

**Stepanova A.**

*PhD in Economics, Associate Professor,  
Department of Management of Innovative and Investment Activity,  
Taras Shevchenko National University of Kyiv,  
Ukraine; e-mail:ra\_a@ukr.net*

**Horbas I.**

*PhD in Economics, Assistant,  
Department of Management of Innovative and Investment Activity,  
Taras Shevchenko National University of Kyiv,  
Ukraine; e-mail:gorbasi@ukr.net*

**Davydova O.**

*PhD in Economics, Assistant,  
Department of Management of Innovative and Investment Activity,  
Taras Shevchenko National University of Kyiv,  
Ukraine; e-mail:davydova\_o@ukr.net*

## **PRACTICAL ASPECTS OF STRATEGIC MARKETING MANAGEMENT OF AGRICULTURAL ENTERPRISES (ON THE EXAMPLE OF "MRIYA AGRO HOLDING")**

**Abstract.** Marketing integration issues in the strategic management of the company are actualized. The essence and content of marketing management in a highly competitive market environment are represented. Strategic recommendations for the management of company's business portfolio and its individual components on the basis of marketing are developed.

This paper proves the importance of strategic marketing orientation in the management of agricultural enterprises. It is determined that the Marketing Management provides business expansion and increase the number of loyal customers, ensures high quality products and innovativeness of all business processes. The need to strengthen internal integration of business and diversification to optimize production, financial flows, reduce production costs and improving the competitiveness of enterprises are specified.

Modern management presented as a customer-oriented system based on marketing, which makes it possible to solve the practical problems of effective management in transitional market conditions.

**Keywords:** strategic marketing management, competitive advantages, competitiveness, strategic business unit, the attractiveness of the market, agricultural sector.

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**Степанова А. А.**

*к.е.н., доцент, кафедра менеджменту інноваційної та інвестиційної діяльності,  
Київський національний університет імені Тараса Шевченка,  
Україна; e-mail:ra\_a@ukr.net*

**Горбась І. М.**

*к.е.н., ас. кафедри менеджменту інноваційної та інвестиційної діяльності,  
Київський національний університет імені Тараса Шевченка,  
Україна; e-mail:gorbasi@ukr.net*

**Давидова О. Г.**

*к.е.н., ас. кафедри менеджменту інноваційної та інвестиційної діяльності  
Київський національний університет імені Тараса Шевченка,  
Україна; e-mail:davydova\_o@ukr.net*

## ПРАКТИЧНІ АСПЕКТИ МАРКЕТИНГОВОГО СТРАТЕГІЧНОГО УПРАВЛІННЯ ДІЯЛЬНІСТЮ АГРОПРОМИСЛОВИХ ПІДПРИЄМСТВ (НА ПРИКЛАДІ ТОВ «МРІЯ АГРОХОЛДІНГ»)

**Анотація.** Актуалізується проблематика інтеграції маркетингу в систему стратегічного менеджменту підприємства. Розкрито сутність і зміст маркетингового управління в умовах висококонкурентного ринкового середовища. Розроблено стратегічні рекомендації щодо управління бізнес–портфелем підприємства та його окремими складовими на засадах маркетингу.

**Ключові слова:** маркетингове стратегічне управління, конкурентні переваги, конкурентоспроможність, стратегічний господарський центр, привабливість ринку, агропромисловий сектор.

Формул 0; рис. 1; табл.: 2; бібл.: 9

**Степанова А. А.**

*к.э.н., доц. кафедры менеджмента инновационной и инвестиционной деятельности  
Киевский национальный университет имени Тараса Шевченка,  
Украина; e-mail: ra\_a@ukr.net*

**Горбась И. Н.**

*к.э.н., ас. кафедры менеджмента инновационной и инвестиционной деятельности  
Киевский национальный университет имени Тараса Шевченка,  
Украина; e-mail: gorbasi@ukr.net*

**Давыдова О. Г.**

*к.э.н., ас. кафедры менеджмента инновационной и инвестиционной деятельности  
Киевский национальный университет имени Тараса Шевченка,  
Украина; e-mail: davydova\_o@ukr.net*

## ПРАКТИЧЕСКИЕ АСПЕКТЫ МАРКЕТИНГОВОГО СТРАТЕГИЧЕСКОГО УПРАВЛЕНИЯ ДЕЯТЕЛЬНОСТЬЮ АГРОПРОМЫШЛЕННЫХ ПРЕДПРИЯТИЙ (НА ПРИМЕРЕ ТОВ «МРІЯ АГРОХОЛДІНГ»)

**Аннотация.** Актуализируется проблематика интеграции маркетинга в систему стратегического менеджмента предприятия. Раскрыта сущность и содержание маркетингового управления в условиях высококонкурентной рыночной среды. Разработаны стратегические рекомендации по управлению бизнес–портфелем предприятия и его отдельными составляющими на принципах маркетинга.

**Ключевые слова:** маркетинговое стратегическое управление, конкурентные преимущества, конкурентоспособность, стратегический хозяйственный центр, привлекательность рынка, агропромышленный сектор.

Формул 0; рис. 1; табл.: 2; библи.: 9

**Introduction.** In the current context of increased competitive pressure, the integration and complementarity of marketing and management form a new management concept according to which, the company's operation and development strategies are implemented with the help of market (marketing) instruments.

The concept of marketing management considers the company as an open system, which also is a component of the highest order "consumer–enterprise–partner," where the development basis is the marketing as a business philosophy and its management. This system is characterized by a complex of interrelations leading to the triple interdependence of its elements; the interaction between them is based on the marketing partnership. The main objective of the ternary system is profiting from the results of the production and distribution of products and services through meeting the demand, which arises in the process of activating of the consumers' needs [7].

In marketing management the development of corporate and functional strategies of the enterprise is based on: 1) analysis of market opportunities of the enterprise (environmental monitoring, evaluation of external threats and perspectives, internal potential); 2) the selection of target markets (determination of market size, its segmentation, positioning of the company and its products); 3) development of the marketing complex and establishment of the communicative channels [7]. For this purpose, methods of strategic analysis and assessment of enterprise's business activity, its competitive position, the level of competitive advantages and competitiveness in general are widely used.

**Analysis of studies and objective–setting.** The issue of marketing strategic management was investigated by numerous foreign and domestic scientists among which stands out D. Aaker, I. Ansoff, V. Balan, C. Gilligan, J. Dey, J. Atkinson, H. Mintzberg, M. Porter, A. Starostina, A. Strickland and A. Thompson, S. Firsova, D. Chervaniova, Z. Shershneva. However, it should be noted that most of the scientific developments have difficulties in adaptation to the local conditions of the agricultural market functioning, this specified the direction of the research and applied nature of its results.

*The purpose of the research* is to develop practical recommendations for improving the strategic management of "Mriya Agro Holding" LLC on the basis of marketing.

*The object of research* is the processes of the strategic marketing management of enterprises of the agricultural sector.

*The subject matter* is methodical approaches and practical aspects of the strategic analysis of the marketing environment of domestic agricultural enterprises.

**Research methodology.** During the scientific research, there was applied a set of general and specific methods and techniques of scientific knowledge: analysis and synthesis, induction and deduction; method of logical generalization and abstraction; methods of grouping and classification; comparison method, a method of economic and statistical analysis, integrated evaluation method. To analyze the marketing environment of the investigated company and to develop strategic recommendations as for areas of its operation and development, there were used the matrix methods of multi–criteria analysis; table and graphical methods for a visual illustration of the research data.

**Research results.** The agricultural sector of Ukraine is the basic component of the national economy, which forms the foundations of national sovereignty preservation – food, economic, environmental and energy security, and ensures the development of all sectors of the national economy.

Agriculture – is one of the sectors significantly affected by Ukraine's membership in the WTO. For the full development of agricultural enterprises in a changing market environment, the marketing management becomes essential, which is also an important part of the overall management system, providing significant opportunities for their functioning and development.

The agricultural market of Ukraine is served by a limited number of large enterprises, among which there is a constant struggle for leadership. The most powerful operators of the domestic agricultural market, with a stable position and sound reputation, are mostly the integrated companies with a diversified portfolio of products and work areas of economic and commercial activities. According to Forbes Ukraine, in 2015 Ukraine's top agricultural enterprises were: UkrLandFarming (land fund of 653 thousand ha), Kernel Group (390 thousand ha) Group "Agroprosperis", the main investor New Century Holding Capital (430 thousand ha), Myroniv Bread Products (380 thousand ha), LLC "Mriya Agro Holding" (320 thousand ha), Ukrainian agrarian investments (261 thousand ha), Astarta–Kyiv (245 thousand ha). [5]

Increasing competition determines the use by the defined market participants of the progressive marketing systems, appeal to the international experience and the introduction of benchmarking in operating activities and also the implementation of effective mechanisms of marketing management.

In agribusiness the marketing management is associated with ensuring effective interaction of raw materials, production, logistics, and service chains and its subjects are mainly production, supply and processing, and trading companies. Their effective interaction is supported by modern marketing tools.

Establishment of strategic marketing serves as appropriate and irreversible direction of the transformation of modern agricultural enterprises according to the needs of a highly competitive, globalized market. It is understood as the management process of creation and maintenance of strategic compliance between company's objectives, its potential, and chances in marketing sphere [2]. Therefore, the strategic direction of the marketing management of the agricultural enterprises is to focus on the formation, increase and strengthening of sustainable competitive advantages in the long run.

The base of the strategic marketing management is generalization and analysis of data for the strategy of development and functioning of the company, taking into account all the factors of its internal and external environments, the degree of complexity, variability and interdependence.

Considering the practice of marketing management using in the activities of domestic agricultural enterprises on the example of "Mriya Agro Holding" LLC., for the analysis of the economic portfolio there was used the multifactor matrix GeneralElectric / McKinsey "appeal – competitiveness", which allows to assess the current and future status of the strategic business units or economic centers (SBU) of the company; to research the company's operational environment there was used a method of SWOT–analysis. Thus, combining the results of two different methods, there were identified the strategic directions of the enterprise operation.

"Mriya Agro Holding" LLC – is one of the leading vertically integrated companies of domestic agricultural "B2B" market. The company has a closed production cycle that includes: 1) crop planning (crop rotation); 2) seed production (seed material); 3) automated cultivation, including planting and harvesting work, with own equipment fleet and vehicles; 4) sowing and crop care (GPS–mapping of lands, automated use of fertilizers and plant protection chemicals); 5) the harvesting and storage of the crop (own elevators, granaries, warehouses); 6) sale of raw products, materials and final agricultural products [5].

The company's lands are located in the most fertile regions of Ukraine: Ternopil, Khmelnytsky, Chernivtsi, Lviv, and Ivano–Frankivsk regions. The crop pattern includes eleven crop plants, the main ones are wheat, sugar beets, potatoes, corn, rapeseed, buckwheat, barley, and organized so that lands and production facilities are used throughout the year [5].

Year–round sales of crop plants comprise:

- potato for the production of chips and use as seeds fund; main customers – Kraft Foods Ukraine, Unisnack Production, farming enterprises, wholesale traders;
- sugar beet for the food industry and retail; major customers – sugar refineries;
- grain crops (wheat, corn, barley) for the bread baking and food industry, production of malt, cattle feed; consumers – Serna (Glencore), Soufflet Ukraine, Samsar, Bunge, Vitalmar Agro (Nidera);
- oilseeds for food industry and production of biologically clean fuel; consumers – Serna (Glencore), Bunge, ZTB, Samsar, Eridon [5].

The content and structure of the GE matrix is focused on ranking of SBU of the company in terms of future profits and future investment returns, and also on determination of the sector attractiveness in perspective based on variables of the market capacity and growth rate, competitiveness, technological requirements, entry and output barriers, demands for investments, direct and indirect impact of environmental factors [6].

To build the matrix there were used expert assessments of each tested SBU of the company as for their competitive position and attractiveness of the market in 2013–2014 (see table 1). There was used 10–point evaluation scale in which "0" – is the lowest index and "10" – is the highest index.

Table 1

Market share of "Mriya Agro Holding" LLC \*

Product (SBU)	Market share, %		
	2012	2013	2014
Sunflower oil	52	56,5	61
Sunflower seeds	34	9,7	14,6
Barley	27	11,1	4,8
Rapeseed	13	12,7	12,4
Corn	13	10,5	8
Wheat	6	4,9	3,8

\* Source: Developed on the basis of [5]

The competitive position of SBU is assessed on the following criteria (the weightage of each criterion is presented in brackets): the relative market share (0.14); the rate of change of the market share (0.07); quality and service (0.13); range of products and services (0.12); the image of the enterprise (0.15); product price (0,14); labor productivity (0.07); innovation (0.11); general management (0.07).

The attractiveness of the industry/market is estimated on the market capacity (0.15); market growth rate (0.12); price level (0,12); purchasing power (0,14); investment activity (0.13); innovation activity (0.12); barriers to entry and exit (0.1); availability of raw materials (0.12).

To avoid extensive expert analysis and statistical data of the company, we present only the calculation results of integral weight of the market attractiveness, competitive position and circle radius for each SBU respectively (Table 2).

Table 2

Integral indicators for assessing SBU of "Mriya Agro Holding " LLC \*

№	Product range (SBU)	Competitive position		Branch attractiveness		Circle radius	
		2013 p	2014 p	2013 p	2014 p	2013 p	2014 p
1	Sunflower oil	8	8,65	8,18	8,42	0,565	0,61
2	Sunflower seeds	5,68	6,51	6,97	7,08	0,097	0,146
3	Barley	5,24	6,08	5,93	6,05	0,111	0,048
4	Rapeseed	6,22	5,93	5,16	5,11	0,127	0,124
5	Corn	5,24	5,06	5,03	4,23	0,105	0,08
6	Wheat	3,95	3,53	4,36	3,8	0,049	0,038

\* Developed on the basis of [5]

According to the table 2, it is possible to render the results of expert analysis and build a matrix GE/McKinsey, where on X and Y–directions we specify the integral criterion of the enterprise's comparative advantage on the certain market and the level of attractiveness of the market / branch (Fig. 1).

Based on the analysis, position of each SBU was determined in 2013–2014. Focusing on competitive advantages, weaknesses and market opportunities of each SBU we can offer the following types of strategies for different quadrants of the matrix: 1) the most desirable and the most promising strategy, which will use strong and competitive advantages of SBU for the implementation of market opportunities in quadrants of the "Winner" group; 2) the strategy which will use viable competence for the neutralization of the market threats in quadrants "Source of income", "Winner 3" and "Medium business" 3) the strategy aimed at strengthening weaknesses and increasing competence of the company, using of marketing opportunities for quadrants "Question mark," "Winner 2" and "Medium business" 4) the strategy of minimization of the company's weaknesses and neutralization of the potential market threats for the group of quadrants "Loser."

Stable powerful positions at the agro–industrial market of the country, experience, formed brand and customer loyalty, allowed «Mriya Agro Holding" LLC to concentrate their own business on the most attractive and stable matrix quadrants: Winner 1, Winner 2, Medium businesses. With

the development of the strategic guidelines, it should be taken into account that the company is at the stage of slow growth, and requires active innovative activities for slowing down the process of maturity and aging of the company.

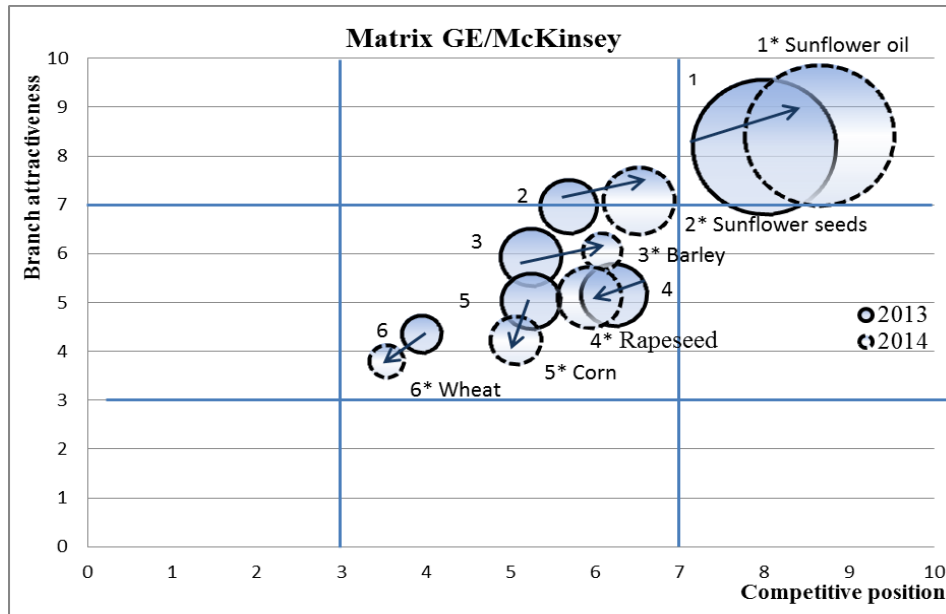


Fig.1. Matrix GE/McKinsey\*  
\* Developed by authors

For specification of strategic recommendations for each SBU there will be used the results of the SWOT-analysis of agricultural holding's activity, which was held on the following criteria: the quality of products and services, diversification of activities, synergic effect of cooperation between the companies of the holding, experience, formed image and brand of the company, the customer base capacity, customer loyalty, qualification and motivation of the staff, variety of products and services, strategic partnership, innovation activity, flexible price policy, need to optimize the financial flow traffics and production processes, the level of business mobility, product cost, system of management and control of the holding.

**SBU 1 (Sunflower oil)** – "Winner 1" is the most powerful and promising business of the enterprise's portfolio. Since the company is a leader in this market, special attention should be paid to the preservation of the market share, protection of positions and strengthening of its role, holding existing customers and attracting new clients. It is necessary to expand the range of related products and services as well as educational, leasing, financial services for further market takeover. The strategy should be aimed at maintaining competitive advantages, protecting position through additional investments in development.

**SBU 2 (Sunflower seeds)** – "Winner 2" needs an investment support for growth by increasing and strengthening of market and marketing advantages. The enterprise is not a leader in the field, so the main task is selective investment and development in those areas where the company has (or can create) powerful competitive advantages allowing to strengthen market position. This will require ongoing training and staff development.

**SBU 3 (Barley)** – "Medium Business" means the necessity to hold positions in the most profitable and low-risk areas. A small market share causes selective investments and prudent growth. The strategy should focus on increasing competition and retention of positions by upgrading equipment, years of experience, positive brand image, a wide range of additional products and services, strong customer base, strategic partnerships and internal integration of holding participants. Implementation of the marketing orientation in the management made it possible to improve positions in the quadrant and move towards the "Winner 1" position.

**SBU 4 (Rapeseed)** – "Medium Business" which is characterized as a transition zone with a

stable income, but with declining attractiveness of the industry and loss of the competitive positions. The best strategy can be profit making with the maintenance and protection of market positions. Under condition of the favorable market development, the strategic partnership and connection with regular customers, synergistic relationships with the holding's participants are appropriate to protect the market positions. Strengthening of internal business integration to improve production processes control. In the case of market disruption, the alternative protection can be a pivot to new market segments.

**SBU 5 (Corn)** – "Medium Business" which tends to market disruption. It is necessary to conduct a careful strategy, minimize investments, strengthen vulnerable areas and protect existing positions of the segment. In the future, it is appropriate to streamline the business processes, shift to new services and segments, pricing policy review, changing of operational management and methods of customer services.

**SBU 6 (Wheat)** – "Medium Business" which has the lowest rates in the company's portfolio; there is a loss of competitive positions and reduction of the industry attractiveness, caused by the general economic crisis. The situation is the most unfavorable, with the tendency towards the transition to the "Loser 3" zone. It is necessary to make minimum investments, avoid risks, focus on forecasting and planning, in order to adapt and quickly and adequately respond to changing market conditions.

Thus, the strategic marketing orientation in the "Mriya Agro Holding" management should include the business expansion and loyal customer base, providing high-quality products and innovation of all business processes to maintain and strengthen the market positions and influence on it.

So, it is advisable to implement a strategy of advantages, reinforced by formed competencies and a further increase of sustainable advantage over competitors due to changes of production technologies (mastering the production of actual varieties of wheat, soybean, rapeseed, potatoes, and oils), development of services and logistics. This will help to maintain non-price competition by means of products which are standing out in the market by its unique characteristics.

In addition, the company should focus on the expansion and growth, active innovation and investment activities, further development of powerful "high quality" customer base and strengthening of international cooperation. At the same time, there should be strengthened an internal business integration, expanded and diversified its activity for further production optimization, cash flows and reduction of production costs, the introduction of flexible pricing policy in conditions of increased competition and manifestation of a crisis.

**Conclusions.** In the context of increased globalization processes, the question arises as to the development of new methodological approaches and practical recommendations as for the strategic management of all areas of the national economy.

Special attention requires an agrarian sector of the economy, which in 2016 amounted to 18% of GDP [4]. One of the promising areas to develop and strengthen the competitiveness of domestic agricultural market is strategic marketing management of domestic agricultural enterprises, which provides focus on market opportunities and ways of their implementation via "strategic windows" by changing concepts and behaviors in the market.

The latest economic transformations require monitoring of all areas of the company's activities through the prism of marketing. As a result, the enterprise management system takes customer-oriented direction and uses modern management mechanisms based on the marketing integration, which makes it possible to solve a number of practical problems of effective management in market conditions.

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*Горбась І. М., Давидова О. Г.*

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