

Resilient Strategies of International Marketing Segmentation

By Alona Tanasiichuk¹, Svitlana Kovalchuk², Iryna Polishchuk³, Iryna Stankevych⁴, Yuri Neustroiev⁵, Oksana Tupchiy⁶

Abstract

In the new realities, Ukrainian businesses faced many challenges. A significant number of companies suffered material losses as a result of hostilities on the territory of their operations, and many companies were forced to leave their permanent location and resume their business activities in a new place.

Entering the international markets of Ukrainian enterprises has become a new prospect for their recovery.

The study improves the methodology of international marketing segmentation by grouping it by parameters. With the help of this methodology and certain parameters that are relevant for the domestic agro-industrial business, the markets of foreign countries with indicators as close as possible to the Ukrainian economy were identified, and the assessment result allowed to draw conclusions about the entry of domestic enterprises offering milk and dairy products to new international markets. To segment more than 160 international markets, the following indicators were chosen as parameters: "Share of agricultural products in total GDP", "Average distance between partner countries with all importers", "Distance between the partner market and the Ukrainian market", "Difference between the average permissible distance for the international market and the Ukrainian market, km", "Average tariff (estimated) for exports applied by the relevant market", "Assessment of favorable business conditions", "Trade balance". The study identified the demand for the product group "04 Milk and dairy products" in 160 international markets and recommended that Ukrainian producers of milk and dairy products make marketing decisions to enter the markets of the European Union: Greece, Bulgaria, Italy, the Netherlands, Poland, France, and Finland, which are divergent markets for the export of milk and dairy products from Ukraine.

Keywords: resilient strategies, international marketing segmentation, barriers, and risks of entering international markets, innovative approaches to forming a strategy international markets segmentation, grouping by parameters, strategy for entering new markets, markets are convergent for the export,

¹Professor of the Department of Marketing and Advertising, Vinnytsia Institute of Trade and Economics of State University of Trade and Economics, Ukraine.

²Professor, Head of the Department of Marketing and Management, Khmelnytskyi Cooperative Trade and Economic Institute, Ukraine.

³Associate Professor of the Department of Marketing and Advertising, Vinnytsia Institute of Trade and Economics of State University of Trade and Economics, Ukraine

⁴Professor of the Department of Management and Marketing, Odesa State Academy of Civil Engineering and Architecture, Ukraine

⁵ Associate Professor of the Department of Economic Theory and Financial and Economic Security, Odesa National University of Technology, Ukraine.

⁶Associate Professor of the Department of Entrepreneurship, Trade and Stock Exchange of Uman National University of Horticulture, Ukraine.

1. Introduction

Since February 2022, Ukrainian companies have faced many challenges in doing business in both domestic and foreign markets. Businesses have to work harder in uncertain times, as they need to ensure the recovery of Ukraine's economy, maintain the smooth operation of their businesses, and help the armed forces and internally displaced persons.

In the new realities, businesses faced many challenges. A significant number of domestic companies have suffered material losses as a result of hostilities in the territory of their operations, and a large number of companies were forced to leave their permanent locations and resume their business activities in a new location. Since the beginning of the war, 28% of companies have already left Ukraine, and another 21% are planning to do so. Entering international markets can be a sustainable bridge now, as Europe and North America are ready for higher prices. If you look at the B2B market and CRM in particular, product prices can be ten times higher.

While searching for new international markets and segments with favorable business conditions, Ukrainian companies face barriers and risks associated with establishing effective communication with customers, local employees, partners and suppliers, authorities, and official structures.

International market segmentation has its specifics. This specificity is manifested in the diversity of countries and markets. Each country has its customs, labor, tax and currency legislation, and administrative law. There are significant differences in the level of economic development.

The development of a mechanism for international marketing segmentation for domestic enterprises to enter new markets and the strategic selection of target segments are topical issues of today and require an assessment of the segment structure of the international market. When formulating the strategy of international marketing segmentation, it is important to determine the peculiarities of segmentation of foreign and national markets, which is due to the need to assess the factors of selection of attractive international markets and to take into account the impact of the marketing environment on the performance of business activities.

2. Literature Review

The problems of international marketing segmentation are given considerable attention in the works of both domestic and foreign scholars. An analysis of the scientific opinions of many experts in the field of marketing and international marketing shows that the development of an international marketing segmentation mechanism for domestic enterprises to enter new markets is associated with significant difficulties: convergence in the field of foreign trade policy and a significant number of restrictions and barriers.

The theoretical aspects of marketing segmentation are covered in the works of F. Kotler (2008), (2021), A. Pavlenko (2008), N. Kudenko (2006), O. Zozulov (2008), S. Solntsev (2011), M. Hort (1962), O. Kovinko (2017), (2018), Y. Larina (2017), I. Taranenko (2011), A. Fedorchenko (2015), T. Tsyhankova (2004). In their works, they considered the concept

of marketing segmentation as a process of determining a group of consumers by target market segments, quantity, prices, and terms of supply of goods and technologies to meet needs (2008).

At the same time, strategic marketing market segmentation is market research to forecast its parameters for the development of a marketing strategy for an enterprise. The market parameters include: needs to be satisfied; consumer groups by target segments; volumes, prices, and terms of sales in terms of target segments; technologies for promoting goods to consumers (2008).

Some scientists have accumulated experience in researching international marketing segmentation, but methodological approaches to assessing the factors of choosing attractive international markets and taking into account the impact of the marketing environment on business performance require significant attention (2018).

Summarizing the views of many scholars, it can be concluded that when formulating a strategy for entering new international markets at all stages of decision-making on market selection, it is necessary to go through all stages of international marketing segmentation to identify divergent markets.

When conducting international marketing segmentation, a set of demographic, socio-economic, economic and geographical, motivational and psychological, cultural and historical, political, competitive, and other factors is taken into account. It is important to note that for an effective result, it is necessary to consider a combination of segmentation factors and evaluate the relevant indicators.

There are cases when the assessment of a limited number of segmentation factors leads to an incorrect assessment of the international market and, accordingly, to losses in international business activities. Conversely, the assessment of data on consumers, competitors, product quality requirements, labor, tax and currency legislation, administrative law, business conditions, and many other factors can be the key to the effectiveness of international business activities.

Some scientific schools consider the concept of "international market segmentation" as the selection of target markets and the allocation of consumer groups that have a high degree of homogeneity in market behavior. It should be noted that in the modern economic literature, there are not enough scientific developments that study the peculiarities of forming a strategy for international marketing market segmentation in the course of the internationalization of the enterprise's market activity.

3. Results of the Study

Market segmentation is a strategy that divides the market into separate segments that will be characterized by the same response to marketing activities. The goal of segmentation is to maximize the adaptation of market segments to the executed tasks. The opposite of segmentation is called market aggregation. It occurs when a company considers the entire market as a homogeneous area and tries to ignore the differences between its elements by standardizing its marketing activities.

International market segmentation can be defined as the process of identifying specific segments of potential consumers in the form of a group of countries or groups of

individual buyers with homogeneous properties that are likely to exhibit similar buying behavior. There are three different approaches to international segmentation:

- 1) identification of countries with demand for similar products;
- 2) identification of segments that are present in all or many countries;
- 3) reaching different segments in different countries with the same product.

The globalization of the world economy means that many products and brands are now known and accepted on a global scale. Universal segments correspond to identical groups of customers with the same needs in each country. For this type of strategy, the marketing program remains virtually the same for all countries. It should be noted that the size of the segment in each country may be small, but the total volume of the international market is attractive. Thus, taking into account the peculiarities of international market segmentation allows you to reasonably identify target segments and formulate strategies for the company's goods or services to enter international markets.

Developing the ideas of T. Tsyhankova, we believe that when segmenting international markets, it is necessary to follow a sequence of actions that will allow taking into account all the specifics of world markets (Fig. 1) (2004).

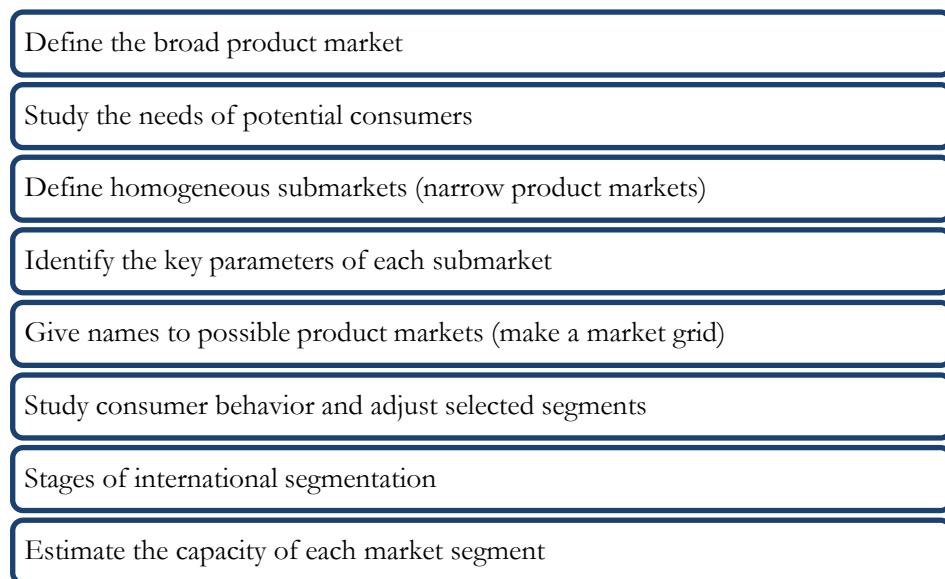


Figure 1. Stages of international marketing segmentation of markets

Source: developed by the author based on (2004)

The procedure of segmentation of foreign markets takes into an account a set of demographic, socio-economic, economic and geographical, motivational and psychological, cultural and historical, political, competitive, and other factors. We can agree with the vision of Tsyhankova T. (2004), Kovinko O. (2017), and Fedorchenko A. (2015) regarding the need to take into account controlled and uncontrollable factors in the segmentation of international markets.

Unlike experts in the field of international marketing, the author presented analytical results of segmentation of world markets obtained by grouping by parameters, developed an extended classification of factors for segmentation of international markets, namely, allocated a basic system of indicators of regional economic integration for assessing international markets, systematized indicators of economic integration according to the World and Eurasian Bank, developed a classification of parameters for international marketing segmentation (Fig. 2).

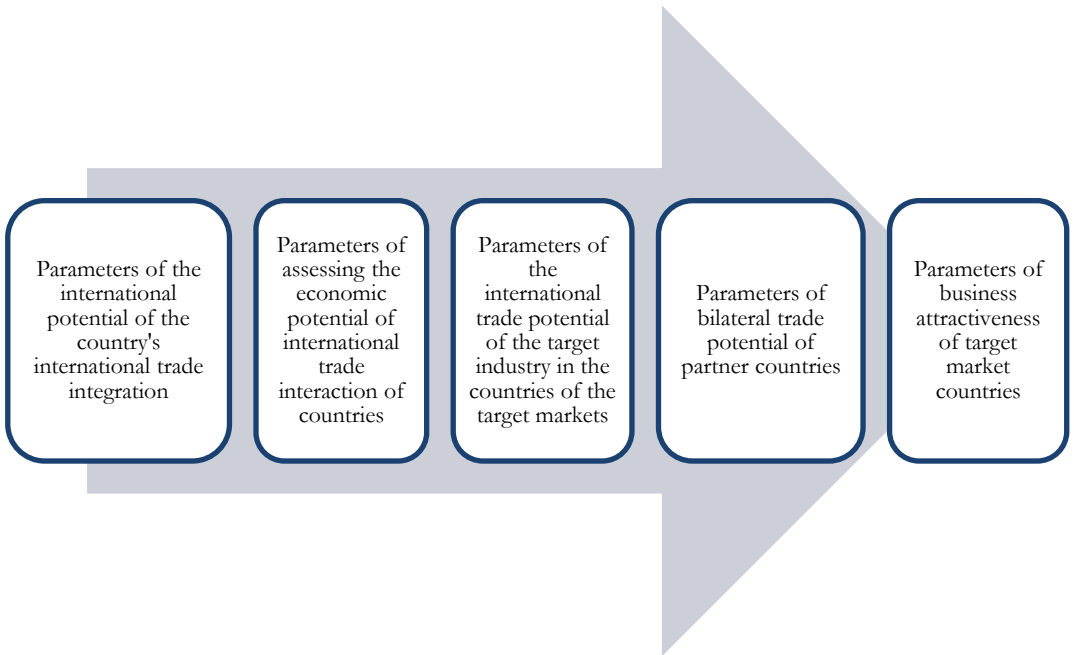


Figure 2. Classification of evaluation parameters for international marketing segmentation
Source: author's development

As a result of international marketing segmentation by grouping by the parameters presented in Figure 2, it is possible to identify markets in foreign countries with indicators that are as close as possible to the Ukrainian economy, and the result of the assessment will provide for the necessary conclusions as to the entry of domestic enterprises into new international markets.

This study took into account the needs of Ukrainian enterprises engaged in the production of agro-industrial products, in particular, those offering milk and dairy products to the market.

Exports of dairy products from Ukraine have started to pick up in recent months. In total, since April 2022, dairy products have been exported for USD 47.4 million, which is 16.1% less than in the same period last year. Butter (USD 12.5 million) and condensed milk and cream (USD 18.9 million) accounted for more than half of exports. Ukraine's main trading partners today are Poland, the Netherlands, and Moldova.

In 2022, the price of milk in Ukraine increased by only 2.6% to €34.8/100 kg. The war and the export blockade do not allow for a higher price increase. At the same time, the purchase price of milk in the world is growing at a record pace. According to the IFCN, the world combined price for milk in April 2022 was the highest in the history of monitoring (since 1996) and amounted to €59.7/100 kg (fat – 4%, protein – 3.3%) (2022). In the largest European milk-producing countries, purchase prices also broke records: Germany – €45.7/100 kg (+28% by April 2021); France – €45.02/100 kg (+19.38%); Poland – €43.78/100 kg (+30%). However, record low feed prices in the Ukrainian market help to contain the growth of milk production costs. The global rise in feed prices did not affect Ukraine. On the contrary, due to the blockade of ports, their price in the domestic market is at a record low. The price of a ton of wheat does not exceed USD 200. As a result, Ukrainian dairy products are currently quite competitive on the global market, and it is worth taking advantage of this opportunity. We continue to develop new logistics solutions and work with new countries, and we hope that this will give its results soon (2022).

To obtain preferential access to the EU market under the Deep and Comprehensive Free Trade Area (DCFTA), it is necessary to confirm the origin of the goods from Ukraine and obtain a EUR.1 certificate (issued by customs free of charge for each batch of goods). General rule: production in which all goods of the group "04 Milk and dairy products" are produced entirely in Ukraine.

As of October 2021, 25 Ukrainian companies supplied milk and dairy products to the EU. In 2021, an audit by the European Commission confirmed the proper quality and safety of dairy products from Ukraine intended for export to the EU.³¹ In total, 380 Ukrainian enterprises were granted the right to export their animal products to the EU (as of the end of 2021). All of these enterprises need to conduct international marketing segmentation to formulate their strategy for entering new markets with the product group "04 Milk and dairy products".

Studying the current economic situation in the global agro-industrial market, the indicators of 2019-2021 were compared, more than 160 international markets were segmented by the parameter "Share of agricultural products in total GDP" using the parameter grouping method and a classification of markets depending on the share of agricultural products in total GDP was proposed (2017), (2018).

The results of grouping by parameters will allow grouping markets by the state and degree of uniformity of development of the agricultural sector, determining the availability of demand for them, and making marketing decisions on the possibilities of Ukrainian agricultural enterprises entering them.

The results of grouping by the parameter "Share of agricultural products in total GDP" show that in 2019-2021, the share of agricultural products in GDP ranged from 25 to 60% in 17 markets, from 10 to 25% in 48 markets, from 1 to 10% in 84 markets, and in 14 markets the share of agricultural products in total GDP was 0% or not determined at all, i.e., there was no agricultural production. When analyzing the structure of the global agricultural market, it is impossible to ignore the fact that some foreign markets are developing unevenly. By combining the markets of individual countries and regions into four segments according to the parameter "Share of agricultural products in GDP", we have the following results (Table 1).

Table 1: Segmentation of global agricultural markets, 2019-2021

Segment name	Number of regional markets included in the segment	Segmentation feature "Share of agricultural products in total GDP", %	Market share of the segment, %
Markets with insufficient supply and demand	17	26-60	10
Mature markets	48	10-25	29
Markets that are growing steadily	84	1-10	52
Underdeveloped markets	14	0-1	9
Total	163		100

Source: author's development

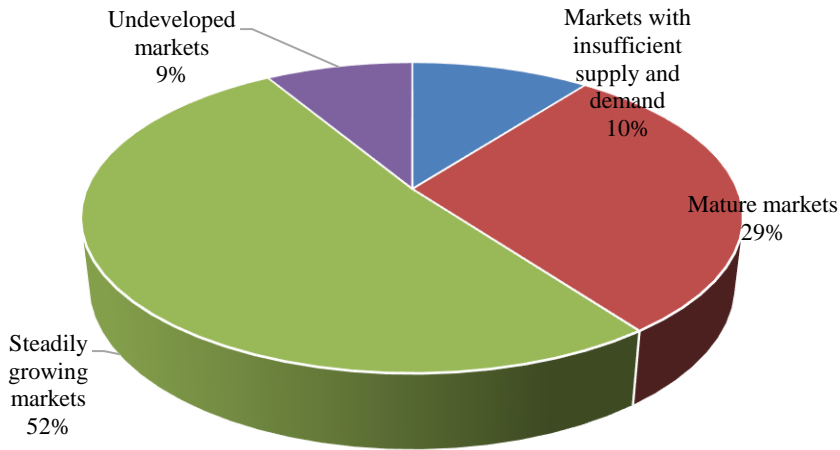


Figure 3. The structure of the world market by the parameter "Share of agricultural products in GDP", 2019-2021, %

Source: author's development

The "Markets with insufficient supply and demand" segment includes 17 international markets with a share of agricultural products in GDP ranging from 26 to 60% and a share of these markets of approximately 10.3% of the global market (Table 2).

Table 2. Structure of the segment "Markets with insufficient supply and demand", 2019-2021.

№	International markets	Share of agricultural products in GDP		
		2019	2020	2021
1	2	3	4	5
1	Sierra Leone	58,15	59,49	59,49
2	Chad	42,59	46,34	53,99
3	Liberia	36,44	38,98	37,21
4	Niger	36,91	38,38	36,37
5	Comoros	35,62	36,70	36,4
6	Mali	37,31	36,19	36,0
7	Ethiopia	33,63	35,45	37,57
8	Center. Afr. Rep.	28,34	32,14	30,07
9	Guinea-Bissau	30,4	30,86	30,86
10	Burundi	28,84	28,45	28,66
11	Benin	26,88	27,11	27,11
12	Afghanistan	25,77	26,82	26,82
13	Tanzania	26,55	26,74	25,89
14	Rwanda	23,55	26,25	24,06
15	Mozambique	24,21	25,58	25,58
16	Madagascar	22,82	25,12	24,8
17	Uzbekistan	24,61	25,10	24,98

Source: Global Economy (1990-2021)

All markets in the "Markets with insufficient supply and demand" segment had a consistently high share of agricultural products in GDP during the study period, which indicates a sufficiently developed domestic market for agricultural products, and, accordingly, no demand for imported agricultural products.

The Mature Markets segment includes 46 international markets with the share of agricultural products in GDP ranging from 10% to 25%, and the share of these markets is approximately 29.7% of the global market (Table 3).

Table 3: Structure of the Mature Markets segment, 2019-2021.

№	Country	Share of agricultural production in GDP		
		2019	2020	2021
1	2	3	4	5
1.	Nigeria	21,91	24,14	23,36
2.	Uganda	22,95	23,93	23,8
3.	Tajikistan	20,87	23,79	23,96
4.	Guinea	26,43	23,67	25,5
5.	Nepal	21,58	23,13	21,32
6.	Pakistan	20,68	23,13	22,96
7.	Kenya	20,86	23,05	22,43
8.	Malawi	23,0	22,66	22,73
9.	Micronesia	22,51	22,50	22,49
10.	Cambodia	20,71	22,38	22,85
11.	M'yan	21,35	21,98	23,467
12.	Côte d'Ivoire	20,67	21,39	21,39
13.	Congo	19,43	20,88	19,43
14.	Gambia	20,0	20,55	19,7
15.	Haiti	19,49	20,36	20,62
16.	Sudan	20,16	20,36	6,36
17.	Mauritania	21,68	20,19	20,19
18.	Ghana	17,32	19,25	19,71
19.	Bhutan	15,78	19,23	19,23
20.	Albania	18,39	19,12	17,68
21.	Togo	19,76	18,78	19,28
22.	Burkina Faso	18,38	18,40	18,4

23.	India	16,73	18,32	16,77
24.	Tonga	19,62	17,66	17,66
25.	Cameroon	16,8	17,38	17,25
26.	Senegal	14,9	14,03	15,32
27.	Guyana	17,6	16,85	6,79
28.	Laos	16,05	16,21	16,07
29.	Nicaragua	15,25	15,77	15,48
30.	Dominican Republic	11,98	15,16	17,32
31.	Algeria	12,34	14,13	12,3
32.	Bolivia	12,22	14,02	12,92
33.	São Tomé and Príncipe	12,29	13,99	14,95
34.	Indonesia	12,71	13,70	13,28
35.	Kyrgyzstan	11,67	13,51	14,68
36.	Mongolia	11,56	12,97	13,19
37.	Bangladesh	11,98	12,92	11,63
38.	Honduras	10,75	12,12	11,04
39.	Morocco	12,15	11,68	12,65
40.	Egypt	11,05	11,57	11,83
41.	Iran	13,87	12,78	12,78
42.	Armenia	11,53	11,21	11,11
43.	Paraguay	10,0	11,03	10,11
44.	Belize	8,94	10,71	11,37
45.	Samoa	9,73	10,25	10,55
46.	Philippines	8,82	10,18	10,07
47.	Moldova	10,17	9,62	10,39
48.	Fiji	11,85	9,32	13,82

Source: Global Economy (1990-2021)

All markets in the Mature Markets segment had a consistently high share of agricultural products in GDP during the study period, which indicates a sufficiently developed domestic market for agricultural products, but, accordingly, no demand for imported agricultural products. However, this segment also includes the markets of Sudan and Guyana, where the share of agricultural products in GDP in 2021 has fallen sharply to 5.36% and 6.79%, respectively. In other words, since 2021, the demand for agricultural products has increased in these markets, so we believe that they are promising markets for Ukrainian agricultural producers and require further study of the conditions for doing business there.

The segment "Steadily growing markets" includes 84 international markets with the share of agricultural products in GDP ranging from 1 to 10%, the share of these markets is approximately 51.5% of the world market.

All markets of the "Steadily Growing Markets" segment had a share of agricultural products in GDP of between 1% and 10% during the study period, which indicates a sufficiently developed domestic market for certain types of agricultural products and an existing demand for imported agricultural products that are not produced in these countries. Therefore, we believe that all markets in this segment are promising markets for Ukrainian agricultural producers and require further study of the business environment.

The "Undeveloped Agricultural Markets" segment includes 14 international markets with a share of agricultural products in GDP ranging from 0 to 1%, accounting for approximately 8.5% of the global market (Table 4).

Table 4. Structure of the "Undeveloped Agricultural Markets" segment, 2019-2021

№	Country	Share of agricultural production in GDP		
		2019	2020	2021
1	2	3	4	5
1	Ireland	0,9	0,93	0,99
2	UAE	0,75	0,92	0,92
3	Germany	0,78	0,74	0,8
4	Switzerland	0,63	0,69	0,62
5	Malta	0,48	0,65	0,41
6	Belgium	0,67	0,64	0,59
7	Puerto Rico	0,69	0,62	0,62
8	Kuwait	0,38	0,46	0,46
9	Bahamas	0,54	0,44	0,49
10	Qatar	0,23	0,34	0,3
11	Bahrain	0,28	0,31	0,28
12	Luxembourg	0,22	0,20	0,19
13	Hong Kong	0,07	0,10	0,1
14	Singapore	0,03	0,03	0,03

Source: *Global Economy (1990-2021)*

All markets in the "Underdeveloped Agricultural Markets" segment had a share of agricultural products in GDP of 0 to 1% during the study period, which indicates actual insolvent demand for agricultural products, and therefore, these markets cannot be considered as promising for Ukrainian agricultural enterprises.

As a result of the segmentation by the parameter "Share of agricultural products in total GDP", it was decided to conduct further research of the "Steadily growing markets" segment to identify new markets for the product group "04 Milk and dairy products".

According to the results of 2021, the volume of imports of the product group "04 Milk and dairy products" from Ukraine to international markets amounted to 0.4% of the volume of world imports for this product group. Accordingly, the ranking of the Ukrainian market in world exports was 52nd in the product group "04 Milk and dairy products".

Within the category of "Steadily growing markets", segmentation was carried out according to the parameters "Average distance between partner countries with all importers" and "Distance between the partner market and the Ukrainian market" in order to determine the markets for the product group "04 Milk and dairy products".

As a result of the grouping by the parameter "Difference between the average permissible distance for the international market and the Ukrainian market, km", 36 markets out of 84 available markets are "Remote markets" (the difference between the average distance between partners in the international market and the distance to the Ukrainian market is more than 5000 km). 28 international markets belong to the segment "Medium distant markets" (the difference between the average distance between partners in the international market and the distance to the Ukrainian market is in the range of 150 – 5000 km), 18 markets belong to the segment "Close markets" with a distance that corresponds to the parameter "Distance between partner market and Ukrainian market = Average distance between partner countries with all importers" in the product group "04 Milk and dairy products" (Table 5).

Table 5. Segmentation of international markets that are growing steadily by the average distance between partner countries, Ukraine's market - partner market

Segment name	Number of regional markets included in the segment	Segmentation feature "Difference between the average permissible distance for the international market and the Ukrainian market, km"	Market share of the segment, %
Highly remote markets	36	More than 5000	42,9
Medium remote markets	28	150 – 5000	33,3
Near markets	20	0 – 150	23,8
Total	84		100

Source: author's development

The share of markets in the "Highly remote markets" segment is 42.9% of the total number of markets in the segment under study.

The segment "Medium distant markets" includes 28 international markets with the difference between the average permissible distance between the international market and the Ukrainian market ranging from 150 to 5000 km (for the product group "04 Milk and dairy products"), the share of these markets is 33.3%.

It is not recommended to consider the markets of the segments "Highly distant markets" and "Medium distant markets" for exporting dairy products due to the too long distance between them, the short shelf life of milk, and special conditions for its preservation.

The "Nearby markets" segment includes 20 international markets based on the segmentation criterion "Positive value of the difference between the average permissible distance for the international market and the Ukrainian market, km", the share of these markets is approximately 23.8% of the "Steadily growing markets" segment. The markets of these countries should be considered for the export of dairy products due to the permissible distance for efficient supply of goods, the specifics of the product group "04 Milk and dairy products" in terms of shelf life and storage conditions (Table 6).

Table 6. Structure of the international market segment according to the parameter "Permissible distance between partner countries and the Ukrainian market", which should be considered for the export of the product group "04 Milk and dairy products", 2021

No	Name of the country	Average distance between partner countries with all importers, km	Distance between the partner market and the Ukrainian market, km	Difference between the average permissible distance for the international market and the Ukrainian market, km
1.	Belarus	1 514	791,3	722,7
2.	Bulgaria	1987	1009,6	977,4
3.	Greece	2459	1730	729
4.	Georgia	2964	1835,2	1128,8
5.	Denmark	2950	2234,1	715,9
6.	Israel	9130	3328,1	5801,9
7.	Italy	2587	2393,9	193,1
8.	Cyprus	3651	1484	2167
9.	Latvia	1319	1319,4	-0,4
10.	Lithuania	2000	1136,9	863,1
11.	Macedonia	1727	1444	283
12.	Netherlands	2088	2168,5	-80,5
13.	Norway	4193	2755,8	1437,2
14.	Poland	1945	1196,9	748,1
15.	Romania	1242	781,8	460,2
16.	Turkey	2703	2055,3	647,7
17.	Hungary	1 167	1 194,1	-27,1
18.	Finland	3144	2232,1	911,9
19.	France	2860	2691,2	168,8
20.	Sweden	2770	2673,4	96,6

Source: Trade statistics for international business development (2021)

The markets of this segment should be considered for the export of dairy products, except for the markets of Belarus and Hungary, since in the context of martial law in Ukraine, the Republic of Belarus supports the actions of the aggressor country, the Russian Federation, and Hungary has an ambiguous position on the problem of Russia's military invasion of Ukraine. Therefore, we recommend excluding the markets of Belarus and Hungary from the list of potential markets for the export of Ukrainian dairy products.

As a result of the segmentation by the parameter "Permissible distance between partner countries and the Ukrainian market", it was decided to conduct further research on possible markets for the export of milk and dairy products among the category "Nearby markets".

Within the category "Nearby markets", segmentation was carried out by the average export tariff (estimated) applied by the respective market (Table 7).

Table 7. Segmentation of international markets by the average tariff (estimated) for exports applied by the respective market, 2021, %.

№	Country	Average tariff (estimated)%
1.	Bulgaria	6,7
2.	Greece	6,7
3.	Georgia	0
4.	Denmark	6,7
5.	Israel	10,7
6.	Italy	6,7
7.	Cyprus	6,7
8.	Latvia	6,7
9.	Lithuania	6,7
10.	Macedonia	10,7
11.	Netherlands	6,7
12.	Norway	10,7
13.	Poland	6,7
14.	Romania	6,7
15.	Turkey	10,7
16.	Finland	6,7
17.	France	6,7
18.	Sweden	6,7

Source: Trade statistics for international business development (2021)

Among the above sample of international markets, according to the parameter "Average tariff (estimated) for exports applied by the market", we recommend choosing the markets

of the European Union with a stable indicator of 6.7 for the export of the product group "04 Milk and dairy products".

Therefore, based on the results of international marketing segmentation, we recommend that domestic enterprises consider the following international markets with favorable conditions for doing business: Bulgaria, Cyprus, Denmark, Finland, France, Greece, Italy, Latvia, Lithuania, the Netherlands, Poland, Romania, Sweden, and the Netherlands.

The markets of Israel, Macedonia, Norway, and Turkey demonstrate a higher parameter "Average tariff (estimated) for exports applied by the market" – 10.7, but these markets have unsatisfactory other indicators (Table 8).

Table 8. Segmentation of international markets by the parameters "Doing Business Rating, Assessment of Favorable Conditions", "Trade Balance, thousand dollars", 2021

No	Country	Assessment of the favorable business environment	Trade balance, 2021, thousand dollars	
1.	Greece	79	-664	Markets with favorable business environment segment
2.	Bulgaria	61	-1 553	
3.	Italy	58	-14 179	
4.	Romania	55	3 445	
5.	Cyprus	54	0	
6.	Netherlands	42	-32 193	Markets with less favorable business environment segment
7.	Poland	40	-86 023	
8.	France	32	-15 449	
9.	Finland	20	-1 610	
10.	Latvia	19	12 273	Markets with unfavorable business environment segment
11.	Lithuania	11	-2 489	
12.	Sweden	10	-1 739	
13.	Denmark	4	1 193	

Source: Trade statistics for international business development (2021)

A higher score in the index reflects the quality and simplicity of business regulation and the quality of property rights protection. The purpose of analyzing this parameter is to study the impact of government regulation of business on the economic growth of Ukrainian enterprises.

The markets of Greece, Bulgaria, Italy, and Romania demonstrate a high assessment of favorable business conditions during the research period, i.e. they are in the segment "Markets with favorable business conditions", with a rating ranging from 55 to 79. Therefore, these markets should be considered as promising for Ukrainian producers of the product group "04 Milk and dairy products".

The segment "Markets with less favorable business conditions" includes the markets of the Netherlands, Poland, France, and Finland, with a rating of 20 to 42. Therefore, these

markets can be considered as promising for Ukrainian producers of the product group "04 Milk and dairy products".

It is important for Ukrainian producers of the product group "04 Milk and dairy products" to systematically investigate the segment "Markets with unfavorable business conditions", which currently includes the markets of Latvia, Lithuania, Sweden, Denmark, and the index of favorability may change, and new opportunities for Ukrainian agricultural enterprises will appear.

Analyzing the markets by the Trade Balance parameter, we can conclude that the Cypriot market demonstrates a passive position in 2021 on the world market for the product group 04 Milk and dairy products, so we do not recommend considering it as a potential market for domestic enterprises.

The Romanian market demonstrates a positive trade balance, which means that exports of 04 Milk and dairy products exceed imports (the country sells more than it buys).

The markets of Greece, Bulgaria, Italy, the Netherlands, Poland, France, and Finland show a negative trade balance, which means that imports of the product group "04 Milk and dairy products" exceed exports, and they buy more than they sell. These markets are attractive for domestic producers of milk and dairy products to enter.

Thus, as a result of the international marketing segmentation of more than 160 markets, the markets were grouped according to the state and degree of uniformity of the agricultural sector development, the existence of demand for them was determined, and it was recommended that Ukrainian producers of milk and dairy products make marketing decisions to enter the markets of the European Union: Greece, Bulgaria, Italy, the Netherlands, Poland, France, and Finland.

This choice was due to the fact that, in accordance with the terms of the Deep and Comprehensive Free Trade Area (DCFTA) between Ukraine and the EU, the EU import duty rate for part of the product group "04 Milk and dairy products" (including cheeses of all kinds and cottage cheese, whey) was reduced to 0%. The remaining items are subject to tariff quotas under which duty-free exports are carried out (the EU import duty rate is 0%). In particular, the following duty-free tariff quotas apply (Table 9):

Table 9. Conditions for duty-free export of goods of the product group "04 Milk and dairy products"

Name of the product of the product group "04 Milk and dairy products"	The volume of exports subject to the following duty-free tariff quotas
Milk, cream, condensed milk, and yogurt	8000 tons per year - with a gradual increase over 5 years to 10000 tons per year
Milk powder	1500 - 5000 tons per year
Butter/milk pastes	1500 - 3000 tons per year
Processed dairy products	2000 tons per year
Processed butter products	250 tons/year

Source: Export of milk and dairy products to the EU: first steps

Duty-free tariff quotas do not imply a ban on exports, but if the quota is exceeded, EU import duty rates are applied.

The administration of tariff quotas within which exports of the product group "04 Milk and dairy products" to the EU markets are carried out on the basis of two principles:

- "first come, first served" (processed cream products; processed milk products; processed butter products).

- through the system of import licenses (milk powder, milk, cream, condensed milk, and yogurts; butter and milk pastes).

Information on the current balances of tariff quotas for the EU markets, which are managed on a first-come, first-served basis, is available online in the relevant section on the official portal of the European Commission.

Access to the EU market for dairy products from Ukraine was opened on January 11, 2016. At that time, the first 10 Ukrainian producers received permission to export dairy products to the EU market. As of September 2017, the number of approved exporters from Ukraine to the EU increased to 19.

In 2016-2017, Ukrainian exporters were most active in using duty-free tariff quotas for butter/milk pastes and milk powder. In particular, in 2016, the tariff quota for butter and dairy pastes was used at 46%, and for milk powder - at 30%. In the first half of 2017, these quotas were utilized by 50% and 13.6%, respectively. In 2017, the use of duty-free quotas for milk, cream, condensed milk, and yogurt also started. In addition, supplies of whey and cheese (which are not subject to tariff quotas) began. The main consumers of Ukrainian dairy products in 2016 were Poland, the Netherlands, and Finland. The main trading partners of Ukraine in 2022 are Poland, the Netherlands, and Moldova.

4. Conclusion

Based on the results of the international marketing segmentation, a scientific and methodological approach to identifying convergent markets for the export of the commodity group "Milk and dairy products" from Ukraine has been developed.

The proposed approach is based on the use of the parameter grouping method, where the following indicators were chosen as parameters: "Share of agricultural products in total GDP", "Average distance between partner countries with all importers", "Distance between the partner market and the Ukrainian market", "Difference between the average permissible distance for the international market and the Ukrainian market, km", "Average tariff (estimated) for exports applied by the relevant market", "Assessment of favorable business conditions", "Trade balance".

As a result of applying the proposed approach, foreign markets have been identified that demonstrate favorable conditions for doing business there, which indicates the existence of convergent conditions that are a prerequisite for the formation of sustainability strategies for domestic enterprises in the international markets of Greece, Bulgaria, Italy, the Netherlands, Poland, France, and Finland.

To formulate sustainable strategies for international marketing segmentation, Ukrainian companies should combine various parameters and indicators to identify convergent markets.

References

- Kotler, F., Keller, K., & Pavlenko, A. (2008). *Marketing management*. Kyiv: Ximdzhest [in Ukrainian].
- Kotler, F., Kartadzhaiia, Kh., & Setiavan, A. (2021). *Marketing 4.0. From traditional to digital*. KM-Buks [in Ukrainian].
- Pavlenko, A., & Voichak, A. (2003) *Marketing*. Kyiv: KNEU [in Ukrainian].
- Solntsev, S. (2011). Features segmentation industrial market. *Efficient economy*, 5. Retrieved from: <http://www.economy.nayka.com.ua/?op=1&z=561> [in Ukrainian].
- Kudenko, N. (2006). *Strategic marketing*. Kyiv: KNEU [in Ukrainian].
- Cyhankova, T. (2004). *International marketing: theoretical models and business technologies: Monograph*. Kyiv: KNEU [in Ukrainian].
- Hort, M. (1962). *Diversification and integration in American industry*. Princeton: Princeton University Press [in English].
- Robertson, R. (2003) *Globalization or glocalization. Globalization. A critical concept in sociology*. Volume III. London, 31–51. [in English].
- Jaquemin, A., & Berry, C. (1979) *Entropy Measure of Diversification and Corporate Growth II The J. of Industrial Economics*. (Vol. 27. issue 4), 359–369. [in English].
- Tanasiichuk, A., Kovalchuk, S., Otylvanska, G., Andrushkevych, Z., & Sokoliuk, K. (2021). Influence of Structural Processes in the Economy of Ukraine on Marketing and Logistical Processes of Domestic Enterprises. *European Journal of Sustainable Development*, 10 (2). Retrieved from: <https://doi.org/10.14207/ejsd.2021.v10n2p187> [in English].
- Tanasiichuk, A., Hromova, O., Abdullaieva, A., Holovchuk, Y., & Sokoliuk, K. (2019). Influence of Transformational Economic Processes on Marketing Management by an International Diversified Conglomerate Enterprise. *European Journal of Sustainable Development*, 8(3), Retrieved from: <https://doi.org/10.14207/ejsd.2019.v8n3p448> [in English].
- Zozulov, O. (2008) Types of the positioning goods and brands in the consumer market. *Marketing in Ukraine*, 6, 49-52. Retrieved from: <http://irbis.kneu.kiev.ua:8080/bitstream/2010/4437/1/49%20-%2052.pdf>. [in Ukrainian].
- Kovinko, O., Kovalchuk, S., & Lisovskyi I. (2018) The role of digital marketing in enhancing international business activities of enterprises. *Marketing and digital technologies*, 1, 55–74. [in Ukrainian].
- Kovinko, O. (2017) *Marketing in the context of international diversification of business activities*. Kyiv: KNEU [in Ukrainian].
- Larina Ya. (2017) *Innovation and marketing strategies of enterprises in the innovative food products market. Annals of Marketing Management & Economics*. (Vol. 3. issue 1), 33-47. [in English].
- Ferris, P., Bendl, N., Pfalfer, F., & Reibshtein D. (2009). *Marketing metrics: More than 50 metrics that are important for every manager to know*. (Y. V. Taranenko, Trans.). Dnipro: Balance Business Books, [in Russian].
- ICC/ESOMAR International Code of Practice for Market and Social Research. (2016). Retrieved from: <https://www.esomar.org/uploads/public/knowledge-and-standards/codes-and-guidelines/ICCESOMAR Code Russian .pdf>. [in Russian].
- International standards of marketing research. Official website of the Ukrainian Marketing Association. Retrieved from: <http://uam.kneu.kiev.ua/eng/content/standarts/esomar/1.php>. [in Ukrainian].
- Fedorchenko, A. & Okunivca, O. (2015) *Internal marketing of an enterprise: theory, methodology, and practice*. Kyiv: KNEU [in Ukrainian].
- Trade statistics for international business development. Retrieved from: <http://www.trademap.org>. [in English].
- Global economy. Retrieved from: <http://www.theglobaleconomy.com/rankings/happiness/> [in English].
- Export of milk and dairy products to the EU: first steps. (2017) Retrieved from: <https://eu-ua.kmu.gov.ua/eksport-yes/moloka-ta-molochnoi-produktsii> [in Ukrainian].