

**Kyiv National University of Trade and Economics**  
**Department of international economic relations**

**FINAL QUALIFYING PAPER**

**on the topic:**

**“Organization of Advertising of a Foreign Economic Activity Enterprise”**

**(based on the data of JSC “Lantmannen AXA”, Boryspil)**

Student of the 2<sup>nd</sup> year, group 5a,  
speciality 073 «Management»,  
specialization «Management of  
foreign economic activity»

\_\_\_\_\_ Ivanenko Zhanna

Scientific adviser  
Doctor of Economics,  
Professor

\_\_\_\_\_ Kalyuzhna Nataliya

Manager of the program  
Candidate of Sciences (Economics),  
Associate Professor

\_\_\_\_\_ Kravets Kateryna

**Kyiv 2018**

**Final qualifying paper: 96 p ., Illustrations - 10, Tables - 24, appendices - 1, references - 73**

**The object of investigation** is a process of organizing the advertising activity of a company.

**The subject of investigation** is a set of theoretical, methodical and practical developments related to optimizing the advertising activity at JSC "Lantmannen AXA".

**Enterprise that is a basis for writing master diploma work** is JSC "Lantmannen AXA".

**Purpose of final qualifying work** – is the investigation of modern theoretical foundations and methods of advertising work. As well as developing practical recommendations for improving the advertising activities at JSC Lantmannen AXA in order to increase efficiency and consumer demand.

**Task:** to study the essence of advertising activity at the enterprise; to define the features of the organization of the advertising on a foreign economic activity enterprise; to determine the methodological approaches to assessment of the effectiveness of advertising activity of the enterprise; to give a general characteristic example of the JSC "Lantmannen AXA" by the economic and financial activity of the enterprise assessment; to analyze of the enterprise foreign economic activity; to assess the current advertising activity of "Lantmannen AXA"; to develop the activities to optimize advertising activity of the enterprise; to consider using the integrated marketing plan as a tool to optimize advertising activity "Lantmannen AXA"; to forecast changes in the economic activity of the enterprise basing on proposed measures.

**Methods of investigation:** axiomatic (basing on existing general theoretical positions); analysis and synthesis (researching the methodological approaches to assess the effectiveness of the advertising activity); method of comparison and generalization (analysis of financial and economic activity of the enterprise); methods of economic and mathematical modeling (forecast of the changes in efficiency of adverting activity on the enterprise).

**In the introduction** to the work the actuality and the practical value of the chosen topic are explained; the purpose and the urgency of its practical significance are formulated, the research object, the subject of research and its tasks are represented. Also methodological and theoretical part of the study, methods that were used in the work are descried.

**In the first part of work** "Theoretical basis of advertising activity" the essence of advertising activity at the enterprise is defined. There is features of organization the advertising on a foreign economic activity enterprise. The methodological approaches to assessment the efficiency of advertising activity are represented.

**In the second part** of the work "The advertising activity analysis of JSC "Lantmannen AXA" the financial and economic activity of JSC "Lantmannen AXA" are analyzed, the analysis of foreign environment of the company is provided. The diagnosis of the current advertising activity is assessed.

**In the third part** of the work "Improvement of the advertising activity of Lantmannen AXA" the activities to optimize the advertising activity JSC "Lantmannen AXA" are proposed. The integrated marketing plan is developed. Forecasted changes in the economic activity of the enterprise based on the developed advertising activity plan are provided.

**Conclusions and proposals** contain theoretical generalization and ascertain solutions to the given scientific problem, the essence of which is in the comprehensive

study, assessment and effective management of advertising activity in the researched company.



## АНОТАЦІЯ

### **Іваненко Ж. Організація рекламної діяльності на підприємстві-суб'єкті ЗЕД**

Випускна кваліфікаційна робота на здобуття освітнього ступеня магістра за спеціальністю 073 “Менеджмент”, спеціалізацією “Менеджмент ЗЕД”. Київський національний торговельно-економічний університет, 2018.

У випускній кваліфікаційній роботі визначено сутність рекламної діяльності підприємства, розглянуті особливості організації рекламної діяльності на підприємстві-суб'єкті ЗЕД. Представлено методологічні підходи до оцінювання ефективності рекламної діяльності.

Проаналізовано фінансово-господарську діяльність ПрАТ «Лантманнен Акса», проведено аналіз зовнішнього середовища діяльності досліджуваного підприємства. Проведено оцінку рекламної діяльності підприємства з метою виявлення шляхів її оптимізації.

Запропоновані шляхи оптимізації рекламної діяльності на ПрАТ «Лантманнен Акса». Розроблений інтегрований маркетинговий план як засіб оптимізації рекламної діяльності на досліджуваному підприємстві. Зрогнозовані зміни у господарській діяльності підприємства на основі розробленого плану рекламної діяльності.

Ключові слова: рекламна діяльність підприємства, інтегрований маркетинговий план, оцінка ефективності рекламної діяльності, медіа планування, зовнішньоекономічна діяльність, менеджмент комунікаційної діяльності на підприємстві.

## ABSTRACT

### **Ivanenko Z. Organization of advertising of a foreign economic activity enterprise.**

Qualifying work for obtaining a master's degree in specialty 051 "Economics", specialization 073 "Management", specialization "Management of foreign economic activity". Kyiv National University of Trade and Economics, 2018.

In the final qualifying work the essence of the advertising activity at the enterprise is determined, the features of the organization of advertising activity on a foreign economic activity enterprise are considered. Methodological approaches to assessment the efficiency of advertising activity are presented.

The financial and economic activity of JSC "Lantmannen AXA" is analyzed, external environment of the activity of the investigated enterprise is analyzed. An evaluation of the company's advertising activity is conducted in order to identify ways to optimize it.

Activities to optimize advertising activity of "Lantmannen AXA" are proposed. An integrated marketing plan is developed as a as a way to optimize advertising activity at the investigated enterprise. Estimated changes in the economic activity of the enterprise based on the developed plan of advertising activity.

Key words: advertising activity of the enterprise, integrated marketing plan, assessment of advertising activity effectiveness, media planning, foreign economic activity, management of communication activity at the enterprise.

## CONTENTS

<b>INTRODUCTION</b> .....	3
<b>PART 1. THEORETICAL BASIS OF ADVERTISING ACTIVITY</b>	
1.1. The essence of advertising activity at the enterprise.....	5
1.2. Features of organization the advertising on a foreign economic activity enterprise.....	13
1.3. Methodological approaches to assessment the efficiency of advertising activity.....	20
<b>CONCLUSIONS TO THE PART 1</b> .....	33
<b>PART 2. THE ADVERTISING ACTIVITY ANALYSIS OF JSC “Lantmannen AXA”</b>	
2.1. General characteristic of “Lantmannen AXA” activity.....	35
2.2. The analysis of enterprise foreign economic activity.....	44
2.3. Assessment of the current advertising activity at “Lantmannen AXA”.....	52
<b>CONCLUSIONS TO THE PART 2</b> .....	60
<b>PART 3. IMPROVEMENT OF THE ADVERTISING ACTIVITY OF “Lantmannen AXA”</b>	
3.1. Proposals to optimize advertising activity of “Lantmannen AXA”.....	63
3.2. Integrated marketing planning as a way to optimize advertising activity of “Lantmannen AXA” .....	71
3.3. Forecasted changes in the economic activity of the enterprise based on the developed advertising activity plan.....	79
<b>CONCLUSIONS TO THE PART 3</b> .....	87
<b>CONCLUSIONS</b> .....	89
<b>REFERENCES</b>	
<b>APPENDICES</b>	



## INTRODUCTION

The relevance of the topic lies in the need, firstly, to assess the impact of advertising on sales volumes and the efficiency of the company's activity, and subsequently to develop ways of increasing the efficiency of using the advertising budget. Advertising activity is an integral part of the commercial and marketing activities of any trading company. In the time of high competition and increased saturation of the consumer market goods and services, it is becoming more and more valuable. Now a number of specific knowledge and tools for the advertising activity works for intensifying the sales process, stimulating the implementation of individual products, and guiding the process of customer service.

Advertising costs huge money. The 30-second TV ad in Ukraine costs around 20 000 UAH and it is only for a broadcasting once without even creating this ad material. Paying this amount of money, the company must be sure that it is going to work and that it can reach its target audience in the most accurate way.

Advertising plays many roles as a teacher, dictator, and preacher. Jacques Siegel, Maestro of Advertising, said: "Advertising has long been not just a word in trade. This is a word in politics, a word in public relations, a word in morality. "

An important scientific contribution to the development of the advertising activities problems was made by such domestic and foreign researchers: U. Arens, D. Bernet, K. Bove, S. Broadbent, I. Vikentyev, A. Voicac, N. Gasanenko, A. Dayan, O. Dobryansky, S. Kaistruck, G. Carter, L. Cooke, F. Kotler, G. Pocheptsov, I. Rozhkov, Y. Romat, C. Rotzol, I. Sandig, W. Wells, V. Freiburger, R. Schmalenci and others.

Taking into account the important role of advertising in the commercial activity of a trading company, the need to have skills of using the effective advertising tools within the limits of budgeting, understanding the correlation between advertising and sales, the topic "Organization of advertising activity of the



foreign economic activity enterprise” on the example of JSC “Lantmannen AXA” was determined.

The purpose research – is the investigation of modern theoretical foundations and methods of advertising work. As well as developing practical recommendations for improving the advertising activities at JSC Lantmannen AXA in order to increase efficiency and consumer demand.

To achieve the intended goal, the following tasks were set:

- study the essence of advertising activity of the foreign economic activity enterprise;
- define the features of the organization of the advertising activity;
- determine the methodological approaches to assessment of the effectiveness of advertising activity of the enterprise;
- give a general characteristic example of the JSC “Lantmannen AXA” by the economic and financial activity of the enterprise assessment;
- analyze of the enterprise foreign economic activity;
- assess the current advertising activity of “Lantmannen AXA”;
- develop the proposals to optimize advertising activity of the enterprise;
- consideration of using the integrated marketing plan as a tool to optimize advertising activity “Lantmannen AXA”;
- forecast changes in the economic activity of the enterprise basing on proposed measures

The object of research is a process of organizing the advertising activity of a company.

The subject of research is a set of theoretical, methodical and practical developments related to optimizing the advertising activity at JSC “Lantmannen AXA”.

The information base of the research includes: the legal and regulatory acts regulating advertising activity, data published on the websites of the Ministries of Ukraine, foreign enterprises and international statistical committees, SMIDA, educational literature, monographs, articles on advertising activity of domestic and

foreign authors; magazines, newspapers, leaflets, price lists for advertising, materials provided by “Lantmannen AXA”, the official site of the company.

## **PART 1**

### **THEORETICAL BASIS OF ADVERTISING ACTIVITY**

#### **1.1. The essence of advertising activity at the enterprise**

The system of marketing communications of the company aims at informing, persuading, reminding consumers about its product, supporting its sales, as well as creating a positive image of the firm.

Advertising, as a stimulation of sales, development of communications with the public, promoting through personal sales all of these ensure the communication between consumers (buyers) and the company.

The importance of advertising becomes even more obvious when we realize that it provides information within the market environment, establishes an indirect link with it, creates a real demand for goods, and is an effective tool for penetration into new markets. Moreover, the entire set of marketing and marketing communications goes together with advertising and depends on its effectiveness.

For example, due to advertising, sales promotion becomes familiar to many buyers. The purpose of advertising is to create awareness about the product and to underline the benefits of the brand, while the task of sales promotion is to set an agreement. Public relations are a good tool for advertising, especially when there is a goal to introduce a new product to the market.

As the world experience shows, advertising is only effective in the marketing complex. Since the creation of communicative solutions without consideration of the basic marketing strategy is equal to making the decisions blind.

Advertising went a long way, from the usual signage on a street to the powerful propaganda tool of our days, which is not only a source of information about the existence and location of goods and services but is an additional reason to emphasize on the quality and value of goods, and also determines the future client of a company.



With the development of society and economy, the definition of the term has changed and expanded. Different definitions reflect a variety of approaches. It is defined as a communication process; a sales process as an economic and social process that provides communication with the public, or as an information process and a convincing process depending on the point of view.

The standard definition of advertising contains six elements:

- Advertising is a paid form of communication.
- In most cases, it tells customers about the product or firm.
- Most advertisers try to motivate buyers to do something or influence them.
- A promotional message can take place in several different media, in order to reach the largest audience of potential buyers.

To summarize all the approaches to define the term that mentioned before we can say that advertising is a paid, non-personalized form of communication that is carried out by an identified sponsor and uses the media to conquer (to something) or affect the audience.

As a part of the promotional mix, advertising plays a vital role for most businesses. It makes a synergy effect for all the other components of the promotion activity. It is a so-called “multiplier” which that can leverage other elements of the marketing program.

In modern society, advertising went far beyond the informative function of the consumer. Advertising has become an activity, in the sphere of business, which affects all branches of the economy, which employs a large number of people.

Profitability and relevance are the annual increase in advertising costs, which outpaces the growth rate of GNP and inflation. For example, the total annual expenditure on advertising in the world is estimated at about 1.2 trillion dollars.

[13, p. 23]

The key to the success of an advertising business, like any other kind of activity, is high quality, professional management.

Advertising management is a system of processes: analysis, development, planning, practical implementation and control of the effectiveness of advertising measures aimed at achieving marketing goals [18, p.53].

The concept of advertising management includes:

- analysis of the market situation in order to determine the need for advertising;
- research of the target audience;
- research of the market of advertising tools;
- creating of strategy and tactics of advertising activity;
- creating of an advertising campaign plan (concept, goals, tasks, budgeting, selection of genres, methods and means of advertising, development of plans - advertising schedule);
- implementation of the advertising campaign plan;
- analysis of the effectiveness of the advertising program, the development of recommendations for adjusting the advertising campaign.

The essence of advertising management is about achieving the following goal:

- creating a positive image of the company and popularization of its products;
- informing about the advertised product and its advantages over the products of the firms of competitors;
- informing about places where it is possible to purchase the goods;
- ensuring stable sales of goods and inflow of customers;
- attraction of wholesale buyers, dealers and corporate clients;
- ensuring long-term and effective functioning of firms in a specific market segment.

Some researchers consider advertising management as a process of interaction between the main participants of an advertising activity - advertiser, advertising agency, media, and consumer.

Objects of advertising management (those for whom management decisions are directed) are consumer advertising (potential consumers, resellers, target audiences).

The main task of the advertiser is to create an advertising plan.

Advertisers are classified by the markets on which they operate and by the products they produce.

Advertisers can operate on the:

- consumer market
- industrial market,
- market of the intermediary sellers,
- market of state organizations,
- international market

In the market of consumer goods, advertising takes the first place, the second goes - sales promotion, the third - personal sales, and the fourth - public relations. However, for goods of industrial and technical purpose, consumers of which are industrial enterprises and firms the first place takes - personal sales, the second - promotion, the third - advertising and the fourth - public relations.

The role of advertising in the promotion process might be rather debatable. For example, for the sale of consumer goods, the purchase of which is usually not planned beforehand, but which are bought spontaneously (food, everyday clothes, drinks, shoes, etc.), massive advertising is necessary. For the sale of “complex” products (fertilizers, machines, complex household appliances, real estate, insurance) a much more efficient tool would be an arrangement of events connected with sales (direct marketing).

Consumers of advertising are the object of the activities in the advertising process, as well as the subject of research in the advertising field. The advertising campaign is targeted to the consumer in various media, the advertising research is carried out through studying his behavior and recommendations for advertising policies are being prepared. Consumer is the controlling force in the advertising business, since he is the one who decides to watch an advertisement or not, whether to buy a product or not.

As advertising is a diverse activity, there is a sufficiently large number of types of advertising that can be classified depending on the certain methodological



approaches. The detailed classification of the advertising classification is given in the table 1.1.

*Table 1.1*

**Classification of advertising [14]**

№	Classification trait	Types of advertising
1.	Purpose	<ul style="list-style-type: none"> <li>– Commercial</li> <li>– Social</li> <li>– Political</li> <li>– Religious</li> </ul>
2.	Ways of distribution of the advertising information	<ul style="list-style-type: none"> <li>– in the media</li> <li>– direct advertisements</li> <li>– advertising on the spot of sales</li> <li>– personal ads</li> </ul>
3.	By the nature of emotional influence	<ul style="list-style-type: none"> <li>– rational (substantive) advertising</li> <li>– emotional(associative) advertising</li> </ul>
4.	By way of the message presentation	<ul style="list-style-type: none"> <li>– solid ads</li> <li>– soft advertising</li> </ul>
5.	By the nature of the interaction	<ul style="list-style-type: none"> <li>– positive advertising</li> <li>– mass action advertising</li> <li>– stimulating advertising</li> <li>– comparative advertising</li> <li>– imitating advertising</li> </ul>
6.	By an advertising intensity	<ul style="list-style-type: none"> <li>– low intensity</li> <li>– medium intensity</li> <li>– high-intensity</li> </ul>
7.	By the subject of advertising	<ul style="list-style-type: none"> <li>– product</li> <li>– company</li> <li>– general ad</li> </ul>
8.	By the purpose of advertising	<ul style="list-style-type: none"> <li>– informative</li> <li>– convincing</li> <li>– reminding</li> </ul>
9.	By the media form	<ul style="list-style-type: none"> <li>– in print media</li> <li>– on TV</li> <li>– on the radio</li> <li>– external media</li> <li>– in specialized print media</li> </ul>

Depending on the goals, there are three types of advertising appeals [11, p. 101]:

1. informative advertising;
2. advertising-persuasion;
3. advertising reminder.

Informative advertising plays an important role in the initial stage of product promotion, when its goal is to create a primary demand.

Advertising-beliefs are gaining weight at the competitive stage, when the company seeks to create a steady demand for a particular brand of product. Most advertisements belong to this category.

Sometimes advertising-beliefs are being turned into comparative advertising, the purpose of which is to establish the benefits of a particular brand or goods by comparing one or more of its features with features of the similar goods. Using comparative advertising, the company must be sure that it has all the necessary arguments to confirm the claimed benefits and an adequate response to the claims of competitors of the competing brand.

The use of comparative advertising of an enterprise in foreign markets is justified in cases where it affects both rational and emotional motives of consumers.

The reminding ad is especially effective for the well-known brands. The purpose of the bright and very expensive "Always Coca-Cola" advertisement is not to inform but to strengthen the brand image by reminding about it.

A similar form of advertising - advertising-support, whose purpose is an attempt to eliminate the last doubt of the consumer that he made the right choice. Ads often use images of satisfied customers who purchased the advertised item [31, p. 143].

Consequently, each of these types of advertising is designed to reach a specific goal of the company.

Advertising can be either "hard" or "soft" according to the way of transmission. "Hard" advertising is very close to the means of stimulating sales and very often accompanies them. Such an advertisement has a limited purpose - to increase sales. It is usually flashy, straightforward, without half-tone, designed for instantaneous

external effect. "Soft" advertising is intended not only to inform about the product and its brand, but also to create a friendly atmosphere around this product, to surround it with a certain halo.

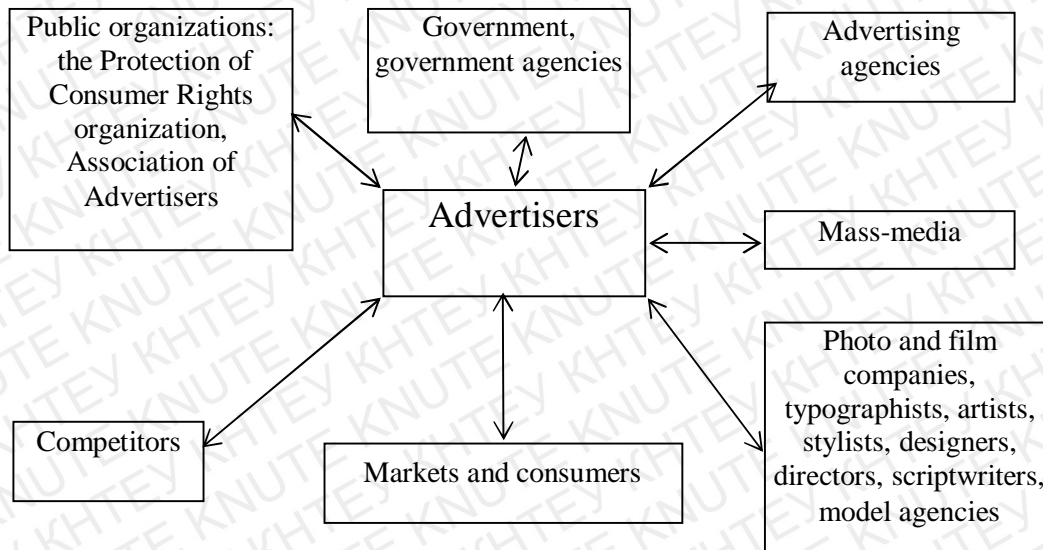
The main source of strategy development for an advertising campaign on foreign markets is a general marketing program. Proceeding from this and the goals of the advertising campaign are being formed. That determined by in what way are planned all measures to stimulate sales, which aims the company sets up regarding its consumer (its requests and needs), and where the advertising campaign should go. After all, if, for example, the goal of marketing is to increase sales, then the purpose of advertising campaign should be - to force the consumer to buy goods that means to influence him so that he would buy more. And if the goal of the advertising campaign is to consolidate the image of the company in the eyes of the consumer, then such non-achievement goals will lead to the ultimate end of the overall goal of the organization, because the goals of marketing directly derive from the overall goal of the organization [11, p. 67].

The need for taking the complex and heterogeneous functions of the company's advertising is determined by the diversity of participants and communications that arise in the process of their interaction. Participants of the advertising activity of the enterprise in foreign markets can be classified in the following way [18, p. 52]:

- 1) advertisers - individuals or organizations (companies, firms, enterprises, associations, etc.) that advertise themselves, their products or services;
- 2) advertising agencies - independent firms that receive a request of the client-advertiser and have such functions as advertising research, planning, development and conduct of advertising campaigns; production and placement of advertising materials, etc.;
- 3) owners of media (mass media, vehicles, etc.), providing a place and time for placing advertising messages that must be presented to the target audiences;
- 4) auxiliary participants - photo and film studios, printers, artists, stylists, designers, directors, scriptwriters, model agencies, psychologists, sociologists, that is, all those who help advertising agencies or advertising services companies (firms);



5) markets and consumers - target audiences that are targeted by an advertising message in order to encourage them to perform a certain action. Participants of advertising activity are shown at the picture 1.1.



Pic. 1.1 Participants of the company's advertising activity [30]

In the process of advertising activities of enterprises on the domestic and foreign markets as a result of their cooperation the relations "subject-subject" appear between the communicator (who transmits advertising information) and the recipient (the one who receives information). Between elements of the advertising process there is technological interdependence, they are in constant development. The complexity of the relationship between the advertisers, a need to ensure the qualitative performance of their functions in the preparation and implementation of advertising requires a high level of organization and management of advertising process [22, p. 45].

Advertising activity is a complex of organizational and technical advertising measures aimed at creating and maintaining the necessary level of sales, rapid response to changing market conditions, taking the necessary measures to neutralize the activities of competitors, ensuring a positive image of the company and its trademark. Advertising is a complex, multi-stage process that requires significant financial, material and intellectual resources, since advertising is an important component of business.

## **1.2. Features of organization the advertising at the foreign economic activity enterprise**

The main goal of the advertising activity is to stand out of the all the informational noise we are surrounded by nowadays. The best way to do this is to create a catchy message and image that would remain recognizable and stocked to the brand in consumers' minds. The advertising sector is so saturated and fast developing those marketers must adopt to new trends and consumers' taste extremely quickly. The audience is not interested in the ads that are cliches, dump, which do not speak to their values and interests. Before developing the advertising campaign, it is vital to have a clear vision of the targeted consumer. It is important to know one's tastes, occupation, beliefs, values and priorities.

Management of advertising activity of the enterprise in foreign markets is carried out basing on regulation, planning, organization and control of advertising activities.

Advertising activity of the company, like any other sphere of a human activity, requires some regulation. Otherwise, among the array of diverse advertising, we would receive a huge stream of completely false and even harmful advertising information. Therefore, a number of laws, supervisors, various civic organizations and even the international community regulates advertising.

As a rule, most researchers and scientists allocate 2-3 types of regulation: state, public, sometimes consumer. However, if we analyze the advertising process in detail in Ukraine and abroad, we can conclude that there are many more types of advertising controls. The main types of regulation and control of advertising activities include [11, p. 102]:

1. State regulation
2. Corporate regulation
3. Public regulation
4. Professional regulation
5. Consumer regulation

6. Moral regulation
7. Copyright regulation
8. International regulation

The main objects of state regulation are: advertising of goods and services, including those that has a potential danger to consumers; legal entities, individuals and non-residents (advertisers, producers, consumers), as well as sponsorship; the use of children and other characters for advertising; application of ungrounded statements (silent, misleading, etc.); copyright protection for promotional achievements; legal protection of trademarks, etc.

The subjects of advertising and regulation are advertiser, manufacturer, distributor, consumer of advertising, sponsor. The law proclaims the basic principles of advertising activities, which must be observed by each subject: legality, accuracy, probability, use of the state language and other languages, the use of forms and means that do not inflict moral, physical and psychological harm to the consumer of advertising. Planning of advertising activity of the enterprise in foreign markets should be associated with all sections of the business plan of the enterprise; this will help to identify clearly the place of advertising in the complex of marketing communications, based on specific pricing and commodity policies and activities related to the organization of sales of goods. The essential information in the add message is who you are, where you are and what you can offer.

Getting to the planning of advertising activities of the enterprise must take into account the many factors both subjective and objective nature.

The first factor is demographic. Marketing professionals should gather information about potential consumers, such as their place of residence, educational levels, age characteristics, family structure, income level, social status. This is explained by the fact that the decision to buy is largely determined by social affiliation, standard of living, social status of a potential buyer.

The second factor is economic. When designing an advertising plan, it is important to take into account the economic situation of potential buyers, but this is not limited to establishing a level of disposable income. People with different levels



of education, social status differently use the same amount of money. For certain segments of the population, a model of economical and mainly "basic" consumption is typical. Thus, when drawing up a marketing plan, consultation with a specialist who can provide an economic forecast for the future period should be provided. For a small company, this is a rather expensive, but a rather desirable procedure.

The third factor is technological. It is very important to evaluate the state of technological development of the company in comparison with the general level in this field. Because technology varies so often and sometimes radically that the company can easily fall behind the general level. Outdated products are extremely difficult to sell, especially in high technology, because in the presence of an information support system, the buyer is always aware of the latest innovations on the market.

The fourth factor is ecological. In recent years, various groups of activists have been organized, focusing on various aspects of environmental protection. Any enterprise belonging to the chemical or heavy industry must take into account the public's interest in environmental protection. The functions of the marketing department include the establishment of contacts of the company, enterprises with the public, including on environmental issues. It is quite difficult to determine a complete strategy in the field of environmental protection and environmental friendliness of production and production, but it is necessary to be prepared for any critical comments on the company and to provide appropriate measures.

The fifth factor is socio-cultural. Each society has its own socio-cultural environment, its own system of moral and ethical norms, so when advertising the product, one must be careful not to violate these norms. For example, the manner in which an advertisement can be presented may be a little aggressive for the listeners, but the challenge is to win their adherence. Abuse of sexual motives and other problematic aspects of society's life may be misunderstood by the audience [24, p. 101].

Advertising management combines and organizes the processes of development and interaction of the participants of advertising activities, planning and

implementing appropriate management decisions. Organization of advertising activities is a set of measures to ensure the stability of the operation of the advertising process, the organization of related between its elements.

There are some aspects that define whether the advertising activity will be effective or not. Firstly, it is important to build the right image of business within the advertisement. Especially if the brand is new, the company should pay a great attention to the brand image it creates as it is going to remain in people's mind throughout the brand's life. When the audience is acknowledged with the brand it's time to tell about the benefit of the product, convince the potential customer that first – the product can solve one's problem/satisfy needs and second – they must choose this product over its competitors.

Factors that influence the size of the company's advertising campaign budget:

1) Particularities of the advertised product and the stage of its life cycle. The experience of advertising shows that the most "advertisable" goods are vintage packaged food products, pharmaceuticals, toiletries, cosmetics and tobacco products. Switching the stages of the life cycle involves changing the role of advertising. At the first stage of the life cycle of the product, advertising is used to inform. At the stage of growth and the beginning of the maturity stage, techniques of persuasive advertising are used. At the last stages of the life cycle, reminders are used. In the vast majority of cases, informing advertising requires more than half of the total amount spent on promotional support for goods throughout its life cycle stages.

2) The volume and geographic size of the market, sales and profits of the advertiser. The size of the target market, the volume of sales and profits of the firm are factors closely related. Their influence on the size of the advertising budget is quite obvious: holding an international and nationwide advertising campaign requires much more money than advertising in a small town. It is also obvious that only a powerful company or a large industrial enterprise can fund national advertising.

3) The role of advertising in the marketing mix. The place of advertising in a marketing mix or marketing strategy also influences the amount of advertising allocations. Therefore, for the introduction of the same product on the market, the

firm can take advantage of a variety of strategies, for example, a selective penetration strategy or a strategy of aggressive marketing. In the first case, the role of advertising (the level of advertising costs) will be significantly lower than in the second.

4) Competitors expenses. In the fight against competitors for a certain market share the advertiser often proceeds from the assumption that the level of attention of consumer to his product and the product of a competitor is a certain ratio with the amount of advertising costs of both firms. Despite the fact that a larger amount of advertising costs does not always mean its greater efficiency, there is a certain logic in this approach. However, focusing only on the costs of competitors, developing advertising budget, is not quite reasonable.

5) Involvement of the top executives of the company in advertising activities. This is one of the subjective factors that determines the amount of advertising costs. Heads of firms, in addition to many other differences between themselves in the competence, experience, personal characteristics, etc., are different in advertising.

Advertising campaign is not a single flash even if very bright. This is a whole series (chain) of steps and sales-promoting activities that are carefully planned, coordinated and carried out for a certain time. Without prudent planning an advertising campaign would not find a response from consumers.

Usually in the process of an advertising campaign such concepts as product, price, channels of distribution, packaging, personal sales; service, promotion, trademark, advertising, etc. are used.

The advertising activity might be organized in two following ways:

- creation of structural divisions within the company – the advertising departments;
- involvement in the cooperation an advertising agency.

The advertising department of the company may manage the following tasks:

- explore the advertising market;
- develop and implement operational and long-term plans for advertising activities;
- organize exhibitions and presentations;



- carries out public relations activities.

Most Ukrainian companies carry out their advertising activities with the help of professional advertising agencies.

An advertising agency is a center for generating and implementing advertising ideas. They are the leading link in the advertising promotion system, because they communicate between the advertiser and the media.

An advertising department appeal to professional advertising agencies (especially when it implements the entire spectrum of advertising services) provides a systematic approach to advertising management, which ensures its effectiveness of the activity.

Media channels are mass media and other paid media (distribution channels) that exist to bring advertising to the target audience.

The complexity of planning an advertising campaign lies in the fact that often the advertising campaign can and should include not only direct advertising, but the whole range of activities to promote the product (the concept of “product” is abstract it could be products, services, brands, images, politicians, etc.).

As mentioned earlier, before the start of planning an advertising campaign, market research is being carried out, among which there are massively the following main stages:

- I. Market Analysis. (Production analysis: R & D analysis, life analysis non-cycle product; review of past commercial activities)
- II. Consumer analysis: consumer behavior; opinions and approaches; definition, desires and needs.
- III. Definition of the real time frame.
- IV. Communicative goals.
- V. Marketing targets

There are some methods for creating optimal media plans. When planning an advertising campaign, an advertising agency creates a schedule for placing an advertising message in a particular group of media or in one media. Then it's

important to determine the sequence of use of certain media, as well as the frequency of placement in them.

Suppose we are dealing with their three types - television, the press, radio. The task is to get for each of them the same number of outputs of the advertising message. Since television is the most expensive media, it turns out that about half of the funds should be spent on it. About a third of the budget goes to the press, which occupies the second place in terms of value, and the rest of it is invested. Absolutely different approaches to the distribution of the budget are possible depending on the task of the advertising campaign of the advertised product, the audience in the advertising market. Then they proceed to the next stage - optimization within the framework of one or another type of media. Consider it in more detail in relation to television. Baseline data for the media plan is determined at the very beginning of the development of the media strategy and includes information on the timing and geographic region of the advertising campaign, has a budget, a target audience for advertising, etc. These data are contained in the Media brief. As a rule, the Media brief is compiled by the advertising agency together with the advertiser at the stage of concluding an agreement.

Therefore, advertising campaign is a set of promotional activities, set of goals, that are developed to implement the marketing strategy of the advertiser convincing a given circle of consumers to action through the advertising message.

Improvement of the advertising activity of the enterprise in foreign markets is impossible without the following conditions:

- advertising information should be new and unexpected;
- especially active advertising should be used at the stages of introduction of the product to the market and the growth of sales;
- advertising should underline the features of a product, which distinguish it from competitor;
- advertising is most effective when a demand increases;
- systematic advertising: the optimal is considered a weekly submission of information.

The main form of implementation of advertising plans is an advertising campaign, that is, a set of promotional activities that are organized in accordance with a marketing strategy and program to stimulate consumer demand for goods in the relevant market segments.



### **1.3. Methodological approaches to assessment of the efficiency of advertising activity**

Nowadays there are two main approaches to assessing the effectiveness of advertising on the global market: assessment of communication efficiency and evaluation of the economic effect. The point of the advertising effectiveness evaluation differs depending on the subjects of the advertising process: an advertiser, advertising agency, advertising distributors (advertising channels), consumers. Each of them defines and evaluates the effectiveness in its own way, mainly depending on the functional objectives of the subject. Moreover, for the advertiser, the effectiveness is closely connected to the obtaining of commercial benefits, for the target consumer - to meet their personal needs and desires. Therefore, an advertiser's and a particular buyer's rating may vary. The correct assessment of the effectiveness of advertising refers to the evaluation of marketing objectives for a specific time span. Advertising can be created, with its developers, advertisers - a rating agency and advertising channels are selected correctly, and economic efficiency may be low due to the many market factors not taken into account marketing concept.

Along with this concept of efficiency in advertising, on the one hand, is closely linked to the concept of economic efficiency in general. The most common and widespread definition of the economic efficiency definition is the ratio of the economic result obtained as a result of use of the advertising tool and the costs needed for the achieving of this result.

It is necessary to have a clear idea of the three key aspects without which to talk about the practical calculation of the effectiveness of advertising does not have to [45, p.50]:

1. The effectiveness of advertising activities for various actors in the advertising market is different and manifests itself in different ways. At the same time, it is necessary to determine all that is necessary to consider or calculate during or after the completion of promotional activities. The objective aspect of this problem

lies in the fact that when developing the questions of the strategy of the advertising campaign and the creation of advertising products, it is often necessary to conduct so-called qualitative research giving the answer to the question why? (for example, why in this particular case it's better to use a woman instead of a woman in a TV movie, why use in classical music instead of pop music, or vice versa, why in a particular situation it's important to influence emotions, not mind, etc.). Answers to these questions need to be known, but they do not have a quantitative interpretation; there can not be quantitative estimates here, and consequently, the correct conclusions about quantified efficiency.

2. In a market environment, the final effectiveness of advertising activity is influenced by internal factors (the effectiveness of advertising strategy, the effectiveness of advertising products and the effectiveness of the media plan), depending on the advertiser or advertiser and his advertising agency, and external, independent of the actions of either the advertiser, or the advertiser and his agencies (market conditions, behavior of competitors, changes in consumer behavior, influence of state institutions and state policy on the consumer market, etc.). In the future, the effects of all of them separately need to be diagnosed.

3. When analyzing the effectiveness of advertising, there are a number of circumstances and constraints that must be taken into account: firstly, far from everything, and not always can be taken into account and calculated; and secondly, not all that can be counted, is subject to value assessment; Thirdly, it is not always possible to accurately determine the result obtained as a result of the implementation of advertising, and not other marketing measures.

The control of the advertising campaign results is part of the marketing control. In the process of control, it is assumed periodic comprehensive or in some sense objective inspection of the company's advertising activities, that is, comparison of the planned actually obtained indicators.

Here are the purposes of the advertising activity control:

- analysis of correspondence of target and objectives of the advertising activity to the target and objective of marketing in a particular organization;
- comparing of the difference between the planned and actual expenditures on the advertising activity;
- determination of the results achieved as a consequence of activity;
- development of measures to improve the advertising activity in the future.

Steps of controlling the advertising activity:

1. Carrying out a revision, that is, situational analysis, which could give an overall image of the advertising campaign. As a result, it gives an opportunity to have a point for calculations or a base for comparison. At this stage, the actual relevance of indicators at the time of analysis becomes estimated.
2. Establishment of planned quantities and standards (goals and norms). It is necessary to define what advertising is given for which product, for what target group and when.
3. Measurement of the actual results achieved for a certain period (day, week, month, quarter, year).
4. Comparison of actual results with planned and standard.

Analysis of the compared results that allows to make changes in the planned values and standards or in the course of an advertising campaign.

The purpose of the results control of the firm's activities is:

- control of the influence on the sale of goods of those promotional events that were planned during the elaboration of the company's advertising campaign;
- control of the communicative indicators of consumers' attitude to the company, its products, advertising appeals and mass media used during the advertising campaign;
- control of advertising service expenses on its activities;



- control of expenses from the budget for carrying out of an advertising campaign;
- control the scheduling for displaying an advertisement to the target audience;
- control of the conduct of presentations, fairs, exhibitions, etc. and expenses for these activities.

The main task of control is checking the correctness and effectiveness of the concept of marketing and strategy of commodity sales, including advertising activities. The check is carried out by comparing the planned and actual (real) values of the indicators and specifying the factors of the deviations. This can be the control of both economic indicators and communicative results. The basis of comparison can be data for past periods, data of other firms.

Control is divided into pretest and posttest. At the preliminary stage of the development of an advertising campaign there is a prediction of indicators (economic and communicative), which is the subject of the pretest. Post testing is carried out during and after an advertising campaign.

By the nature of the goals that the firm puts in control, the latter is classified as a control of the results and revision.

In turn, the control of the results of the advertising campaign is divided into current and tactical. The current is happening daily, and its results can be counted daily, weekly, month, quarter. Tactical control covers a significant number of indicators for the whole year. There may also be strategic control that analyzes data over a period of more than one year. This control is close to the audit objectives.

Audit of advertising activity is part of the audit of marketing of the firm.

During the audit of advertising activities, firms receive answers to the following questions:

- Whether the goals of the advertising campaign are consistent with the marketing goals and strategy of the firm;
- Whether the goals and results, which were planned during the development of advertising campaigns, correspond to the actual results;
- which alternative measures of advertising nature were rejected and why;

- what are the disadvantages of advertising services?
- Whether the budget of the advertising campaign corresponds to the actual expenses;
- how systematically the control of advertising campaign activities is carried out;
- Is the advertising service sufficient enough to plan its activities in detail?
- Are the findings of the effectiveness of the advertising campaign sufficiently substantiated?
- Whether the qualification of the advertising staff corresponds to the tasks facing her, and so on.

Marketing control, including advertising activities, should be carried out by a specially appointed person with the education of a marketer (advertiser) or even an entire department (control group). They can act independently or as part of marketing (advertising) services. Their presence is obligatory in a civilized market. Control plays a dual role: it records the progress of the implementation and monitors the deviations during the campaign. All this is aimed at improving the effectiveness of advertising activities of the company.

Determining the effectiveness of advertising - a necessary condition for the proper organization and planning of advertising campaigns, rational use of labor and material resources spent on advertising.

The effectiveness of an advertising campaign depends on both internal and external factors.

The internal group includes:

- consistency of marketing and advertising strategies;
- the justification of the advertising concept, reflected in all advertising strategies;
- the quality of the creative idea, its technical implementation in advertising products;
- the validity of the media plan of the advertising campaign;
- quality of production of all advertising products;

- sufficient budgeting in an advertising campaign, which should not have "failures" in the period of increasing influence on the target audience.

The group of external factors include:

- influence of market conditions;
- advertising activity of competitors and their reaction to the conducted advertising campaign;
- Change in consumer behavior in connection with the emergence of new products and offers;
- level of awareness and loyalty of the target consumer segment;
- change in demand due to macroeconomic factors.

Distinguish the economic effectiveness of advertising and the effectiveness of the psychological impact of individual means of advertising on the consciousness of man (attracting attention to advertising, fixation in memory, etc.). Moreover, the psychological impact is more productive if it forces potential consumers to make a purchase. Thus, the economic effectiveness of advertising depends on the degree of its psychological impact on a person.

The economic effectiveness of advertising is often determined by measuring its impact on the development of trade turnover. The most accurately determine the effect of the advertisement, it is possible only if the increase in sales of goods occurs immediately after the impact of advertising. This is most likely in the case of advertising of new everyday goods. At the same time, buyers of expensive durable goods usually precede mandatory considerations. In this case, the effect of advertising may not be immediately apparent.

It should be borne in mind that in addition to advertising for the sale of goods, its quality and consumer properties, price, appearance, as well as the location of the trading company, the level of customer care culture, the availability of similar products or products are indicated.

At the level of the advertising service of the company is controlled, as a rule, solving the tasks of tactics advertising activities of the company. Tactical control is aimed at determining the optimal variants of advertising appeals, their means of



distribution, channels of communications and advertising media. Solving these tasks is usually preceded by an advertising campaign. The pre-control tool for the elements of an advertising campaign is pre-testing.

Another direction of tactical control of advertising activities of the company is to determine the effectiveness of specific advertising campaigns after their conduct.

The effectiveness of advertising - this is the degree of action of advertising tools for consumers in favor of the manufacturer or reseller, which is determined before and after the transfer of advertising appeal. Depending on the object of the influence of advertising and the means used in this, distinguish the following types of advertising effectiveness: the cost-effectiveness of advertising; psychological or communicative (informational) effectiveness of advertising [30, p.50].

The cost-effectiveness of advertising is determined by the ratio of results obtained from advertising to the cost of advertising costs for a certain period of time. It largely depends on and is determined by the goals that are placed before the advertising activities directly in the process of planning the advertising activities of the enterprise. Economic or valuation methods of determining the effectiveness of advertising are divided into two categories: direct and indirect [31, p.11].

The methods of direct evaluation depend on the nature of the impact on consumers of impressions of advertising and have three options:

- a) methods for evaluating direct or immediate impressions (for direct influence of the image of advertising);
- b) methods of evaluation of mediated or transformed in the light of the experience of impressions from advertising (for the formation of the image of the company giving the ad);
- c) methods of comparative evaluation (for cases of comparison of the studied advertising with known and already evaluated).

These options apply to such studies as:

- testing with the aim of choosing the best option for their advertisements;
- comparison of the company's new advertising campaign with the previous one;

- analysis of competitors' advertisements.

Indirect methods of evaluating the effectiveness of advertising measures are based on the definition of such parameters, which are related to advertising, but are approximate. They in turn are divided into three groups:

- 1) based on survey method;
- 2) comparative methods;
- 3) calculation methods.

In various modifications indicators of communicative effectiveness of advertising are determined to measure the degree of perception of new products. Specialists have developed a variety of advertising impact indicators, which measure the percentage of readers or observers who, after the completion of an advertising campaign, can identify an advertisement or message, remember the brand and at least one of the visual elements of the text message. The effectiveness of the impact of advertising is determined on the basis of many indicators, but most often use three, obtaining them through interviewing consumers:

- indicator of visibility - characterizes the number of readers who, when referring to a particular product, indicate that they have seen his advertisement in print or other media;
- the indicator is proved by "statement" - characterizes the number of readers who are able to correctly convey the content of the advertisement and confirm the reality of the ability to remember;
- recognition indicator - characterizes the number of readers who recognize the message when it is displayed.

The concept of advertising effectiveness includes two components: economic efficiency and psychological efficiency

*Table 1.5*

**Levels of influence of advertising on foreign markets [18]**

Levels of influence	Essence
Cognitive level	Affects the change of knowledge of the company about its products and services.
Level of affection	Affects the formation of a positive attitude towards the manufacturer
Conducting Level	Influences on the formation of intentions to get in touch with a firm, to purchase

its product
-------------

The economic effectiveness of advertising on foreign markets is an economic result obtained out of use of an advertising medium or the organization of an advertising campaign. It is defined as the ratio between profits (advertising revenue from additional trade turnover) and advertising costs.

Psychological efficiency - the degree of influence of advertising on consumers (attracting customers' attention, memorability, influence on the motive of purchase, etc.).

These concepts are interconnected, but their criteria are different (in the first case - this is the volume of sales, in the second - the psychological characteristics of the perception of advertising by its addressee). Measure metrics to determine the effectiveness of advertising are held "before" and "after" the campaign. If the product is new, then the initial values are assigned zero values.

The psychological effectiveness of the influence of advertising on foreign markets can be estimated on the basis of these indicators [22, p. 98]:

- degree of reach of the target audience;
- knowledge of the advertised brand / product (active, passive);
- understanding, recognition, memorable elements of advertising message;
- Intent to buy, to use the advertised product;
- general attitude towards advertising;

There are various methods of collecting information on the effectiveness of advertising activities (observation, experiment, various types of surveys: telephone, apartment, outdoors, etc.), each of which has its advantages and disadvantages. Such studies should be aimed at obtaining specific information on the interconnection of factors affecting consumers and the purpose of advertising, to determine the conditions and channels of its optimal impact. Measuring the effectiveness of activities is a complex task. For the overall assessment, determine:

- how much the message was adequate to the goals of the promotion?
- is the target group correctly identified?
- are the channels selected correctly to influence the target group?



There are two main approaches to this:

1. Method of assessing communication efficiency - conduct surveys before and after the stimulus measures, compare the degree of consumer awareness and change their attitude to the product and its manufacturer,
2. The method of measuring trade efficiency - compares sales before and after the stimulation of demand, as well as costs and additional income.

Since advertising has a multidirectional impact, then the evaluation of the results from its application is required for groups of economic and psychological indicators.

Economic performance: profitability, efficiency. The effectiveness of psychological impact is characterized by the number of consumers' coverage, the brightness and depth of the impression that these tools leave in the memory of man, the degree of attention.

Relative economic evaluation of the effectiveness of advertising on foreign markets is to compare:

- 1) the volume of sales or revenue before and after the advertising campaign;
- 2) the ratio of income received with allocations for advertising.

Usually, the advertiser is primarily interested in the cost-effectiveness of advertising, that is, the impact of the used advertising funds on the turnover and profit.

For the calculation of economic efficiency specialists are offered the following methods:

Calculate profitability (advertising), see formula 1.1.

$$P = (P / C) * 100\%, \quad (1.1)$$

where P - profit obtained from advertising;

C - the cost of advertising.

Calculation of the economic effect of advertising - this is the ratio between the profits derived from the additional turnover caused by advertising measures and advertising costs, formula 1.2:

$$E = At * Tm / 100 - (AdvE + Ade), \quad (1.2)$$

where E is valued in monetary units;

At - additional commodity circulation (in monetary units);

Tm - trade margin per unit of goods (a percentage of the selling price);

AdvE- advertising expenses (in monetary units);

Ade - additional expenses (in monetary units).

The result of advertising can be positive, negative or neutral.

Calculation of additional trade turnover (in monetary units), formula 1.3:

$$Td = AdT * IdT * D / 100, \quad (1.3)$$

where AdT – is an average daily turnover before the beginning of the advertising campaign (in monetary units);

IdT - relative increase in average daily turnover for the advertising period compared with "before the campaign" (it is considered as a percentage);

D - the number of days of the promotional period.

The cost-effectiveness of advertising can also be estimated by the method of target alternatives, by comparing planned and actual indicators evaluated as an investment in a campaign, formula 1.4:

$$CE = (Ppr - C) / (Ppr - C) * 100\%, \quad (1.4)$$

where CE - in percents;

Apr - actual profit for the period of advertising (in monetary units);

Ppr - planned profit.

C - the cost of advertising.

The basic indicator used for the advertising analysis is rating. The rating reflects the popularity of this or that channel for a certain time. This is the ratio showing the number of viewers (channel or program) to the entire population, formula 1.5:

$$\text{Rating} = \text{Number of viewers} / \text{Population} * 100\% \quad (1.5)$$

For estimating the indicators that characterize an advertising campaign, it is recommended to use:

GRP (Gross Rating Points - aggregate rating value) - characterizes the intensity of an advertising campaign that has taken place over a period of time. This is a universal indicator, which is used to compare advertising campaigns that took place at different times and were carried out by different advertisers. Generally speaking, GRP is the sum of ratings for the most general target audience (population of regional centers) for all outputs of a particular advertisement within a specified period of time, formula 1.6.

$$\text{GRP} = \text{Rating 1} + \text{Rating 2} + \dots + \text{Rating n} \quad (1.6)$$

where n is the number of an ad outlets.

However, a certain group of people may be included at the same time in several ratings, so the amount may exceed 100%. In advertising practice, a prominent advertising campaign on television is gaining over 100 GRP. A promotional campaign is considered powerful if the GRP value exceeds 1000 GRP.

TRP (Target Rating Points) is similar to the GRP, but it describes the intensity of a particular ad campaign impact on a given target audience. TRP is the sum of ratings among target audience for all outcomes of a specific ad for a specified time pace.



Often, TRP is compared to GRP. The higher the ratio of TRP / GRP, the more effective will be the advertisement on selected TV channels. A high TRP/GRP ratio indicates the mass media popularity for this target audience compared to the overall value.

CPP (Cost Per Point - Cost 1 of the one rating point) is an indicator that characterizes the efficiency of advertising on television from the financial point of view this is the cost of achieving one percent of the target audience. In other words, CPC reflects the amount of money that one spends on television advertising to get one percent of its target audience to see an advert, formula 1.7:

$$\text{CPP} = \text{Advertising Cost} / \text{Rating} \quad (1.7)$$

The most frequently used indicator for TV ad is the 60 "(or 30") CPP, since the cost of advertising is influenced by the duration of the advertisement, formula 1.8:

$$60 \text{ CPP} = \text{cost of placing 60 seconds ad/rating} \quad (1.8)$$

CPP is one of the most important criteria by which media are selected, in which the advertising is planned.

CPT (Cost Per Thousand - The cost of a thousand contacts) is an indicator similar to the CPP. Like CPP, CPT characterizes the effectiveness of advertising on a certain channel, but the unit of comparison is not the percentage, but the number of people in thousands of people. Consequently, CPT is calculated as the cost of one output at a certain time to the average population in thousands, formula 1.9:

$$\text{CPT (CPM)} = \text{Cost of ad} / \text{Number of people, who watched it} \quad (1.9)$$

The calculation of CPT is required when the researcher is not interested in the percentage of this target audience, and the number of people who are watching advertising. This need arises when comparing CPTs of different target audiences. It is

important to consider that advertising is not the only marketing tools that has an impact on sales.

The main basement for analyzing the economic efficiency of advertising campaigns are statistical and accounting data on the growth of sales turnover. Assessment of the economic advertising campaign efficiency is related to great difficulties, because such measures, as a rule, do not show a full effect immediately. In addition, the growth of trade turnover is often caused by other (non-promotional) factors - for example, a change in the purchasing power of the population due to rising prices, so getting accurate data on the economic effectiveness of measures to improve the corporate style is almost impossible. We can calculate the economic effect approximately.

### **Conclusions to the part 1**

In the Part 1 of the science work, the theoretical basis of advertising activity at the enterprise was analyzed. It was determined that with the development of society and economy, the definition of the term has changed and expanded. Different definitions reflect a variety of approaches. Summarizing all the approaches to defining the term “advertising” it is fair to say that advertising is a paid, non-personalized form of communication that is carried out by an identified sponsor and uses the media to conquer (to something) or affect the audience.

As a part of the promotional mix, advertising plays a vital role for most businesses. It makes a synergy effect for all the other components of the promotion activity. It is a so-called “multiplier” which that can leverage other elements of the marketing program.

In modern society, advertising went far beyond the informative function of the consumer. Advertising has become an activity, in the sphere of business, which affects all branches of the economy, which employs a large number of people, united in their functions into large and small teams.

The main goals and destinations of advertising activity were analyzed. It was determined that objects of advertising management (those for whom management decisions are directed) are consumer advertising (potential consumers, resellers, target audiences). The main task of the advertiser is to create an advertising plan.

Participants of the advertising activity of the enterprise in foreign markets can be classified in the following way: advertisers, owners of media (mass media, vehicles, etc.), auxiliary participants - photo and film studios, printers, artists, stylists, designers, directors, scriptwriters, model agencies, psychologists, sociologists, that is, all those who help advertising agencies or advertising services companies (firms); markets and consumers - target audiences that are targeted by an advertising message.

In the part 1.2 the main features of advertising activity at the foreign economic activity enterprise were mentioned. It was stated that Management of advertising activity of the enterprise in foreign markets is carried out basing on regulation, planning, organization and control of advertising activities. Moreover, a number of laws, supervisors, various civic organizations and even the international community regulates advertising. Normally 2-3 types of regulation are allocated: state, public, sometimes consumer. However, there are many more types of advertising controls.

Getting to the planning of advertising activities of the enterprise must take into account the many factors both subjective and objective nature. The main five factors that influence the advertising activity were analyzed: demographic, economic, technological, ecological and socio-cultural.

Advertising campaign is not a single flash even if very bright. This is a whole series (chain) of steps and sales-promoting activities that are carefully planned, coordinated and carried out for a certain time. Without prudent planning an advertising campaign would not find a response from consumers.

In the part 1.3 it was determined that nowadays there are two main approaches to assessing the effectiveness of advertising on the global market: assessment of communication efficiency and evaluation of the economic effect. The point of the advertising effectiveness evaluation differs depending on the subjects of the advertising process: an advertiser, advertising agency, advertising distributors



(advertising channels), consumers. Along with this concept of efficiency in advertising, on the one hand, is closely linked to the concept of economic efficiency in general. The most common and widespread definition of the economic efficiency definition is the ratio of the economic result obtained as a result of use of the advertising tool and the costs needed for the achieving of this result. As a result, the main approaches and formulas were given and described. The control of the advertising campaign results is part of the marketing control. In the process of control, it is assumed periodic comprehensive or in some sense objective inspection of the company's advertising activities, that is, comparison of the planned actually obtained indicators.

## **PART 2**

# **THE ADVERTISING ACTIVITY ANALYSIS OF JSC “LANTMANNEN AXA”**

### **2.1. General characteristics of “Lantmannen AXA” activity**

The history of the concern started in the late 1800s. The main goals of that times were the improvement of the quality control, optimization of the cost price and to facilitation of an experience exchange between farmers. The regional association was formed when the need of establishing a large trading partnership became apparent.

As the company was created in the form of a cooperative, it had to be based on such elements as democratic control, fair distribution of profit and equal financial investment from members. To start a cooperative as an economic association requires a minimum of three entities (individuals and/or enterprises), common rules on membership and governance (statutes) and payment of the agreed contribution. Lantmannen is a producers’ cooperative. This collective name refers to producers of goods or services collaborating in marketing, distribution, sale, processing and purchase of materials & equipment.

Now the company Lantmannen is an agricultural cooperative and Northern Europe’s leader in agriculture, machinery, bioenergy and food products. Owned by 25,000 Swedish farmers, has 10,000 employees, operations in over 20 countries and an annual turnover of EUR 4 billion.

Company’s products satisfy huge demand and are being sold in 45 countries, or every 4th country of the world.

When it comes to the Ukrainian subsidiary of Lantmannen, its story began in 1991 in the Boryspil food products factory installed new equipment for production of

breakfast cereals by the UK company APV-Baker. Since that time, the Boryspil factory has been manufacturing quality grain-based products.

In 2000 Boryspil factory became one of the enterprises within a large Swedish company «Cerealia Group», later changing its name to «Cerealia-Ukraine» JSC. In 2004 it began production of muesli and grain mixes, now known as «AXA».

In 2004 Lantmannen began production of muesli and grain mixes, now known as «AXA». In 2011 the enterprise became a part of the Lantmannen concern.

Lantmannen AXA in Ukraine is part of the Scandinavian holding Lantmannen, which is the leader in Northern Europe in the field of agriculture, food production, engineering, bioenergy. In Ukraine, Lantmannen is a producer of breakfast cereals START! and AXA (plant is in Boryspil), is also responsible for the distribution of crackers and breads Finn Crisp. Lantmannen is the market leader for breakfast cereals, with a YTD TY share of 38% of market. The main competitors are Nestle (21%), private brands (28%). Since 2014, Lantmannen AXA has been a leader in the breakfast cereal market. Over the past ten years, the production has almost doubled and now stands at 8,000 tons per year. [5]

The agriculture contributes the company's core business and offers products and services to promote strong, competitive farming. Sales of company see in the table 2.1.

*Table 2.1*

**Sales of JSC Lantmannen AXA in value, in UAH without VAT 2013-2017 [4]**

Year	2013	2014	2015	2016	2017	% 2017/2016
Direct Customers	30376	41658	86787	157795	249990	1.58
Distributors	15396	21115	43989	79981	90162	1.13
B2B, HoReCa, MkD.	1889	2590	5396	9811	10264	1.05
Ukraine	47661	65363	136173	247587	350415	1.42
Export	15555	21333	44444	80807	112680	1.39
Total	110876	152059	316790	575981	813510	1.41

Analyzing sales of the company in last two years, it is obvious that sales increased significantly. Apparently, it has doubled among the direct customers sale and increased by 41% in total sales. Export has increased by 39%, the distributors channel by 13%. Hotels, restaurants cafes by 5%. Moreover, on of the priority for the



management of JSC Lantmannen AXA is to expand its export volumes. It will ensure firstly an income in a more stable currency that is obviously better for the company working in Ukraine. As working with domestic currency might be related to the currency rate risks. Secondly it requires less responsibilities when goods when a distributor or its representative get it on the boarder of a country.

The safety and quality of the products are confirmed by the international certification, the FSSC 22000. The products have repeatedly participated in the contest “Ukrainian People's Award”. In 2017, they were recognized as the best in two categories. Last year Lantmannen AXA received the Certificate of the “Good Sign”.

The company’s activity is mainly concentrated on the agricultural and food sector, which is reflected in the food production and makes the company well-known as one of the largest manufacturers of grain-based products such as flour, muesli, crispbread, ready-to-eat meals.

A company’s share on the market of dry breakfast in Ukraine is 59,6%. The top-five clients by the volume of sales in Ukraine are: Metro, Auchan, Billa, Novus, Watsons.

For a deeper analysis of the activity of JSC Lantmannen AXA, its balance sheet and the report on financial results for the last five years were considered, and certain calculations were made regarding the activity of the enterprise.

The solvency of the enterprise indexes, that are given in the Table 2.2 describe its ability to timely settle its current financial liabilities at the expense of current assets of different levels of liquidity.

*Table 2.2*

**Assessment the enterprise level of solvency**

Index	Calculation algorithm	Date					Normal
		31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	
1. Cover ratio	CR = Cur.as/Cur.liab.	2,97	3,43	2,62	2,60	3,36	>2
2. The interim cover ratio	ICR= Liquid As./ Cur. Liab.	2,03	2,39	1,95	1,93	2,38	0,7-0,8
4. Share of equity in stock coverage	SOCs=Own working capital/Stocks	-	-	-	-	0,04	>0,6
5. Maneuvering	MR= Current liabilities /Equity	-	-	-	-	0,02	

ratio							
-------	--	--	--	--	--	--	--

Considering that its own working capital is only positive in 2017, the share of equity in stock coverage and the maneuvering ratio in the 2013, 2014, 2015 and 2016 was not calculated. Negative of the equity relates to a structure changes period of the company, that was a time of the active lending to the at SEB Bank under the guarantee of the parent company. The investment exceeded the income, what is reflected on the balance sheet in the form of negative equity.

We see that the cover ratio of the enterprise meets the desired norm that means that the company can turn their assets into payment for repayment of current obligation. Although the interim cover ratio does not meet the desired norm, the positive moment is the tendency of getting closer with each passing year. The financial stability of an enterprise is the object of financial management of economic activity and characterizes such a state of capital, its formation, distribution and use, which ensures balanced, balanced development of the enterprise while maintaining solvency and creditworthiness in the permissible level of risk.

The financial stability of an enterprise is the object of financial management of economic activity and characterizes such a state of capital, its formation, distribution and use, which ensures balanced development of the enterprise while maintaining solvency and possibility to cover its debts in the desirable level of risk.

To estimate the level and type of financial stability of the enterprise, in this work we calculated the indicators given in table 2.3.

Table 2.3

### Assessment of financial sustainability

№	Index	Calculation algorithm	Year:					Norm
			31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017	
1.	Coefficient of the financial autonomy	CA= Equity/Capital	0,4	0,2	0,0	0,2	0,3	>0,5
2.	Debt ratio	DR=Loan capital/Capital	0,65	0,83	1,01	0,78	0,70	<0,5
3.	Coefficient of long-term financial autonomy	CLA= (Equity +long-term com. and collat)/Capital	0,82	0,81	0,75	0,73	0,79	>0,5



4.	The coefficient of financial dependence	CFD= Loan capital / Equity	1,84	4,88	-87,12	3,52	2,30	<1
5.	Debt Coverage	DC= Equity / Loan capital	0,54	0,20	-0,01	0,28	0,44	>1

As can be seen from the indicators that assess the financial sustainability of the enterprise, JSC Lantmannen AXA does not meet the normative indicators, but the difference between them and the calculated data is insignificant. The financial autonomy coefficient characterizes the share of equity in a total capital of the enterprise. According to the norm it must be more than 0,5. Since 2015, the situation was getting better so the coefficient was getting closer to the norm.

The coefficient of financial indebtedness characterizes the specific weight of the loan capital of the enterprise in the total amount of capital. Accordingly, the norms of the values of this indicator should be less than 0.5. Analysing the results of calculation we see that result was far from the norm in 2013 what can be explained by active investments of the head company at that time and meanwhile the financial state has significantly improved through the last five years, the share of the loan capital in the total equity decreased. It gives more stability to the company, makes it less dependent on its lenders.

The coefficient of long-term financial autonomy implies to what extent the amount of assets used is generated by its own and long-term borrowed capital. Accordingly, the norms of the values of this indicator should be more than 0.5. The calculations show that the long-term financial autonomy has on the favourable level all five analysed years.

The coefficient of financial dependence shows the borrowing capital and equity ratio. According to the norms of the values of this indicator should be less than 1. The results do not meet the suggested norm; nevertheless, the coefficient has significantly improved since 2015, saving the positive tendency.

The ratio of debt coverage characterizes to what extend the equity capital of an enterprise exceeds its borrowed capital. The norms of the values of this indicator should be more than 1. The same situation is here, so the results are constantly getting better.



Consequently, the level of financial stability of the enterprise is not critical and close to the recommended. Another positive point is that from the dynamics of the last five years, the stable approximation of the calculated indicators of financial stability to norm is visible.

For getting a more clear picture about the financial stability of the enterprise it is a vital step to define the type of a current financial stability of the enterprise. All the calculations, data and results regarding the mentioned estimation are given in the Table 2.4.

Table 2.4

**Estimation of the type of current financial stability of the enterprise**

№	Index	Calculation algorithm	Year:				
			31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017
1.	Stocks, th UAH	1100 Line of the balance sheet	11894	16850	20056	32197	41193
2.	Own working capital	OWC=Equity-non-current assets	-9066	-22037	-52299	-13156	1464
3.	"Normal" sources of funding	$\sum 3.1., 3.2., 3.3.$	3485	-4291	-20880	37454	41284
3.1	Own working capital	OWC=Equity-non-current assets	-9066	-22037	-52299	-13156	1464
3.2	Settlements with creditors for goods, works, services	1600 Line of the balance sheet	1745	0	12455	28038	0
3.3	Settlements with creditors for goods, works, services	1615 and 1635 Lines of the balance sheet	10806	17746	18964	22572	39820
4.	Type of current financial stability		Unstable financial situation	Unstable financial situation	Unstable financial situation	Normal financial stability	Normal financial stability

The most appropriate way to assess the type of financial sustainability is to evaluate according to Kovalyov V. methodology. Consequently, there are the following types of financial stability:

1. Absolute financial stability: stocks < OWC
2. Normal financial stability: OWC < stocks < NSF.

### 3. Unstable financial situation: stocks>NSF.

According to the calculations made for assessment the financial stability of the enterprise it is seen that up to the 2016 the company was characterized by the unstable financial situation, so its stocks exceeded its normal sources of funding. However, in 2016 the situation was stabilized as stocks exceeded own working and normal sources of funding exceeded stocks.

Business activity of the enterprise is characterized by indicators reflecting the efficiency of the main activity, as well as the direction of using the company's assets to generate income.

An assessment of the business activity of the enterprise was carried out using a series of analytical indicators are given in the form of a table. 2.5.

Table 2.5

#### Assessment of the level of business activity

	Index	Calculation algorithm	Year				Growth rate 2015/1 4,%	Growth rate 2016/1 5,%	Growth rate 2016/1 5,%
			2014	2015	2016	2017			
1	Period of turnover of all current assets	PTCA= (current assets (av.)/ net profit)*amount of days	134.18	143.80	157.42	156.25	7.17	9.47	-0.74
2	Period of inventory turnover	PIT=(Stocks(av.) / CbP)* amount of days	101.96	111.02	125.00	130.86	8.89	12.59	4.69
3	Turnover of accounts receivable	TAR= (receivables (av.) / net profit)* amount of days	42.11	42.53	48.40	58.74	1.00	13.81	21.36
4	Period of turnover payable	PTP=( payables (av.) / CbP)* amount of days	72.88	82.06	76.78	73.88	12.59	-6.43	-3.78
5	Reversal rate of all current assets	RRACA= amount of days / PTCA	2.68	2.50	2.29	2.30	-6.69	-8.65	0.75
6	Turnover rate of inventories	TRI= amount of days / PIT	3.53	3.24	2.88	2.75	-8.16	-11.18	-4.48
7	Turnover rate of accounts receivable	TRAR= amount of days / PTP	8.55	8.46	7.44	6.13	-0.99	-12.13	-17.60
8	Turnover rate of accounts payable	TRAP=amount of days / RRACA	4.94	4.39	4.69	4.87	-11.18	6.87	3.92
9	Duration of the operating cycle	DOC= PIT + TAR	144.06	153.55	173.40	189.60	6.58	12.93	9.34



1 0	Duration of the financial cycle	FC= DOC - PTP	71.18	71.49	96.62	115.72	0.44	35.15	19.76
--------	---------------------------------	---------------	-------	-------	-------	--------	------	-------	-------

Calculated indicators of business activity show that the company is very effective in its core business. Negative are the tendencies of increasing the turnover period of all current assets and inventories. The coefficients of turnover of the type of assets of the enterprise characterizes the number of revolutions that were made by funds invested in this type of assets for the period under study. The increase in this indicator in the dynamics is a positive trend in its change. In general, the rates have decreased to a small extent, however, the number of turnover of accounts receivable has increased. In addition, attention must be paid to the fact that the duration of operational and financial cycles has increased, which is definitely a negative trend.

We calculate the main indicators of profitability of the enterprise and draw up calculations in the form of table 2.6

Table 2.6

**The level of profitability of the enterprise, %**

П/П	Index	Calculation algorithm	Year:				Absolute increment 2016/2017
			2014	2015	2016	2017	
1.	Cost-effectiveness of activity	CEA= net profit/ receipts *100%	-6.00	-10.14	1.20	6.16	4.96
2.	Return on assets	RA= net profit /Assets(av.)*100%	-9.56	-16.22	1.87	10.05	8.18
3.	Profitability of non-current assets	PNCA= net profit / non-current assets (av.) *100%	-23.56	-44.96	5.91	34.39	28.48
4.	Profitability of current assets	PCA= net profit /current assets(av.) *100%	-16.10	-25.38	2.74	14.20	11.46
5.	Return on equity	RE= net profit /Equity(av.) *100%	-38.90	-235.13	15.16	38.13	22.97
6.	Economic profitability	EP= ((profit before tax + financial expenses)/assets(av.))*100%	-41.42	-32.43	-10.30	6.36	16.66

As it is obvious the calculations conducted show that in 2014 and 2015 the activity of the company wasn't efficient what might be related to the fact that net profit was absent so that the company even had losses. However, that does not really



show the picture of efficiency because it was as a result of an active loaning period undertaken in order to take company to the next level. Moreover, in 2016 an activity of the company became profitable and even significantly increased in 2017. The cost effectiveness has increased 5 times, return on assets 8 times, return on equity 23 times. Such results were a consequence of a very efficient management on all levels of the company. The main goal now is not only keeping the same level of profitability but also to increase it every year. A high level of profitability gives a favorable condition for a sustainable development of every company's sphere. It is also important to use the gained profit properly in order to keep the results of the company's activity at least on the same level.

To conclude all the calculations that were made for analyzing an activity of JSC Lantmannen AXA it is important to say that the financial stability and economic efficiency of the company struggled in 2013-2015. Negative of the equity relates to a structure changes period of the company, that was a time of the active lending to the at SEB Bank under the guarantee of the parent company. The investment exceeded the income, what is reflected on the balance sheet in the form of negative equity. Calculated indicators of business activity show that the company is very effective in its core business. Negative are the tendencies of increasing the turnover period of all current assets and inventories. According to the calculations made for assessment the financial stability of the enterprise it was that up to the 2016 the company was characterized by the unstable financial situation, so its stocks exceeded its normal sources of funding. However, in 2016 the situation was stabilized as stocks exceeded own working and normal sources of funding exceeded stocks. , while in 2016-2017 the situation was stabilized. Financial indicators of the company were improved, activity became significantly more profitable.

All in all JSC Lantmannen AXA which is registered and has its plant in Boryspil, Kyiv region is not only a self-financing enterprise, but it is also the one that can donate its finances to others parts of the Lantmannen concern. The sales dynamics shows that company is going in the right direction and despite all the political, economic, legislative circumstances only strengths its position on the

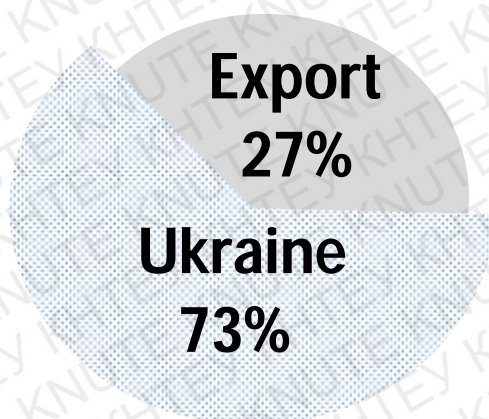
market of dry breakfast, keeping the 59,6% of the market share. . The main goal now is not only keeping the same level of profitability but also to increase it every year.

## 2.2. The analysis of enterprise foreign economic activity

Considering that the company Lantmannen AXA is a part of the of the Scandinavian food concern Lantmannen it is already related to the foreign economic activity as a certain budget is shared, the Swedish model of business was taken as a base. But beside this the company also is engaged in export and import operations. For the company that operates on the food market it is extremely important to guarantee its consumers an absolute safety and quality.

Last year the company received the Certificate of the “Good Sign”. On June 2018 the safety and quality of the products were confirmed by the international certification, the FSSC 22000. This was vital for the foreign economic activity of the company and gave the permission to sell its product basically all over the world. Now the direction of the foreign economic activity is targeted to the development of the Asian and the Near East markets. This can be explained by the European market saturation and the rising demand of manufacturing products in such countries as China, UAE. They are less saturated, so markets are more open for the entering.

Currently the share of export in the total revenue is around 27% (pic.2.1) which is good and gives a chance to the company to get profit in a more stable currency than the national one, thus be less depended on the domestic economic situation.



Pic. 2.1. Lantmannen AXA structure of sales 2017, % [4]



The management of the company is constantly working on the increasing entering new and new market, which would definitely strengthen the brand authority word of mouth in the world. Moreover, the strategy of the export expansion gives a company a more stable financial state.

To analyze tendencies of an export activity of JSC Lantmannen AXA sales within countries in 2016 and 2017 are represented below in the table 2.7.

*Table 2.7*

**Sales by countries 2013-2017 years [4]**

Country	2013	2014	2015	2016	2017	% 2017 to 2016
Armenia	503	805	1126	1482	1283	87%
Azerbaijan	2182	3491	4887	6431	8793	137%
Belarus	840	1343	1881	2475	2672	108%
Tajikistan /Impex					1789	
China	633	1012	1417	1865	8259	443%
Denmark	2881	4609	6453	8490	7876	
Estonia	2719			8013	8513	106%
Georgia		3778	5289	6959	10043	144%
Romania		166	233	306		
Jordan					317	
Kazakhstan	2760	4415	6182	8134	5927	73%
Kyrgyzstan	576	922	1290	1698	2268	134%
Latvia					4034	
Moldova	4545	7272	10180	13395	16152	121%
Russia	17452	11635	12798	21433	30085	140%
Turkey	169	271	379	498	723	145%
Uzbekistan	392	627	878	1155	1282	111%
Palestine			297	390		
UAE				262	3453	1318%
Total	35650	40346	53290	82986	113469	137%

Comparing two past years we see that particular countries disappeared from the export list of the company (Palestine, Romania) while others became the new clients (Latvia, Jordan, Tajikistan). The most significant growth happened in UAE and China (1318% and 443% accordingly). It shows that these markets are one of the most perspective and may potentially rich the sales volume on a domestic market.

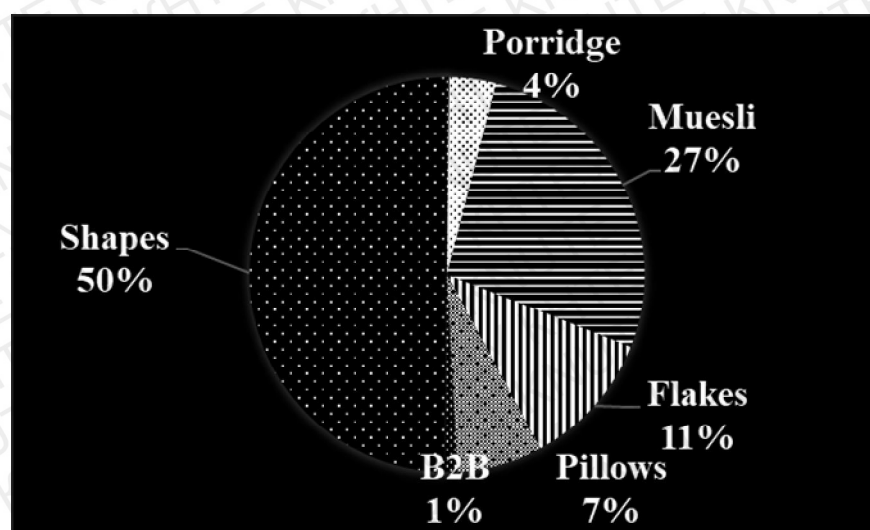
The only countries where sales did not grow in 2017 were Armenia, Denmark and Kazakhstan.

The total growth of export in 2017 was 39%, comparing to 2016. While in Ukraine the growth was on the level of 42%. As is obvious the growth was almost the same both in Ukraine and abroad even though it is usually more difficult to enter a foreign market than to stay on the domestic as it requires more documents, health certificates, risks connected to transportation, consideration of all the aspects and cultural particularities of the foreign market.

On one of the most growing market in China Lantmannen AXA decided to work with different distribution such as: Linyi Zhongqi Huaye Foods Co, Ltd., MAIXIANG SHANGHAI INTERNATIONAL TRADE CO., LTD, PINLIVE FOODS CO. LTD. The same situation happened with Moldova (Forward International SRL, Bukuriya, Sherif). It was made to diversify the channels of distribution and also to be in a safer situation in terms of possible hazards that might appear with one of them.

The biggest worldwide competitor on the foreign markets is Nestle and its brands of dry breakfast.

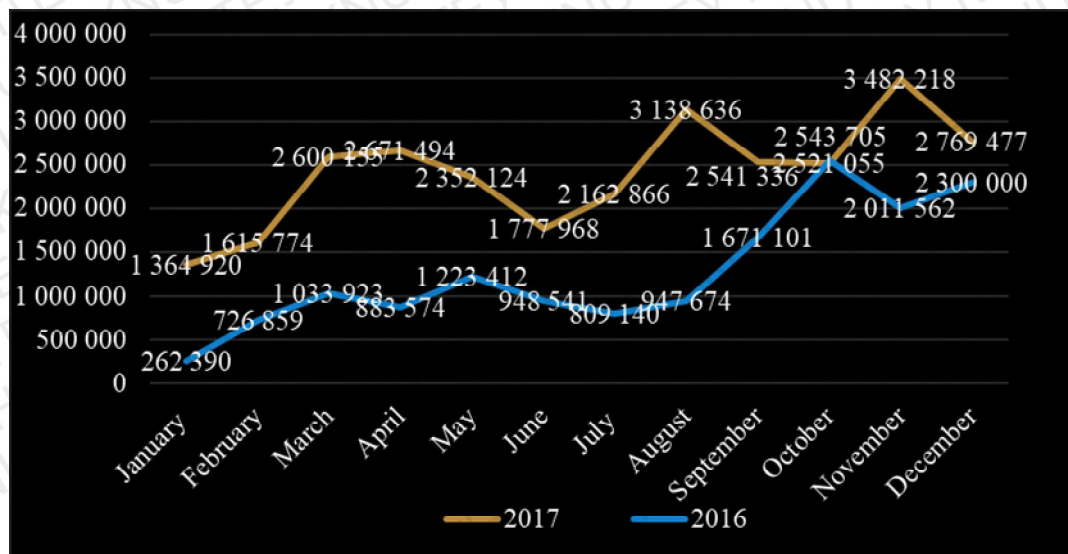
For getting a clearer vision of a foreign economic activity situation, it is also important to analyze the commodity structure, which is shown at the picture 2.2.



Pic. 2.2. Export commodity structure 2017, % [4]

The commodity structure is characterized by dominating part of the shape group as it takes 50% in the commodity structure (this group is represented by the brand Start!). The main consumers of these products are children and teenagers. The second significant in the commodity structure is taken by muesli that is targeted on adults rather than younger generation. Such type of food as muesli is more popular and common in western countries than in Ukraine. However, it has its advantage for selling as it is more expensive and the added value is higher.

To understand if there is any seasonality in the foreign economic activity of the company the sales by months were considered on the picture 2.3. To make it more relevant and fairer for the analysis two years were taken (2016 and 2017).



Pic. 2.3. Export sales by months in 2016-2017, in UAH [5]

As is seen a particular seasonality exists in terms of exporting activity. The biggest volume of export was in August, October and November. In 2017 also March, April and May were active in terms of export.

The active exporting activity in the beginning of the year may be related to the fact that people are tending to pay more attention to the group of healthy food after winter holidays as they want to improve their health and wellbeing. The active exporting activity on the fall season is related to the beginning of the academic year when children start to go to school so their parents want to provide them with both healthy and convenient breakfast and snacks.



One of the advantages in terms of export is that most Lantmannen AXA products are a part of the dry breakfast commodity group so that the expiring period is 12 months in average. It risks of the getting the products spoiled while long transportation or the climate changes. For example, the goods transportation to China sometimes takes few months but thanks to the long shelf life, the products are still suitable for consumption. This allows choosing absolutely any country as a potential market for entering as there is no limit in transportation and storage.

Among problems connected to the foreign economic activity is an issue of unreliable reputation of Ukrainian business. The legislative base is not complete, some rules are not relevant to the European legislation, for example. Therefore, the foreign potential partners prefer more reliable partners where they would feel more protected and would have more rights in terms of responsibilities and honesty while purchasing.

Another problem within EU territory is a necessity to get all the required permits that often is impossible in Ukraine before getting an opportunity to export there. Another barrier for entering is the level of saturation of this group of goods.

Most export operations of the company are carried out on the FCA Incoterms conditions, that means that buyer arranges the main carriage. This type of Incoterms condition is considered as one of the best to choose. Because, if we take, for example, FOB Incoterms condition it is not suitable for containerized shipments. FOB terms state that the seller must deliver the goods on board the ocean vessel, but most cargo is shipped in containers that must be dropped off at a CY or stuffed at a CFS before a carrier can load them onto the vessel. Unless the seller owns the port of origin, they can't deliver the cargo straight to the vessel. Usually delivery and transfer of risk takes place when the truck or other vehicle arrives at this place, ready for unloading. If cargo delivering to a CY or CFS under FOB terms is damaged in transit, the question of buyer/seller responsibility may be disputed at the buyer's expense and time.

The ICC (International Chamber of Commerce), per the 2010 revision, designed the incoterm FCA to accommodate the containerization of modern shipping.

Under FCA terms, the seller and the buyer may agree to have the buyer pick up the goods at the seller's premises, or another named location (e.g. CFS or CY).

When considering the EXW conditions, it may be very unfavorable for the foreign partners and the reason not sign the contract as the procedures of clearance might be a real problem for them. FCA terms dictate that export clearance and the loading of the goods (if the buyer is picking up at the seller's premises) are the seller's responsibility.

Under EXW terms, the buyer has to clear their own goods for export, which can be costly, time-consuming, and difficult if the buyer is unfamiliar with the country's export regulations. The seller also is not responsible for loading the goods onto the transport provided by the buyer, because EXW only requires that the seller makes the goods available for pickup. The seller may be in a better position to load the goods, but the buyer is still responsible for the cost and risk.

Therefore, the company Lantmannen AXA have expenses connected to the transportation of goods to the boarder of Ukraine and it is exactly a moment when it is not responsible anymore for any risks happening while delivering or loading/unloading.

For its exporting activity the LSC Lantmannen AXA has decided to work with foreign distributors and not directly with retail representatives abroad. It makes the process of exporting more efficient and convenient. As the distributor should be knowledgeable about the market, including local laws, and have mastery over the industry within which the product is being sold. Selling through an intermediary may be a more cost-effective way of reaching the end-customers than selling to them directly. Moreover, it helps the company to avoid formalities connected to the process of distribution abroad.

The are certain leaders by volumes of seles and the tendency of growing. For example, in 2017 sales volume to the Chinese Linyi Zhongqi Huaye Foods Co, Ltd increased by 830%, MAIXIANG SHANGHAI INTERNATIONAL TRADE CO., LTD by 170%, PINLIVE FOODS CO. LTD by 286%, comparing to 2016.[3] And Chinese market seems to be very attractive for the dry breakfast products. As it was

analyzed before, the volume of export is showing an incredible growing tendency. Even though, the company must consider some particularities while having to deal with Asian and particularly Chinese market. The Chinese economy has been growing rapidly, presenting a very big and rare international business environment. The import market in China is around 25% of its GDP. It is a large market for exporters, who in most cases need a sales agent or local distributor. Second, working with local wholesale parties, agents or distribution companies is a prerequisite for exports to China.

Setting up an own subsidiary often turns out to be troublesome due to the many regulations. Because of the size of the country, your China sales agent or China distributor may be much bigger than the company that sales abroad and require a different approach than the company is used to.

Speaking about the international advertising, an effective advertising and promotions can be vital. As well as marketing to the distributor, it is possible to promote the products directly to end-customers. Distributors will be keener to stock and sell products that their customers are asking for. While for the LSC Lantmannen AXA brands, it is a complete responsibility of the distributors and international partners. There is a certain marketing budget for the advertising abroad but the process of organization and its planning is a partners' business.

For its export operations, LSC Lantmannen AXA usually uses the cash-in-advance payment method. With the cash-in-advance payment method, the exporter can eliminate credit risk or the risk of non-payment since payment is received prior to the transfer of ownership of the goods. Wire transfers and credit cards are the most commonly used cash-in-advance options available to exporters. With the advancement of the Internet, escrow services are becoming another cash-in-advance option for small export transactions. However, requiring payment in advance is the least attractive option for the buyer, because it tends to create cash-flow problems, and it often is not a competitive option for the exporter especially when the buyer has other vendors to choose from. In addition, foreign buyers are often concerned that the goods may not be sent if payment is made in advance. Exporters who insist on cash-



in-advance as their sole payment method for doing business may lose out to competitors who are willing to offer more attractive payment terms. Cash-in-advance, especially a wire transfer, is the most secure and least risky method of international trading for exporters and, consequently, the least secure and an unattractive method for importers. However, both the credit risk and the competitive landscape must be considered. Exporter is exposed to virtually no risk as the burden of risk is placed almost completely on the importer. An international wire transfer is commonly used and is almost immediate. Exporters should provide clear routing instructions to the importer when using this method, including the receiving bank's name and address, , number, as well as the seller's name and address, bank account title, and account number. The sender (importer) can pay the fee for an international wire transfer or it can be deducted from the receiver's (exporter's) account. Nevertheless, there some drawbacks in using the cash-in-advance payment method, especially a wire transfer. Firstly, insisting on cash-in-advance could, ultimately, cause exporters to lose customers to competitors who are willing offer more favorable payment terms to foreign buyers. Moreover, Creditworthy foreign buyers, who prefer greater security and better cash utilization, may find cash-in-advance unacceptable and simply walk away from the deal. Considering this, a company has to decide whether its partnership relations with its client are strong enough and there is no risk in losing customers to competitors over payment terms. If it is so the the cash-in-advance payment method is the most favorable for the exporter.

The analysis of the LSC Lantmannen AXA foreign economic activity shows that export and import operations is a significant part of the company's activity. The share of export in the total sales increases every year, which makes the financial situation of the company more stable and less dependent on the domestic currency rate changes risk.

Import activity is mainly characterized by buying muesli bars from the Austria Lantmannen subsidiary, which is explained by the expensive manufacturing lines that make this product and the particularities of the receipt. The second brand that is being importing on the regular basis is Finn Crisp (Finland).

Finn crisp enters cerealia Lantmannen Cerealia is part of the Lantmannen Group.

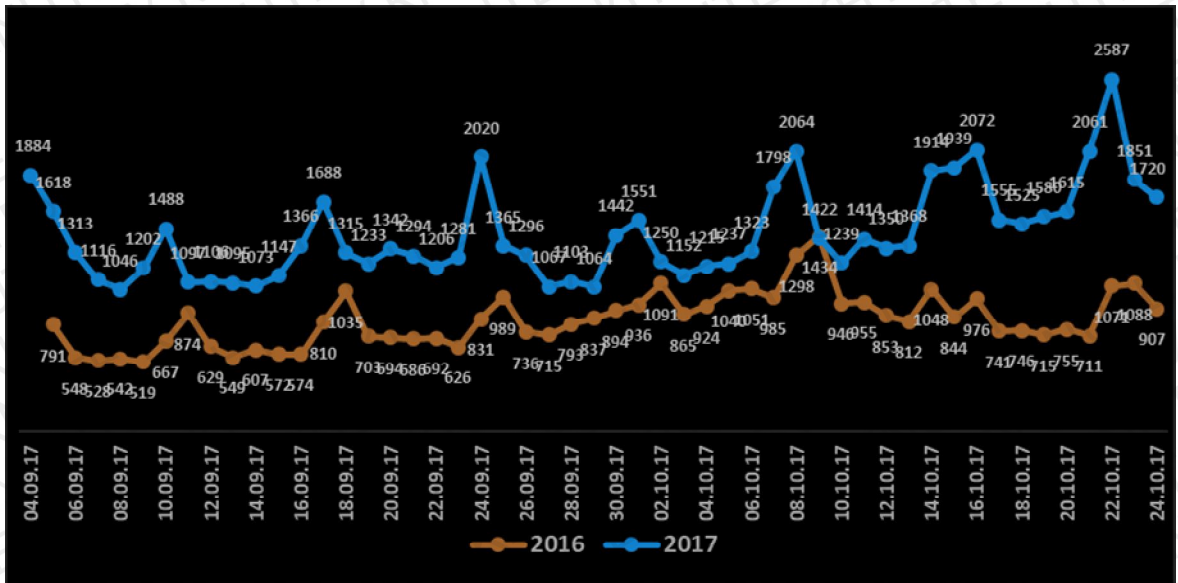
Every company wishing to consolidate its export activity has to create its own foreign trade department so it can handle the different tasks that enable its continued presence in international markets. As sales are solely the result of a marketing policy, the export department might be described as an instrument that carries out all the tasks generated by international marketing policies of the company. Speaking about the organizational structure of the foreign economic activity at LSC Lantmannen AXA, it has: two export managers, manager of foreign economic activity and customs broker.

### **2.3. Assessment of the current advertising activity at “Lantmannen AXA”**

Advertising takes a very special place in communication policy of Lantmannen-AXA. It must solve one of the most important tasks of marketing activity demand stimulation. Since the products of the company are aimed at the mass consumer, the company uses such distribution channels of advertising: classical advertising on television, in newspapers and magazines, outdoor advertising on billboards and digital ad.

Company Lantmannen-AXA and trademarks Start! and AXA constantly carry out various promotions and competitions among its consumers, by participating in which one can win prizes and gifts from the company.

For example in 2016 it carried out a competition where the task of participants was to find a promo-code on the package and register it on the company’s website. The main prizes were bag pack and hydroskooter. The result of this promotional activity was +56% of the total registrations on the website comparing to 2016, the statistics of registrations is represented on the picture 2.4.



Pic. 2.4. Number of registrations on the company's website 2016 vs. 2017 [5]

Each year Lantmannen-AXA launches new and new products. It expands its assortment to satisfy taste of every consumer and to give the biggest choice. To assess the advertising efficiency properly it is important to make the microenvironment analysis.

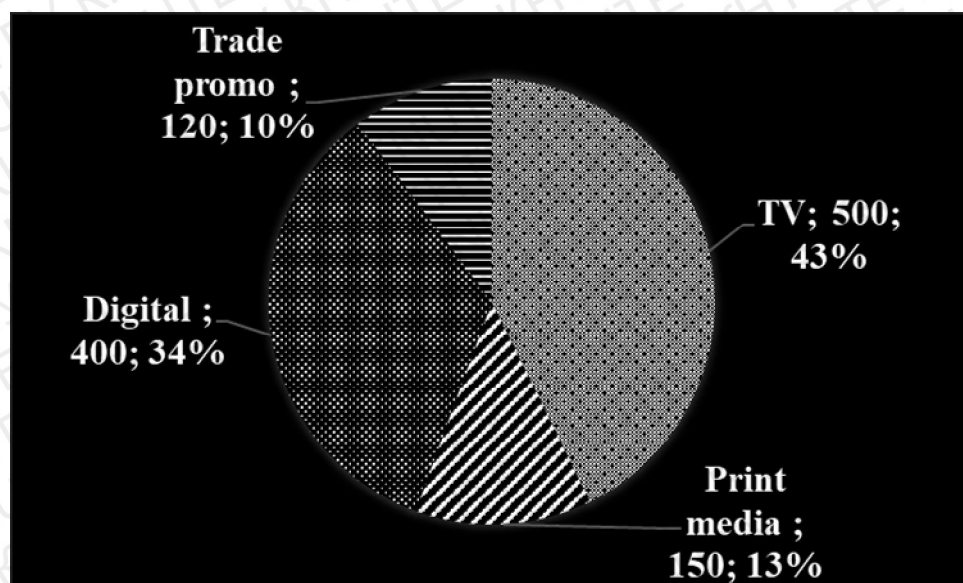
Table 2.8

**Promotion budget of JSC Lantmannen AXA during 2013-2017, thn. UAH. [4]**

Name of activity	2013	2014	2015	2016	2017
Budget for the direct advertising					
TV	120	130	330	450	500
Print media	50	70	70	150	150
Digital	30	50	100	150	400
Additional expense on the growth of trade turnover					
Trade promo	50	70	100	110	120
<b>Total</b>	<b>250</b>	<b>320</b>	<b>600</b>	<b>860</b>	<b>1170</b>

From table 2.8 we see that JSC Lantmannen AXA, the largest share in the structure of the advertising campaign, in 2017 was 500 thousand UAH on television, on one level is the financing of promotions - 120 thousand UAH. and PR shares - 150 thousand UAH. The cost of advertising on the digital is 400.0 thousand UAH, the structure of costs of the company is represented on the picture 2.5.





Pic. 2.5. Structure of the promotion budget of JSC Lantmannen AXA in 2017, in ths. UAH and in % [4]

The most costly way of advertising in 2017 was the one on television and in print media. It costed around 503 000 UAH for the company in a year. The second big part of the advertising expenditures was devoted to the print media (magazines, leaflets, banners, etc.). A sufficient part of expenditures was spent on the trade promotion activity, which includes organization of sales periods, different contests for consumers, making the in-store displays to make a brand more visible and attractive, the samples giving, etc.

Organizing of advertising requires a huge number of different professionals who are experienced in different parts of this process. Considering this JSC Lantmannen AXA decided to work with the advertising agency that works on the biggest part of activity and is responsible for almost every step of the process since all the conditions and terms are arranged between the company and agency are arranged.

As a partner in terms of organization, the advertising activity the company has chosen the agency called “Initiative”. It helps both with the organization of advertising on TV and with a digital marketing. The “Initiative” is a global communication agency that is built to grow brands through the culture. The principle of its approach is to create a so-called chain: emotions-value-loyalty, in order to grow

brands. It delivers this through a full suite of communication services. Media, marketing and digital Initiative in Ukraine was founded in November 1999 as part of the ADV Ukraine Group. Initiative provides a full range of services for strategic planning of communication campaigns, media buying, placement and control over placement in the media, organization of special non-standard media projects, as well as market research. The Initiative is in the TOP-10 of the best media agencies of Ukraine according to the rating of the All-Ukrainian Advertising Coalition Media-agency of the Year 2011, as well as in the TOP-20 of the leading media agencies of Ukraine in terms of billing volumes in 2011. This agency works with such brands as: Lego, Unilever, Bic, Converse, Revlon, Boeing, LG, etc. "Initiative" is an international company that is represented in most countries of the world so that the specialists there use the world experience and keep up with all the trends on the market of advertising. In the process of the advertising activity organizing, both sides decide on the main message of an advertising campaign, discuss the target audience, choose the most relevant channels, discuss the planned costs of it.

Choosing the channels of advertising and its means the marketers of the company consider the analyzed portrait of its target audience.

JSC Lantmannen AXA is represented on the market with two main brands. Start! that include such products as: corn flakes, figures (cocoa balls, duo balls, rings, bones and skulls), pillows. And AXA: Granola, Multigrain flakes, flakes with juice, oat pads without filling, Porridge in sachet, Bars). This means that target audience of this brand must be separated as well:

1. Start!: Children age 6-12 years old (choose products, taste, coolness of the product / hero on the package is important to them) and Moms (25-40 years old) with children aged 6-12 years (gives approval for the purchase of a product, quality of the product is very important)
2. AXA: Women 25-35 years old, love "sweets", need a convenient, tasty and nutritious snack / breakfast.

Considering the age of its target audience, the company uses appropriate TV channels for advertising that are mostly cartoon channels ("Cartoon Network",

“Nickelodeon”, etc.), channels for teenagers such as “Novyi Channel” and also a channel for moms “STB”. And accordingly, each year the company creates advertising videos for both brands.

Speaking about print media the company frequently uses such tool as product placement, sharing the consumer’s personal experience. This tool is very useful as the consumer’s mind does not perceive it as a usual add and trust it more, paying more attention to what is said in it. Some product placement appears in the print media as a component for some dishes receipts so that the consumer can use this product in order to cook the dish, which quite rational in the nowadays reality as an advertising that looks as it only wants to send something is not effective anymore.

Despite the advertising the Lantmannen AXA also shows its values and social responsibility attitude through its communication activities. For example, this year on the 1st of November, it was announced that the company "Lantmannen AXA" and "METRO Cash & Carry Ukraine" begin a joint charity program "Hearts of the Future", the purpose of which is to raise funds for the purchase of implants for operating young patients of the National Institute of Cardiovascular Surgery named after Amosov AMN Ukraine. The campaign will run from November 1 to December 1, 2018 in 25 METRO wholesale centers in 15 cities of Ukraine.

Under the terms of the program, the company Lantmannen AXA together with METRO Cash & Carry Ukraine will transfer up to 7 UAH to the special account of the Heart of Future charitable foundation from the cost of each sold unit of the TM AXA and START! Dry breakfast in METRO stores. . The total transfer “METRO Cash & Carry Ukraine” together with the company “Lantmannen AXA” will amount to 4 UAH, and also “Lantmannen AXA” will additionally transfer 3 UAH for each photo posted with TM START products! and AXA under the hashtag #Start !. All funds raised during the initiative will be used to purchase medical equipment, namely occluders - implants used in cardiac operations on children's hearts by doctors of the Scientific and Practical Center for Pediatric Cardiology and Cardiac Surgery of the Ministry of Health of Ukraine and the Amosov AMN National Institute of Cardiovascular Surgery Of Ukraine.



The company also supports different kinds of sport activities, showing its “a healthy mind lives in a healthy body” values. For example, “Lantmannen AXA” on a permanent base participate in the Wizz Air Kyiv City Marathon sponsorship. Sponsoring an event is a significant way to create competitor differentiation. This tactic is particularly helpful if a company wants to combat a competitor that has a larger ad budget. Sponsorship allows smaller companies to compete with industry giants. They are perceived as supporting the community and contributing to its economic development, which creates enormous goodwill.

Target audiences see the sponsor as making a greater effort to support the event, often allowing more or better activities to take place as a result. This provides another way in which you can engage your audience through the support of their interests and causes.

The next step in assessment is analyzing the effectiveness of advertising activities of the enterprise.

1) Additional turnover under the influence of advertising:  $T_d = AdT * IdT * D / 100$ , where AdT – is an average daily turnover before the beginning of the advertising campaign (in monetary units);

dT - relative increase in average daily turnover for the advertising period compared with "before the campaign" (it is considered as a percentage);

D - the number of days of the promotional period.

2) Economic effect made by advertising:  $E = At * Tm / 100 - (AdvE + Ade)$ , where E is valued in monetary units;

At - additional commodity circulation (in monetary units);

Tm - trade margin per unit of goods (a percentage of the selling price);

AdvE- advertising expenses (in monetary units);

Ade - additional expenses (in monetary units).

3) Advertising costs profitability rate:  $P = (P / C) * 100\%$ ,

where P - profit obtained from advertising;

C - the cost of advertising.

The results of calculation are represented in the table. 2.9.

Table 2.9

**Efficiency of advertising measures of JSC Lantmannen AXA in 2013-2017, in  
thn. UAH.**

№	Indicators	2013	2014	2015	2016	2017
1	Income, thn. UAH	154912	203866	264060	332544	397070
2	Advertising costs, thn. UAH	200	250	500	750	1050
3	Additional expense on the growth of trade turnover, thn. UAH	50	70	100	110	120
4	Average daily turnover before the advertised period, thn. UAH	442	630	897	1279	1823
5	Trade margin, in % to selling price	12	9	12	12	12
6	The number of days considering in advertising periods, days	90	90	90	90	90
7	Increase in average daily turnover during the advertising and post-advertising periods,%	10	10	10	10	10
8	Additional trade turnover, thn. UAH	3976.42	6800.59	9692.16	13813.20	19686.48
9	Economy effect made by advertising, thn. UAH	227.17	292.05	563.06	797.58	1192.38
10	Profitability of advertising,%	113.58	116.82	112.61	106.34	113.56

*Source: Created by author on the basis of [4]*

An economic method was also used in which these studies were processed using regression analysis.

Today, the advertising industry uses a lot of methods for determining the cost-effectiveness of advertising. Some of them are repelled from the analysis of past performance, for example - a comparison of sales with the cost of advertising activities for a certain past period. Some are based on the effectiveness of an advertising medium at a particular point in time. It is possible apply the method of comparison with a competitor who has not used the same method of an advertising campaign with you.

Determining the cost-effectiveness of advertising is a very difficult problem, because the same amount of funds can be spent on both ingenious and incompetent advertising. At the same time, approaches to determining the economic efficiency of advertising activity may have some value.

The cost-effectiveness of advertising is most often determined by measuring its impact on sales (comparing sales before and after holding an advertising event). For this, operational and accounting data is analyzed.

The most accurate determination of what effect an advertisement has given is possible only if the increase in sales occurs immediately after the impact of the advertisement. However, this does not apply, for example, too expensive, meticulous products, when the purchase is preceded by mandatory deliberation. In this case, the effect of advertising may not be immediately apparent. It should be borne in mind that in addition to advertising, the quality of sales of goods is influenced by its quality, price, as well as the location of the enterprise, the level of customer service culture, and the availability of similar products.

Recognizing that the approaches discussed above have a certain value when analyzing the effectiveness of advertising activities, it should be taken into account that the economic effectiveness of advertising directly depends on the degree of its psychological impact on target audiences (communicative effectiveness).

Regression analysis is a statistical method for studying the influence of one or several independent variables on a dependent variable. Independent variables are otherwise called regressors or predictors, and dependent variables are criterion variables.

All data studies were taken from the official website of the company Lantmennen.

The purpose of the study: to determine how the costs affect the promotion of goods on sales. The data used for conducting the regression analysis is given in the table 2.10.

*Table 2.10*

**Costs of the advertising of goods and sales of JSC Lantmennen AXA 2013-2017 in thnd. UAH [4]**

Year	Sales value in UAH (x)	Costs of advertising in UAH (y)
2013	194360,07	200
2014	204589, 55	250
2015	229875, 90	500
2016	328394, 15	750



First the relationship between x and y must be defined (correlation coefficient), using the formula for calculating (2.1):

$$\mathbf{Correl(X,Y)} = \frac{\Sigma(x-\bar{x})(y-\bar{y})}{\sqrt{\Sigma(x-\bar{x})^2 \Sigma(y-\bar{y})^2}} \quad (2.1)$$

where

x and y are the selective mean values of AVERAGE (array1) and AVERAGE (array2).

This formula allows to determine how the costs affect the promotion of goods on sales.

X=284063

Y=550

The correlation coefficient is 0.97. From this, it follows that the sales volume mostly depends on the cost of product promotion. A positive sign indicates a direct connection. The greater the cost of product promotion, the greater the volume of sales.

## Conclusions to the part 2

In the Part 2 of the thesis the advertising activity of “Lantmannen AXA” was analysed. Firstly, the general characteristics of the enterprise was given. Particularly, that the company Lantmannen is an agricultural cooperative and Northern Europe’s leader in agriculture, machinery, bioenergy and food products

Company’s products satisfy huge demand and are being sold in 45 countries, or every 4th country of the world. Lantmannen AXA in Ukraine is part of the Scandinavian holding Lantmannen, which is the leader in Northern Europe in the field of agriculture, food production, engineering, bioenergy. In Ukraine, Lantmannen is a producer of breakfast cereals START! and AXA (plant is in Boryspil).

The sales structure of the company for the past two years was analyzed. The result was the conclusion that Lantmannen AXA is a company that constantly growth its sales volumes and develops both extensively and intensively. . Apparently, it has doubled among the direct customers sale and increased by 41% in total sales. Export has increased by 39%, the distributors channel by 13%. Moreover, a company’s share on the market of dry breakfast in Ukraine is 59,6%. The top-five clients by the volume of sales in Ukraine are: Metro, Auchan, Billa, Novus, Watsons.

Then, for a deeper analysis of the activity of JSC Lantmannen AXA, its balance sheet and the report on financial results for the last five years were considered, and certain calculations were made regarding the activity of the enterprise.

To conclude all the calculations that were made for analyzing an activity of JSC Lantmannen AXA it is important to say that the financial stability and economic efficiency of the company struggled in 2013-2015. Negative of the equity relates to a structure changes period of the company, that was a time of the active lending to the at SEB Bank under the guarantee of the parent company. The investment exceeded the income, what is reflected on the balance sheet in the form of negative equity.

Calculated indicators of business activity show that the company is very effective in its core business. Negative are the tendencies of increasing the turnover period of all current assets and inventories. According to the calculations made for assessment the financial stability of the enterprise it was that up to the 2016 the company was characterized by the unstable financial situation, so its stocks exceeded its normal sources of funding. However, in 2016 the situation was stabilized as stocks exceeded own working and normal sources of funding exceeded stocks. , while in 2016-2017 the situation was stabilized. Financial indicators of the company were improved, activity became significantly more profitable.

Considering that the company Lantmannen-AXA is a part of the of the Scandinavian food concern Lantmannen it is already related to the foreign economic activity as a certain budget is shared, the Swedish model of business was taken as a base. But beside this the company also is engaged in export and import operations. For the company that operates on the food market it is extremely important to guarantee its consumers an absolute safety and quality.

Currently the share of export in the total revenue is around 27%. The most significant growth happened in UAE and China (1318% and 443% accordingly). It shows that these markets are one of the most perspective and may potentially rich the sales volume on a domestic market. The total growth of export in 2017 was 39%, comparing to 2016. While in Ukraine the growth was on the level of 42%.

The biggest worldwide competitor on the foreign markets is Nestle and its brands of dry breakfast. Analyzing the commodity structure of export, it is characterized by dominating part of the shape group as it takes 50% in the commodity structure (this group is represented by the brand Start!). The main consumers of these products are children and teenagers.

Analyzing sales, it was noticed that a particular seasonality exists in terms of exporting activity. The biggest volume of export was in August, October and November. In 2017 also March, April and May were active in terms of export.

Among problems connected to the foreign economic activity is an issue of unreliable reputation of Ukrainian business. The legislative base is not complete,



some rules are not relevant to the European legislation, for example. Therefore, the foreign potential partners prefer more reliable partners where they would feel more protected and would have more rights in terms of responsibilities and honesty while purchasing.

Another problem within EU territory is a necessity to get all the required permits that often is impossible in Ukraine before getting an opportunity to export there. Another barrier for entering is the level of saturation of this group of goods.

Most export operations of the company are carried out on the FCA Incoterms conditions, that means that buyer arranges the main carriage. Usually delivery and transfer of risk takes place when the truck or other vehicle arrives at this place, ready for unloading.

Analyzing the advertising activity of the company, it was determined that company uses such distribution channels of advertising: classical advertising on television, in newspapers and magazines, outdoor advertising on billboards and digital ad. Regarding the channels of advertising activity, JSC Lantmannen AXA, the largest share in the structure of the advertising campaign, in 2017 was 500 thousand UAH on television, on one level is the financing of promotions - 120 thousand UAH. and PR shares - 150 thousand UAH.

As a partner in terms of organization, the advertising activity the company has chosen the agency called "Initiative". It helps both with the organization of advertising on TV and with a digital marketing. The estimation of the effectiveness of advertising activities of the enterprise showed that indexes of Additional trade turnover, Economy effect made by advertising and Profitability of advertising are constantly growing which tells about experience and professional approach of the marketing department. Nevertheless, a complex planning of the marketing and advertising activity can be proposed.

The regression analysis of the advertising costs and sales showed a close connection between these two variables. The correlation coefficient is 0.97. From this, it follows that the sales volume mostly depends on the cost of product

promotion. A positive sign indicates a direct connection. The greater the cost of product promotion, the greater the volume of sales.

## PART 3

# IMPROVEMENT OF THE ADVERTISING ACTIVITY OF “LANTMANNEN AXA”

### 3.1. Proposals to optimize advertising activity of “Lantmannen AXA”

The existing range has not reached its limit of market coverage - there are sources of growth in terms of distribution and coverage of the target audience

In order to elaborate activities that would optimize an advertising activity of Lantmannen AXA, it is important to have a clear vision what does this brand represent on the market. For this the SWOT-analysis was carried out and is represented in the table 3.1.

Table 3.1

#### SWOT-analysis of the JSC “Lantmannen AXA”

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Unique products</li><li>• Very tasty product formulations (confirmed by blind tests)</li><li>• Loyal consumers who consume 2-3 per week and do not switch to other brands.</li><li>• High speed of launching new tastes (R &amp; D, designer, development and approval in Ukraine)</li><li>• Wide range in different categories</li></ul>	<ul style="list-style-type: none"><li>• Slow reaction to changes in the market (the purchase of new lines is almost impossible - capital investment is the approval of the main office)</li><li>• High cost of raw materials (more from EU)</li><li>• Absence of the merchandising team.</li><li>• There is no possibility to produce salty lines</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Urbanization / fast rhythm of life (cereal bars are getting popular)</li><li>• Healthy nutrition trend, trendy "granola"</li><li>• Consumers are interested in new things to eat</li><li>• Development of online sales for</li></ul>	<ul style="list-style-type: none"><li>• Large number of new competitors (especially in the category of granola)</li><li>• Legislative restrictions on the use of palm oil in Ukraine (under consideration)</li><li>• Big investments in production / new</li></ul>



<p>products</p> <ul style="list-style-type: none"> <li>• Growth of GDP</li> </ul>	<p>technologies</p>
---	---------------------

*Source: Created by author on the basis of [6]*

The analysis showed that Lantmannen AXA is competitive enough on the market due to its strong sides. Nevertheless, it is necessary to minimize all the weaknesses of the company, strengthening its position on the market. Potential market opportunities provide the dry breakfast market with the potential for future successful development, but it is very important to plan anti-crisis measures to prevent threats to the company.

The difficult questions for the marketing/advertising agency to answer are: who is their target audience, which includes a little demographic working and attempts to find people who look alike to their existing customers; second type of question is: how should I best reach them by using different tools to help identify media channels both traditional and the digital channels; the third question is messaging: what should be said to them.

The other thing is that Warren Buffett always tells his CEOs to protect their brand. When managers look at their brand, they need figure out, well what does it stands for? What does Apple, Nike stand for. They must tell their story then but also protect it as well. That is what makes an advertising easier, when the brand stands out. Companies got to be consistent with their marketing too, and advertising.

As the company has two brands in its portfolio, the particularities of organization the advertising activity are also different. As target audiences are different, there is a need to separate proposals and measures for improvement the efficiency of the company.

The first brand in the company's portfolio is "AXA!". Products lines of the brand are represented by: Granola / Muesli Traditional, Multigrain flakes, flakes with

juice, oat pillows without filling, Porridge in sachet / Porridge in boxes, Bars. The target audience of the brand: women 25-35 years old, average income and more than average, likes to be pampered herself with “sweets”, needs a convenient, tasty and nutritious snack / breakfast. Brand performance is characterized by 7% of share in volume 35.3% of brand knowledge.

The key marketing factors of the brand:

When: breakfast or snack, quickly and very tasty, you can pour boiling water or milk, yogurt, and you can make different parfait with fruit, berries

- Where: At home, in the office
- Competitor: Fitness, Good Morning Granola, Sante, private label (muesli)
- Top positions: AXA Harmony 300g, Granola Chocolate-walnut 375 g.

**Proposals of improvement the advertising activity for the “AXA” brand.**

Due to the fact that there is a huge demand for the visually attractive breakfast, consumers prefer visually beautiful food - flakes, granola with chocolate and nuts, granola with fruits, berries. It is related to the target audience of the brand, which is women 25-35 years old who like to pamper themselves with healthy and delicious food. Today, many competitors of the brand are changing the packaging designs. The content of some competitors (GM granola, Granola Mania) is also “tasty” and competitive. Considering this, it is important to pay more attention to the visual attractiveness while advertising:

- focusing on the own video content, simple, tasty, understandable (PROMOTION)
- Polls / quiz in stories
- Simple, but at the same time "delicious" packaging of new products
- Shared content with bloggers (photo / video), beautiful photo shoots
- Info graphic in PR articles (what to take on a trip, what kind of snacks to have)
- Use visually beautiful content in the social networks (FB, Instagram) - tasty photos, different consumption options, beautiful table setting. It is

also important to add immediately reviews, where to buy and a price of product.

- Work with bloggers who also make beautiful photos and recommend certain products.

One of the modern tendencies is that people want to be as quick as possible, they want to act immediately, without wasting their precious time. This trend in the modern society is called “mobility”. It also affects the JSC Lantmannen AXA activity as people see tasty content on the social medias of brands and immediately want to buy, but this option is absent now (except rozetka.ua). While the competitors such as Nestle, Sante use existing online stores + their own (Granola Mania). Considering this, the development of online purchase options would raise company’s sales among this part of consumers (PLACE). For this, the next steps must be made:

- Add other online stores
- Link brands resources (website, FB, Instagram) to online purchases
- Work in social medias with influencers (PROMOTION)

As nowadays we have a great trend among consumers, which is called “customization”, there is a need in the advertising activity use it properly to facilitate the brands’ success. In a case of Lantmannen AXA brand, the company should consider that people are looking for "their" taste of granola. Studies show that they always add something of their own - honey, berries, and nuts. Nevertheless, the company does not use this opportunity to work with it and now there is a standard line of our tastes, in standard packages. If we look at the competitors, they consider this fact. For example, Granola Mania - offers to collect your mix of granola on their website. The solution in terms of this trend and the advertising activity of JSC Lantmannen AXA lies in the next steps:

- offer to choose your taste / the product for yourself, not on an ongoing basis, voting, once a year - then launching a “favorite”;
- use as kind of competitions in the social networks - what are you having breakfast with?



The second brand in the company's portfolio is "Start!". Its products are corn flakes (natural, glazed, honey); shapes (cocoa balls, duo balls, rings, bones and skulls); pillows with fillings, granola. The target audience of the brand is represented by: Children age 6-12 years old (choose products, taste, coolness of the product / hero on the package is important to them) and their moms (25-40 years old) aged (gives approval for the purchase of a product, naturalness and quality of the product are important). The brand performance is characterized by 31% of the share in volume on a market and 61.8% of the brand knowledge.

The key marketing factors of the brand:

- When: breakfast / snack, fast, tasty and easy
- Where: Houses
- Competitor: Nesquik, Lion, Cini Minis, Golden Grain

#### **Proposals of improvement the advertising activity for the "Start!" brand.**

As promoting this brand, the company has to deal mainly with kids, so the communication message must be directed to them. Children have the opportunity to influence what their parents buy. Following this fact, the company uses cartoon characters for both packaging and ads on TV. The advertising message must be adjusted first to the child, the communication and attraction their parents' audience goes after.

The "here and now" trend is characterized by Mobility (Internet). The target audience are 6-14 years old children who eat breakfast cereals, consequently, digitalization is important for them so that the brand is online. Currently brand has a public page on the Facebook but it is mainly targeted on the parents. The solution, in order to take this trend into consideration, might be the next steps:

- Using of YouTube / Snapchat as the main social media platforms, work with child bloggers;
- Making the Short videos with brand's heroes, using GIFs pictures;
- Work with quizzes options, funny content, comics;
- Use friendly tone of voice while sharing the message;

- Make the advertising activity of the brand as much interactive and exciting as possible;
- Plan the Online Games development in the future.
- Content creation for different target audiences and through different channels (for moms and their children)

This is not a secret that children are waiting for surprises, games from their favorite brand. For example, the main competitor of the brand Start, “Nesquik” puts gifts inside of the package. Within the research company we can use it in the way of developing surprises / games on the packaging itself (just not simple, but something cool, interesting).

While working with the young audience in terms of the product advertising it is extremely important to take into consideration their rich imagination in order to attract their attention. The main characters of START are the lion Ricci and Zebra Melody. But there is a need to expand / continue the story of cool friends for a lion and a zebra. Or, alternatively, create a team of heroes and give them different characters so that the children recognize themselves in them, choose the product and the hero who will be closer “in spirit”. Create a story so that the brand would reflect the personality.

Having evaluated the weak and strong sides of the company, it is suggested to take the following steps for further effective development of the company:

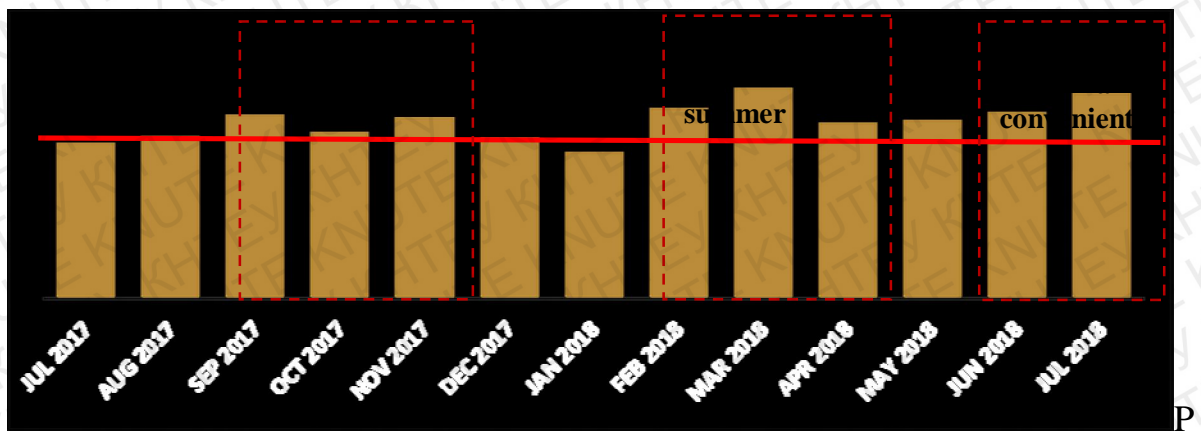
1. To build a strong and recognizable image for both brands, following the same design, colours, and message. Keep on repeating the same idea two make all the promotion activity work together. Appear within diverse communicative channels to raise the brands awareness and its identity.
2. To develop an integrated marketing/media plan for the next year, where the advertising activity would be a part of the whole marketing process. This new plan would consider all other components of 4Ps (product, price, place, promotion.) and the advertising activity would be conducted according to the schedule of sales, new products launching, new design, seasonality of sales, etc.

3. To choose the most relevant channels for advertising and compare them, basing on brands target audience, costs of advertising and rankings of various channels.
4. To plan activities more on the in-store experience of customer that would strengthen a “customer journey”.
5. Work on the trade marketing - improving the standards of representation, increasing the number of faces on the shelf, activating additional points of purchase (impulse purchases, cross-placement with milk, yogurt), Price activity and cross-promo with milk , tastings
6. Developing a culture of eating breakfast cereals in general, building knowledge of the category and brand AXA - how to consume, with what, how often (media, social networks, PR activity, opinion leaders)
7. To calculate the costs of all the planned activity and the impact of the future activity.

The right time scheduling is also very important as it can multiply the effect of advertising thank to the right period/season when demand naturally rises and it is important for the company to win the competition, to make customer to choose its brand over other competitors, to become superior on the market. In the case of JSC Lantmannen AXA, there are three main active sales seasons that are presented at the picture 3.1.

The first one is called “Back to school” when kids start to go to school which means that their parents need to provide them with tasty and easy breakfast. So the ready-to-eat breakfast by the brand Start! is exactly what they need. The purpose there is to promote products on TV, of course using the relevant channels, the most popular among their kids (“Cartoon Network”, “Nickelodeon”, etc.), channels for teenagers such as “Novyi Channel” and also a channel for moms “STB”. Simultaneously the promotion in the offices / malls / business centers must take place. In the spring time people are fasting and ready for the summer this is a communication time for the brand AXA that offers healthy products line. During June and July, people are travelling a lot and need something “ready-to-eat”.





pic. 3.1. Planning of advertising campaign based on the sales dynamics at JSC Lantmannen AXA, July 2017-2018. [4]

The next thing company has to deal with in the process of the advertising activity organization is media planning. Media planning is the process of strategizing and purchasing ad placements by determining the best combination of media to achieve marketing campaign goals.

Media planners are not only responsible for the initial media purchase, but also for the continued optimization of performance throughout the entire campaign lifecycle. They must consider the service and/or product being advertised, the ideal target audience and the marketing campaign goals.

Many times media planning will be outsourced to a media agency who is experienced in delivering ads across the best media platforms to the right people.

The major driving force of a multi-channel campaign is the marketing goals and objectives. In addition, Marketers need to come up with a combination of new media and traditional media in order to connect a brand to consumers. This connection will hopefully lead to a strong relationship between brand and consumer. Regardless, the message marketers put out through new media and traditional media channels needs to stay consistent.

Lantmannen-AXA advertising activity planning should be conducted in conjunction with all sections of the business plan of the company, which helps to clearly identify the place of advertising in the marketing complex, based on the specific price and commodity and activities for the organization of sales of goods.

The process of planning the advertising activity is in accordance with the logic of the enterprise's hierarchy of objectives.

Then the planning of advertising activity was analyzed, what get to the decision that a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines and combines these disciplines to provide clarity, consistency, and maximum communication impact.

Because of the combined efforts of the communications channels, the IMC strategy machine generates for the audience a clear picture of a brand's image and messaging as it relates to them.

### **3.2. Integrated marketing planning as a way to optimize advertising activity of “Lantmannen AXA”**

Planning an advertising activity helps the company to look at itself from a different angle and determine how to express its individuality and features of the products it manufactures, in a competitive environment. Planning should connect the company with the marketing policy of communications aimed at realizing such a perspective. Marketing plans and their component - marketing communications make enterprises more prepared for constant changes.

Moreover, it is important to make sure that you're appearing multiple times and that way it will your advertising is going to stand out (a prospect needs to hear the advertiser's message at least 7 times before they will take action to buy that product or service. People will not buy on the first shot that is why people are still doing billboards and TV advertising today. It is because the data proves it. The best advertising is really telling a story.

Consumers started to consume media on digital devices. The whole advertising industry started to solve it because there is so much data that we can actually start to use to understand how to target, is it working; how to measure that.

Advertising has always been about connecting people with brand and the brand with people.

A comprehensive plan that evaluates the strategic roles of a variety of communication disciplines and combines these disciplines to provide clarity, consistency, and maximum communication impact.

Because of the combined efforts of the communications channels, the IMC strategy machine generates for the audience a clear picture of a brand's image and messaging as it relates to them.

When marketers first begin to create an Integrated Marketing Communications strategy, they summarize marketing, advertising, and sales tools that they will use during different campaigns.



In addition, marketers need to come up with a combination of new media and traditional media in order to connect a brand to consumers. This connection will hopefully lead to a strong relationship between brand and consumer.

Technology is shifting the power away from editors, establishment, media elite. The Internet has become the first point of contact for consumers. 65% of consumers change their opinion about a brand after their digital experience, 96% of them were influenced when deciding on a purchase. As Mitch Mathews, marketing chef Microsoft, says: «The Old model: informing-persuading-reminding. The new model: demonstrating-involving-empowering.» 86% of marketers believe: single strategy multi-channel engagement leads to the long-term success.

Lantmannen AXA advertising activity planning should be conducted in conjunction with all sections of the business plan of the company, which helps to clearly identify the place of advertising in the marketing complex, based on the specific price and commodity and activities for the organization of sales of goods

The integrated marketing plan must be based on the right scheduling, considering seasonality of sales and other marketing activity, so below the 4Ps elements are given.

Plan of marketing communications of JSC Lantmannen AXA for 2019:

## 1. General information

### 1.1. Strategic communication goals of the enterprise:

- creation of conditions for encouraging consumers to test goods or make re-purchases;
- the establishment of a communications system designed to provide information about new products and services to the target audience;
- enhancement and consolidation of the brand image.

### 1.2. Tactical objectives of the enterprise:

- Brand awareness of the AXA 50% (+16 p.p. vs. 2018)
- Consumption of AXA 24% (+7 p.p. vs. 2018)
- Preference for AXA 12% (+5 p.p. vs. 2018)
- SOV # 1 on TV

- Site - to increase up to 20% of repeat users (now 8.5%)
- TOP-1 in google search by keyword
- Growth of page + 20% (up to 40 thousand)
- Time to increase from 1.2 minutes to 2.5 minutes
- Tastings - number of unique contacts not less than 500 in 1 day on 1 TT, 40% uplift sales on tasting day
- PR publications - at least 90 online, 25 – print

1.3. To achieve the goals, the company has to solve the following tasks:

- improvement of communication policy through the development and application of various communication elements;
- Pre-testing of proposed advertising innovations;
- determining the effectiveness of communication activities.

1.4. Budget of the communication campaign

For the period from 01.01.19 to 31.12.19 year. It is planned to allocate 1102000 UAH.

1.5. Method for determining the budget

Initially increase the cost of communication activities with the permission of the Lantmannen AXA director. With an increase in the company's profits due to increased volumes of sales, we can talk about an additional increase in the cost of communication activities.

In the course of realization of communication measures there is an opportunity to correct accepted proposals.

1.6. Terms of realization of communication campaign

The communication activity is planned to be conducted and implemented on a permanent basis during the specified period. After the expiration of the communication activity, an assessment of the effectiveness of the activities and analysis of the results will be conducted. After that, based on the analysis of the results and the effectiveness of the activities carried out, it will be decided whether to continue the communication activity after the specified period or not.

2. Target impact groups

- For the brand Start!: Children age 6-12 years old (choose products, taste, coolness of the product / hero on the package is important to them) and Moms (25-40 years old) with children aged 6-12 years
  - For the brand AXA: Women 25-35 years old, love “sweets”, need a convenient, tasty and nutritious snack / breakfast.
3. Regional segmentation of the communication campaign  
Ukraine, first of all Kiev, Kharkiv, Dnipro, as the category of ready-to-eat breakfast, convenient and healthy food is more relevant to the rural citizens.
  4. Integrated marketing communications plan

In table 3.2 the plan of integrated marketing communications of the JSC Lantmannen AXA for the period from 01.01.19 to 31.12.19 is presented, the target audience, place, way of carrying out, also a brief commentary of the measures.

*Table 3.2*

**Integrated marketing communication plan for of the JSC Lantmannen AXA for 2019**

Channel	Audience	Tools	Objective	Budget, thn UAH
1. Points of sales	Permanent and potential consumers of goods	Additional display points; Selling as a supplement to yogurt; Cross marketing	Introducing a new product or service; Reminder about an existing product or service in a new light; Increase sales volume by selling with supplements	80
2. Digital ongoing	target audience, people who are already interested in the product	Digital ongoing SEO, remarketing, GDN, FB, Instagram	Reminding to the audience interested in products about it, making customer to get used to the brand, use visualization tools to attract new customers, show on the personal example how to serve, eat supplement products; Targeting the potential client	202
3. TV/ Digital	Permanent and potential consumers of goods	Tv/digital campaign Digital viral videos	To raise the recognisability level of the brands, Rich as much audience as possible, entertain, The only channel that can rich the young audience of the brand Start!: Children age 6-12 years	450

*Continuation of the table 3.2*



Channel	Audience	Tools	Objective	Budget, thn UAH
4. SMM / web	Permanent and potential consumers of goods	Web update Opinion leaders	To keep the high image of the brand, express values, opinion leaders are those whom the audience trust, follow and listen to.	70
5. Tasting	Curious customers, those who like to try new things, are ready for changes; potential consumers; Those who like presents, smth given free.	Supermarkets , Business-centers, malls tasting promos	Introducing a new product or service; Reminder about an existing product or service in a new light; Increase sales volume by selling with suppliments	100
6. PR/Word of mouth		Work with nutritionist/pr int and online publications; WOM – testing, review from consumers	To increase the level of trust and loyalty to the brand, rich part of potential consumers that are care about their health and are suspicious to the ready-to-eat products	70

*Source: Created by author on the basis of [5]*

All the costs planning was made according to the previous costs of the advertising services provided by the advertising agency “Initiative” that JSC Lantmannen AXA work with and generally the previous costs of advertising. Of course, considering the budget limitations and the planned duration of the advertising campaign.

However, the point of the advertising activity improving is not only to separately make promotional/communication activity but also to schedule and budget it according to all other aspects of 4 Ps. As advertising gets the synergy effect (1+1=3) only while integrating it into all the aspects of marketing events and planned activities. While planning the advertising activity it is also very important to plan the budget. As it is a resource and a limit at the same time. The right scheduling and budgeting can give to the marketers a detailed picture of the whole process and can facilitate the following tactical steps that must be based on the marketing plan. It is also useful as the plan shows which events happen simultaneously, so as a result what

can cause the strengthening of advertising. The detailed picture of the marketing mix is presented in the table 3.3.

Table 3.3

**Integrated marketing and communication schedule of the JSC**

**Lantmannen AXA for 2019**

	Jan	Feb	Mar	Apr	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Product</b>											
New design of packaging											
Launching of new products											
<b>Price</b>											
Trade promotions (sales)											
<b>Promotion</b>											
TV / Digital			TV/ Digital campaigns		Digital - viral videos (brand AXA)			Digital - viral videos (brand Start!)			
Digital ongoing		Digital on-going - SEO, remarketing, GDN, FB&Insta									
SMM / web	Web update		Opinion leaders		Opinion leaders				Opinion leaders		
PR / WOM	Work with a nutritionist / print & online publications										
							WOM – testing, reviews from consumers				
Tastings			Supermarket					Offices / malls / Business centers			
Points of sales		additional display points			Selling as a supplement to the yogurt			Cross merchandising			
<b>Place</b>											
Expand the representation on the shelf											

Source: Created by author on the basis of [5]

**Product.** Launching of the new products: January-March, August-October. New design of packaging: April, July. The main goal in terms of product strategy is that the percent of sales of new products - at least 10% by the end of the year (in each category separately).



**Price.** Sales (price promotions): August, November-December. These activities are supposed to increase sales volume, promote the product among customers, stimulate a demand. One of the prior target of the company regarding the price is pricing below competitors so that it would realize a large sales volume through a lower price. By controlling costs and reducing services, firms are able to earn an acceptable profit, even though profit per unit is usually less. Such strategy can be effective if a significant segment is price-sensitive and/or the organization's cost structure is lower than competitor's is. Cost can be reduced by increased efficiency, economics of scale, or by reducing such things as credit, delivery, and advertising. The relevance of this pricing strategy is the fact that a majority of customers do not know which brand they will pick before they come to the store. The decision they make depends on what they see on the shelf, the design of packaging, and, of course, the price.

**Place.** February-April: top-5 representation on the shelf. Focusing on the cities-millions such as: Kiev, Kharkiv, Dnipro, as the category of ready-to-eat breakfast, convenient and healthy food is more relevant to the rural citizens that work a lot, do not have time to cook. Facing of the product is also a very important for the influencing customer's decision. Facing is the unit of production that is visible (in self-service stores — available) to the buyer. Thus, each assortment position can occupy several facings at the point of sale. However, it is necessary to distinguish faces and stock of products on the shelf for each position. [49] Each subsequent increase in the number of facings of one SKU increases its sales in the following proportion: 1 facing - 100%, 2 facing - 123%, 3 facings - 144%, 4 facing - 161%, 5 facings - etc.[48] Considering this it was determined that the optimal number of facings for company's products would be: 2 facings for granola and 4 facings for shapes.

Media planning compiles all of the marketers' desired goals, data compiled from targeting technologies, creative development specifications for the actual ads and accessibility to certain ad exchanges to determine the best way to deliver the message to target audiences.



The whole is most certainly more than the sum of its parts - when it has done right that is. That is the essential essence of integrated marketing - that by coordinating messages across channels the results from increasing brand awareness, familiarity, favourability and purchase intent are far higher than when taking a less integrated approach, which fails to coordinate.

With the introduction of a whole host of new digital marketing channels over the past decade, such as Instagram, Snapchat and Pinterest as well as existing digital platforms like Google, Facebook and Twitter, the integration of marketing channel has never been more difficult or more important.

A strategic approach to integrating communications and interactive experiences targeting defined audiences and individuals which coordinates all aspects of marketing of a brand including Paid media (offline advertising, direct marketing and online display and programmatic).

Integrated Marketing is an approach to creating a unified and seamless experience for consumers to interact with the brand/enterprise; it attempts to meld all aspects of marketing communication such as advertising, sales promotion, public relations, direct marketing, and social media, through their respective mix of tactics, methods, channels, media, and activities, so that all work together as a unified force. It is a process designed to ensure that all messaging and communications strategies are consistent across all channels and are centered on the customer. That has not to say integration stops at coordinating across individual digital channels. Many more traditional ad mediums have retained their effectiveness and need to be integrated with digital campaigns. Different channels have different strengths and weaknesses, and different types of content suit different channels better.

As it was determined, the existing range has not reached its limit of market coverage - there are sources of growth in terms of distribution and coverage of the target audience.

### **3.3. Forecasted changes in the economic activity of the enterprise based on the developed advertising activity plan**

Nowadays there are two main approaches to assessing the effectiveness of advertising on the global market: assessment of communication efficiency and evaluation of the economic effect. The point of the advertising effectiveness evaluation differs depending on the subjects of the advertising process: an advertiser, advertising agency, advertising distributors (advertising channels), consumers. Each of them defines and evaluates the effectiveness in its own way, mainly depending on the functional objectives of the subject. Moreover, for the advertiser, the effectiveness is closely connected to the obtaining of commercial benefits, for the target consumer - to meet their personal needs and desires. Therefore, an advertiser's and a particular buyer's rating may vary. The correct assessment of the effectiveness of advertising refers to the evaluation of marketing objectives for a specific time span. Advertising can be created, with its developers, advertisers - a rating agency and advertising channels are selected correctly, and economic efficiency may be low due to the many market factors not taken into account marketing concept.

Along with this concept of efficiency in advertising, on the one hand, is closely linked to the concept of economic efficiency in general. The most common and widespread definition of the economic efficiency definition is the ratio of the economic result obtained as a result of use of the advertising tool and the costs needed for the achieving of this result.

The economic effectiveness of advertising on foreign markets is an economic result obtained out of use of an advertising medium or the organization of an advertising campaign. It is defined as the ratio between profits (advertising revenue from additional trade turnover) and advertising costs.

Psychological efficiency - the degree of influence of advertising on consumers (attracting customers' attention, memorability, influence on the motive of purchase, etc.).

These concepts are interconnected, but their criteria are different (in the first case - this is the volume of sales, in the second - the psychological characteristics of the perception of advertising by its addressee). Measure metrics to determine the effectiveness of advertising are held "before" and "after" the campaign. If the product is new, then the initial values are assigned zero values.

The psychological effectiveness of the influence of advertising on foreign markets can be estimated on the basis of these indicators [22, p. 98]:

- degree of reach of the target audience;
- knowledge of the advertised brand / product (active, passive);
- understanding, recognition, memorable elements of advertising message;
- Intent to buy, to use the advertised product;
- general attitude towards advertising;

There are various methods of collecting information on the effectiveness of advertising activities (observation, experiment, various types of surveys: telephone, apartment, outdoors, etc.), each of which has its advantages and disadvantages. Such studies should be aimed at obtaining specific information on the interconnection of factors affecting consumers and the purpose of advertising, to determine the conditions and channels of its optimal impact. Measuring the effectiveness of activities is a complex task. For the overall assessment, determine:

- how much the message was adequate to the goals of the promotion?
- is the target group correctly identified?
- are the channels selected correctly to influence the target group?

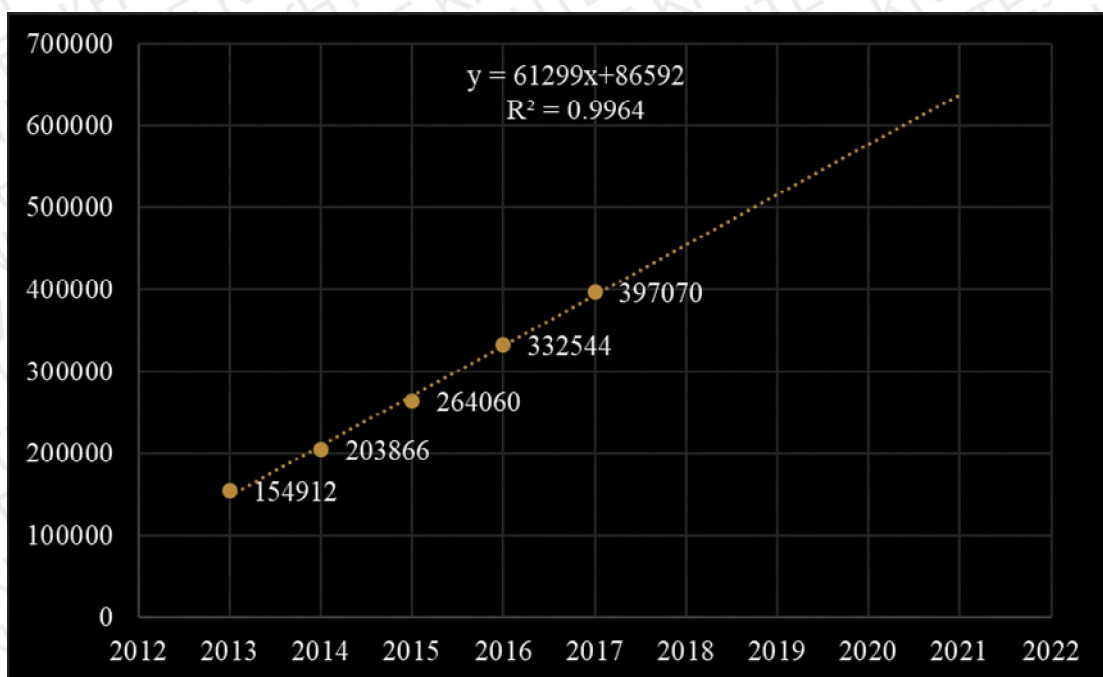
In a market environment, the final effectiveness of advertising activity is influenced by internal factors (the effectiveness of advertising strategy, the effectiveness of advertising products and the effectiveness of the media plan), depending on the advertiser or advertiser and his advertising agency, and external, independent of the actions of either the advertiser, or the advertiser and his agencies (market conditions, behavior of competitors, changes in consumer behavior, influence of state institutions and state policy on the consumer market, etc.). In the future, the effects of all of them separately need to be diagnosed.



The main basement for analyzing the economic efficiency of advertising campaigns are statistical and accounting data on the growth of sales turnover. These data allow us to explore the economic efficiency of one advertising tools, an advertising campaign and the entire advertising activity of the company.

Assessment of the economic advertising campaign efficiency is related to great difficulties, because such measures, as a rule, do not show a full effect immediately. In addition, the growth of trade turnover is often caused by other (non-promotional) factors - for example, a change in the purchasing power of the population due to rising prices, so getting accurate data on the economic effectiveness of measures to improve the corporate style is almost impossible. We can calculate the economic effect approximately.

In the picture 3.1. Forecast the of company's revenue for 2019-2021 when the implementation of the planned advertising activities will take place, is presented.



Pic. 3.1. Forecast of the income of JSC Lantmannen AXA for 2019-2021 years, ths. UAH.

*Source: Created by author on the basis of [4]*

From the function the formula  $y = 61299x + 86592$  was received, where  $x$  – is a number of the period. The number of 2019 is 7, so we get:  $61299 \cdot 7 + 86592 = 515685$  ths. UAH. Consequently, with this formula it is possible to calculate the forecast of

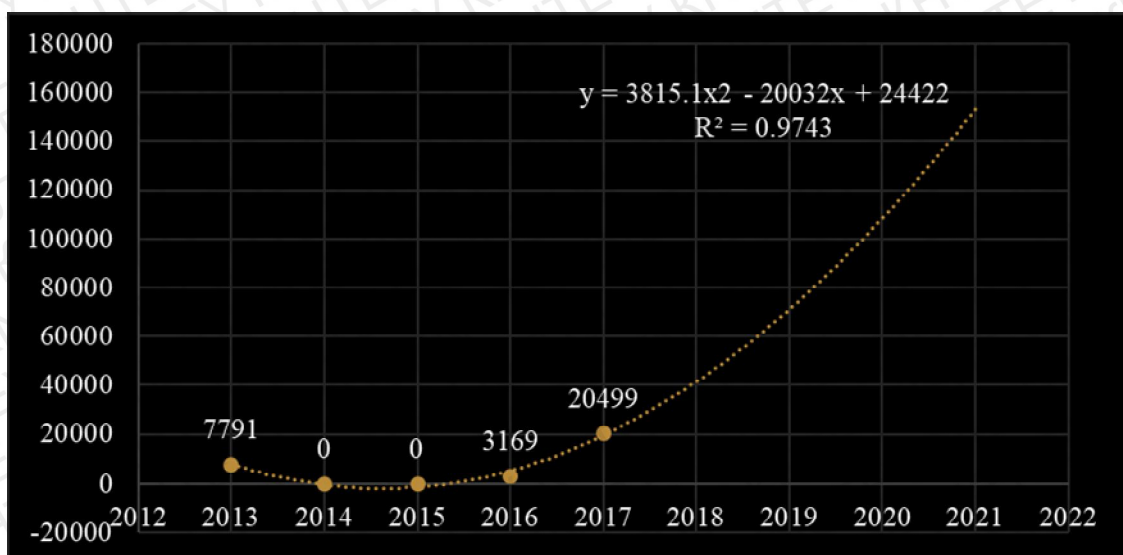
the income of JSC Lantmannen AXA for 2020:  $61299 \cdot 8 + 86592 = 576984$  ths. UAH.

And in 2021 accordingly:  $61299 \cdot 9 + 86592 = 638283$  ths. UAH

In order to evaluate the effectiveness of advertising activity in addition to methods, it is necessary to consider the following areas of studying the effectiveness of advertising:

1. Research of efficiency and popularity of separate advertising means (carriers of advertising) to various target audiences.
2. Study of the effectiveness of advertising policies of enterprises in general. The degree of awareness about the company and its products by the results of advertising activity for a certain period is studied.
3. Research of efficiency of separate advertising campaigns, in particular taking into account carrying out of special experiments.
4. Investigation of the effectiveness of the impact of advertising on the audience, the degree of its impact on people's behavior.
5. Study the synergistic effect of sharing them in advertising purposes with several tools.

Next, basing on the same approach we can calculate the forecast of the total net profit of JSC Lantmannen AXA, Picture 3.2.



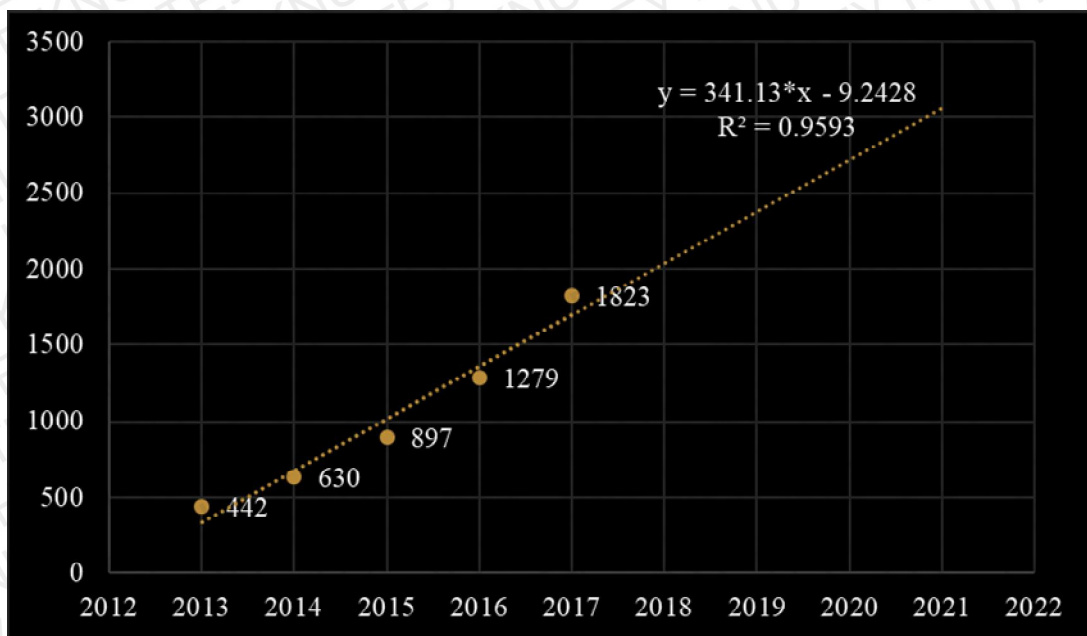
Pic 3.2. Forecast of profit of JSC Lantmannen AXA for 2019-2021, ths. UAH.

Source: Created by author on the basis of [4]



From the function the formula  $y = 3815.1x^2 - 20032x + 24422$  was received, where  $x$  – is a number of the period. The number of 2019 is 7, so we get:  $y = 3815.1*7^2 - 20032*7 + 24422 = 71137.9$ , ths. UAH. So according to forecast, the value of profit of JSC Lantmannen AXA in 2019 = 71138 UAH.

Next, for the calculation of efficiency of the future advertising activity there is a need to forecast the average daily turnover before the advertised period which is normally an average turnover of the company when it do not promote its products through the advertising activity, picture 3.3.



Pic. 3.3. Forecast the additional turnover of Lantmannen AXA for 2019-2021, ths. UAH.

*Source: Created by author on the basis of [4]*

From the function the formula  $y = 341.13*x - 9.2428$  was received, where  $x$  – is a number of the period. The number of 2019 is 7, so we get:  $y = 341.13*7 - 9.2428 = 2379$ , ths. UAH. So according to forecast, the Forecast the additional turnover of JSC Lantmannen AXA in 2019 = 2379, ths. UAH. For 2020:  $y = 341.13*8 - 9.2428 = 2719$ , ths. UAH. For 2021:  $y = 341.13*9 - 9.2428 = 3061$ , ths. UAH.

The next step is the calculation of the economic (commercial) advertising efficiency which is based on the forecasted . Baseline data for calculations are presented in the table 3.4.



Table 3.4

**Baseline data for forecasting the efficiency of advertising activity for 2019 [4]**

№	Indicators	2019*	2020*	2021*
1	Income, ths. UAH	515685	576984	638283
2	Advertising costs, ths. UAH	1102	1260	1441
3	Additional expense on the growth of trade turnover, ths. UAH	130	140	150
5	Average daily turnover before the advertised period, ths. UAH	2379	3390	4831
6	Trade margin, in % to selling price	12	12	12
7	The number of days considering in advertising and post-advertising periods, days	90	90	90
8	Increase in average daily turnover during the advertising and post-advertising periods, %	10	10	10

As we can not keep the same size of the advertising budget for the next years (2020-2021) the most relevant way is to raise it by the inflation rate in Ukraine in 2017 that was 14.44%, comparing to the previous.

1) Additional turnover under the influence of advertising:  $T_d = AdT * IdT * D / 100$ , where AdT – is an average daily turnover before the beginning of the advertising campaign (in monetary units);

dT - relative increase in average daily turnover for the advertising period compared with "before the campaign" (it is considered as a percentage);

D - the number of days of the promotional period.

AT (2019) =  $2379 * 10\% * 90/100 = 21408$  ths. UAH.

AT (2020) =  $3390 * 10\% * 90/100 = 30510$  ths. UAH.

AT (2021) =  $3390 * 10\% * 90/100 = 43483$  ths. UAH.

2) Economic effect made by advertising:  $E = At * Tm / 100 - (AdvE + Ade)$ , where E is valued in monetary units;

At - additional commodity circulation (in monetary units);

Tm - trade margin per unit of goods (a percentage of the selling price);

AdvE- advertising expenses (in monetary units);

Ade - additional expenses (in monetary units).

E (2019) =  $(21408 * 12\% / 100) - (1102 + 130) = 1336, 96$  ths. UAH.

E (2020) =  $(30510 * 12\% / 100) - (1260 + 140) = 2261$  ths. UAH.

$E(2021) = (21408 * 12\% / 100) - (1441 + 150) = 3627$  ths. UAH.

3) Advertising costs profitability rate:  $P = (P / C) * 100\%$ ,

where P - profit obtained from advertising;

C - the cost of advertising.

$P(2019) = 1336,96 / 1102 * 100 = 121,32\%$ .

$P(2020) = 2261 / 1260 * 100 = 179\%$ .

$P(2021) = 3627 / 1441 * 100 = 252\%$ .

To see in what way the results of advertising activity effectiveness will change, it is important to make a comparison of the efficiency results of 2017, that were calculated in the part 2 and the forecast results for 2019, see Table 3.5

*Table 3.5*

**Comparison of the efficiency results of 2017 and forecasted indicators for 2019 of JSC Lantmannen AXA in thd UAH and %**

No	Indicators	2017	2019*	2020*	2021*
1	Advertising costs, ths. UAH	1050	1102	1260	1441
2	Additional trade turnover, ths. UAH	19686	21408	30510	43483
3	Economy effect made by advertising, ths. UAH	1192	1337	2261	3627
4	Profitability of advertising, %	114	121	179	252

Consequently, at the expense of advertising the products of the enterprise, the company will be able to increase its additional turnover caused by the influence of advertising from 19686 thousand UAH in 2017 to 21408 thousand UAH in 2019, 30510 thousand UAH in 2020 and to 43483 in 2021. The Economic effect made by advertising will increase from 1192, 38 thousand UAH in 2017 to 1336, 96 thousand UAH on the planned period in 2019, to 2261 thousand UAH in 2020 and to 3627 thousand UAH in 2021. Advertising costs profitability rate will increase from 113.21% in 2017 to 121, 32% in 2019, to 179% in 2020 and to 252% in 2021.

The managerial responsibility in the area of advertising does not come to an end with the execution of an advertising programme. Any sound managerial effort is

finally interested in goal attainment and, therefore, always ready to evaluate the results.

Evaluation of advertising or advertising effectiveness refers to the managerial exercise aimed at relating the advertising results to the established standard of performance and objectives to assess the real value of the advertising performance.

This evolution exercise is also known as advertising research. It is an attempt to know whether the message designed properly has reached the greatest number of prospects at the least practical cost.

It is an attempt to measure whether the time, talent and the treasure invested in the creative activity has resulted in attaining the goals of profit maximization to the advertiser and satisfaction to the consumers at large.

In each area, one is to look in for the advertising ability and the achievements in the light of preset objectives. Advertising testing is indispensable because, it enables to get down to the facts, to decide on spending to guard against the mistaken notion that you have to keep in touch with latest trends, to separate wheat from the chaff, the sheep from goats, the winning ideas from the duds, to multiply the results from the rupee investments so made.

Testing of ad effectiveness is possible at any stage of advertising process. It can be done before the advertising campaign begins or during its run or after the campaign is fully run. Pre-testing gives the maximum safety, as much is not lost; concurrent testing makes him to lose little more as the advertising process has advanced.

Post-testing results in maximum loss if it fails as the whole show is over and he gets the post- mortem report, as to what has happened. Nothing is certain unless and until, we are sure about the accuracy and reliability of feedback that the advertiser gets from such research.

Assessment of the economic advertising campaign efficiency is related to great difficulties, because such measures, as a rule, do not show a full effect immediately. In addition, the growth of trade turnover is often caused by other (non-promotional) factors - for example, a change in the purchasing power of the population due to



rising prices, so getting accurate data on the economic effectiveness of measures to improve the corporate style is almost impossible.

### **Conclusions to the part 3**

The existing range has not reached its limit of market coverage - there are sources of growth in terms of distribution and coverage of the target audience. To get a detail picture about the environment of the company the SWOT-analysis was carried out.

The analysis showed that Lantmannen AXA is competitive enough on the market due to its strong sides. Nevertheless, it is necessary to minimize all the weaknesses of the company, strengthening its position on the market. Potential market opportunities provide the dry breakfast market with the potential for future successful development, but it is very important to plan anti-crisis measures to prevent threats to the company. Having evaluated the weak and strong sides of the company, some proposals regarding the improvement of the advertising activity were made. For example: As people see tasty content on the social medias of brands and immediately want to buy, but this option is absent now (except rozetka.ua), the development of online purchase options would raise company's sales among this part of consumers (PLACE). For this the next steps must be made: Add other online stores, link brands resources (website, FB, Instagram) to online purchases, work in social medias with influencers (PROMOTION), due to the fact that consumers prefer visually beautiful food - flakes, granola with chocolate and nuts, granola with fruits, berries it is important to pay more attention to the visual attractiveness while advertising: focusing on the own video content, simple, tasty, understandable (PROMOTION).

Then the planning of advertising activity was analyzed, what get to the decision that a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines and combines these disciplines to provide clarity, consistency, and maximum communication impact.

Because of the combined efforts of the communications channels, the IMC strategy machine generates for the audience a clear picture of a brand's image and messaging as it relates to them.

When marketers first begin to create an Integrated Marketing Communications strategy, they summarize marketing, advertising, and sales tools that they will use during different campaigns.

In addition, Marketers need to come up with a combination of new media and traditional media in order to connect a brand to consumers. This connection will hopefully lead to a strong relationship between brand and consumer. Regardless, the message marketers put out through new media and traditional media channels needs to stay consistent. Lantmannen AXA advertising activity planning should be conducted in conjunction with all sections of the business plan of the company, which helps to clearly identify the place of advertising in the marketing complex, based on the specific price and commodity and activities for the organization of sales of goods. The process of planning the advertising activity is in accordance with the logic of the enterprise's hierarchy of objectives.

A Plan of marketing communications of JSC Lantmannen AXA for 2019 was made. With going through of all the steps that the effective planning of the advertising activity includes. Integrated marketing and communication schedule of the JSC Lantmannen AXA for 2019 together with budgeting were conducted. For the period from 01.01.19 to 31.12.19 year. It is planned to allocate 1102000 UAH.

Basing on the forecasted calculations concerning the implementation of the new made communication planning, at the expense of advertising the products of the enterprise, the company will be able to increase its additional turnover caused by the influence of advertising from 19686 thousand UAH in 2017 to 21408 thousand UAH in 2019. The Economic effect made by advertising will increase from 1192, 38 thousand UAH in 2017 to 1336, 96 on the planned period in 2019. Advertising costs profitability rate will increase from 113.21% in 2017 to 121, 32% in 2019.



## CONCLUSIONS

Summarizing all the approaches to defining the term “advertising” it is fair to say that advertising is a paid, non-personalized form of communication that is carried out by an identified sponsor and uses the media to conquer (to something) or affect the audience.

As a part of the promotional mix, advertising plays a vital role for most businesses. It makes a synergy effect for all the other components of the promotion activity. It is a so-called “multiplier” which that can leverage other elements of the marketing program.

In modern society, advertising went far beyond the informative function of the consumer. Advertising has become an activity, in the sphere of business, which affects all branches of the economy, which employs a large number of people, united in their functions into large and small teams.

The main goals and destinations of advertising activity were analyzed in the work. It was determined that objects of advertising management (those for whom management decisions are directed) are consumer advertising (potential consumers, resellers, target audiences).

It was stated that a number of laws, supervisors, various civic organizations and even the international community regulates advertising. Normally 2-3 types of regulation are allocated: state, public, sometimes consumer. However, there are many more types of advertising controls.

Getting to the planning of advertising activities of the enterprise must take into account the many factors both subjective and objective nature. The main five factors that influence the advertising activity were analyzed: demographic, economic, technological, ecological and socio-cultural.

Advertising campaign is not a single flash even if very bright. This is a whole series (chain) of steps and sales-promoting activities that are carefully planned,

coordinated and carried out for a certain time. Without prudent planning an advertising campaign would not find a response from consumers.

It was determined that nowadays there are two main approaches to assessing the effectiveness of advertising on the global market: assessment of communication efficiency and evaluation of the economic effect. The point of the advertising effectiveness evaluation differs depending on the subjects of the advertising process: an advertiser, advertising agency, advertising distributors (advertising channels), consumers. Along with this concept of efficiency in advertising, on the one hand, is closely linked to the concept of economic efficiency in general. The most common and widespread definition of the economic efficiency definition is the ratio of the economic result obtained as a result of use of the advertising tool and the costs needed for the achieving of this result. As a result, the main approaches and formulas were given and described.

In the Part 2 the advertising activity of “Lantmannen AXA” was analysed. Firstly, the general characteristics of the enterprise was given. Lantmannen AXA in Ukraine is part of the Scandinavian holding Lantmannen, which is the leader in Northern Europe in the field of agriculture, food production, engineering, bioenergy. In Ukraine, Lantmannen is a producer of breakfast cereals START! and AXA (plant is in Boryspil).

The sales structure of the company for the past two years was analyzed. The result was the conclusion that Lantmannen AXA is a company that constantly growth its sales volumes and develops both extensively and intensively. Moreover, a company’s share on the market of dry breakfast in Ukraine is 59,6%. The top-five clients by the volume of sales in Ukraine are: Metro, Auchan, Billa, Novus, Watsons.

Then, for a deeper analysis of the activity of JSC Lantmannen AXA, its balance sheet and the report on financial results for the last five years were considered, and certain calculations were made regarding the activity of the enterprise.

According to the calculations made for assessment the financial stability of the enterprise it was that up to the 2016 the company was characterized by the unstable

financial situation, so its stocks exceeded its normal sources of funding. However, in 2016 the situation was stabilized as stocks exceeded own working and normal sources of funding exceeded stocks. , while in 2016-2017 the situation was stabilized. Financial indicators of the company were improved, activity became significantly more profitable.

JSC Lantmannen AXA is engaged in export and import operations. For the company that operates on the food market it is extremely important to guarantee its consumers an absolute safety and quality.

Currently the share of export in the total revenue is around 27%. The most significant growth happened in UAE and China (1318% and 443% accordingly). It shows that these markets are one of the most perspective and may potentially rich the sales volume on a domestic market. The total growth of export in 2017 was 39%, comparing to 2016. While in Ukraine the growth was on the level of 42%.

Most export operations of the company are carried out on the FCA Incoterms conditions, that means that buyer arranges the main carriage. Usually delivery and transfer of risk takes place when the truck or other vehicle arrives at this place, ready for unloading.

Analyzing the advertising activity of the company, it was determined that company uses such distribution channels of advertising: classical advertising on television, in newspapers and magazines, outdoor advertising on billboards and digital ad. Regarding the channels of advertising activity, JSC Lantmannen AXA, the largest share in the structure of the advertising campaign, in 2017 was 500 thousand UAH on television, on one level is the financing of promotions - 120 thousand UAH. and PR shares - 150 thousand UAH.

The estimation of the effectiveness of advertising activities of the enterprise showed that indexes of Additional trade turnover, Economy effect made by advertising and Profitability of advertising are constantly growing which tells about experience and professional approach of the marketing department. Nevertheless, a complex planning of the marketing and advertising activity can be proposed.



In the part 3, to get a detail picture about the environment of the company the SWOT-analysis was carried out.

The analysis showed that Lantmannen AXA is competitive enough on the market due to its strong sides. Nevertheless, it is necessary to minimize all the weaknesses of the company, strengthening its position on the market. Having evaluated the weak and strong sides of the company, some proposals regarding the improvement of the advertising activity were made. Then the planning of advertising activity was analyzed, what get to the decision that a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines and combines these disciplines to provide clarity, consistency, and maximum communication impact. Because of the combined efforts of the communications channels, the IMC strategy machine generates for the audience a clear picture of a brand's image and messaging as it relates to them. A Plan of marketing communications of JSC Lantmannen AXA for 2019 was made. With going through of all the steps that the effective planning of the advertising activity includes. Integrated marketing and communication schedule of the JSC Lantmannen AXA for 2019 together with budgeting were conducted. For the period from 01.01.19 to 31.12.19 year. It is planned to allocate 1102000 UAH.

Basing on the forecasted calculations concerning the implementation of the new made communication planning, at the expense of advertising the products of the enterprise, the company will be able to increase its additional turnover caused by the influence of advertising from 19686 thousand UAH in 2017 to 21408 thousand UAH in 2019. The Economic effect made by advertising will increase from 1192, 38 thousand UAH in 2017 to 1336, 96 on the planned period in 2019. Advertising costs profitability rate will increase from 113.21% in 2017 to 121, 32% in 2019.

## REFERENCES

1. Law of Ukraine dated April 16, 1991 No. 959-XII (with amendments and supplements) "On Foreign Economic Activity". - Mode of access: <http://zakon3.rada.gov.ua/laws/show/959-12>.
2. Annex to the Law of Ukraine "On the Customs Tariff of Ukraine" dated September 19, 2013 No. 584-VII. -Access mode: <http://zakon3.rada.gov.ua/laws/show/584%D0%B0-18/page>.
3. Incoterms 2010 in Ukraine. - Access mode: <http://www.incoterms.zed.ua/>
4. The corporate analytics service - [Electronic resource] - Access mode: <http://pradata.com/home/>.
5. Sharepoint-the intranet service platform - [Electronic resource] - Access mode: <https://products.office.com/uk-ua/sharepoint/collaboration>.
6. Official website of the JSC Lantmannen AXA - [Electronic resource] - Access mode: <http://lantmannen.ua>.
7. Types of regulation of advertising activity - [Electronic resource] - Mode of access: [www.bugrym.com](http://www.bugrym.com).
8. All Ukrainian advertising coalition. - [Electronic resource] - Access mode: <http://www.adcoalition.org.ua/>.
9. All published ads. - [Electronic resource] - Access mode: <http://www.adme.ru/rubrics/>.
10. Dynamics of development of the modern advertising market abroad. - [Electronic resource] - Access mode: [http:// life-prog.ru/1\\_5496\\_internatsionalnaya-reklama.html](http://life-prog.ru/1_5496_internatsionalnaya-reklama.html).
11. The Law of Ukraine "On Advertising". - [Electronic resource] - Access mode: <http://zakon2.rada.gov.ua>.
12. Internet source about ZMI in Ukraine - [Electronic resource] - Access mode: <http://www.telekritika.kiev.ua>.

13. Kvasova L.S. Advertising management: Lecture notes / L.S. Kvasova, Yu.V. Sivoplyas, OV Pakhlova. - Dnipropetrovsk: NMetAU, 2013. - 60 p.
14. A. Kram. - Voronezh: Scientific Book, 2012. - 312 p.
15. Basic Payment Schemes by an Advertising Agency Service Agent - [Electronic resource] - Access mode: <http://pidruchnyky.cf/17osnovnyie-shemyi-oplatyi-uslug-reklamnogo-17756.html>.
16. Advertising. - [Electronic resource] - Access mode: <http://100pudov.com.ua/manual/ukr/29/132/>.
17. Advertising costs assessment - [Electronic resource] - Mode of access: [http://studopedia.net/5\\_17325\\_rozrahunok-tsini-reklami-menshoi-za-sek.html](http://studopedia.net/5_17325_rozrahunok-tsini-reklami-menshoi-za-sek.html)
18. Romat E.V. Advertising / E.V. Romat. - K.: Book on Demand, 2009. - 208 p.
19. TV Internet project “Night wanderer” / Night of devourers of advertising - [Electronic resource] - Access mode: [www.nightstranger.ru/downloads/commercial.htm](http://www.nightstranger.ru/downloads/commercial.htm)
20. Shugerman, J. The Art of Creating Advertising Messages: A Handbook of an Outstanding American Copywriter / J. Shugerman. - K.: Mann, Ivanov and Ferber, 2013. - 400 p.
21. Marketing dictionary - [Electronic resource] - Access mode: [http://www.marketch.ru/marketing\\_dictionary/marketing\\_terms\\_f/facing/](http://www.marketch.ru/marketing_dictionary/marketing_terms_f/facing/)
22. Centre of business-tech - [Electronic resource] - Access mode: <http://bc-expert.ua/articles/faceing/>
23. Ponomareva N.M. New Approaches to Modern Marketing Communications [Electronic resource] / N.M. Ponomareva AM Ponomarev - Access mode: <http://gisap.eu/en/node/534>.
24. A study on the impact of social media on consumers, M. Nick Hajli, Birkbeck, University of London, International Journal of Market Research vol. 56 Issue 3, 2015.



25. Damian R. Calvin Jones Understanding Digital Marketing: Marketing Strategies for Engaging the Digital Generation. Kogan Page, 2012
26. How modern retailers keep loyalty in the millennium era. [Electronic resource] - Access mode: <https://rau.ua/news/ritejl-vepohu-millenium/>
27. Osadets I. Recent trends in the Internet advertising market in Ukraine and world: approaches to the topic [Electronic resource]. - Access mode :<https://scholar.google.com/citations?user=hKjSCiwAAAAJ&hl=en>
28. Vinnikova I.I. Features of using SMM tools in marketing activity of Ukrainian enterprises / I. I. Vinnikova, AHEM. Grebnyov, Y.O. Puzanova // Economic Bulletin of NTUU "KPI". - 2017. - No. 14. - P. 6-8.
29. Primak T.O. Marketing Communication Policy [Book]/ T.O. Primak; MONU - Kyiv: Atika; Elga-N, 2009. - 328 p.
30. Kuminskaya Ya.A. Features of naming in the formation of the brand companies / Y.A. Kuminskaya, E.O. Krivorotko // Young Scientist. - 2014. - No. 21. - P. 360-363.
31. How Big Data Analytics Can Improve Your Marketing. – Electronic resource – Access mode: <http://data-informed.com/how-big-data-analytics-can-improveyour-marketing/>.
32. Ten Ways Big Data Is Revolutionizing Marketing and Sales. – Electronic resource - Access mode: <https://www.forbes.com/sites/louiscolombus/2016/05/09/ten-ways-big-data-is-revolutionizing-marketing-and-sales/#1a801f4421cf>.
33. Lilyk I. Markets Research Market in Ukraine in 2014: expert assessment and analysis of the UAM / I. Lilyk // Marketing in Ukraine. -2015. - No. 1. - p. 4-26.
34. The cost of Internet advertising will exceed the indicators of television [Electronic resource]. - Access mode: <http://detector.media/rinok/article / 113699/2016-03-21-vitrati-na-internet-reklama-perevishchatpokazniki-telebachennya-vzhe-v-2017-rotsi-zenithoptimedia>

35. Groshev I.V. Features of the impact of shocking elements advertising on consumer behavior / I.V Groshev, L.V. Morozov //Social psychology and society. - № 1 - 2012. - P. 142–150.
36. Calculation of the economic effectiveness of the advertising campaign- [Electronic resource] - Access mode: <https://studopedia.info/1-47582.html>
37. Wertheim K. Digital Marketing: How to Increase Sales with using social networks, blogs, wikis, mobile phones and other modern technologies: Trans. from English / Kent Wertheim: Alpina Publishers: Yurait, 2010. - 377 p.
38. The Global Competitiveness Report 2010-2011 [Electronic resource].- Access mode: <http://www.weforum.org/report>
39. Ponomareva N.M. New Approaches to Modern Marketing Communications [Electronic resource] / N.M. Ponomareva AM Ponomarev - Access mode: <http://gisap.eu/en/node/534>.
40. Hrycuta N. Current state of ethical problems of social advertising in Ukraine: / N. Hrytsuta. // State and regions. Series: Social communication - 2010. - No. 2. - P. 184-190
41. Damian R. Calvin Jones Understanding Digital Marketing: Marketing Strategies for Engaging the Digital Generation. Kogan Page, 2012.
42. . A study of the impact of social media on consumers, M. Nick Hajli, Birkbeck, University of London, International Journal of Market Research Vol. 56 Issue 3, 2015.
43. Digital Media will sell ads by target audience, - "MediaBusiness" [Electronic resource].-Access mode: <http://www.mediabusiness.com.ua/content/view/37084/47/lang,ru>.
44. Guideline Targeting / [Electronic resource]. - Access mode: <http://ua.wikipedia.org/wiki/Targeting>.
45. Goloshubova N.O. Organization of trade: textbook [for stud. higher tutor] / N.O. Goloshova - 2nd edition-K.: Kiev. KNUTE, 2012. - 680 p

46. Types of advertising [Electronic resource] - Access mode: <https://aptxt.com/vidy-reklamy-onlajn-i-oflajn.html>.
47. A person remembers an advertisement from 18<sup>th</sup> time [Electronic resource] - Access mode: <http://diastyle.ru/marketingreklama/reklama-18>.
48. Maritz Motivation Solutions official site. - Access mode: <https://www.maritzmotivation.com/Customer-Loyalty>.
49. Research on the analytical maturity of member companies Loyalty Forum [Electronic resource] / Official site research agency IFAK Institut [site]. - Access mode: <http://www.ifak.com.ua>.
50. Barden F. Code Is Broken, or Science That Makes A Buy /Barden F. - K.: Book Club "Family Leisure Club" 2017. - 304 pp.
51. DYNAMICS OF USE OF THE INTERNET IN UKRAINE: April 2017. [Electronic resource]. - Access mode: ModeAccess: <http://www.nielsen.com/ua/uk/insights/reports/2015/ukrainian-kiev-pokupec-u-nelegkomu-20141.html>.
52. Survey of Ukraine's Internet audience in October 2017 [Electronic resource]. - Access mode: <http://inau.ua/news/yssledovanye-ynternet-audytoryy-ukrayny-za-oktyabr-2017-goda>
53. Firsova A.I., Melnyk S.G. Evolution of marketing theory: Ukrainian dimension // Bulletin of the ONU - 2013. - Vol. 18 Issue 4/2. Pp. 163-167.
54. Dubovik T.V. Internet Marketing Communications: A Monograph. /T.V. Owl - K.: Kiev. KNUTE, 2014. - 332 pp.
55. Rakovska-Bashmakova O.S., Rusanova T.M. Psychological impact advertising activity to society. - Access mode: [http://www.nbu.gov.ua/portal/Soc\\_Gum/VMSU/2007-02/07rbosiio.htm](http://www.nbu.gov.ua/portal/Soc_Gum/VMSU/2007-02/07rbosiio.htm).
56. Ryzhkova G.A. Features and prospects of marketing market development Communications in Ukraine / G.A. Ryzhkova // Economic Nobel Bulletin. - Dnipropetrovsk, 2014. - No. 1 (7). - P. 375-380.
57. Advertising marketing [Electronic resource] - Access mode: <http://sostav.ua/publication/top-14-trendov-internetmarketing-201776154.html>.



58. P & G Will Cut \$ 2 Billion in Marketing [Electronic resource] // AdvertisingAge. - 2017 - Access Mode: <http://adage.com/article/cmo-strategy/pg-cut-2-billion-media-agency-costs/308811/>.
59. How much time do we spend on social media? [Electronic resource] // mediakix.com. - 2016. - Access Mode: <http://mediakix.com/2016/12/how-much-time-is-spent-on-social-media-lifetime/#gs.HJqk0oQ>.
60. Types of content for social networks [Electronic resource]. - Access mode: <http://blog.yudjes.com.ua/vidy-kontenta-dlya-socialnyhsetey-art4705>.
61. Komashenko I. Features of information and entertainment content in the Ukrainian segment of social network Facebook / I.I. Komashenko // Young scientist - 2016. - No. 4. - P. 502-506.
62. Azaryan E.M. International Marketing / E.M. Azaryan. - 3rd ed. - Kharkiv: Studtsentr, 2013. - 202 p.
63. Pilipchuk V.P. Commercial marketing: textbook / V.P. Pilipchuk, O.F. Osnach, L.P. Kovalenko. - Kyiv: Center lit., 2015. - 264 p.
64. Research "Efficiency of corporate style at the enterprise" 2016 [Electronic resource]. - Access mode: <http://dekor-bud.com/results/statistics574>.
65. Official website of the Internet Association of Ukraine (InAU). [Electronic resource]. - Access mode: <http://inau.ua/>.
66. Global Internet advertising costs will exceed \$ 200 billion 2017 [Electronic resource]. - Access mode: <https://www.rbc.ua/ukr/news/globalnye-rashody-internet-advertising-prevysyat-1490711007.html>.
67. The cost of Internet advertising will exceed the indicators of television [Electronic resource]. - Access mode: <http://detector.media/rinok/article/113699/2016-03-21-vitrati-na-internet-reklama-perevishchatpokazniki-telebachennya-vzhe-v-2017-rotsi-zenithoptimedia>.
68. Video Advertising in Social Media 2017: Showtime for Facebook, Snapchat and Twitter [Electronic resource]. - Access mode: <https://>

[www.emarketer.com/Report/Video-Advertising-Social-Media-2017-Showtime-Facebook-Snapchat-Twitter/2002083](http://www.emarketer.com/Report/Video-Advertising-Social-Media-2017-Showtime-Facebook-Snapchat-Twitter/2002083).

69. Romat E. Advertising on non-standard media (ambient ads) /E. Romat // Marketing and advertising. - 2013. - № 1. - P. 30–36.
70. Glushkova T.V. Ambient advertising as a means of effective marketing //State and Regions Magazine. - Series: Social Communications, 2014, No. 1-2 (17-18)

## Balance sheet of JSC "Lantmannen AXA" for 2013-2017 years

ASSETS	Line code	2013	2014	2015	2016	2017
<b>I. Non-current assets</b>						
Intangible assets:	1000	1355	2015	2897	4869	6007
Initial value	1001	2151	3397	5192	7648	11532
Accumulated depreciation	1002	-796	-1382	-2295	-2779	-5525
Incomplete capital investments	1005	0	0	0	0	0
Fixed assets:	1010	35914	38848	66576	51350	56603
Initial value	1011	65472	72253	52688	94230	105297
depreciation	1012	- 29558	-33405	-38155	-42880	-48694
Investment property:	1015	0	0	0	0	0
Initial value	1016	0	0	0	0	0
depreciation	1017	0	0	0	0	0
Long-term Biological assets:	1020	0	0	0	0	0
Initial value	1021	0	0	0	0	0
Accumulated depreciation	1022	0	0	0	0	0
Long-term financial investments: accounted using the other companies' equity method	1030	0	0	0	0	0



Other financial investments	1035	0	0	0	0	0
Long-term receivables	1040	0	0	0	0	0
Deferred tax assets	1045	365	396	451	378	0
Goodwill	1050	0	0	0	0	0
Deferred acquisitions expenses	1060	0	0	0	0	0
Remaining funds in centralized insurance reserve funds	1065	0	0	0	0	0
Other non-current assets	1090	0	0	0	0	0
<b>Total for section I</b>	<b>1095</b>	<b>37634</b>	<b>41259</b>	<b>50654</b>	<b>56597</b>	<b>62610</b>
<b>II. Current assets</b>						
Inventories	1100	11894	16850	20056	32197	41193
Industrial stocks	1101	0	0	0	0	0
Production in progress	1102	0	0	0	0	0
Finished products	1103	0	0	0	0	0
Goods	1104	0	0	0	0	0
Current biological assets	1110	0	0	0	0	0
Reinsurance deposit	1115	0	0	0	0	0
Promissory notes received	1120	0	0	0	0	0
Receivables on products, goods, works and services	1125	28610	42434	63494	66823	86105
Receivables on settlements: the advances payments	1130	910	3431	2513	1664	2179

From budget	1135	1944	4946	3094	3925	2104
Including income tax	1136	101	692	692	692	183
from accrued income	1140	0	0	0	7	1
from internal settlements	1145	0	0	0	0	0
Other current receivables	1155	67	203	260	75	101
Current financial investments	1160	0	0	0	0	0
Money and their equivalents	1165	196	3984	1597	35227	17063
Cash	1166	0	0	0	0	0
Bank accounts	1167	0	0	0	0	0
Deferred expenses	1170	0	0	0	0	0
The share of a reinsurer in insurance reserves	1180	0	0	0	0	0
including:						
reserves of long-term liabilities	1181	0	0	0	0	0
reserves of losses or reserves of due payments	1182	0	0	0	0	0
reserves of unearned premiums	1183	0	0	0	0	0
other insurance reserves	1184	0	0	0	0	0
Other current other insurance reserves assets	1190	1	4	0	1	2
<b>Total for section II</b>	1195	43622	71852	91014	139919	148748
<b>III. Non-current assets held for sale and disposal groups</b>	1200	0	0	0	0	0
<b>Total</b>	1300	81256	113111	141668	196516	211358



<b>Liabilities</b>	<b>Line code</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>I. Own capital</b>						
The registered capital	1400	20950	20950	20950	63262	63262
Contributions to unregistered authorized capital	1401	0	0	0	42312	0
Capital in surplus	1405	0	0	0	0	0
Additional capital	1410	0	0	0	0	0
Emission income	1411	0	0	0	0	0
Accumulated exchange rate differences	1412	0	0	0	0	0
Reserve capital	1415	209	599	0	0	159
Retained profit (uncovered loss)	1420	7409	-2327	-22595	-19821	653
Unpaid capital	1425	0	0	0	0	0
Withdrawn capital	1430	0	0	0	0	0



Other reserves	1435	0	0	0	0	0
<b>Total for section I</b>	1495	28568	19222	-1645	43441	64074
<b>II. Long-term liabilities and provision</b>						
Deferred tax liabilities	1500	0	0	0	0	510
Pension liabilities	1505	0	0	0	0	0
Long-term bank loans	1510	0	0	0	0	0
Other long-term liabilities	1515	38008	72942	108581	99247	102445
Long-term provision	1520	0	0	0	0	0
Long-term provision of staff costs	1521	0	0	0	0	0
Target financing	1525	0	0	0	0	0
Charity	1526	0	0	0	0	0
Insurance reserves, including:	1530	0	0	0	0	0

reserve of long-term liabilities; (at the beginning of the reporting period)	1531	0	0	0	0	0
reserves of losses or reserves of due payments; (at the beginning of the reporting period)	1532	0	0	0	0	0
reserves of unearned premiums; (at the beginning of the reporting period)	1533	0	0	0	0	0
other insurance reserves; (at the beginning of the reporting period)	1534	0	0	0	0	0
Investment contracts;	1535	0	0	0	0	0
Prize fund	1540	0	0	0	0	0
Reserve for jackpot payment	1545	0	0	0	0	0
<b>Total for section II</b>	1595	38008	72942	108581	99247	102955
<b>III. Current liabilities and provision</b>						
Short-term bank loans	1600	1745	0	12455	28038	0



Promissory notes issued	1605	0	0	0	0	0
Current debts: long-term liabilities	1610	0	0	0	0	0
goods, work, services	1615	10794	17697	18964	22544	39759
payments to the budget	1620	98	146	170	232	350
including income tax	1621	0	0	0	0	0
insurance settlements	1625	224	307	296	232	360
wages paying	1630	570	734	754	952	1465
advances received	1635	12	49	0	28	61
Payments to the participants	1640	0	0	0	0	0
from internal settlements	1645	0	0	0	0	0
For insurance activity	1650	0	0	0	0	0
Current provision	1660	1136	1484	1568	1567	2148



Deferred income	1665	0	0	0	0	0
Deferred commission income from reinsurers	1670	0	0	0	0	0
Other current liabilities	1690	101	530	525	235	186
Total for section III	1695	14680	20947	34732	53828	44329
<b>IV. Liabilities associated with non-current assets deducted for sale and disposal groups</b>	1700	0	0	0	0	0
<b>V. Net asset value of non- state pension fund</b>	1800	0	0	0	0	0
<b>Total</b>	<b>1900</b>	<b>81256</b>	<b>113111</b>	<b>141668</b>	<b>196516</b>	<b>211358</b>

Source: compiled according to the official reports of JSC "Lantmannen AXA"  
[Electronic resource] - Access mode:  
<https://smida.gov.ua/db/emitent/year/xml/showform/112219/165/templ>

## Report on the financial results of JSC "Lantmannen AXA" for 2013-2017 years

## I. Income statement

Item	Line code	2013	2014	2015	2016	2017
Net income (proceeds) from products sale (goods, work, services)	2000	154912	203866	264060	332544	397070
Net earned insurance premiums	2010	0	0	0	0	0
Cost value of sales (goods, work, services)	2050	-99991	-122873	-156200	-194325	-224898
Gross profit	2090	54921	80993	107860	138219	172172
Other operating revenues	2120	1427	9186	8185	4589	3263
Administrative expenses	2190	-5915	-7891	-10816	-12703	-17242
Distribution costs	2150	-36573	-49413	-81186	-99231	-120465
Other operating expenses	2180	-1058	-1363	-2102	-2755	-3225



Financing results from operating activities: profits	2190	12802	31512	21941	28119	34503
Profit on capital	2200	0	0	0	0	0
Other financing revenues	2220	0	14	0	13	333
Other revenues	2240	11	110	30	219	2301
Financing expenses	2250	-2214	-40249	-41310	-20662	-9244
Expenses on capital	2255	0	0	0	0	0
Other expenses	2270	-680	-713	-1381	-4447	-5673
Profit before taxes	2290	9919	0	0	3242	22220
Losses	2295	0	-9326	-20720	0	0
Income tax expense	2300	-2128	31	-56	73	1721
Profit (losses) from interrupted operations after taxes	2305	0	0	0	0	0
Net income	2350	7791	0	0	3169	20499
Losses	2355	0	-9295	-20664	0	0



II. Statement of comprehensive income

Item	Line code	2013	2014	2015	2016	2017
<b>Fived assets revaluation</b>	2400	0	0	0	0	0
Financing instruments revaluation	2405	0	0	0	0	0
Accumulated exchange differences	2410	0	0	0	0	0
Share of comprehensive income of associated and joint ventures	2415	0	0	0	0	0
Other comprehensive income	2445	0	0	0	0	0

Other comprehensive income before taxes	2450	0	0	0	0	0
Tax on profit relating to other comprehensive income	2455	0	0	0	0	0
Other comprehensive income after taxes	2460	0	0	0	0	0
Comprehensive income (total of 2350, 2355 and 2460)	2465	7791	-9295	-20664	3169	20499

### III. Operating costs elements

Material costs	2500	86247	104391	131886	163416	182872
Labor costs	2505	17631	20734	22204	28384	35819
Expenses for social events	2510	5141	6051	6048	4913	6171
Depreciation	2515	4378	5377	6626	7302	9883



Other operating expenses	2520	30140	42671	77098	93684	111044
Total	2550	143537	179224	243862	297699	345789

IV. Stock  
profitability  
indicators  
calculation

The average year ordinary share number	2600	41899641 6	4189964 16	4189964 16	4189964 16	1028759 201
Adjusted year ordinary share number	2605	41899641 6	4189964 16	4189964 16	4189964 16	1028759 201
Net income (loss) per share	2610	0.02	-0.02	-0.05	0.01	0.02
Adjusted net income per ordinary share	2615	0.02	-0.02	-0.05	0.01	0.02
Dividends per ordinary shares	2650	0	0	0	0	0

Source: compiled according to the official reports of JSC "Lantmannen AXA"  
[Electronic resource] - Access mode:  
<https://smida.gov.ua/db/emitent/year/xml/showform/112219/165/templ>