

Review Paper

# Confectionery Enterprises' Competitiveness in the Domestic Market of Ukraine and their Export Potential: An Analytical Overview and Top-10 Rating

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## ABSTRACT

The food industry in Ukraine, in particular confectionery, is one of the most attractive and promising sectors of the Ukrainian economy. However, recent developments, most notably the COVID-19 pandemic and the military invasion of Ukraine, have harmed the industry, which predefines the research relevance of its current state, prospects, and export potential. The research aims to analyse trends in the Ukrainian sweets market, study their export opportunities, identify industry leaders, and outline global trends in the industry. The methods used in the study are economic and statistical analysis, graphical methods, rating methods, and cartographic methods. The study identifies the main trends in the confectionery industry of Ukraine the dynamics of sales volumes and its structural composition. The share of exports in total sales by sub-sectors is presented. The countries that are the main importers of Ukrainian confectionery products, as well as those that are the key exporters of confectionery products in the world, are noted. Ukraine's place among the world's confectionery exporters by individual products is determined. The rating of companies producing confectionery products in the domestic market of Ukraine is determined. An analysis of the popularity of the identified companies among users, as well as an analysis of the popularity of individual confectionery products, is carried out. The market of chocolate products is segmented, and the rating of companies exporting confectionery products is compiled. The trends of the Ukrainian confectionery industry are compared with the global ones. The practical significance of the results obtained can be used in the activities of confectionery enterprises to assess their position in comparison with the main competitors in the industry, to identify key industry trends, and to direct their strategies following global industry trends.

## HIGHLIGHTS

- The article aims to analyze the current state and export potential of the Ukrainian confectionery industry, identify industry leaders, and outline global trends, using economic and statistical analysis, graphical methods, rating methods, and cartographic methods. The study examines sales dynamics, export opportunities, and market segmentation, providing practical insights for confectionery enterprises to assess their position, identify trends, and align their strategies with global industry standards.

**Keywords:** Sweets market, chocolate, flour products, sugar, food industry

Food production is one of the most promising sectors of the national economy. In 2021, according to the State Statistics Service, food production accounted for 16.3% of total industrial sales. In turn, the confectionery industry holds one of the

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leading positions in food production. The share of confectionery products sold in the volume of food products sold is 12.76% (according to the State Statistics Service of Ukraine (2023)). According to analytical data, the popularity of Ukrainian products is driven by the following factors (Tobolin, 2018):

- ♦ the price of Ukrainian products is generally lower than that of imported goods;
- ♦ Ukrainian confectionery products are of high quality at a low price;

Ukrainians are inclined to follow the Made in Ukraine trend of their desire to support domestic producers.

Ukrainian confectionery products are recognised and popular not only in the country but also abroad. The competitiveness of the confectionery industry is ensured using the latest technologies and the introduction of innovations.

Due to unfavourable economic, political, and social events, the main ones being the COVID-19 pandemic and the Russian invasion, Ukrainian confectionery producers have suffered losses to varying degrees, from a decline in demand for their products to the loss of factories due to military operations. However, confectionery companies continue to operate even in such difficult times, which, among other things, supports the national economy. Therefore, it is important and relevant to study the current state and export potential of the confectionery industry in Ukraine to identify market leaders.

Many Ukrainian researchers studied and analysed the confectionery industry in Ukraine. A.V. Zagrychanska and V.Ya. Golyuk (2021) analysed the industry in terms of total sales by sub-sectors and compiled a list of industry leaders in the chocolate segment. H. Razumova and O. Oscoma (2021) studied in detail the structure of the confectionery market, paid attention to the characteristics of the activities of such large Ukrainian companies as Roshen and Konti and investigated the factors that stimulate demand for confectionery products of Ukrainian producers.

Thus, the research aims to analyse the trends of the Ukrainian sweets market, study their export opportunities, identify the leading companies in the industry, and outline global trends in the industry.

## MATERIALS AND METHODS

The study used the following general scientific methods: economic and statistical analysis of information related to the confectionery industry of Ukraine; graphical methods for a visual representation of the study results; rating method for determining Ukraine's position in the global confectionery market and the position of individual Ukrainian producers in the domestic market; cartographic method for presenting the results of the export study by country.

The information base for the study is the data of the State Statistics Service of Ukraine (2023), Trade Map (2021), Global Top 100 Candy Companies ranking (2021), and scientific periodicals from Ukraine and the world. Due to the complex nature of the research, the study was divided into stages:

1. In the first stage of the study, the general trends in the confectionery industry of Ukraine were identified.
2. The second stage discloses detailed data on Ukraine's confectionery exports.
3. In the third stage of the study, a list of leaders among confectionery producers in the domestic market of Ukraine was identified.

## RESULTS

### 1. Overall trends in the Ukrainian confectionery market

Ukraine's confectionery market is supplied by about 90% of domestic production. Most Ukrainian confectionery products are of excellent quality while maintaining relatively low prices. The loss of exports to Russia played an important role in this, prompting producers to look for new markets. One of the most promising areas was the European markets, which Ukrainian companies needed to optimise production and improve product quality to enter (Razumova and Oscoma, 2021). This has opened new export opportunities for Ukrainian producers, which, given the high share of confectionery in industrial sales in general, has a significant positive impact on the development of the economy as a whole. Figure 1 shows the volume of confectionery products sold in the period from 2014 to 2021.

Table 1 shows the Ukrainian companies that were included in the ranking in 2021.

Fig. 2 shows the total volume of confectionery products sold by sub-sectors outside the country.

## 2. Global confectionery exports and Ukraine's position

Fig. 3-5 show the diversification of Ukraine's confectionery submarkets by importing countries.

## 3. Leaders of the Ukrainian confectionery market

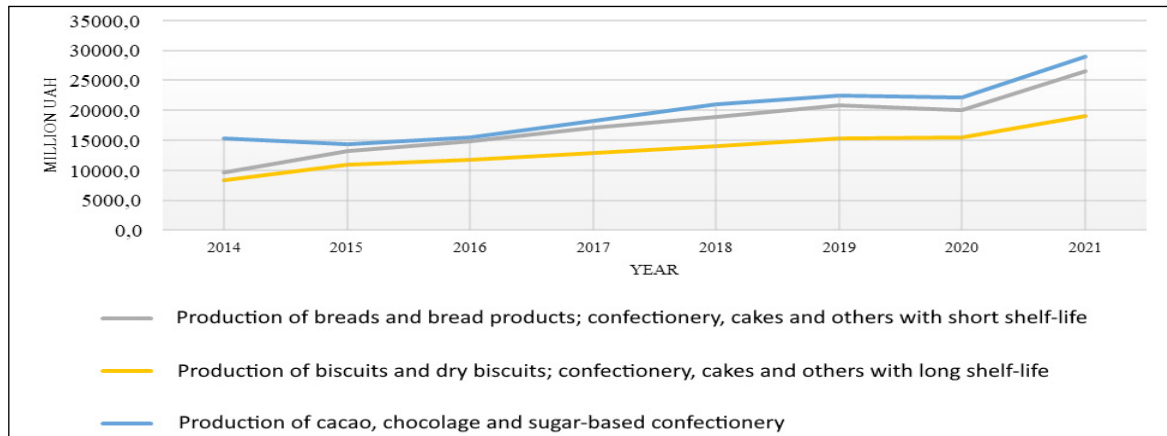
Following the Koloro branding agency, the leaders in the Ukrainian confectionery market are the companies listed in Fig. 6. The list was compiled based on the volume of products produced in tonnes in 2018.

As Ukrainian companies strive to gain market share in Europe and the world, it is also timely

**Table 1:** Ukrainian companies included in the Global Top 100 Candy Companies in 2021

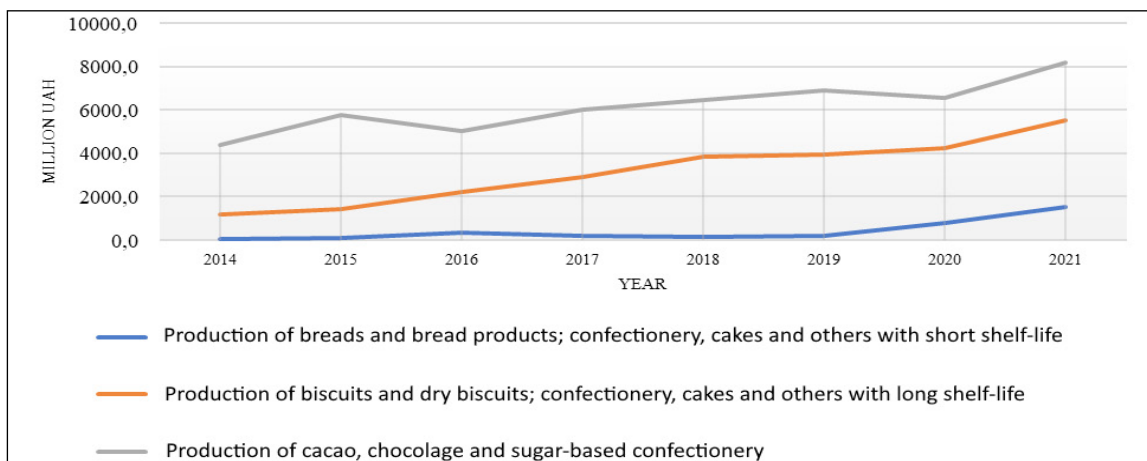
Company name	Location	Net sales (million)	Number of employees	Number of factories
29. Roshen Confectionery Corp.	Kyiv, Ukraine	\$800	10,000	8
73. Millennium Chocolate Factory	Dnipro, Ukraine	\$205	3,000	2
89. Konti Group	Donetsk, Ukraine	\$147	8,097	5

Source: 2021 Global Top 100 Candy Companies. Candy Industry (2021).



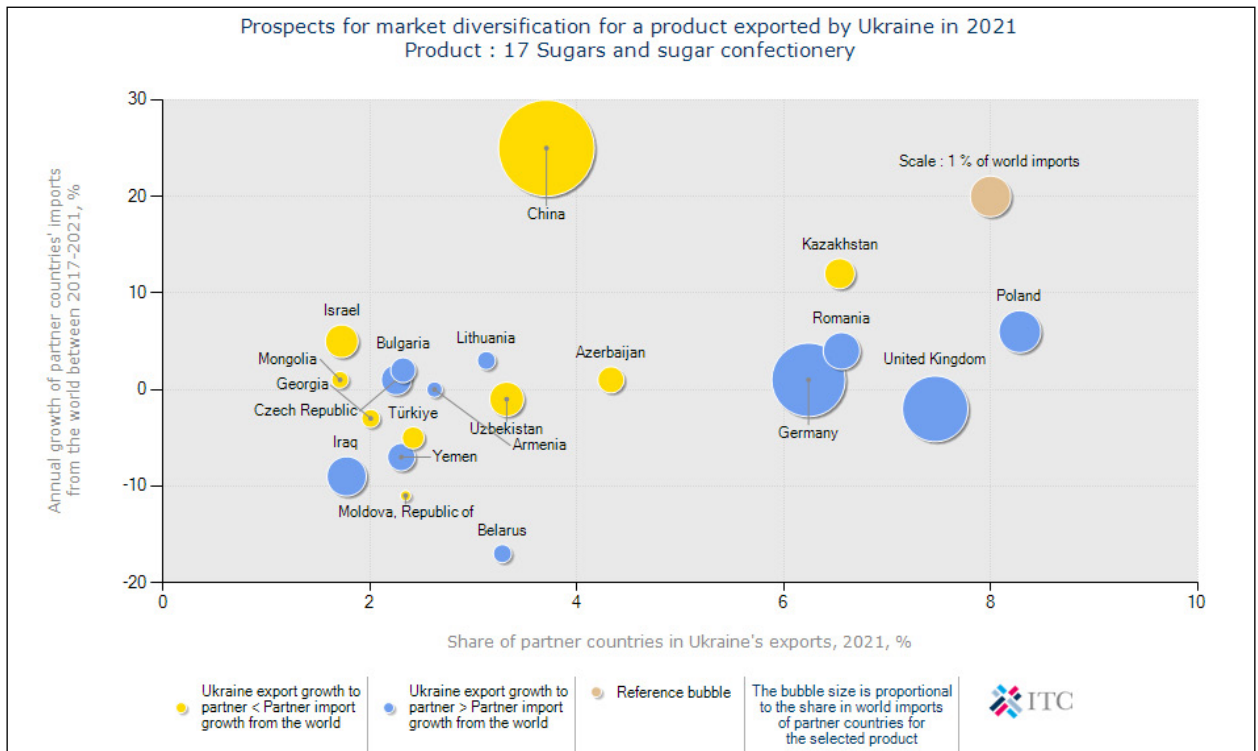
Source: State Statistics Service of Ukraine (2023).

**Fig. 1.** Sales of confectionery products



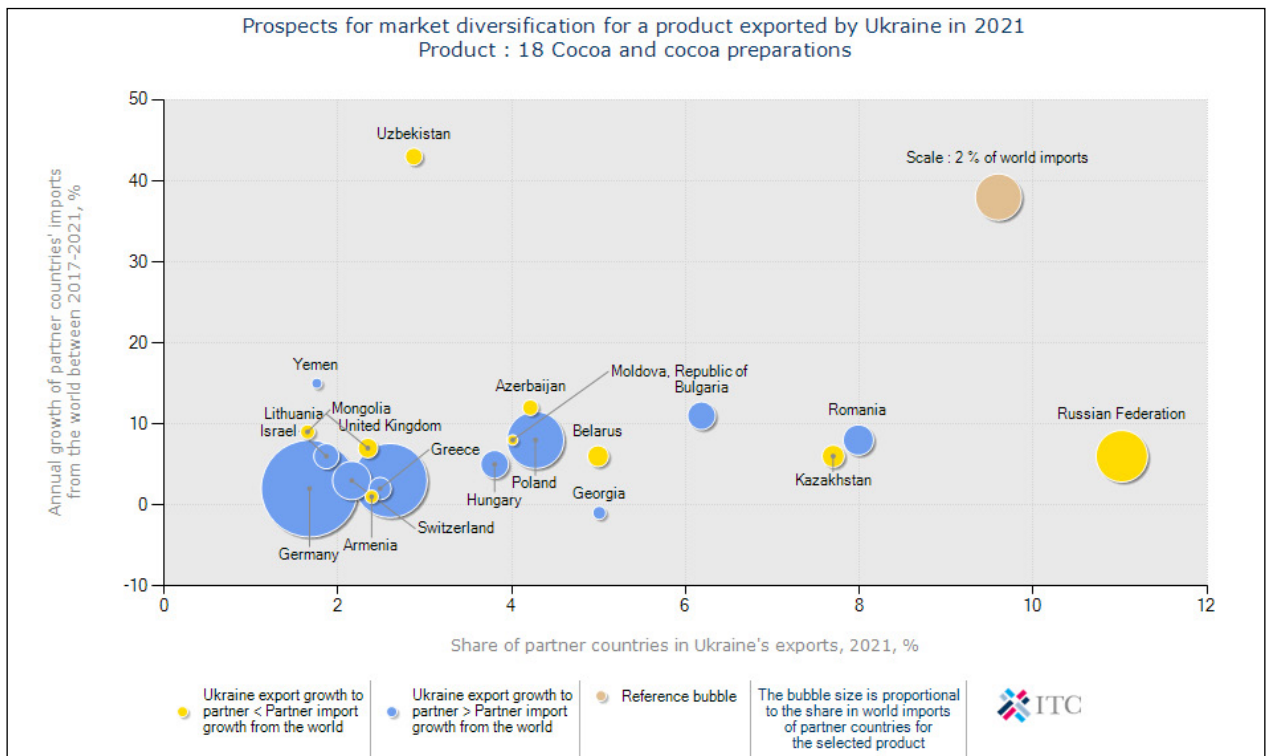
Source: State Statistics Service of Ukraine (2023).

**Fig. 2.** The volume of confectionery products sold outside the country



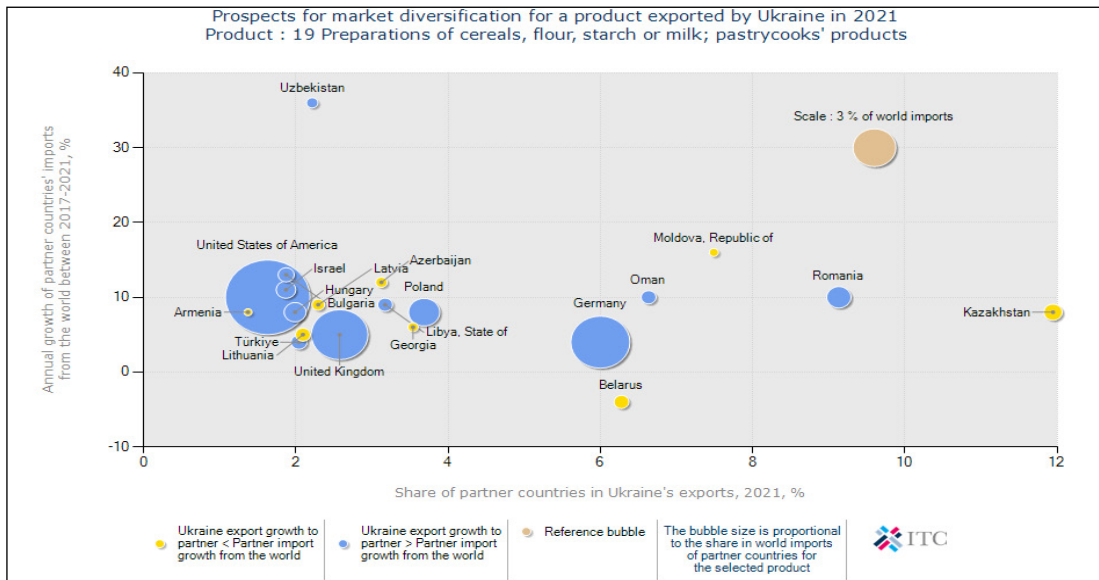
Source: Trade Map (2021).

Fig. 3. Exports of Ukrainian sugar and sugar-based confectionery in 2021 by country



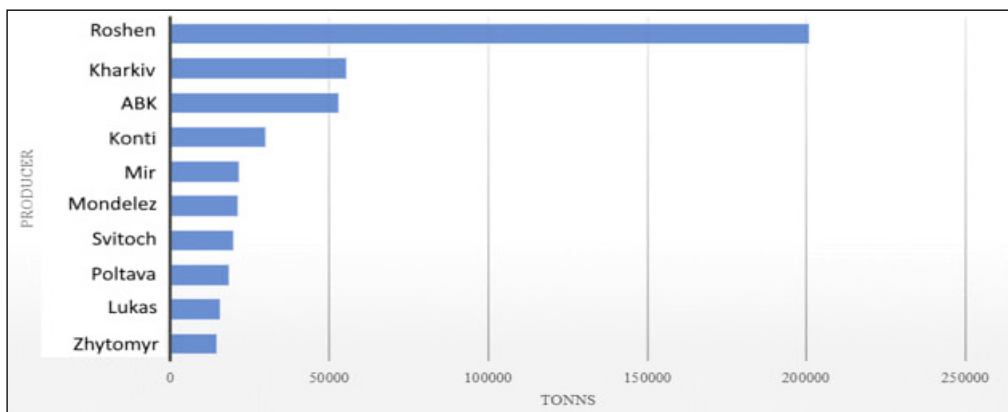
Source: Trade Map (2021).

Fig. 4. Exports of Ukrainian chocolate and cocoa-containing confectionery in 2021 by country



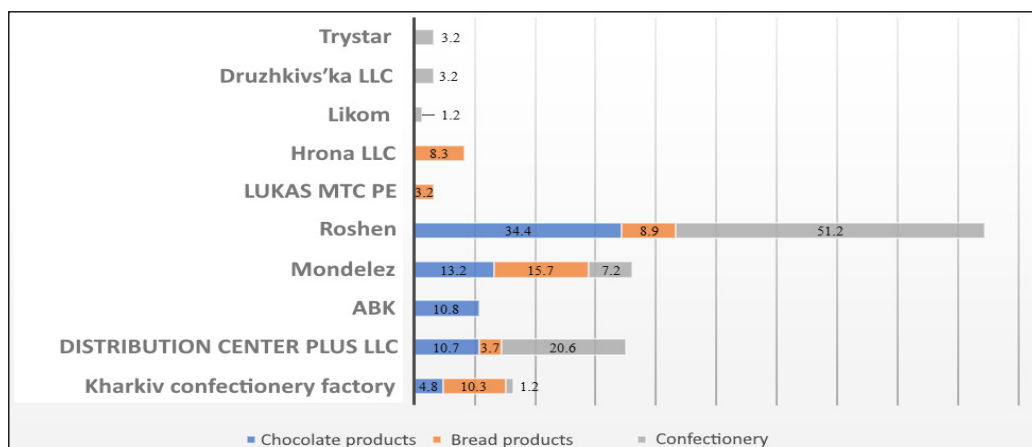
Source: Trade Map (2021).

Fig. 5. Exports of Ukrainian cereals, flour, starch or milk products, and confectionery in 2021 by country



Source: O. Tobolin (2018).

Fig. 6. Top 10 companies leading the Ukrainian sweets market



Source: A.V. Zagrychanska and V.Ya. Golyuk (2021).

Fig. 7. Top 10 confectionery exporters (share by product type, 2019)

to compile a rating of the Top 10 Confectionery Exporters (Fig. 7).

## DISCUSSION

The popularity of confectionery products is ensured by the optimal price-quality ratio and the desire of Ukrainians to support domestic producers. The identified characteristics of the industry's sustainable development are in line with the findings of most Ukrainian researchers of the country's confectionery market. O. Bochko *et al.* (2022) add a wide range of products and their availability at many points of sale to the list of these success factors of the industry.

The comparison of the research findings with those of scholars who have analysed the confectionery industry of Ukraine's closest neighbouring countries is of particular interest. A study analysing the confectionery industry in Poland in the context of Industry 4.0 shows that the main factors of development for the confectionery industry in this country were high demand for confectionery products in the domestic market, low labour costs and accession to the European Union. (Piwowar-Sulej and Podsiadły, 2019).

However, current global trends are not limited to these characteristics. Modern technologies allow to study and improve product compliance with consumer requirements, but concerning innovations in traditional food products, manufacturers still face the challenge of further improving their convenience, safety, and health benefits (Guiné *et al.* 2020). Given the above mentioned, it is advisable to identify current trends in certain characteristics of confectionery products that are most popular among consumers. The Ukrainian web portal Diia for Business outlines the main trends in the global chocolate market in terms of changing consumer requirements, which include the (Trends in the world..., 2020):

- ♦ healthier chocolate products;
- ♦ unusual or seasonal flavours, textures and aromas;
- ♦ premium products;
- ♦ increased consumption of snacks due to an active lifestyle.

To meet global trends and shifting consumer preferences, some Ukrainian companies are launching new product lines. For example, ABK was the first company to introduce the extruded product Kresko in the Ukrainian market in 2017 (Kosteniuk and Molozh, 2020).

However, as the world's population grows and other socio-economic factors increase, the risk of food shortages is growing, and manufacturers should think about it today. Over the past half-century, the world's population has at least doubled, creating a huge demand for food. It is predicted that by 2050, the population will grow by another 30% (Sharma *et al.* 2021). Thus, it is possible to identify another area of research in the field of confectionery production, different from the direction chosen for the article, which is to consider the problem of a potential humanitarian crisis, which should be kept in mind by manufacturers of any food industry. Based on the aforesaid, food and confectionery producers need to find a balance between product quality and rapid production to meet growing demand. Scientists see a possible solution to the problem in the latest technologies, including artificial intelligence and big data analytics (Kakani *et al.* 2020).

In the search for the most environmentally friendly, accessible, inexpensive, and safe ingredients for products, scientists are increasingly focusing on the use of nanocellulose in the food industry (Wang *et al.* 2019; Lu *et al.* 2021; Perumal *et al.* 2022).

In summary, the study found that the confectionery industry in Ukraine is developing rapidly due to strong demand both in the domestic market and in other global markets. This is evident in the growth of sales volumes, particularly outside the country, and the high positions of Ukraine and individual Ukrainian companies in various international rankings. The growth in demand is explained by the optimal price-quality ratio of products, the desire of Ukrainians to support domestic producers, the availability of products at points of sale, and the variety of flavours and types of confectionery to suit every taste.

## CONCLUSION

The study of the confectionery industry in Ukraine allows to conclude the following about its current state. The confectionery industry in Ukraine, like

the food industry in general, is one of the most attractive and promising sectors of the country.

Ukraine's position among global confectionery exporters is quite high: 35<sup>th</sup> place for sugar and sugar confectionery, 36<sup>th</sup> place for prepared foods made from cereals, flour, starch, or milk; confectionery, 34<sup>th</sup> place for cocoa and cocoa products. Ukraine's share in global exports is 0.4-0.5% (depending on the product). The main importers of Ukrainian confectionery products are China, Germany and the UK for sugar and sugary confectionery; Germany, the UK and Poland for chocolate and confectionery containing cocoa; the US, the UK and Germany for products made from cereals, flour, starch, or milk; confectionery. The leaders in the Ukrainian confectionery market are the following companies: "Roshen, Kharkiv, ABK, Konti, Mir, Mondelez, Svitoch, Poltava, Lucas and Zhytomyr. This is evidenced by the sales volume of these companies and their popularity among consumers. The most widely consumed confectionery product in Ukraine is chocolate, and Roshen is the leader in the chocolate segment. This manufacturer is the undisputed leader in most segments of the Ukrainian confectionery market, including exports of chocolate and confectionery products.

An analysis of foreign research trends has revealed that the global scientific community is concerned, on the one hand, with the healthiness, quality, and safety of confectionery products for the human body and the environment. On the other hand, scientists are thinking about future problems, such as the food crisis due to the growing population, and therefore insist on the development of innovations in the food industry. Thus, areas for further research could include characterising the possibilities of using innovative materials in the confectionery industry and ways to prevent a potential food crisis in the future.

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