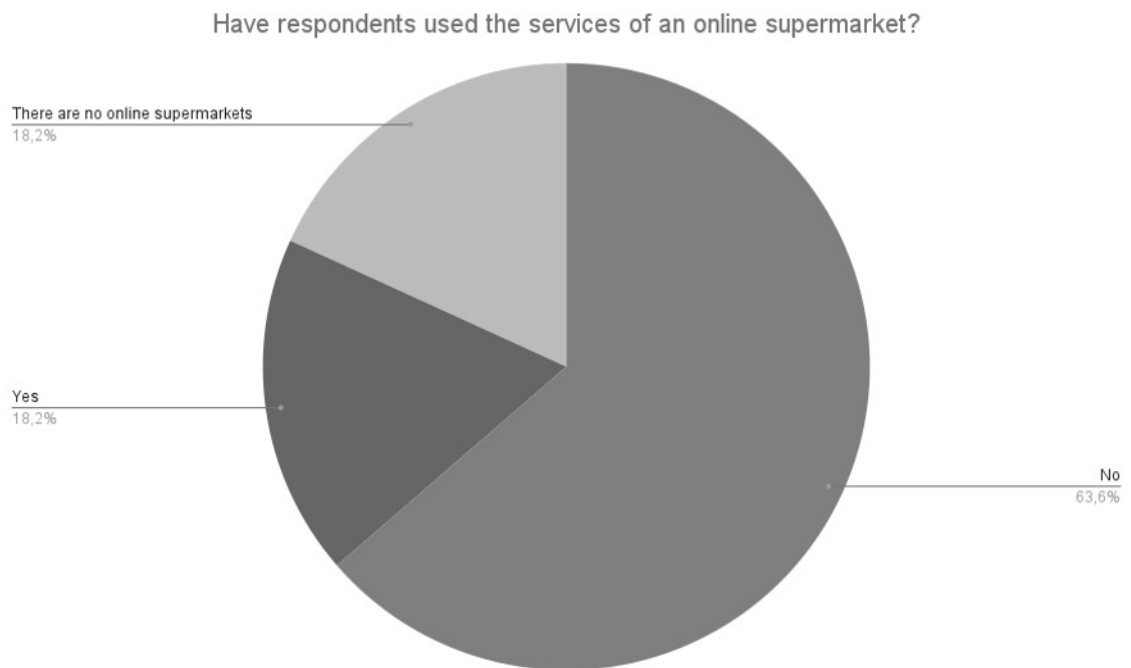


Figure 3.3 – Have respondents used the services of an online supermarket

Source: developed on the basis of author's researches

5. From the survey it can be concluded that the main factors influencing the choice of food delivery will be the price of delivery and its quality. Also important factors in choosing delivery were its speed and the assortment of the supermarket. The strength of the brand, supermarket recommendations and loyalty programs were not very significant factors for the respondents. It should be emphasized that most of the factors that are important to customers are Cooker's strengths.

6. The majority of respondents stated that they use Conad and Coop supermarkets (34.2% and 18.4% respectively). This is very important information for Cooker, because in the future Cooker will be able to consider them as target partners.

As a result, returning to the theses about consumer motivations, it is interesting to note that the price and quality of delivery have become key factors when choosing / using an online supermarket service. This underlines the above hypotheses. Since, other things being equal, as well as little awareness of this type of service (partly due to the lack of abundance of this type of service in the market), customers tend to choose price as a fundamental factor when using the service.

3.2 Recommendations for the company to enter the Italian market

In the first section, different models for companies entering international markets were introduced. The second section was focused on unlocking the potential of the Cooker company, as well as researching the food market in Italy. Based on the information that was provided in the first two sections, you can start to analyze the models and choose the right one for Cooker to enter the Italian market:

- Direct exports apply more to companies operating in a commodity market or a specific service market. In our case, exporting goods of the online supermarket Cooker is certainly not relevant, since it is mainly food and in general the company's mission to open Cooker branches in local markets, concluding contracts with local manufacturers of products, creating relatively small coverage areas (for example, a separate city or village), in order to minimize the speed of service.

- Contract production and direct exports are more considered by companies focused on the commodity market. It is profitable for such companies to deploy enterprises in a foreign country to gain access to cheaper labor, reduce transportation costs, which really plays a big role for large or bulky goods; approaching the production of the product line to potential customers, which allows you to better know their needs, habits and requests.

- M&A and joint ventures are also very well known and widespread form of business expansion to international markets, but it should be noted that our enterprise is a mid-scale business, and large companies with significant capital are mainly involved in M&A transactions. Also, such models are more suitable for companies that have large capacities and are willing and able to share them to work together in a particular market. In the case of the Cooker company, there is no goal to study and implement vertical integration in a foreign market, which our partner knows and understands better than we do. Also, a full joint ownership of an enterprise in a foreign market means more risks for us, more responsibility and less likelihood of obtaining a significant share of influence. After all, the company at this stage does not intend to sell its part of the business, patents, skills and knowledge.

- As for the hierarchical business structure, which is called the "Green Field strategy", it is not suitable for the Cooker company, because at least Cooker is not know-how or "blue ocean" and does not have the corresponding capacities. This strategy is more suitable for companies that develop strategically new types of technologies, infrastructure, etc. on a global scale. The Cooker company does not have a goal to enter a foreign market and come up with a completely new system. Cooker, although a technology company, is not a clean slate project. It is a service that has sufficient experience and knowledge and wants to expand it to the foreign market.

- Concerning licensing, it implies the complete transfer of all technologies, knowledge, and skills to the licensee for a certain cost. One cannot but agree that this is one of the simplest models for entering a foreign market. However, in this case, the company completely loses control over the conduct of activities in the foreign market. This can have bad consequences for Cooker, since the licensee, having received relatively new innovative technologies, may not be able to independently and correctly implement these technologies in the local market, or simply abandon this activity at the first failure. Thus, Cooker can very quickly lose a region of interest with great potential. It will be very difficult to return there again given the negative feedback about the brand. Cooker plans to gradually develop foreign markets, train potential clients, and not give all his achievements one way.

- Franchising is an ideal solution that combines the best features of many options precisely for our kind of activity. Franchisee is loyal, invests in the franchisor's business, supports its strategy and generally cannot cause severe damage to the franchisor. For online supermarket Cooker, this is really the best opportunity to distribute its brand name abroad, especially in a country where there are a small number of direct competitors. As the findings of the survey could be seen, many Italians were happy to use the services of an online supermarket, provided that its concept was correctly created and developed. Cooker has invaluable experience in this industry and would willingly provide it to its franchisee. It is also a less costly type of international activity, which will allow Italians to get acquainted with a high-quality online service.

Moreover, it's an excellent option for an advertising campaign in the local market. This is a cautious but effective step to expand the company abroad.

Concerning the form and type of franchising that is appropriate for Cooker, it is direct service franchising (business process franchising). This model implies the transfer of the rights to a certain franchisee to provide a certain type of service under the brand name of the franchisor, which provides the partner with the necessary equipment, marketing and advertising technology. In addition to support, the franchisor monitors the work of the franchisee. Service franchising includes fitness centers, beauty salons, cafes, restaurants, training centers and so on.

Nevertheless, in any case, the next important step in choosing a franchise is to assess the risks of this operation. Having decided to scale your own business with the help of a franchising model, a franchisor needs to be prepared for the fact that this may entail certain risks. Since selling a franchise, the owner transfers to the franchisee the right to use the brand and trademark for commercial purposes, its own business experience, standards of work and company management, various contracts, marketing tools, IT system etc. All this information can be used by some franchisees for their own selfish purposes.

In order for a franchise to be successful in selling and growing, the franchisor must know not only the benefits of scaling the business using the franchise model, but also the troubles that can be expected. So, the main risks include: the possibility that all developments, technologies and know-how can be stolen; many well-known companies are hesitant to sell a franchise due to the risk of losing brand reputation (for example, Starbucks). There can be a lot of reputational risks, the main ones relate to the non-fulfillment of the terms of the cooperation agreement by the franchisee, non-compliance with instructions, customer service standards, violation of quality; loss of the competitive advantages of the network associated with the provision of confidential information by some franchisees to local competitors, Therefore, it is worth signing a non-disclosure agreement, and do not forget to agree on instructions in case of refusal to pay royalties to the franchisor. The next risk may be attempts by some franchisees to hide real profit indicators by not displaying certain sales in a single system with the

franchisor; the risk of losing entire target territories due to poor-quality franchise implementation; use of the trademark and corporate identity of the franchisor after the termination of the franchise agreement. There is also a high probability that after the termination of the contract, the franchisee may steal the main idea of the business and the trademark.

It is possible to develop a successful and profitable franchise network only if the franchisor's partners, who have become franchise owners, strictly comply with all the conditions of the contractual relationship and have a great desire to achieve their goals. The success or failure of each franchisee affects the operation of the business as a whole..

To minimize risks, you should: at the very beginning of the journey, determine the portrait of a potential franchisee and conduct a rigorous selection of future partners; agree in advance on all issues related to future cooperation; formalize and describe all processes occurring in business. If this is not done, the franchisee can do as he sees fit, and the franchisor will not be able to do anything; take into account all possible risks as much as possible when drawing up an agreement with the franchisee; agree with the franchisee the territory in which he can conduct business; install special software to control the financial activities of the franchisee and oblige it to be used in daily work; provide for the amount of penalties in case of non-payment of royalties and other violations of the terms of cooperation.

Now when the model for entering a foreign market was chosen, it is possible to move on to company market strategy, positioning and segmentation (Kochkina, 2019). Partly some segments were interviewed due to the questionnaire earlier. But this part aims to develop specific recommendations for Cooker's market strategies in the Italian market. The choice of the product positioning strategy was carried out due to the choice of the target segment for the Cooker company. An analysis was carried out based on a sample of factors for different categories of segmentation. A table with factors is presented below (Table 3.1).

Table 3.1

The main criteria for compiling an analysis of target group segmentation

Criteria	Variable	Value of the variable
Counterparty characteristics	Legal status of the counterparty	Individual
		Legal entity
Demographic	Age	18-25 years
		26-55 years
		55 > years
Demographic	Marital status	Mostly single
		Mostly married/family
Geographic	Consumer location	Urban
		Rural
Economic	Income level	Up to 1300 Euros
		1300-2500 Euros
		More than 2500 Euros
Behavior (T. Robertson, G. Berych)	Buying experience	Consumers who buy a product for the first time
		Beginners with little experience in buying a product
		Experienced buyers
Behavior	Level of readiness to purchase	Informing
		Formation of a positive image
		Stimulating activity
Behavior	Segmentation based on personal orientation	Past-oriented
		Present-oriented consumers
		Future-oriented consumers

Source: developed by the author based on materials sources (Naselenie Italii, 2013)

Further, based on the factors presented above, a table of target segment groups was compiled. After summarizing the analysis, Group 1 and 2 were singled out as the main target segments of Cooker, and it was decided to apply the corresponding target of action to it and to others.

A table with consumer segmentation in the Italian market is presented below (Table 3.2).

Table 3.2

Consumer segmentation of Cooker in the Italian online grocery market

Question/Criteria	Group 1	Group 2	Group 3
Legal status of the counterparty	Individual	Individual	Individual
Age	18-25	26-55	>55
Description	Young people. Higher / secondary education. Low / medium income level. Mostly use public transport	Adults. Employed. Above medium / high income level. Mostly move with own car	Elderly people. Employed or retired. Medium / high income level. Spend more time at home
Consumer's location	Urban	Urban	Urban
Marital status	Mostly single	Mostly married	Mostly married
Income level	Up to 1300 Euros	>1300	>1300
Buying experience	Consumers who buy a product for the first time/ Beginners with little experience in buying a product	Consumers who buy a product for the first time/ Beginners with little experience in buying a product	Consumers who buy a product for the first time
Level of readiness to purchase	Informing/ Formation of a positive image	Informing/ Formation of a positive image	Informing
Segmentation based on personal Orientation	Future-oriented consumers	Present-oriented consumers	Present-oriented consumers
Behavioral features	Active Internet users. Spend a lot of time on social media	Active Internet users	Spend little time on the Internet
Target action	Target through social networks and the Internet. Spread information using this segment	Make a sale of a service. Inform via the internet. Inform on the roads and streets using advertising banners, etc.	Inform via TV. Inform on the streets

Source: developed by the author based on materials sources (Naselenie Italii, 2013)

In order to correctly analyze the competitive strategies of the Cooker company, Porter's competition strategy matrix (Porter, 2003) was taken as a basis. Of the 4 possible strategies for developing the Cooker company, one suited her the most. This is a strategy is called “The strategy of broad differentiation” (Figure 3.4).

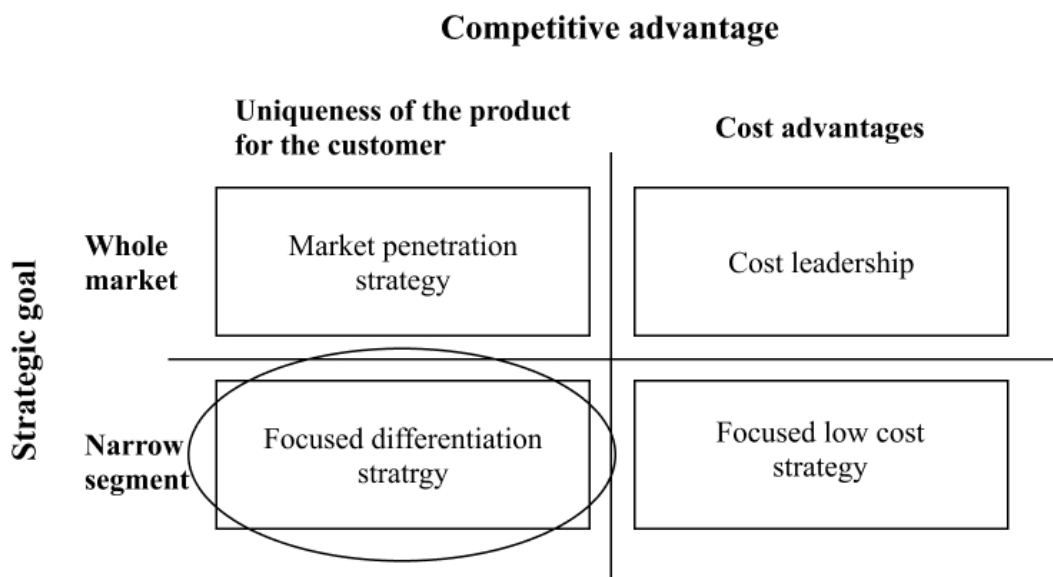


Figure 3.4 – Basic competition strategies: M. Porter's matrix

Source: developed by the author based on materials sources (Porter, 2006)

This strategy is a logical choice for development. It aligns with the strategic goals of the Cooker company. On the one hand, we are talking about the conquest of a large part of the market, while the strategy of differentiation is emphasized. Since the Cooker service differs from its main competitors due to its focus on high quality and speed of delivery service, balancing at the same time in the pricing policy, concluding new contracts with direct suppliers on favorable terms, preventing a significant increase in prices. Also, the delivery service Cooker is innovative and modified. As stated at the beginning of the work, the Cooker service uses only all-electric motorcycle models, which reduces the amount of CO₂ emitted to zero. Also, the emphasis is on the modified and well-thought-out logistics network of “Dark stores” which are located around the city in such a way as to be within 30 minutes of access to every house in the city. Cooker really does pay attention to the little things, which in general puts him above many other competitors.

Following the strategy of competitive behavior of Kotler (1967), Cooker company can be attributed to the market invaders. This means that at this stage the company's position is weak, since it has not yet entered the market, but is only planning

to do so. For the Cooker company, the Italian market will become a new step in development and that is why in this case we attribute Cooker to the above-mentioned market position.

Now it is appropriate to consider company growth strategies. This part is about choosing the right development strategy for the Cooker company. Ansoff matrix (Ansoff, 2007) was put into the base of the study (Figure 3.5).

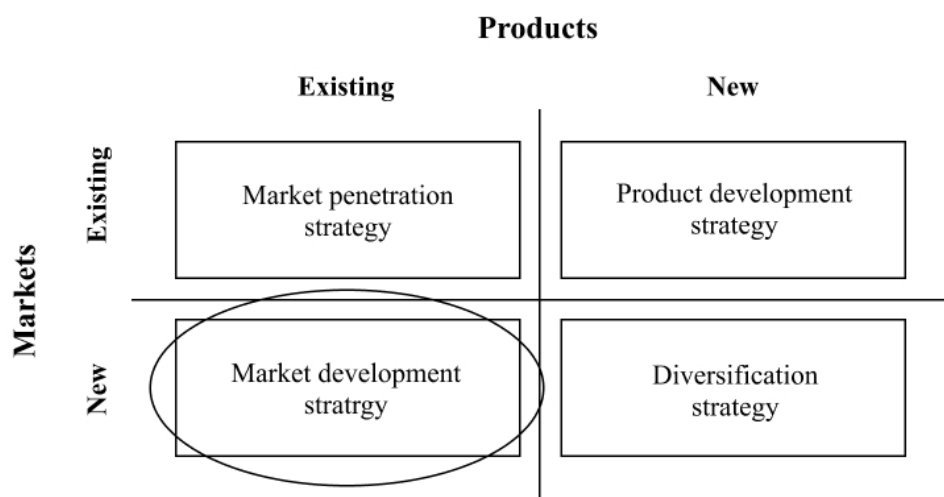


Figure 3.5 – Market growth strategies: Ansoff matrix

Source: developed by the author based on materials sources (Ansoff, 2007)

Below in the Figure 3.6 you can see different development strategies and their description.

<p>Market penetration strategy:</p> <ul style="list-style-type: none"> - increasing market share; - intensification of consumption. 	<p>Product development strategy:</p> <ul style="list-style-type: none"> - new features; - new products; - new generation products.
<p>Market development strategy:</p> <ul style="list-style-type: none"> - geographical; - new segments. 	<p>Diversification strategy:</p> <ul style="list-style-type: none"> - related diversification; - unrelated diversification.

Figure 3.6 – Description of the company's growth strategies

Source: developed by the author based on materials sources (Ansoff, 2004)

In the case of the Cooker company, the choice fell on the Market development strategy. This strategy is characterized by entering a new geographic market with an existing product. It means that Cooker will provide its grocery delivery service in the Italian market.

Thus, summing up this subsection, it should be emphasized once again that after analyzing the provided models from the first section, it can be observed that direct service franchising is the most favorable form for entering a foreign market for Cooker. Both in terms of the current capacity of the company, and in terms of profitability and ease of doing international business. Nevertheless, it is worth noting that franchising is also accompanied by a certain set of risks that must be taken into account and tried to minimize at the earliest stage of signing an agreement with a potential franchisee. In this way, it will be possible to protect both yourself and your partner from possible problems and at the same time facilitate and accelerate the process of achieving positive results.

Also, the final segmentation of the market was also carried out, which is based on the study of various factors. In addition, a specific positioning and marketing strategy was selected and analyzed for the long-term development of Cooker in the Italian market.

3.3. Economic effects of implementing the proposed recommendations.

In order to assess the economic effects and benefits of entering the Italian market for Cooker, we first need to examine the costs that a company will need to incur in order to launch its franchise in Italy. It is quite difficult to calculate the exact costs in advance, but approximate estimates for various items can be predicted. To do this, it is necessary to identify the stages for which the budget will go. The first stage - as we said earlier - is called "information gathering". At this stage, Cooker's analysts will be doing an internal corporate analysis of the company, its market opportunities, as well as assessing and researching the Italian food market. This stage is very important because the more information analysts collect, the easier, faster and cheaper it will be to move the company's business in the future. At this stage, an initial analysis of

competitors takes place. In general, it is necessary to conduct economic intelligence in order to understand the characteristics of the market and evaluate the opportunities to enter this market. This procedure can take up to two months and cost the company approximately 3 000 €, this cost includes the salaries of analysts. It is also necessary to collect information about legal opportunities and details of entering a foreign market by selling a franchise. This stage will cost 6 500 €, this will include the salaries of lawyers.

The second stage is analytical. At this stage, we need to conduct a micro and macro analysis of the Italian market, a competitive analysis, we can conduct a second survey on the Internet, arrange an initial advertising campaign while on the spot or directly send a delegation to Italy in order to conduct citizen surveys, analyze the market locally and maybe deploy a trial local advertising campaign, etc. The purpose of this business trip is to find potential franchise buyers. These can be existing supermarket chains that do not have their own online delivery, as well as large enterprises, meat processing plants, bakeries, and so on. Recall that in Ukraine, Cooker appeared as a separate product from the SMK group of meat processing plants. Thus, he receives meat products from his factory, and the rest directly from various suppliers, other food production enterprises, supermarkets, individual farms, etc. Thus, the delegation will have the task of researching the market and finding a franchisee who would like to develop their business and move into parallel online sales. This stage is strategically important, it requires professionals who know their business and are prepared for the intricacies of the Italian market. Recall that a qualitative collection of information should be carried out at the first stage. Also, the end of this stage is accompanied by preparation for the deployment of a marketing strategy. So the second stage can cost us from 25 000 € to 26 000 €. This includes salaries for specialists, organization of a delegation, primary advertising costs, etc.

The third stage is strategic marketing. At this stage, different matrices are built, the strengths and weaknesses of the company, as well as opportunities and threats, are indicated. At this stage, based on the information received earlier, we conduct a comprehensive comprehensive analysis of the market, franchisees, competitors, etc. so

that in the next stage it would be possible to start implementing expansion into the foreign market. At this stage, we finally sum up the profitability of this entry into the foreign market, forecast all financial components, and carry out calculations. Thus, stage 3 will cost us the 9 500 €.

The fourth stage is operational-tactical. At this stage, it is assumed that we have already approved a potential franchisee. This means that the full legal procedure for opening a franchise has been completed. Consultations were made with the client, a package of documents was signed⁶, instructions, terms, conditions, goals, etc. were discussed. At this stage, all legal and financial transactions with the purchase and sale of a franchise are carried out. A contract is concluded, a lump-sum fee is paid, a franchise package is handed over, a legal entity is registered. Also during this stage, we train specialists to be sent abroad to help find and train local staff, help with renting or buying logistics hubs, renting or purchasing equipment, inventory, household products, courier transport, helping with finding partners to expand product lines. product lines, repeated assistance in organizing automation in the order picking and dispatch chain, assistance in training couriers, assistance in the implementation of all related processes, etc. Also at this stage, we (Cooker) help launch a single database and the Cooker system, install and configure automation programs. We can also, upon request, appoint our own manager / managers in the franchisee company, who / s will initially or constantly help in managing all processes. We resolve all current and future issues by reassessing future costs and revenues. Also at this stage, we are likely to hire a third-party advertising agency, which begins to engage in large-scale advertising promotion of our franchisee in the Italian market through Internet advertising, street advertising and possibly television advertising. This may be at our expense, at the expense of the franchisee, or partially at the expense of both. All this should have been discussed during the negotiations. This stage can cost the franchisor from 120 000 € to 150 000 €.

The fifth stage is the control stage. At this stage, it is carried out as a marketing control, namely, assessments are made of the success of advertising and general production and commercial activities (Pashchuk, 2014). The levels of advertising

effectiveness are investigated, etc. Also, there is a general control and calculation of the first results of the franchisor's activities, errors are investigated, a repeated comprehensive analysis is carried out, priorities are determined to improve individual processes. A forecast of activity is made starting from the first results. Eliminate bugs that might not have been noticed at the previous stages. New goals are set or old ones are smartly improved. This stage can cost the Franchiser from 25 000 € to the 30 000 €.

Therefore, you should summarize and indicate the total estimated costs during each stage of the franchise sale process. The data is listed in the Table 3.3 below.

Table 3.3

Estimated costs that the company will incur during the entire process of promoting the franchise

Phase	Approxiamte costs (€)
Collection of information	6 500 €
Analytical and financial	25 300 €
Strategic marketing	9 500 €
Operational-tactical	143 000 €
Marketing control	26 000 €

Source: developed on the basis of author's researches

Thus, it can be summarized that the total costs during the process of starting a franchise can be approximately 210 300 €. The duration of the franchise launch process will be from one to three months.

Now let's look at the projected economic effects of selling a franchise for Cooker. Our projected profit will be formed on two practical bases: lump sum and royalties. The size of these two factors will depend on different options. In general, the financial specialists of Cooker must establish such a lump sum contribution so that it can recoup some or all of the costs that the company will incur during the promotion of the franchise in the Italian market, as well as calculate the desired royalty amount in order to meet the desired financial results. Of course, based on the forecast of the variability of the waste that we will incur in the process of promoting our franchisee,

the amount of the lump-sum fee may also differ. In general, for a convenient calculation of business efficiency for both the franchisee and the franchisor, the ROI (return on investment) indicator is most often used (Riani, 2020). It is calculated according to the formula: $ROI = (\text{return} - \text{investment}) / \text{investment} * 100\%$ (How To Calculate ROI etc., 2010). The higher the percentage, the faster a company will return its investments that it spent on helping to develop the business of franchisee. An indicator of more than 100% is considered good, 300-400% is amazing, but anything less than 100 should alert. It is possible to really calculate the profitability only after the start of the franchisee promotion activity, but you can try to predict it in advance.

In order to calculate the profitability, we need to roughly determine the lump sum and royalties. The average lump-sum contribution in this business is 30 000-70 000 €. The most similar figure presented by competitors in the market for the package of services that was agreed earlier is 40 000 € (Dudko, 2021). The average royalty in this business reaches 1-4 percent. So, it can be assumed that the lump sum in the first month is 40,000 €. In the second and subsequent months, Cooker will only receive royalties of 2% of our franchisee's gross turnover. On average, the monthly gross turnover in companies that begin to operate in this area in one or more cities at the beginning can be from 300,000-700 000 € (Online grocery market, 2022), (Industry Research, 2022) (Peterson, 2021). In order to correctly calculate Return On Investments (ROI), 4 years were taken as the period under review (Silpo chain increases trade turnover etc., 2021). On this basis, approximate best and worst ROIs for our investments were built.

$$ROI = \frac{\text{Net Return}}{\text{Cost of Investment}} * 100\%$$

$$= \frac{(700000 * 48 * 0.02) + 40000 - 210300}{210300} * 100\% = 238,56\%$$

Table 3.4

Projected return on investment for a certain period of time

Period (month)	0	1	2	3	4	...	13
Investment (€)	-210300						
Royalty (€)		14000	14000	14000	14000	...	14000
Cumulative cash flow (€)	- 210300 +40000= -170300	- 156300	-142300	- 128300	-114300	...	11700

Source: developed on the basis of author's researches

Thus, opening a franchise in the best case will pay off in 1 year and 1 month, which is a very good indicator for us.

$$ROI = \frac{\text{Net Return}}{\text{Cost of Investment}} * 100\%$$

$$= \frac{(300000 * 48 * 0.02) + 40000 - 210300}{210300} * 100\% = 55,98\%$$

Table 3.5

Projected return on investment for a certain period of time

Period (month)	0	1	2	3	4	...	35
Investment (€)	-210300						
Royalty (€)		6000	6000	6000	6000	...	6000
Cumulative cash flow (€)	- 210300 +40000= - 170300	- 164300	-158300	- 152300	-146300	...	3700

Source: developed on the basis of author's researches

In the worst scenario considered, the payback period for opening and promoting a franchise will be 2 years and 11 months. This forecast follows from the above calculations.

Observing these results, it can be concluded that under the best development scenario, when the turnover of our franchisee's funds and, accordingly, the profit from royalties are predicted to be high, our ROI will be positive ~238 percent, that means a quick payback. Assuming the worst result, our ROI will be 55,98 percent. This figure is alarming and means that the payback period will be longer than the company expects.

In any case, we can say that based on these calculations, the average payback period will be approximately from one to two and half years.

Now consider the approximate costs for a potential franchisee when starting such a franchise. Consider, for example, the market of Ukrainian franchises in order to understand the general situation, that is, we will conduct a sort of benchmarking (6 franshiz iz Ukrainyi etc., 2019). The cost of Ukrainian franchise for a potential franchisee starts at several thousand euro, but on average, a successful franchise business can start with about 20 000 € – 1 000 000 € (TOP Franshizy 2022, 2021). Usually, this cost includes the initial purchase (for a trading franchise), the supply of raw materials (for production) and some other "bonuses" from the owner of the rights to the business scheme and brand. At the same time, there are well-known franchises, such as the Drunk Cherry franchise (Franshiza Pyana vishnya, 2021), where the franchise investment start from 44 000 € of which 15 000 € is a franchise payment. In addition, every month the partner must pay royalties - 2% of the revenue. And the entrepreneur receives: business management technologies; support at the start of the business and during the further work of the bar-store; unique design; best quality products and favorable delivery conditions; ready-made financial calculations; free training of personnel; assortment and profit making from retail markup of your establishment. The return on investment period for such a franchise is 1.6-3 years.

The next Ukrainian franchise to gain its popularity abroad is the G-Bar franchise. G-Bar is an international franchise chain of beauty bars, founded in 2015 in Kyiv by Lera Borodin and Sabin Musin. The G-Bar network has 6 own salons and 28 franchises. The brand exists in 9 countries, in particular in Ukraine, Poland, USA, Belarus, Georgia, Kazakhstan, Estonia, Cyprus and Russia.

The network franchise offers an effective business model. The company provides full support for the opening, marketing, training with personnel and customers. Franchise salons develop according to a proven concept and make a profit from the first days of operation. The franchise payback is 18 to 22 months.

The next interesting example of the Ukrainian franchise is "Khinkalnya." The international chain of Georgian restaurants "Khinkalnya," which was created by Lviv

businessman Vadim Kostenko. Delicious and appetising food is the main tool of a unique hospitable restaurant. For 5 years of operation they opened 70 restaurants, in more than 40 cities of 5 countries of the world. The cost of the franchise is from 40 000€ and royalties - 2% of turnover, payback period - from 14 months. So, as you can see, the amounts and amounts of the cost of franchises, royalties and investments are completely different, depending on the business industry.

As for potential buyers of the Cooker franchise, they can be popular Italian meat processing plants, other food enterprises, supermarkets, etc. In order to roughly calculate the cost of the Cooker franchise for potential customers in the Italian market, you need to divide this amount into certain shares. The total cost of investment in the Cooker franchise will depend on the following factors: the scale of the city or village, the number of leased Claudio's premises, the number of employees, the purchase of the necessary equipment, the purchase, rental or leasing of vehicles, marketing campaign, legal registration, insurance, conclusion of contracts for filling the range of goods (these may be own brands or other companies), etc. On average, the total cost of investments including lump sum for the deployment of the Cooker project in Italy can start from 250 000 € to 800 000 € (Dudko, 2021). This will include all costs that the future franchisee will bear alone or together with us (Sapiton, 2021). All types of cost data have been described previously. The payback period of investments will also depend on various factors, but based on general statistics and based on the experience of the Cooker company in Ukraine, we can say that on average this period will be up to two and a half years.

Conclusions on chapter 3

In the first subparagraph, demand and consumer motivations were analyzed, and a list of factors was compiled that influences the choice of the client when deciding to use the online supermarket service. On this basis, a survey was conducted, which showed that the majority of respondents chose the factor of price and quality of delivery as the most important indicators. While the brand strength factor was not labeled as one of the most important indicators at all. This highlights the fact that the online

grocery market, at least in a certain region of Italy where this study was conducted, is in its development stage and does not yet have such well-developed brands as, for example, Zapp in London (Lunden, 2022), Flink (The Flink Business Model, 2022) and Gorillas in Berlin (Scammell, 2021).

The next step was to analyze existing models for companies entering foreign markets and select the most suitable model for Cooker to enter the Italian market. Franchising is the most appropriate model based on the factors analyzed in Section 2 and on the basis of the company's current capacities. This model will help the company to gradually master the Italian market while keeping its experience and knowledge as confidential information. Cooker will be able to help in training his partners to conduct this business, as well as in promoting and improving business activity, which in the future will lead to the gradual popularization of the brand in the European market. Also, the segmentation was carried out. The key segments for the marketing company Cooker have been identified. The marketing and positioning strategy for the development of the brand in the Italian market in the future were also highlighted.

The last step was to analyze the economic effects of the proposed recommendations. At this stage, the approximate costs that the franchisor may incur during the process of assisting in the quality promotion of a potential franchisee were calculated. The size of the lump-sum contribution was also provided, which is based both on cost analysis and on the basis of statistics from competitors in the online grocery market. Based on these indicators, as well as the approximate predicted average gross turnover during the first months of work on the market, the payback period for investments invested in franchisees was compiled.

CONCLUSIONS

In the last few years, the world has faced global and regional challenges. The beginning of Russia's war against Ukraine was a severe blow not only to all aspects of Ukrainian life, but also to the democratic world as a whole. As a result, the Ukrainian and world economies have also received a new blow, just beginning to emerge from the Covid-19 crisis, which has hit almost all sectors of the economy. However, compared to the consequences of Russia's military invasion in Ukraine, the effects of the coronavirus could still lead to some «positive» results meaning the transition to a new era of technology. The growth of digitalization has been one of the more positive outcomes of the recent COVID crisis. Some experts emphasize that the pandemic has driven “two years' worth of digital transformation in two months”. The switch to digital world has been widespread; large numbers of employees have worked and connected with colleagues from home, doctors have assessed patients using online video meetings and governments have planned their responses using online technology. Similar trends are observed across the retail world, with reports of double-digit and triple-digit growth in online shopping across various markets. Grocery stores are no exception to this shift in digitalization. One of these stores that picked up this transition at an early stage is the Ukrainian online supermarket Cooker that was under close comprehensive research.

In the course of writing this work, models for the entry of companies into the international market were introduced. The advantages and disadvantages of each of the models are shown. A step-by-step process for companies entering the international market was also described and provided, and factors that should be taken into account before starting expansion were indicated. The second section was devoted to the consideration of the potential of the Cooker company; the disclosure of its goals regarding entering a foreign market; a general overview of the European online grocery market; highlighting the most important target regions for the possibility of expansion; highlighting and justifying the choice of the Italian market; providing a step-by-step preparatory scheme and a marketing strategy for entering this market; conducting a macro and micro analysis of the attractiveness of this market online as part of online

food delivery; identifying the main competitors in the certain region and revealing main competitive advantages of Cooker.

In the next section, an analysis of demand and consumer motivations was made. Based on the analysis, consumer risks and methods for their reduction were investigated, a survey was conducted with data of interest to the company. During the results, among other things, it was revealed that two of the main factors when choosing an online supermarket service at this stage for Italians are the price and quality of delivery. Also, this study helped to analyze and compare the competitive advantages of the company with consumer requests and assessments. In the second subparagraph of the third section, an assessment of the models was made, taking into account the capacities of Cooker company, its goals and prospects. Thus, the Franchising model became the optimal model for the company to enter the Italian market. This model allows, with relatively small investments, to develop the brand in a foreign market, sharing but not giving away the skills, developments and knowledge. Franchising is an excellent choice for the gradual conquest of the foreign (Italian) market, taking into account the difficulties that the Cooker company faced as a result of the start of the war in Ukraine. Also target market segments for Cooker activities were selected, and a strategic perspective for the development of the company in the near future provided.

Next, the economic component of this model for entering a foreign market was considered. Estimated costs that Cooker will incur during the investment to help launch this franchise in the selected market were calculated. Approximate calculations of the payback of this process were also made, taking into account the statistics of Ukrainian companies that sold their franchise to foreign markets, as well as based on some data from world statistics. Also, the approximate expenses of the franchisee, which they will incur by investing in this franchise, were indicated.

Speaking about the overall result, it can be emphasized that the Cooker company, despite the difficult times both for the company personally and for the whole country and region, has set itself the goal of continuing to develop its position in the local market and trying to gradually conquer foreign regions.

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APPENDIX

Appendix A

Table A.1

Assessment of the competitive rivalry in the global market of online grocery delivery

Parameter	Evaluation criteria			Current evaluations
	High (10,0 – 6,7)	Medium (6,6 – 3,4)	Low (3,3 – 0,0)	Italian segment
Market growth rates	0,5 – 1%	2-3 %	3+	6
Number of companies	More than 5	3-5	Less than 3	3
Economies of scale in the production of goods	No opportunities	Only a few companies have opportunities	Significant opportunities	3
The level of product/service differentiation in the market	Standardized product ow level	Standardized by key features. Differs in additionalbenefits	Significant difference	4
Total				16
0 - 15	Low level of the competitive rivalry within the industry			
15-30	Medium level of the competitive rivalry within the industry			
> 30	High level of the competitive rivalry within the industry			

Source: developed on the basis of author's researches

Table A.2

Assessment of the threat of new entrants in the global market of online grocery delivery

Parameter	Evaluation criteria			Current evaluations
	High (10,0 – 6,7)	Medium (6,6 – 3,4)	Low (3,3 – 0,0)	Italian segment
Economies of scale	No opportunities	Only a few companies have opportunities	Significant opportunities	3
Strong brands with a high level of consumer loyalty	No	1-2	More than 2	3
Government policy	No restrictions	Limits the industry, but not significantly	Fully regulates the industry and sets restrictions	4
Total				10
0 – 9	Low level of threat of entry of new entrants			
10 – 20	Medium level of threat of entry of new entrants			
> 21	High level of threat of entry of new entrants			

Source: developed on the basis of author's researches

Table A.3

Assessment of the threat of substitute products in the global market of online grocery delivery

Parameter	Evaluation criteria			Current evaluations
	High (10,0 – 6,7)	Medium (6,6 – 3,4)	Low (3,3 – 0,0)	Italian segment
Substitute products/services "price / quality"	Exist and have a high market share	Exist and have a small market share	Do not exist	7
Total				7
0 – 3	Low level of threat of substitute products			
4 – 6	Medium level of threat of substitute products			
7 - 10	High level of threat of substitute products			

Source: developed on the basis of author's researches

Table A.4

**Assessment of the threat of bargaining power of suppliers in the global market
of online grocery delivery**

Parameter	Evaluation criteria			Current evaluations
	High (10,0 – 6,7)	Medium (6,6 – 3,4)	Low (3,3 – 0,0)	Italian segment
The influence of customers on the pricing policy of the Cooker service	High influence from the customers on the pricing policy. Requires constant monitoring and fitting of acceptable contracts	Average influence of customers on the pricing policy of the “Cooker” service	The company is weakly dependent on the influence of customers. They have little influence.	8
Total				8
0 – 3	Low level of threat of bargaining power of customers			
4 – 6	Medium level of threat of bargaining power of customers			
7 - 10	High level of threat of bargaining power of customers			

Source: developed on the basis of author's researches

**Assessment of the threat of bargaining power of suppliers in the global market
of online grocery delivery**

Parameter	Evaluation criteria			Current evaluations
	High (10,0 – 6,7)	Medium (6,6 – 3,4)	Low (3,3 – 0,0)	Italian segment
The influence of suppliers on the pricing policy of the Cooker service	High influence from the suppliers on the pricing policy. Requires constant monitoring and fitting of acceptable contracts	Average influence of suppliers on the pricing policy of the “Cooker” service	The company is weakly dependent on the influence of suppliers	8
Total				8
0 – 3	Low level of threat of bargaining power of suppliers			
4 – 6	Medium level of threat of bargaining power of suppliers			
7 - 10	High level of threat of bargaining power of suppliers			

Source: developed on the basis of author's researches

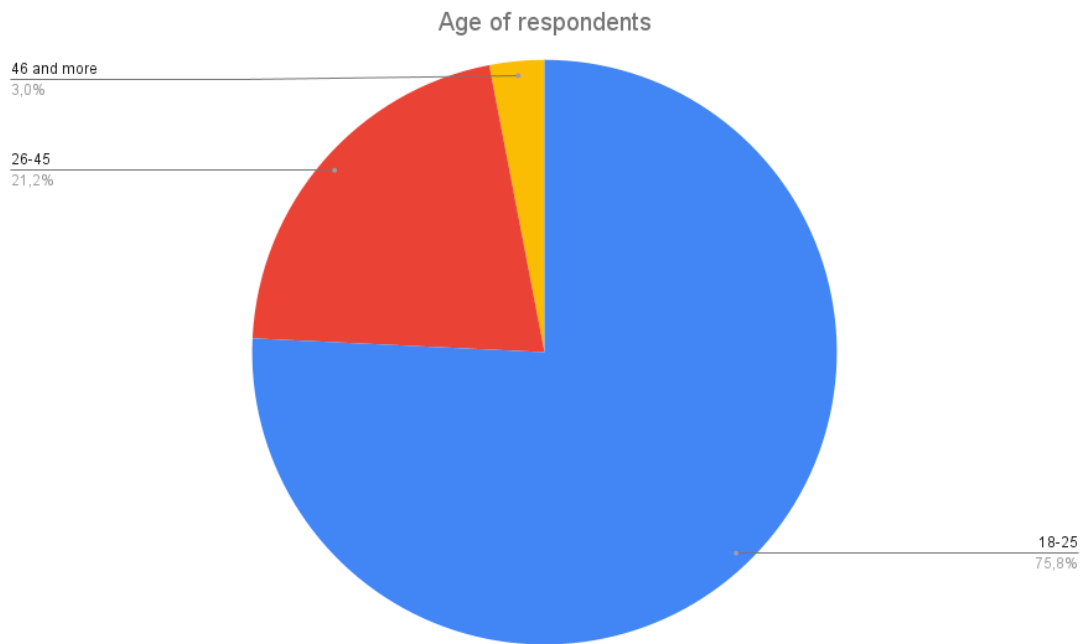


Figure C.1 – Age of respondents

Source: developed on the basis of author's researches

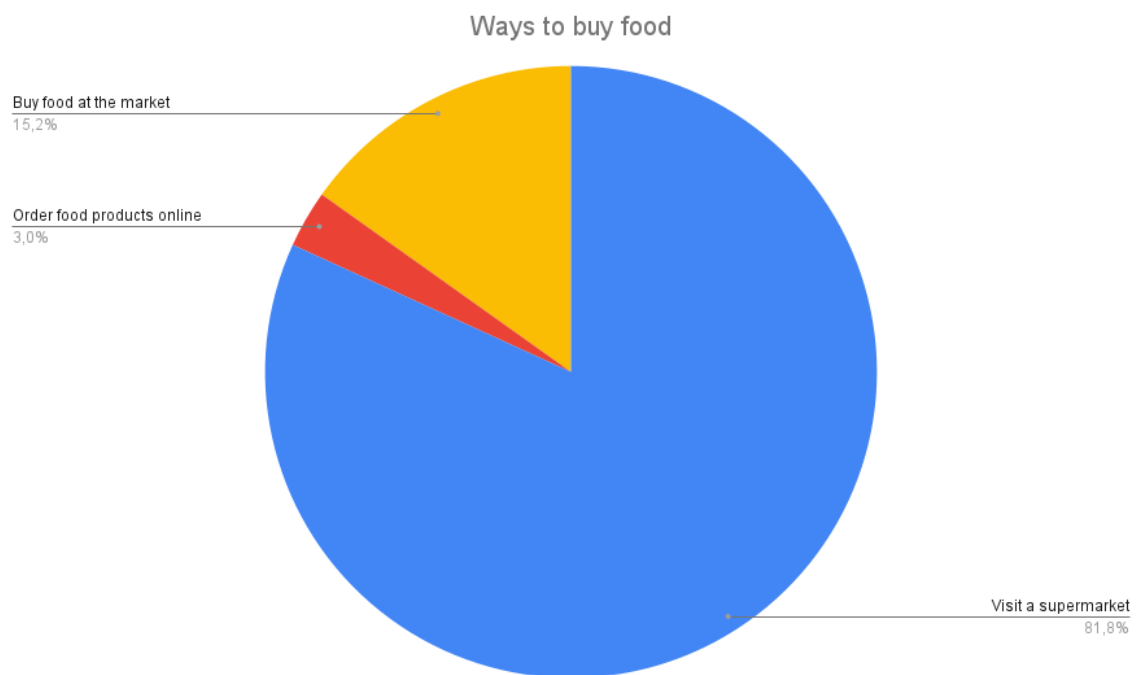


Figure C.2 – The most popular ways to buy food

Source: developed on the basis of author's researches

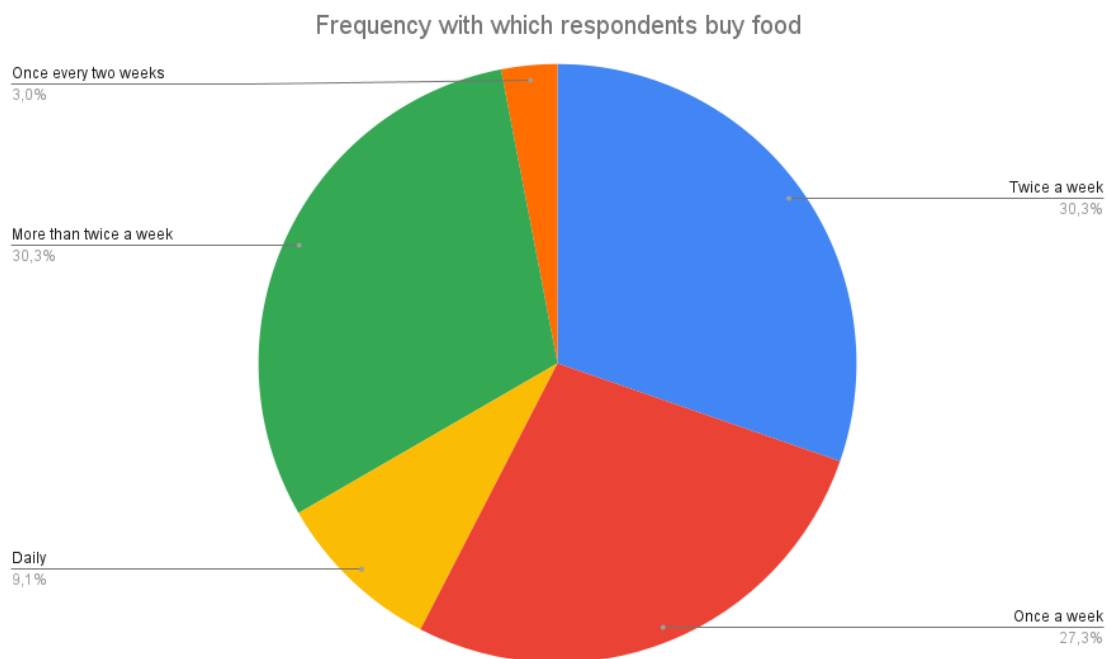


Figure C.3 – Frequency with which respondents buy food

Source: developed on the basis of author's researches

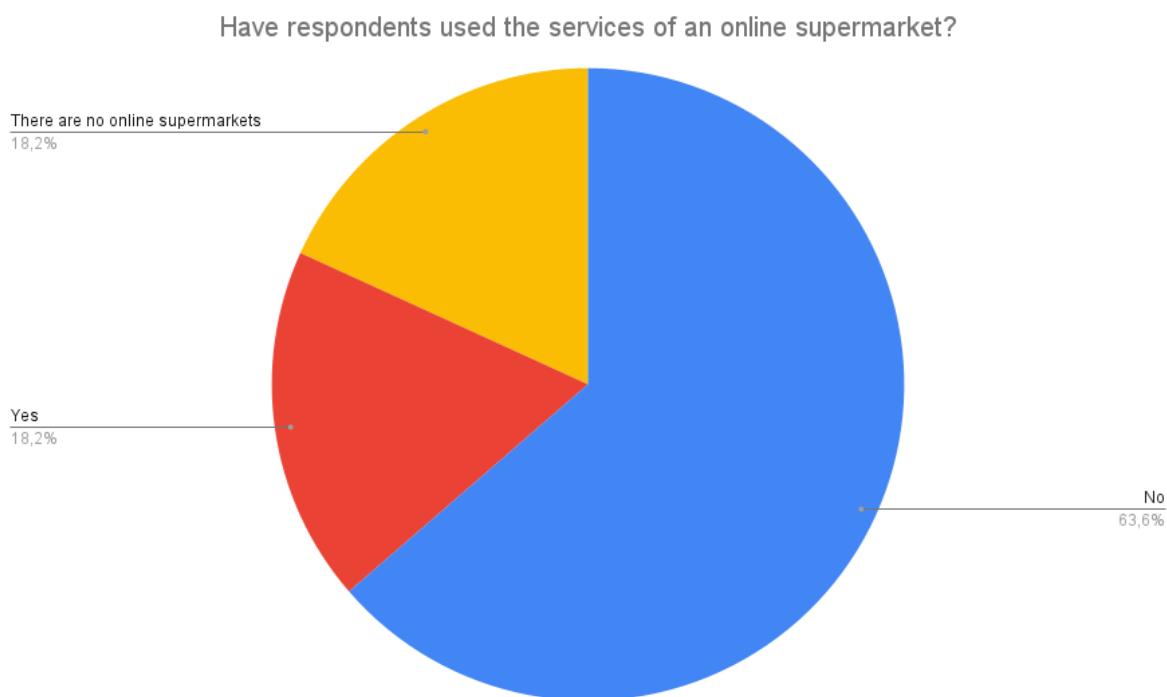


Figure C.4 – Have respondents used the services of an online supermarket

Source: developed on the basis of author's researches

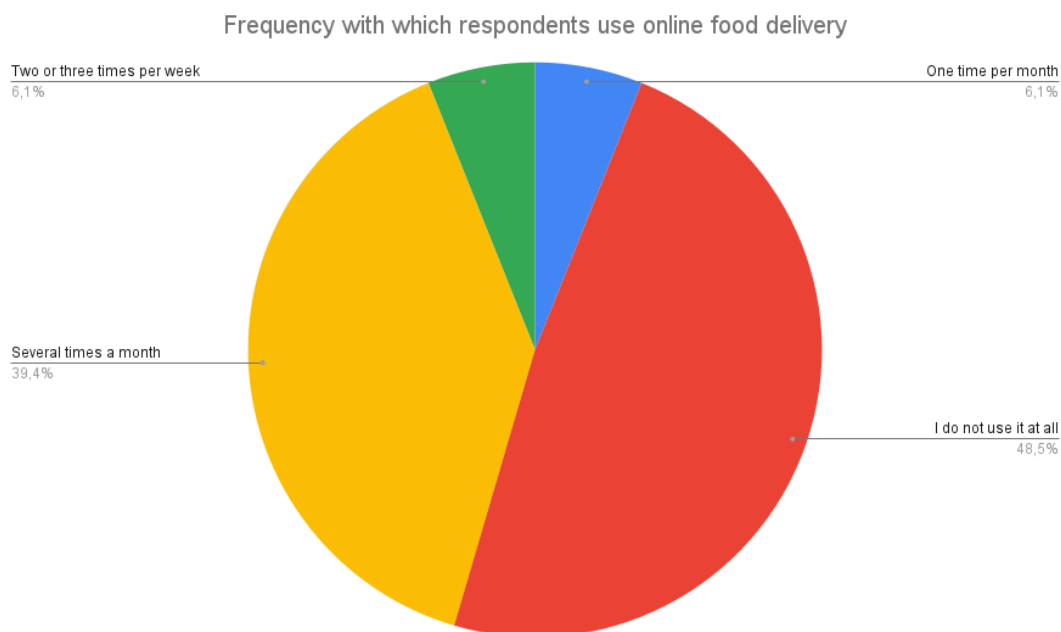


Figure C.5 – Frequency with which respondents use online food delivery

Source: developed on the basis of author's researches

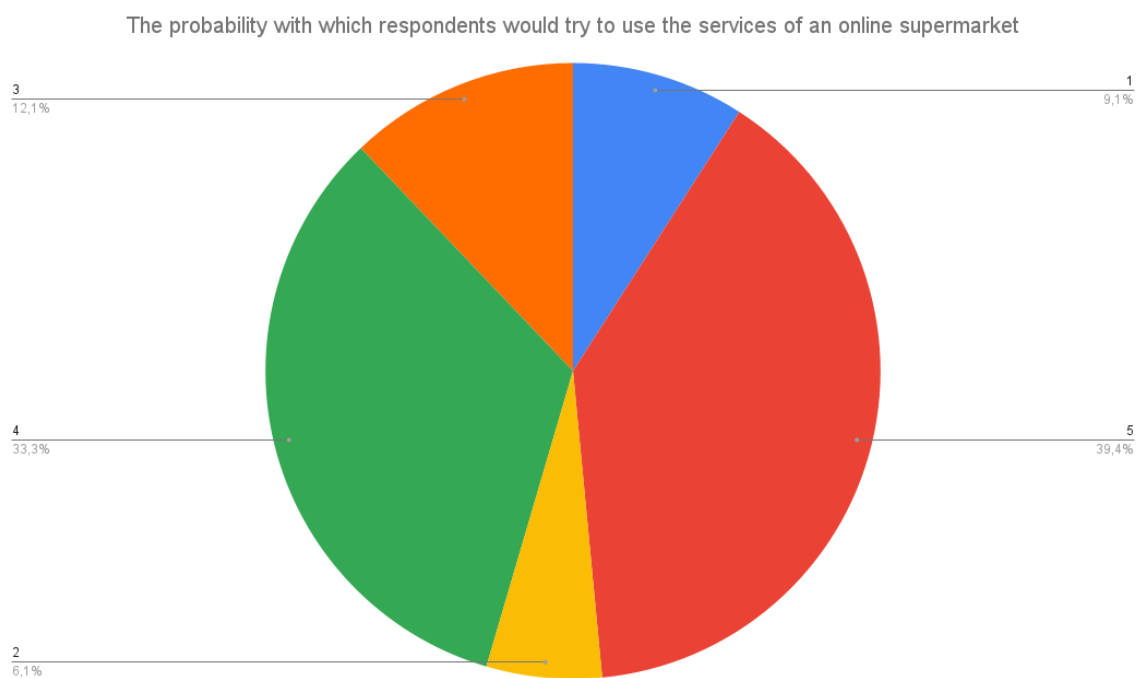


Figure C.6 – The probability with which respondents would try to use the services of an online supermarket

Source: developed on the basis of author's researches

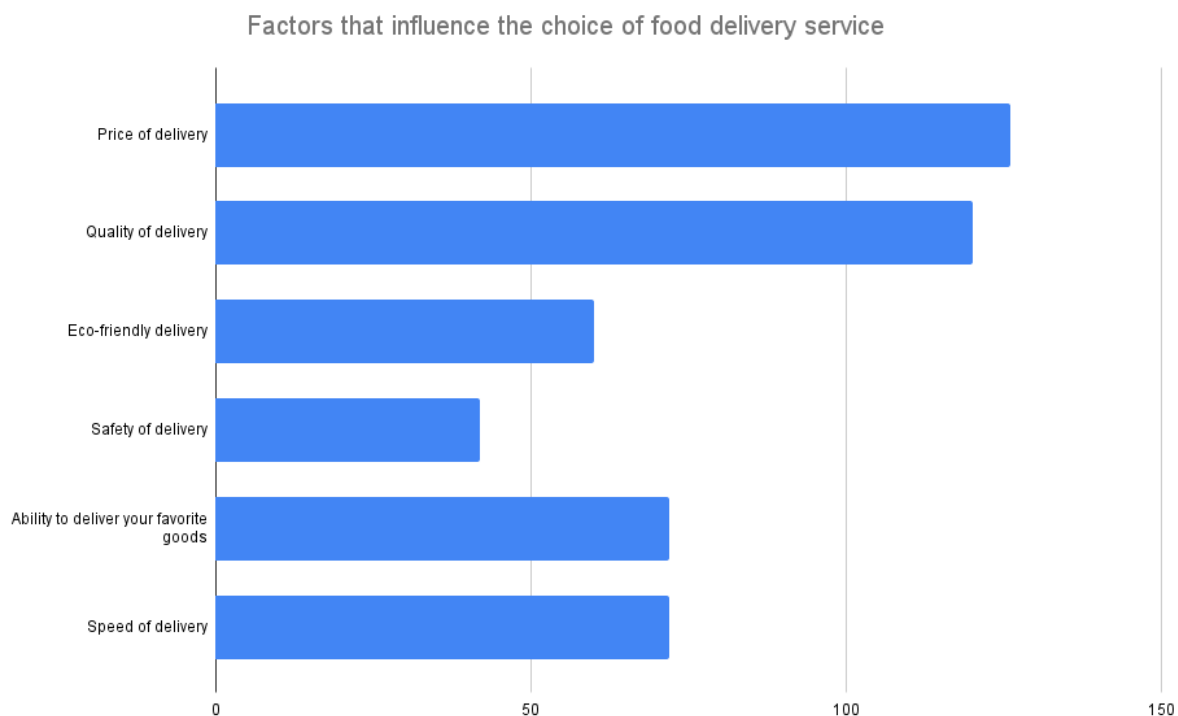


Figure C.7 – Factors that influence the choice of food delivery service

Source: developed on the basis of author's researches

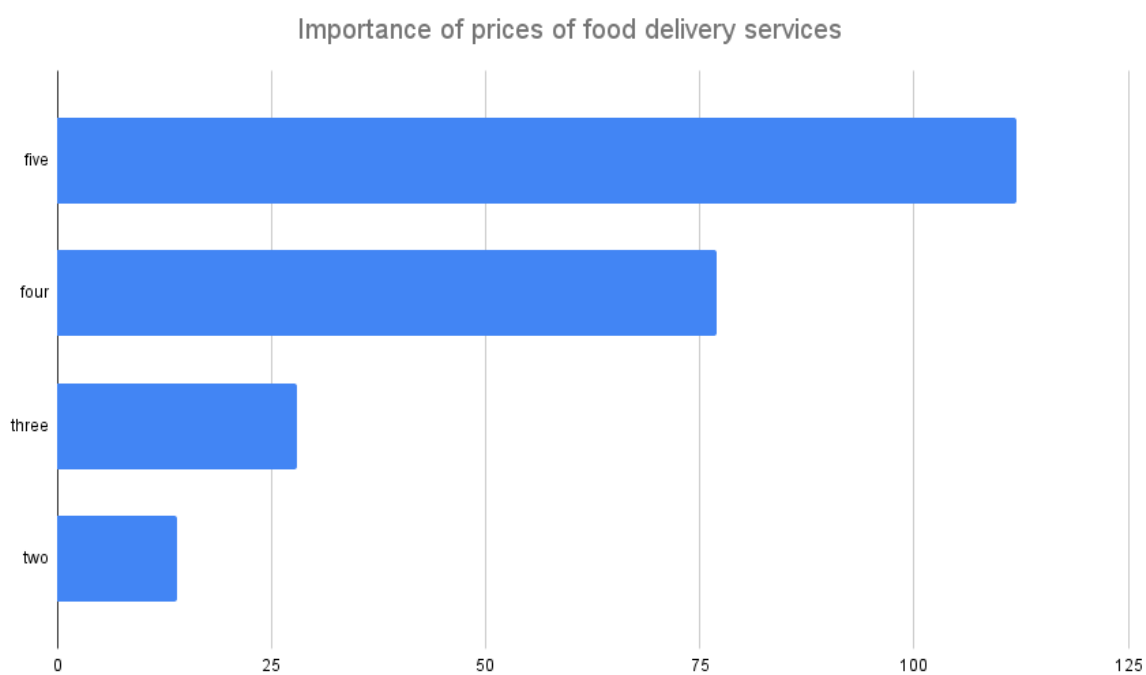


Figure C.8 – Importance of prices of food delivery services for respondents

Source: developed on the basis of author's researches

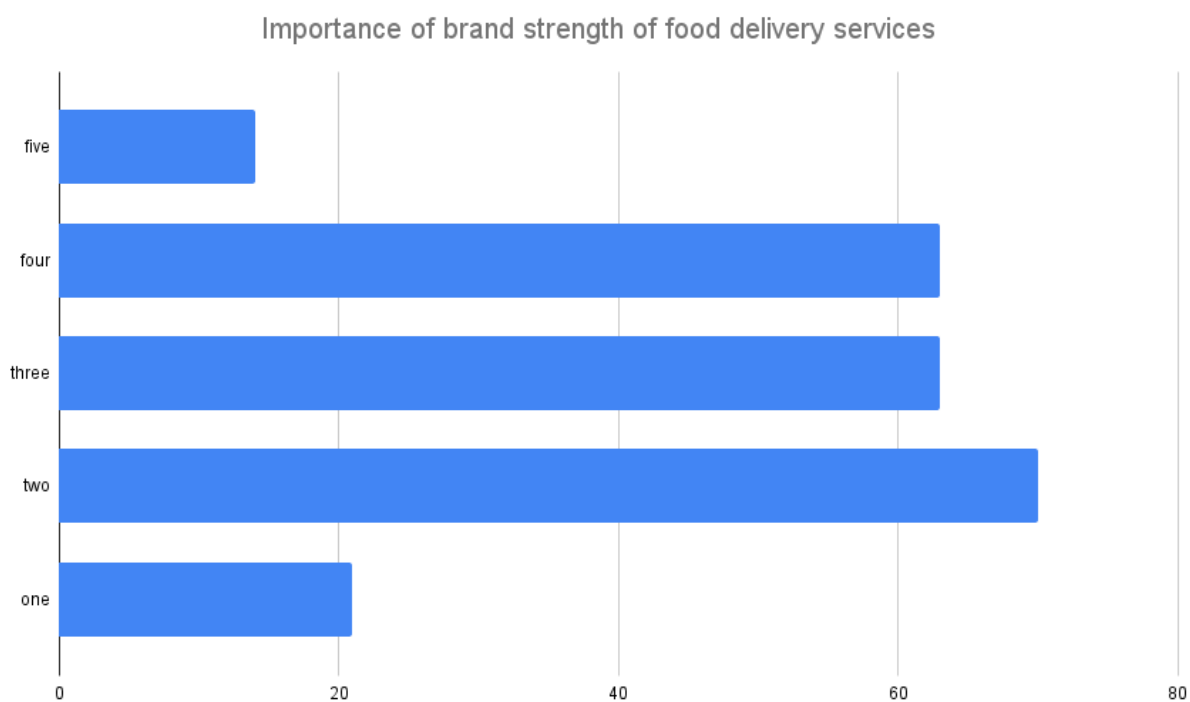


Figure C.9 – Importance of brand strength of food delivery services for respondents

Source: developed on the basis of author's researches

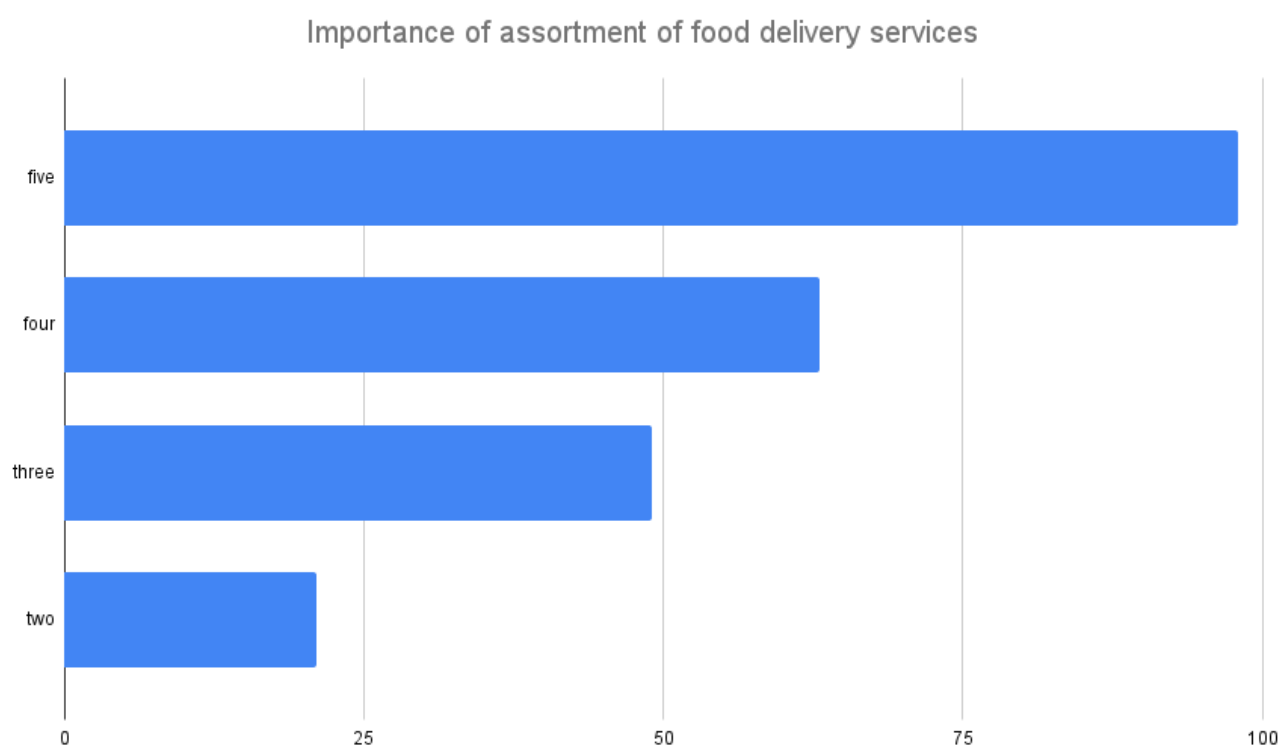


Figure C.10 – Importance of assortment of food delivery services for respondents

Source: developed on the basis of author's researches

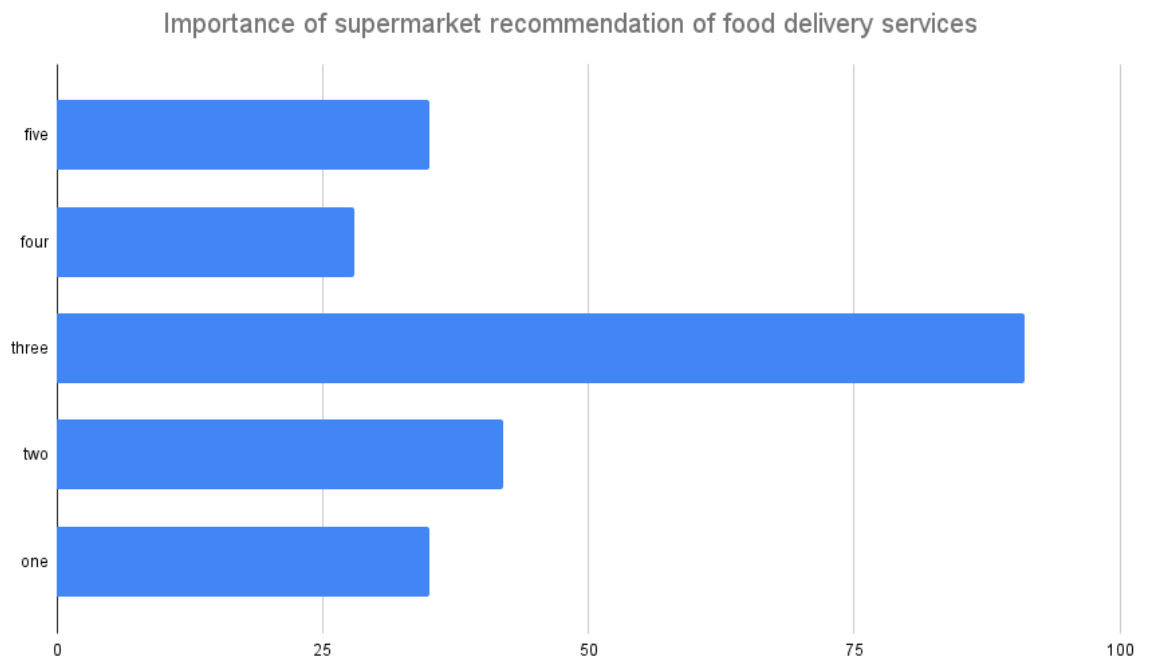


Figure C.11 – Importance of supermarket recommendations of food delivery services for respondents

Source: developed on the basis of author's researches

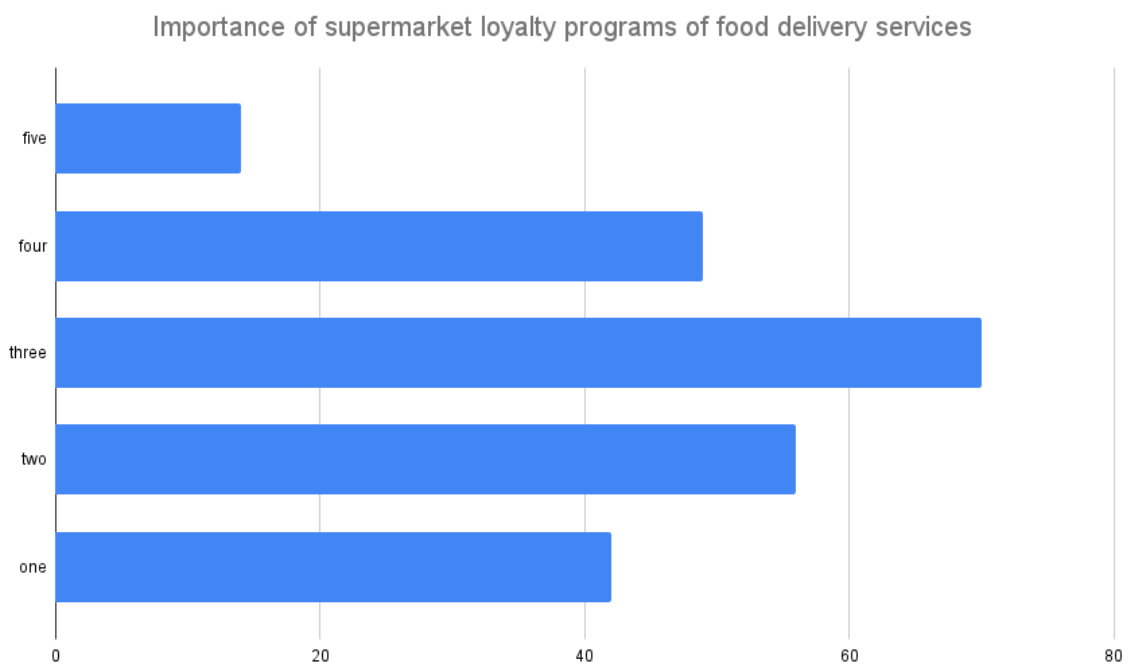


Figure C.12 – Importance of supermarket loyalty programs of food delivery services for respondents

Source: developed on the basis of author's researches

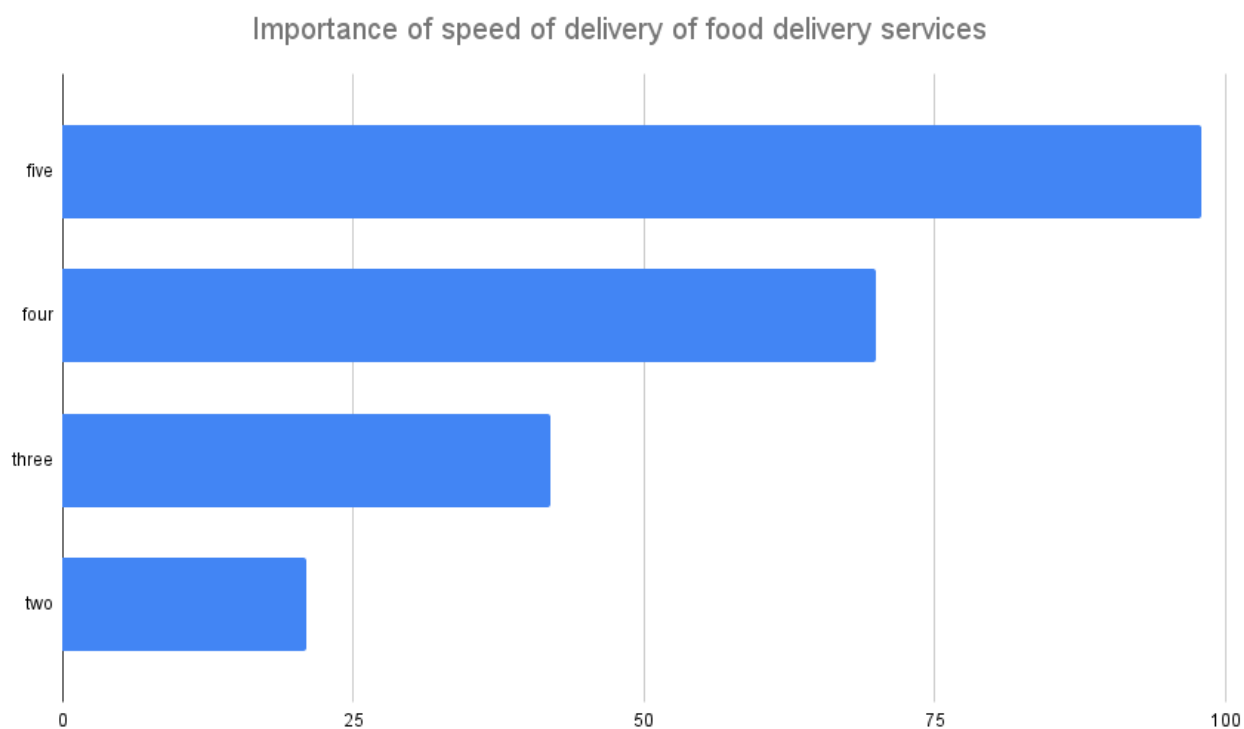


Figure C.13 – Importance of speed of delivery of food delivery services for respondents

Source: developed on the basis of author's researches

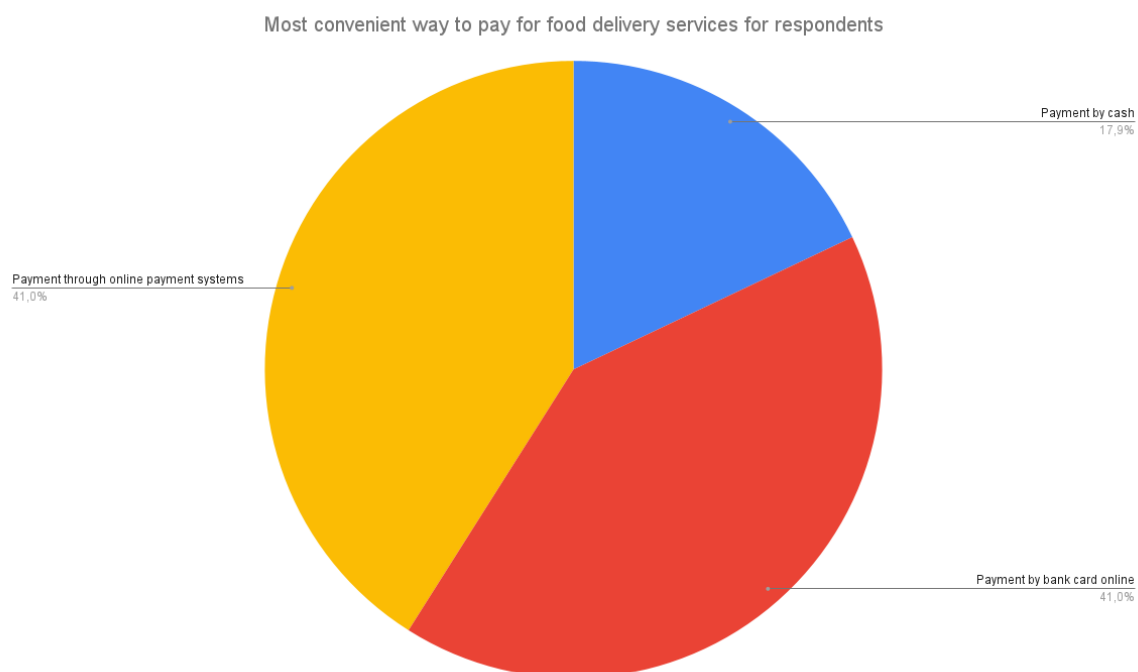


Figure C.14 – Most convenient way to pay for food delivery services for respondents

Source: developed on the basis of author's researches

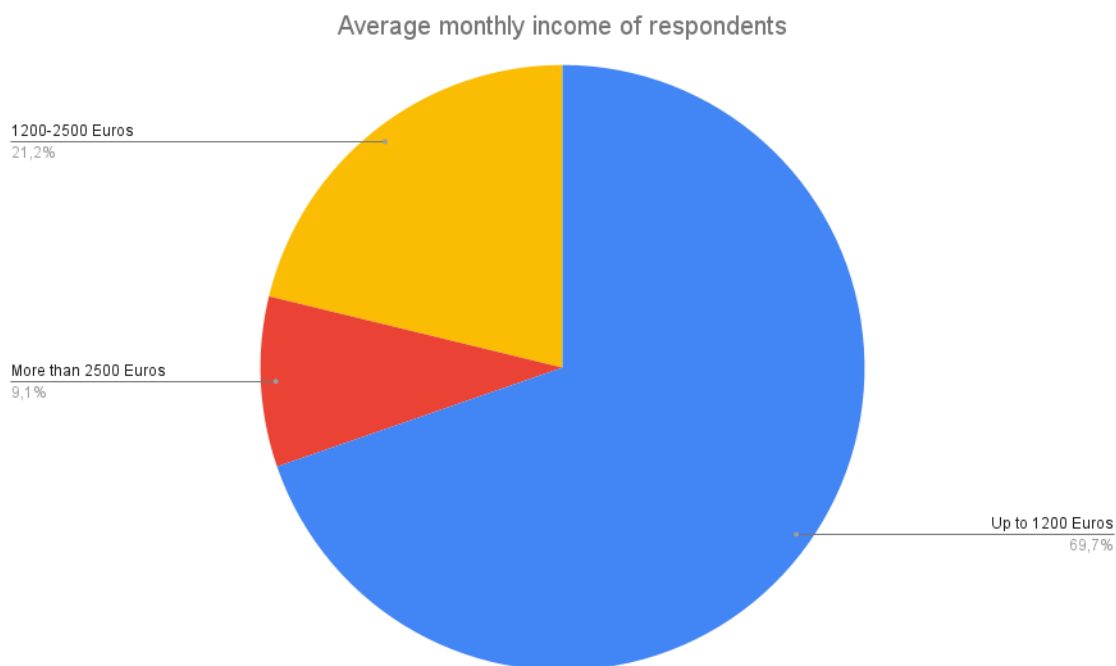


Figure C.15 – Average monthly income of respondents

Source: developed on the basis of author's researches

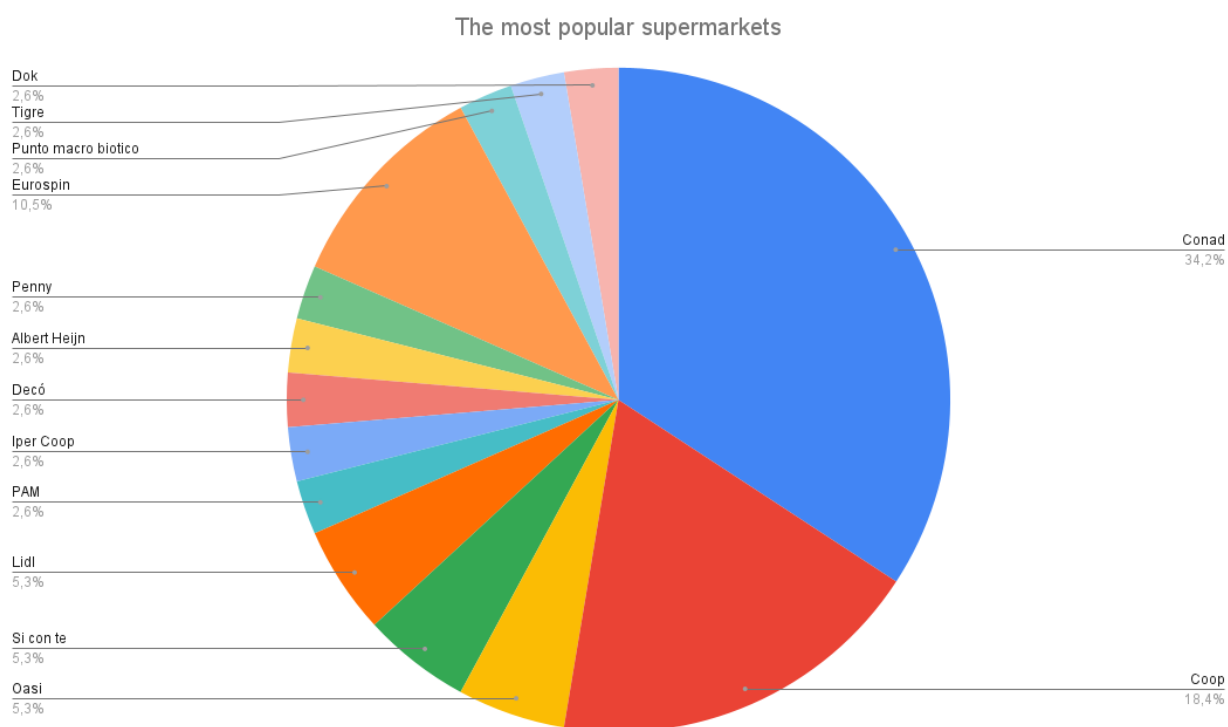


Figure C.16 – The most popular supermarkets for respondents

Source: developed on the basis of author's researches