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## **FORMATION OF THE STRATEGY OF DEVELOPMENT OF THE MARKET OF ORGANIC PRODUCTS**

The market for organic products has been extremely promising in recent decades, as demand for organic food has grown. The urgency is due to the problem of providing the population with environmentally friendly products and the need for the functioning of the market of organic production. Formation and functioning of an efficient agri-food market, in particular organic agricultural products, adapted to market conditions economy is impossible without a proper organizational economic mechanism for attracting investment resources, which improves the management system, production, and organizational relations, financial stability, and profitability, the balance of interests business entities, society, and the state. Ukraine's transition to a new model of marketing management occurs primarily with the help of a targeted socio-economic, marketing, and environmental policy. The means of its implementation, which ensures the strategic development of the country and the international competitiveness of the national business, and ultimately the competitive advantages of the country as a whole, are state instruments. In the article, the authors singled out the stages of functioning of the organic production sector based on models of the life cycle of goods. These stages allow us to determine the priorities of the market development at each stage; identify the most significant measures to coordinate the activities of market entities, taking into account the instruments of different concepts that we have identified; form a unified program for the development of this sector based on quantitative and qualitative goals; identify marketing approaches to the development of the state, public institutions and institutions of self-regulation, allowing to positively influence the development of the market; to determine the mechanisms of economic, social and environmental stimulation of the development of the market for organic products; designate measures to form the infrastructure of this market.

**Keywords:** market, strategy, organic products, marketing, international standards, environmental marketing, Ukraine.

**Introduction.** The transformation of the modern marketing paradigm, which reflects to a greater extent the social and ethical aspects of exchange relations, the increase of the number of interested parties of exchange and expansion of the sphere of activity, predetermines the need to supplement theoretical and methodological developments in marketing. Micro-level research is outdated and does not contribute to solve the main problems, connected with a harmonious combination of interests of consumers, producers and society as a whole. The timeliness of the revision of conceptual approaches in marketing also reflects the specifics of the functioning of new sectors of the economy, which are initially based on the social and ecological and economic mechanism of organization of marketing processes. One of such markets is the market of organic (ecological) food products, which is developing rapidly around the world.

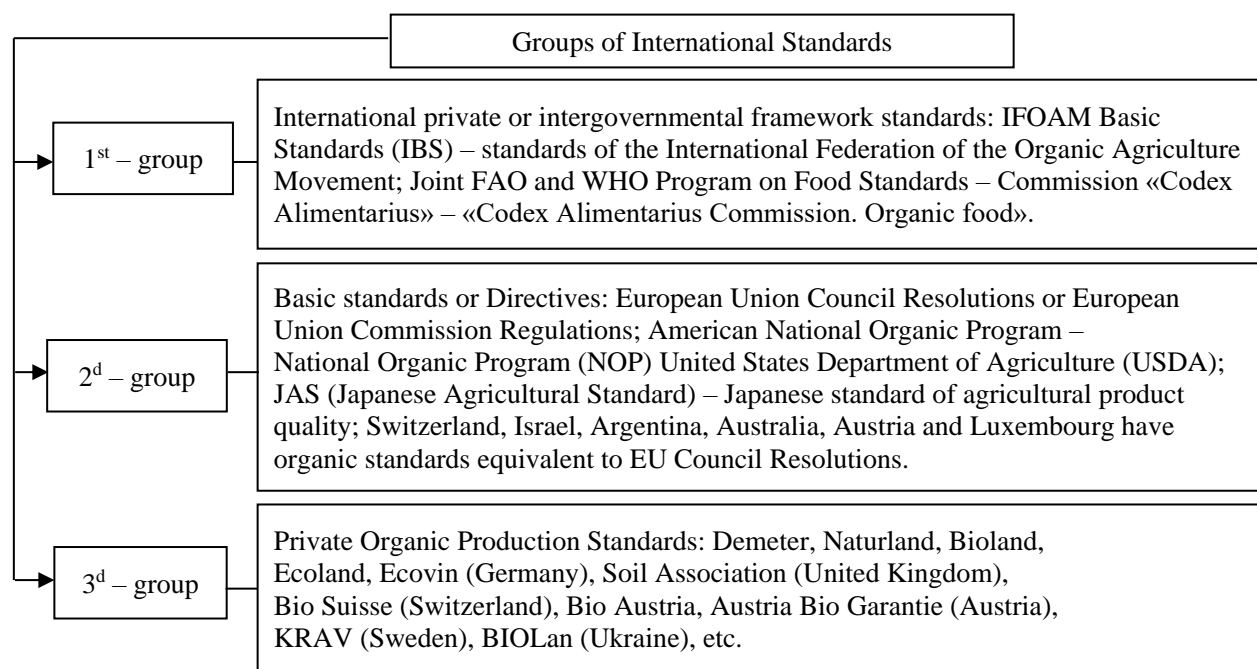
**Review of publications.** Theoretical and practical aspects of the functioning of the sphere organic production are covered in the works of many Ukrainian scientists, in particular Kazandzhi A.<sup>1</sup>, Kolesnyk V.<sup>2</sup>, Kotytkova O. and Yurchenko Yu.<sup>3</sup> and other.

**Results.** Based on the analysis of the experience of functioning organic production in European countries, we consider that to intensify similar activities in Ukraine in modern military conditions, first of all it is necessary to form legislative base that would regulate the functioning of the system of organic farming.

It should be noted that in the Law of Ukraine «About production and circulation of organic agricultural products and raw materials» from September 3, 2013 it is only stated that the use of the state logo and labeling of organic products (raw materials) for the labeling organic products is compulsory, although a clear procedure of labeling and certification is not defined. Therefore, national producers undergo the procedure of organic certification according to current international standards, most often according to the norms of the European Union. Before the war in Ukraine there were three main groups of standards – Fig. 1.

It should be noted that in the framework of cooperation between the National Academy of Sciences of Ukraine and the International Institute of Applied Systems Analysis (IIASA, Luxembourg) in 2012 it was started a project «Comprehensive modeling of management of the safe use of food, energy and water resources» with the aim of constant social, economical and ecological development.

Due to the lack of national legislation base regarding certification and labeling of organic production, certification of organic producers of their products in Ukraine is carried out in accordance with international standards.



**Fig. 1. The main groups of international standards for organic products**

*Source: compiled by the authors on the basis of used scientific sources*

In particular, the Ukrainian certification company «Organic Standard» certifies Ukrainian producers in accordance with the «Standard for Organic Production and Processing for Third Countries», an equivalent to the European Union Standard.

Therefore, it is necessary to develop a concept of promoting goods (organic products) to consumers, which will increase consumer awareness of the harmful effects on health of crop and livestock products

<sup>1</sup> Казанджі, А. В. (2018). Стратегічні вектори розвитку ринку органічної продукції України. *Інтелект XXI*, 1, 72-76. (2022, March, 15).

<sup>2</sup> Колесник, В. М. (2012). Органічне виробництво як стратегічний напрям розвитку аграрного сектора економіки України. *Агросвіт*, 9. (2022, March, 15).

<sup>3</sup> Котикова, О. І., Юрченко, Ю. І. (2014). Впровадження екологічно чистого виробництва продукції сільського господарства в Україні. *Вісник аграрної науки Причорномор'я*, 2, 37-45. (2022, March, 15).

obtained through «traditional» technologies, promote healthy lifestyles, formation of effective connections with traditional sales channels, creation of new sales channels of organic products.

In this case, the interaction in its essence acts as integrating factor, which makes it possible to imagine the combination of a number of marketing concepts into a certain holistic model, which involves the development of common and the most effective marketing strategies, both at the micro and macro levels.

Holistic ideas are used today in various fields of knowledge. The essence of the holistic approach is to recognize the complexity, non-linear nature and integrity of the systems we are dealing with.

Some experts in their research have previously tried to identify this approach while describing concepts. The concept of holistic marketing which is presented by F. Kotler and K. Keller is based on planning, development and implementation of marketing programs, processes and activities considering their breadth and interdependence. Holistic marketing includes four components: relationship marketing, integrated marketing, internal marketing and socially responsible marketing. According to the new approach that has been identified, an attempt is being made to recognize and balance the various competencies and complexity of marketing activities<sup>1</sup>.

Despite such a comprehensive vision of the interaction of basic concepts, we would like to note the initial limitation of this approach to four clearly defined concepts and the absence of any connections with the components of the marketing environment. In addition, this approach less considers industry specifics and the specifics of different marketing areas. Therefore, without trying in an evolutionary way to come to the only true concept of marketing in its development, we consider that the most promising direction in marketing is the conceptual and integral (holistic) approach, but with the allocation of the dominant concept of marketing, which will reflect the industry specifics of the market.

This approach is associated with the desire to synthesize existing concepts into a common and complex model as elements of an integral structure, while creating an innovative mechanism of regulation social and economic relations on common principles and considering industry specifics of markets.

A system and structural model based on such an approach can be a fundamental theoretical and methodological basis. It includes the following concepts as components:

- 1) structural elements of interaction – principles and tools of marketing concepts;
- 2) reasons or source of interaction – motives of market participants;
- 3) the carrier of interaction – initiative groups;
- 4) the mechanism of interaction – a complex, system-forming, dynamic process that must be regulated based on the stages of the life cycle of the industry.

With considering the environmental orientation on the production, processing, distribution of organic products, there is no doubt that the dominant concept should be the concept of environmental marketing. This concept finds common ground within other concepts and predetermines the adjustment of their tools in the general impact on the market. The main task of this concept is to direct the activities of market participants to educate consumers in the field of environmental issues, reduce the use of limited resources, create environmentally friendly activities to meet consumer needs and lead society to sustainable development.

Based on our considered theoretical and methodological aspects of the development of marketing concepts, analysis of the development of the world market of organic products and factors contributing to the formation of this market in Ukraine, we can distinguish a number of key concepts, which is reflected in Table 1.

The transition to a new model of marketing market management is primarily through targeted social and economic, marketing and environmental policies. Government instruments become a means of its implementation, ensuring strategic development of the country and international competitiveness of national business, and ultimately competitive advantages of the country as a whole<sup>2</sup>.

Interest in the international marketing is connected with an attractive international market of organic products, and the ability to strengthen the competitive position not only of individual companies but also the country as a whole, through standardized or adapted marketing technologies. However, in order to enter international markets successfully, it is necessary to use both environmental marketing and territorial marketing tools due to the fact that currently quality factors (safety, environmental friendliness, reliability) and image factors of goods are often determined by place of production of goods its territorial aspect.

<sup>1</sup> Котикова, О. І., Юрченко, Ю. І. (2014). Впровадження екологічно чистого виробництва продукції сільського господарства в Україні. *Вісник аграрної науки Причорномор'я*, 2, 37-45. (2022, March, 15).

<sup>2</sup> Казанджі, А. В. (2018). Стратегічні вектори розвитку ринку органічної продукції України. *Інтелект XXI*, 1, 72-76. (2022, March, 15).

Table 1

**Factors determining the choice of marketing concepts in their interaction based on the dominant concept of environmental marketing**

Factors	Key concepts
Creation of the legal, informational and legislative base that forms the market, socializing consumption through education, encouraging producers to implement environmental and social programs, determining the position of the country on the international market	Government marketing
Enter on foreign markets, the impact of globalization and internationalization of companies, increasing export potential, formation of transnational segments that prefer to purchase products with environmental and ethical labels, attracting foreign investment to implement environmental programs	International marketing
Solving social issues, the attractiveness of the ethical component in the goods, intention to maximize the quality of life and sustainable development of society as a whole	Social marketing
Consumer preferences regarding the place of production, associativity of the place of production with environmental attributes and quality of goods, attractiveness of territories for tourism	Territorial marketing
Ensuring the relationship of the companies with consumers and partners, reducing costs while marketing activities, expanding the environmental and social sphere of activity	Relationship marketing

*Source: compiled by the authors on the basis of used scientific sources*

Distinguishing in the context other factors – the factor of the territory, it should be noted that the ecological image of the country or its separate cities (regions, territories) plays a significant role here, which connects consumer associations with the quality of the product determined by him, and is very relevant issue while introducing environmentally friendly goods to the market.

Perspectives of environmental and ethical labeling in Ukraine depend on how successfully the interested companies will be able to find contact with their audience – the part of the population concerned about environmental issues and social justice through marketing tools. In addition, it should be noted that the other market participants, such as state and consumers, must also be socially oriented. Accordingly, this market can not be considered excluding the tools of social marketing in different areas of marketing activities.

Additionally, as the experience of agribusiness enterprises shows, integrated marketing activities are usually more effective in establishing partnerships of the companies, as with consumers as other representatives of the microenvironment of the enterprise: competitors, suppliers, intermediaries, based on the concept of relationship marketing.

All the presented tools of different marketing concepts can be changed and have the greatest relevance on a certain stage of the life cycle of the industry.

Life cycle models are able to give a systematic view of the problems of market development, allow to detect regular, natural phenomena and deviations, and determine possible tools for correcting certain conditions.

In order to comply with the principle of scientific objectivity, it should be noted that the results of life cycle research of goods and industries achieved by representatives of theories of marketing, business economics, industry markets are very extensive and allow to consider them from different sides. At the same time, the analysis of scientific publications on modern ideas on life cycle management as a set of systems approach, innovative tools, ways to optimize social and economic activities in a particular market, allow to make a suggestion about necessity of the revision this approach based on a comprehensive view of existing developments<sup>1</sup>.

We absolutely agree with E.Yu. Shatska, who approves that life cycles are interconnected and interdependent. Thus, the existence of different profiles of life cycles of goods can be explained by the influence of such factors as the development of the industry, organization, technology, consumer habits. The development of the industry depends on the competitiveness of the organization, goods, stages

<sup>1</sup> Котикова, О. І., Юрченко, Ю. І. (2014). Впровадження екологічно чистого виробництва продукції сільського господарства в Україні. *Вісник аграрної науки Причорномор'я*, 2, 37-45. (2022, March, 15).

of development. However, not many authors compare these life cycles when developing strategies, which does not allow to form a holistic view of the solution to the problem of market formation.

The description of the life cycle model of formation and development of the organic products sector in the food market, considering the Ukrainian specifics, is based on a general analysis of global and inner markets, conducted research on consumer behavior and selected tools of marketing concepts<sup>1</sup>.

The model of R. Vernon, adapted by C. Onquist, J. Shau, who described it from the standpoint of the development of the innovative industry in the world and the change of the countries' status from net exporters to net importers with further development, was taken as the basis for the international life cycle of goods (LCG). This made it possible to determine more clearly at what stage of the development of the international market of organic products, emerging the Ukrainian sector and what is its further opportunities to take certain positions on the international markets<sup>2</sup>.

In total, we have identified five stages of the life cycle of the organic food sector, as shown in the figure: emergence, formation, growth, maturity and stagnation, which can also be described as idealized and dependent on many additional factors influencing these processes. At the stage of formation, it is presented possible effect of «saddle» of F. Bass, which can also be expressed not only by its classical representation, but also determined by many other factors, for example, the financial crisis or lack of supply from local companies. In addition, we would like to note that the effect of «saddle» can be observed in the future and at the stage of stagnation, when through aggressive marketing efforts it is possible to delay the transition to the stage of decline.

In general, we can present the following characteristics of the stages of the life cycle of the organic products market, considering the Ukrainian specifics.

The first stage is the stage of emergence of the organic products sector on the basis of net imports (the total volume in the structure of food sales reaches no more than 1%).

It is characterized by a focus on imports of organic products, which leads to increase of the price premium in the range of 100-300%, and means the primary focus on the premium segment.

The attractiveness of the international market and primary demand provokes a change in the behavior of individual enterprises of agribusinesses, which are more focused on «modifying» the attribute of goods or passing the international certification to ensure supplies abroad.

The second stage is the stage of formation of the organic products sector (the total volume in the structure of food sales reaches no more than 3%). Imports of organic products are increasing, but with a reduced price of the products due to the development of this production abroad, which allows to reduce the price premium on the national market. The product range is being expanded by the expense of national producers. The third stage is the stage of growth of the organic products sector (the total volume in the structure of food sales reaches no more than 10%). Volume of sales is growing rapidly due to the coverage of more segments, reducing the average price premium to 40-50% and expanding national supply of both organic products and additional services which allow to build customer loyalty. By developing cooperation with intermediary structures, local producers are expanding the boundaries of the market.

The fourth stage is the stage of maturity of the organic products sector (the total volume in the structure of food sales reaches 15-18%). It is creating conditions of large-scale production, which makes it possible to satisfy not only internal needs, but also ensure the export of products.

The fifth stage is the stage of stagnation of the organic products sector (the total volume in the structure of food sales is kept within 12-15%). During this period, there is a revival of integration ties, both with suppliers and intermediaries, to save costs on establishing economic ties and strengthen market share of companies. In view of the development of the international market it is possible to partner with TNCs to ensure a stable level of sales.

At this stage, when the level of average price premiums is reduced to 5-20%, competition with traditional goods intensifies, which requires a revision of enterprise strategies and expansion of product groups.

Based on the described characteristics of each stage, we can develop priority marketing objectives, as shown in table 2.

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<sup>1</sup> PRLog Press Release (2010). *Market Report, "Organic Food: Global Industry Guide"*  
<<http://www.prlog.org/10652447+market+report+organic+food+global+industry+guide+published.html>>  
(2022, March, 15).

<sup>2</sup> Шарко, В. В. (2018). Маркетинговий механізм управління в стратегії інноваційного розвитку підприємства. *Вісник Хмельницького національного університету. Серія : Економічні науки*, 6 (2), 241-246. (2022, March, 15).

Table 2

**Implementation of marketing approach to strategic management  
of the organic market based on the interaction  
of marketing concepts**

Life cycle stages	Marketing tasks
1st stage	<ul style="list-style-type: none"> <li>– creation of normative and legal base on the basis of the carried-out research,</li> <li>– development of environmental certification procedures,</li> <li>– formation of ecological image of the territories,</li> <li>– development of common label of organic products,</li> <li>– introduction of a consumer-friendly term to describe environmentally friendly products,</li> <li>– activation of public organizations based on the concept of social marketing,</li> <li>– popularization of organic production among producers,</li> <li>– creation of the system of providing the enterprises of the industry with the results of marketing research of Ukrainian and foreign markets,</li> <li>– development of ecological educational programs and education of the population through mass media both by state bodies, and public organizations.</li> </ul>
2d stage	<ul style="list-style-type: none"> <li>– stimulation of internal production through creation of an interdepartmental group for promotion of Ukrainian organic products and definition of priorities in the overall strategy of social and economic development of the country,</li> <li>– intensification of ecological activity of a number of initiative groups supporting and servicing branches of other spheres of agribusiness,</li> <li>– expansion of «green» strategies used by companies,</li> <li>– creation of the Internet information platform that allows manufacturers to share information,</li> <li>– organization of regular specialized exhibitions, conferences, presentations promoting the products of national producers in Ukrainian and foreign markets,</li> <li>– assistance of the creation of consumer and service cooperatives of marketing type,</li> <li>– expanding of the integration with research organizations for joint promotion of environmental innovation projects.</li> </ul>
3d stage	<ul style="list-style-type: none"> <li>– creation of the association of producers and its inclusion in the advisory bodies of state power (commissions and councils) that form the state policy in the field of developing the market for organic products,</li> <li>– to develop and implement a simplified procedure of the export of organic products on the basis of international norms,</li> <li>– formation of marketing activities of public organizations aimed at solving of socially significant and environmental problems,</li> <li>– development of conditions for the usage of territorial and ethical markings,</li> <li>– strengthening of competitive advantages on the basis of introduction of programs of corporate social responsibility,</li> <li>– strengthening of the partnerships with market participants to ensure the solution of social and environmental problems.</li> </ul>
4th stage	<ul style="list-style-type: none"> <li>– creation of a public service responsible for the development of exports of organic products (export agency),</li> <li>– increasing of the share of Ukrainian products in the national market while supporting a high level of competition,</li> <li>– regulation of localization of production of foreign companies,</li> <li>– entry of a large number of Ukrainian producers on the world market through a single promotion based on the usage of tools for environmental advertising,</li> <li>– formation of ecological friendliness of production at all stages of a life cycle and solving the questions of utilization,</li> <li>– increasing the competitive advantages of the products by reducing internal production costs and minimizing the usage of resources in marketing activities,</li> <li>– development of agro-ecotourism,</li> <li>– strengthening of the legislative regulation of advertising.</li> </ul>

Continuation of table 2

Life cycle stages	Marketing tasks
5th stage	<ul style="list-style-type: none"> <li>– increasing of the share of Ukrainian products in the world market,</li> <li>– ensuring of the government orders for distribution of products in government agencies,</li> <li>– to organize regular programs of specialized exhibitions, conferences, presentations promoting products of national producers on Ukrainian and foreign markets,</li> <li>– to create specialized PR-agencies in cooperation with public organizations to maintain the Ukrainian image of organic products,</li> <li>– systematization of environmental information monitoring,</li> <li>– development of agro-ecotourism,</li> <li>– development of CRM-projects to maintain the environmental activity of agribusiness.</li> </ul>

*Source: compiled by the authors on the basis of used scientific sources*

Thus, the selected stages of functioning of the organic products sector on the basis of life cycle models of goods allow: to determine the priorities of market development at each stage; to highlight the most important measures to coordinate the activities of market participants, considering the tools we have identified of the different concepts; to form a common program of development of this sector on the basis of quantitative and qualitative goals; to identify marketing approaches to the development of state, public and self-regulatory institutions that can have a positive impact on market development; to determine the mechanisms of economic, social and environmental stimulation of the development of the market of organic products; to highlight measures for the formation of the infrastructure of this market.

All proposed measures should contribute to the achievement of strategic goals and marketing objectives, in the development of the organic market based on the usage of market participants in the management of different marketing concepts, in general regulation, which allows to provide harmonious and effective integration of social, economic and ecological directions of the development of society.

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