

CONTENT

INTRODUCTION	3
CHAPTER 1. GENERAL ANALYSIS OF EXPORT POTENTIAL OF LLC “RK.FOOD”	5
1.1. The characteristic of financial and economic activity of LLC “RK.FOOD”	5
1.2. The analysis of enterprise foreign economic activity	13
1.3. Assessment of the export potential of LLC “RK.FOOD”	20
Conclusions to the chapter 1	27
CHAPTER 2.IMPROVEMENT OF EXPORT POTENTIAL OF LLC “RK.FOOD”	28
2.1. Necessity of enterprise's foreign economic activity improvement	28
2.2. Strategies to optimize export potential of LLC “RK.FOOD”	32
2.3. Forecasted changes in the foreign economic activity of LLC “RK.FOOD” on the basis of proposed measures	39
Conclusions to the chapter 2	45
CONCLUSIONS	47
REFERENCES	51
APPENDIXES	

INTRODUCTION

Actuality of theme. The efficiency of an enterprise's activity in the sphere of foreign economic activity depends on the quality of its export operations, since they determine its position in the foreign market. The main component of export potential is constant monitoring of distribution and distribution channels to foreign buyers. In current market conditions, enterprise should monitor competitive environment in order to identify export potential. Depth of such monitoring refers to the use of many different criteria and indicators. The main problem in this process is to choose the optimal number of indicators of rational evaluation of exports, which in turn makes it possible to improve the efficiency of export operations. The problem of the lack of a universal method of stimulating export operations, which would take into account the main advantages and disadvantages of different means of promotion, arises before all market actors.

The analysis of literary sources devoted to the issue of expanding export potential shows that this issue is considered in the works of such scholars as A. Kandiba, M. Kindratova, O. Kirichenko, K. Kuznetsova, M. Skrypnychenko, A. Kuzmin, A. Mazaraki, T. Melnyk, K. Pugachevska, L. Piddubna, O. Shestakova, V. Rogozhin, O. Trifonova etc. The approach of each author envisages coverage of individual issues in the sphere of organization of export activity of enterprises. At the same time, the issues related to the features of modern export promotion tools in the sphere of international business remain under-researched.

The purpose of the study of the final qualification work is a scientific-theoretical substantiation of directions and practical recommendations for increasing the export potential of the enterprise in modern conditions.

Achieving the goal involves solving the following tasks:

- to analyse financial and economic activity of LLC «RK.FOOD»;
- to carry out the analysis of foreign economic activity of the enterprise of LLC «RK.FOOD»;
- to provide assessment of the export potential of «RK.FOOD»;

- to ground the necessity of enterprise's foreign economic activity improvement;
- to substantiate the strategies to optimize export potential;
- to calculate the forecasted indicators of the foreign economic activity of “RK.FOOD” on the basis of proposed measures.

Object and subject of study. The object of study in the work is the process of providing export potential of the enterprise in modern conditions.

The subject of the research is theoretical and practical aspects of providing export potential of the enterprise in modern conditions.

Research methods. In the process of the research, general scientific methods were used: theoretical generalization and comparison, statistical analysis, induction, deduction, systematic approach, synthesis.

Research information base. The information base of the research consists of the current legal framework, official materials of the State Statistics Service of Ukraine, monographic studies, materials of international and all-Ukrainian scientific and practical conferences, research of domestic and foreign scientists, published in special literature sources.

The practical significance of the conducted research is that its results and developed proposals can be used in the practical activity of the enterprise of LLC «RK.FOOD» in the direction of improving export potential of the enterprise subject of FEA.

Testing the results of the study. According to the results of the research, a scientific article “The features of export potential of the enterprise subject of FEA” was prepared and published in the collection of scientific papers of KNUTE students.

Structure of the final qualifying paper. The work consists of an introduction, two chapters, conclusions, references of 46 sources and appendixes. The total volume of work is 55 pages.

CHAPTER 1 . GENERAL ANALYSIS OF EXPORT POTENTIAL OF LLC

“RK.FOOD”

1.1. The characteristic of financial and economic activity of LLC

“RK.FOOD”

RK.FOOD Limited Liability Company specializes in wholesale of honey and its export to foreign markets, including to EU countries. LLC “RK.FOOD” provides consultative and informational assistance in the field of beekeeping, and is aimed at the development of beekeeping in Ukraine. For this purpose, a workshop for the production of modern polystyrene beehives is in demand, both among novice beekeepers and true beekeepers.

Due to the experience of LLC «RK.FOOD», monomers such as lime, acacia, buckwheat, sunflower, phacelia, aspartic and others became available to true honey connoisseurs. Exclusive products of LLC "RK.FOOD" are mixtures of honey with apiproductions: "Honey natural with flower pollen", "Honey natural with pergola", "Honey natural with propolis", "Honey natural with bee royal jelly". Honey and bee products created by nature and the "Insect of God" contain more than 300 different useful substances: carbohydrates, organic acids and their salts, vitamins more than 30 trace elements, which allow it to be used as a valuable medicinal product, which has a wide range of therapeutic action.

Support for the domestic producer, popularization of Ukrainian bee products in the domestic and world markets, guaranteed high quality products were and remain the main principles of the enterprise.

The purpose of activity of LLC "RK.FOOD" is realization of production-economic, commercial and other activity aimed at making profit. The enterprise belongs to the category of small enterprises according to the Law of Ukraine "On Amendments to Some Legislative Acts of Ukraine on the Regulation of Business Activity" of 18.09.2014. №523-VI. Thus, according to this normative document, a small enterprise with a staff of up to 50 people and an annual sales revenue of which does not exceed UAH 70 million is considered small.

The organizational structure of management of LLC "RK.FOOD" belongs to the type as linear-functional.

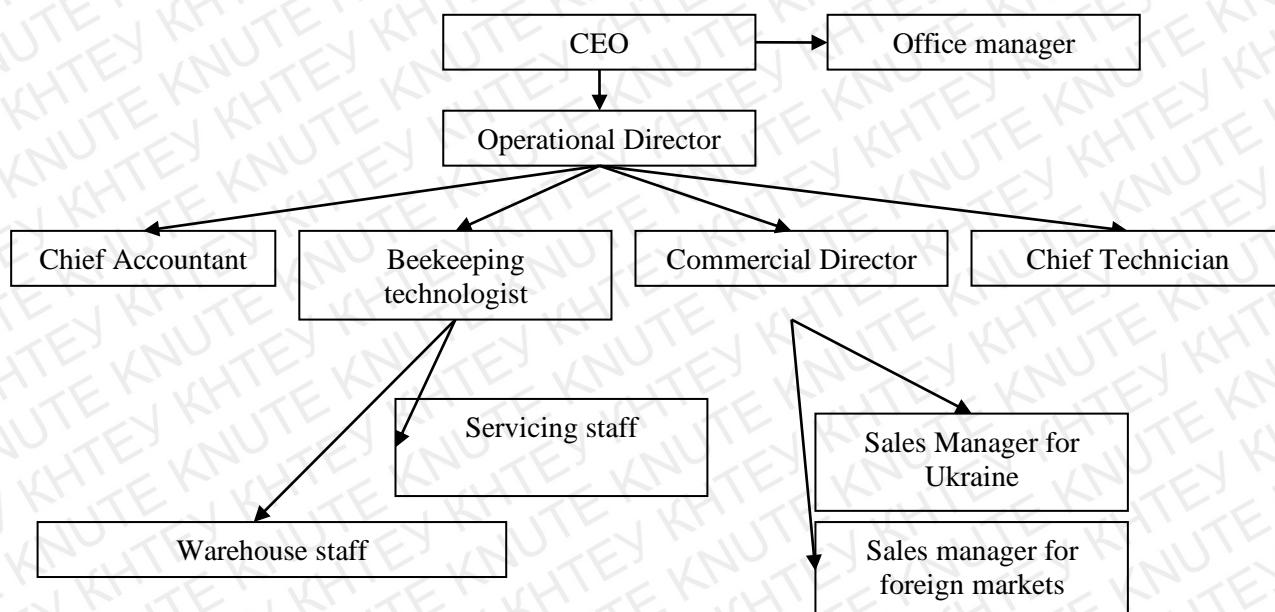


Fig. 1.1. Organizational structure of LLC «RK.FOOD»

*created with the author under the data of LLC «RK.FOOD»

The appointment and dismissal of the director of the company is carried out by a decision of the general meeting of participants, in compliance with the requirements of the Labor Code of Ukraine.

Consider the dynamics of assets and liabilities of the company for 2014-2018.

Table 1.1

Dynamics of assets of LLC «RK.FOOD» for 2014-2018

Indicators	On the Date					Deviation, 2016/2015		Deviation, 2017/2016		Deviation, 2018/2017		Deviation, 2019/2018	
						ths. UAH	%	ths. UAH	%	ths. UAH	%	ths. UAH	%
	01. 01. 2015	01. 01. 2016	01.01. 2017	01.01. 2018	01.01. 2019								
1	2	3	4	5	6	7	8	9	10	11	12	13	14
I. Non-current assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Incomplete capital investment	1535	1650	1389	1389	1390	115	8	-261	-16	0	0	1	0
Fixed assets:	4323	4648	3958	2958	2349	325	8	-690	-15	-1000	-25	-609	-21
initial value	7750	8333	8385	7620	7533	583	8	52	1	-765	-9	-87	-1
wear and tear	3427	3685	4427	4662	5184	258	8	742	20	235	5	522	11
Other non-current assets	4617	5251	3762	3967	3333	634	14	-1489	-28	205	5	-634	-16

Source: created by the author on the basis of Appendix A.

The dynamics of the volume of sources of financing of the enterprise (liabilities) are shown in Table 1.2.

Liabilities dynamics of LLC «RK.FOOD» for 2014-2018

[illegible]

Continue the table 1.2

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Current accounts payable for:													
goods, works, services	14116	18787	20359	17836	19605	4671	33	1572	8	-2523	-12	1769	10
budget calculations	101	82	193	19	760	-19	-19	111	135	-174	-90	741	3900
insurance calculations	20	23	18	27	33	2	11	-5	-20	9	50	6	22
payroll calculations	62	62	63	60	68	-1	-1	2	2	-3	-5	8	13
Other current commitments	550	182	1006	701	726	-368	-67	824	453	-305	-30	25	4
Total Section III	14849	19135	21639	18643	21192	4286	29	2504	13	-2996	-14	2549	14
Balance	19528	21332	23741	18489	22260	1804	9	2409	11	-5252	-22	3771	20

Source: created by the author on the basis of Appendix A.

According to the financial statements, the dynamics of the liabilities of the enterprise was positive in 2014-2016, mainly due to an increase in current liabilities. However, in 2017 the current liabilities of the company decreased by UAH 2996 thousand or 14%, which was caused by a decrease in the volume of activity during this period.

Analysis of financial results from operating activities of LLC "RK.FOOD" for 2014-2018 will be carried out on the basis of data on financial results (form № 2m) of the enterprise (Table 1.3).

Table 1.3

Dynamics of income of LLC "RK.FOOD" for 2014-2018

Indicators	Years					Deviation, 2016/2015		Deviation, 2017/2016		Deviation, 2018/2017		Deviation, 2019/2018	
						ths. UAH	%	ths. UAH	%	ths. UAH	%	ths. UAH	%
	2014	2015	2016	2017	2018								
Net income from sales of products (goods, works, services)	52275	57445	50390	45951	65427	5170	10	-7055	-12	-4439	-9	19476	42
Other operating income	9185	9605	4846	7025	1968	420	5	-4759	-50	2179	45	-5057	-72
Other income	110	296	11	221	55	186	169	-285	-96	210	-	-166	-75
Total income	61570	67346	55247	53197	67450	5776	9	12099	-18	-2050	-4	14253	27

Source: created by the author on the basis of Appendix A.

As can be seen from the table. 1.3, during 2014-2018, net income from sales had a gradual upward trend. In 2018, this figure compared to 2017 increased by 19476 th. UAH (+ 42%), and compared to 2017 compared to 2016 it was possible to see its decrease by 4439 th. UAH (-9%).

Other operating income of the company in 2018 compared to 2017 decreased by 5057 th. UAH (-72%), and for 2016-2017 y. - it was possible to observe their growth by 2179 th. UAH (+ 45%).

The enterprise's total revenue in 2018 compared to 2017 increased by 14253 th. UAH (+ 27%), and for 2016-2017 y. - it was possible to observe their reduction by 2050 th. UAH (-4%). Therefore, the income of LLC "RKFOOD" has undergone positive changes. The cost dynamics analysis of LLC "RKFOOD" for 2014-2018 is shown in Table 1.4.

Table 1.4

Dynamics of expenditures of LLC «RK.FOOD» for 2014-2018

Indicators	Years					Deviation, 2016/2015		Deviation, 2017/2016		Deviation, 2018/2017		Deviation, 2019/2018	
						ths. UAH	%	ths. UAH	%	ths. UAH	%	ths. UAH	%
	2014	2015	2016	2017	2018								
Cost of sales	43473	47745	41252	38926	54613	54613	126	-6493	-14	-2326	-6	15687	40
Other operating expenses	8603	10419	10996	14110	8713	8713	101	577	6	3114	28	-5397	-38
Other expenses	6424	8469	959	1778	1278	1278	20	-7510	-89	819	85	-500	-28
Total Cost	58500	66633	53207	54814	64604	64604	110	-13426	-20	1607	3	9790	18

Source: created by the author on the basis of Appendix A.

According to the table, the cost of sales in 2018 compared to 2017 increased by 15687 th. UAH (40%). The decrease in the level of other operating expenses, which in 2018 compared to 2017 decreased by 5397 th, has a positive effect on the formation of financial results. UAH (-38%). Other expenses decreased by 500 th. UAH (-28%). Overall, the expenses of LLC «RK.FOOD» in 2018 compared to 2017 increased by 9790 th. UAH (26%).

The analysis of financial results of LLC "RKFOOD" is shown in table 1.5.

Table 1.5

Dynamics of financial results of LLC "RK.FOOD" for 2014-2018

Indicators	Years					Deviation, 2016/2015		Deviation, 2017/2016		Deviation, 2018/2017		Deviation, 2019/2018	
						ths. UAH	%	ths. UAH	%	ths. UAH	%	ths. UAH	%
	2014	2015	2016	2017	2018								
Total income	61570	67346	55247	53197	67450	54613	89	-12099	-18	-2050	-4	14253	27
Total expenses	58500	66633	53207	54814	64604	8713	15	-13426	-20	1607	3	9790	18
Financial result before tax	3070	713	2040	-1617	2846	-73317	-2388	1327	186	-3657	-179	4463	-276
Income tax	553	128	367	-291	512	1278	231	239	186	-658	-179	803	-276
Net profit (loss)	2517	585	1673	-1326	2334	64604	-	1088	186	-2999	-179	3660	-276

Source: created by the author on the basis of Appendix A.

The net profit of LLC «RK.FOOD» for 2016-2017 decreased by 2999 th. UAH (-179%), and in 2018 compared to 2017 increased by UAH 3660 thousand (+ 276%).

Let's evaluate the dynamics of profitability of the enterprise LLC "RK.FOOD" (Table. 1.6).

Table 1.6

Analysis of profitability dynamics of LLC "RK.FOOD" for 2014-2018.

Indicators	Years					Absolute deviation			
	2014	2015	2016	2017	2018	2014- 2015	2015- 2016	2016- 2017	2017- 2018
Return on assets,%	12,6	2,9	7,4	-6,3	11,5	-9,7	4,6	-13,7	17,7
Return on equity,%	51,6	11,6	30,3	-24,3	43,2	-40,1	18,7	-54,6	67,5
Profitability of sold products (works, services),%	4,8	1,0	3,3	-2,9	3,6	-3,8	2,3	-6,2	6,5

Source: created by the author on the basis of Appendix A.

In 2018, the return on assets increased by -17.7% compared to 2017. The return on equity in 2018 increased by 67.5% compared to 2017. The profitability of sales in 2018 is 3.6%, which is 6.5% more than in 2017. This testifies to the effective

implementation of the activity of the company LLC "RK.FOOD".

Let's analyze the financial stability of the enterprise of LLC "RK.FOOD" for 2014-2018 (table. 1.7).

Table 1.7

Financial Sustainability Indicators of LLC «RK.FOOD» for 2014-2018

Indicators	On the Date					Absolute deviation			
	01.01. 2015	01.01. 2016	01.01. 2017	01.01. 2018	01.01. 2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Autonomy coefficient	0,25	0,24	0,25	0,24	0,28	-0,01	0,01	-0,02	0,05
Financial dependency ratio	0,75	0,76	0,75	0,76	0,72	0,01	-0,01	0,02	-0,05
Maneuverability factor of own funds	-0,79	-0,64	-0,96	-0,48	-0,83	0,15	-0,32	0,48	-0,35
Financial stability ratio	0,30	0,32	0,28	0,26	0,28	0,02	-0,03	-0,02	0,02
The ratio of debt to equity	3,35	3,15	3,54	3,83	3,54	-0,20	0,38	0,30	-0,29

Source: created by the author on the basis of Appendix A.

Analysis of financial sustainability indicators has shown that they have changed. The analysis shows that there are certain problems with the sources of financing of the assets of LLC "RK.FOOD". Sources of funding have been used to form part of them, which cannot be considered normal. To make more rational use of the benefits of both own and borrowed sources of financing, it is necessary to continue using the compromise policy of financing the property of the enterprise. In the following we analyze the solvency indicators of the studied enterprise (Table. 1.8).

Table 1.8

Solvency Indicators of LLC «RK.FOOD» for 2014-2018

Indicators	On the Date					Absolute deviation			
	01.01. 2015	01.01. 2016	01.01. 2017	01.01. 2018	01.01. 2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Total coverage ratio	0,56	0,61	0,51	0,68	0,55	0,05	-0,10	0,16	-0,13
The coefficient of intermediate coverage	0,12	0,13	0,11	0,38	0,16	0,01	-0,02	0,26	-0,22
Absolute liquidity ratio	0,00	0,00	0,00	0,00	0,02	0,00	0,00	0,00	0,01
The ratio of inventories to cover current liabilities	0,78	0,78	0,78	0,44	0,72	0,00	-0,01	-0,34	0,27

Source: created by the author on the basis of Appendix A.

As the data in table. 1.8, the total coverage level was 0.56 as of 01.01.2015, i.e. the current assets volume by 56% covered the current liabilities of the enterprise. The level of intermediate coverage this year was 0.12. As of 01.01.2019 the total coverage ratio was 0.72, i.e. 72% of current assets covered the current obligations of the company. The level of intermediate coverage this year was 0.16. The above trend in the dynamics of indicators of total solvency and intermediate coverage indicates the insufficient capacity of LLC "RK.FOOD". The level of coverage of current liabilities with inventory and cash was very low.

Let us analyze the indicators of turnover and business activity of the enterprise (Table 1.9).

Table 1.9

Indicators of business activity of of LLC "RK.FOOD" for 2014-2018

Indicators	Years					Absolute deviation			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2016	2017/ 2016	2018/ 2017
Current assets turnover, times	5,7	6,1	4,1	3,7	5,2	0,4	-2,0	-0,4	1,5
Stock turnover, times	249,8	246,0	170,2	155,0	218,8	-3,8	-75,8	-15,2	63,8
Receivables turnover, times	6,6	7,2	4,5	4,1	6,1	0,6	-2,7	-0,4	2,0
Accounts payable, times	4,3	4,3	3,3	3,8	5,6	0,0	-1,0	0,5	1,8
Inventory turnover period, days	1,4	1,5	2,1	2,3	1,6	0,1	0,6	0,2	-0,7
Accounts receivable turnover period, days	54,2	50,2	79,2	87,0	58,8	-4,0	29,0	7,8	-28,2
Duration of the operating cycle, days	55,6	51,7	81,3	89,3	60,4	-3,9	29,6	8,0	-28,9
Payables turnover period, days	84,3	84,3	107,7	94,8	64,5	0,0	23,4	-12,9	-30,3
Duration of the financial cycle, days	-28,6	-32,6	-26,4	-5,4	-4,1	-4,0	6,2	21,0	1,3

Source: created by the author on the basis of Appendix A.

According to the figures of the operating cycle, the period of turnover of

financial resources in 2014-2015 decreased due to the decrease in the amount of accounts receivable with customers. In 2015-2017, the period of financial resources turnover gradually increased - the operating cycle for this period increased by 4.8 days and amounted to 87 days. The bulk of the financial resources was invested in accounts receivable. In 2014-2017, the upward trend in the accounts payable period led to a decrease in the duration of the financial cycle.

Therefore, indicators of the financial and economic condition of LLC «RK.FOOD» were considered in this matter. The net profit of LLC «RK.FOOD» for 2016-2017 decreased by 2999 th. UAH (-179%), and in 2018 compared to 2017 increased by UAH 3660 thousand (+ 276%). In 2018, the return on assets increased by -17.7% compared to 2017. The return on equity in 2018 increased by 67.5% compared to 2017. The profitability of sales in 2018 is 3.6%, which is 6.5% more than in 2017. This testifies to the effective implementation of the activity of the company LLC "RK.FOOD". The analysis shows that there are certain problems with the sources of financing of the assets of LLC "RK.FOOD". The above trend in the dynamics of indicators of total solvency and intermediate coverage indicates the insufficient capacity of LLC "RK.FOOD". The level of coverage of current liabilities with inventory and cash was very low.

1.2. The analysis of enterprise foreign economic activity

Organization of FEA at the enterprise is carried out mainly in the form of export operations. Forming the exit strategy of the enterprise under study is an integral part of its overall organizational strategy. It provides for the export of products by the enterprise to the markets of different countries. The export revenue of an enterprise is a component of its revenues and an important element of its operating budget.

The process of forming the strategy of the enterprise of LLC "RK.FOOD" when it enters foreign markets is carried out on the basis of the following standards:

- the order of registration of enterprises, associations, production cooperatives and other organizations that carry out export operations;

- the Law of Ukraine "On Foreign Economic Activity", organizational and legal issues;
- the basic provisions of private international law in terms of the organization and implementation of trading operations, substantive rules of international sales;
- legislation governing the customs rules for the import and export of goods;
- provisions on the procedure for licensing operations in foreign economic relations;
- the order of export and import of certain goods of national destination;
- anti-dumping legislation;
- procedure for leasing and barter operations;
- their legal support;
- rules of insurance of cargoes of foreign trade;
- techniques of implementation of export transactions, stock exchange operations;
- the order of conclusion, change, execution and termination of economic agreements for export and import operations, conditions of validity.

In order to effectively enter the external market at the enterprise level, a management structure adequate to its working conditions has been built.

At LLC «RK.FOOD» the main functions in this sphere of export activity management are accumulated by the commercial department. The commercial director, who directs the work of the FEA managers, is responsible for organizing the implementation of export sales operations at LLC «RK.FOOD». The company supplies honey and related bee products to the foreign market on EXW terms. The buyer company fully pays for all shipping costs when exporting products. Expenses of LLC «RK.FOOD» for export consist of the following components: cost of production, overhead costs (including the distributed costs of administrative staff employed in the process of production maintenance), costs of organizing export operations (document management, information system support, costs for payment for workers and employees involved in export service), marketing costs (marketing costs for promoting products for export).

Let us consider the peculiarities of the implementation of measures to enter the foreign market of the enterprise LLC RK.FOOD. To do this, we analyze export performance as a whole and by regional and product structure, performance indicators. Formation of export policy of enterprise LLC «RK.FOOD», which sells canned products of different types, is defined by the assortment range - that is, the company sells a stable range of products, which can be attributed to the following product groups:

- packaged honey;
- honey is not packed;
- bee products.

The organization of foreign trade operations at the enterprise is handled by a commercial department. The Commercial Director manages the processes of concluding and executing foreign trade contracts. Work with counterparties in the area of FEA is carried out by individual regional managers who are responsible for working with foreign partners in accordance with the region assigned to each of them.

The general organizational chart of carrying out export operations at LLC «RK.FOOD» is shown in fig. 1.2.

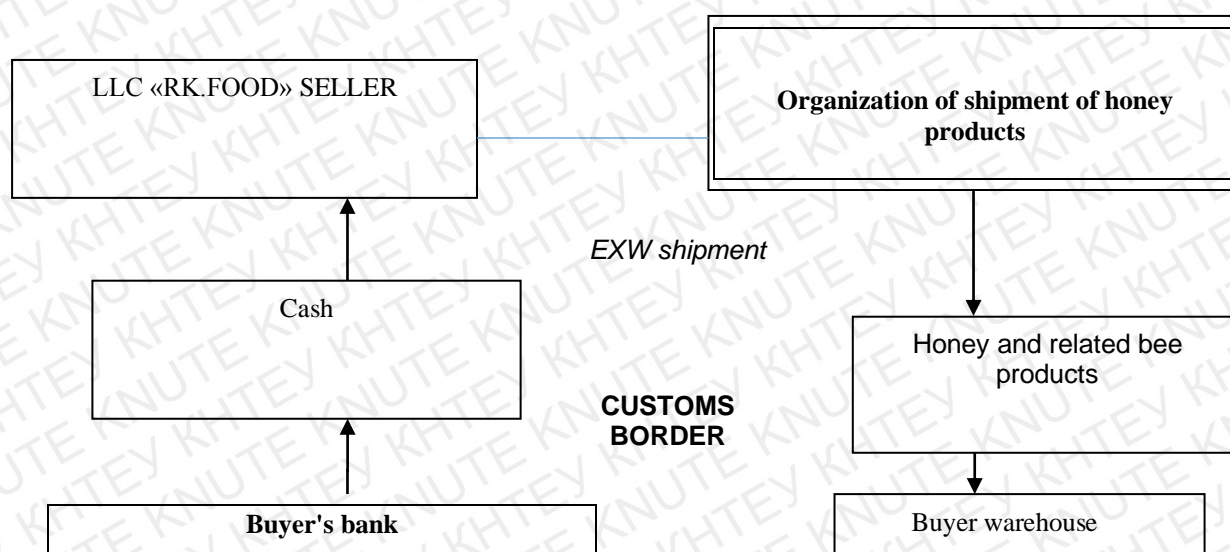


Fig. 1.2. Organizational and economic mechanism of export operations of LLC «RK.FOOD»

Source: created by the author on the basis of the Data of LLC «RK.FOOD»

Consider the features of foreign economic activity of the enterprise. To do this, we analyze export and import indicators as a whole and by regional and product structure.

The general indicators of export and import of the surveyed enterprise of LLC «RK.FOOD» are given in Table. 1.10.

Table 1.10

Dynamics of the main indicators characterizing the intensity of implementation of FEA of LLC «RK.FOOD» for 2014-2018

Indicators	Years					Absolute deviation (+/-)				Relative deviation (+/-). %			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2016	2017/ 2016	2018/ 2017	2015/ 2014	2016/ 2016	2017/ 2016	2018/ 2017
Net revenues from export sales, ths. UAH	28351	31728	29511	24048	39410	3377	-2217	-5463	15362	12	-7	-19	64
Net revenues from sales ths.UAH	52275	57445	50390	45951	65427	5170	-7055	-4439	19476	10	-12	-9	42
Share of exports in net income, %	54	55	59	52	60	1	3	-6	8	2	6	-11	15

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

As the data in table. 1.10, the export volume of the enterprise in 2014 amounted to UAH 28351 ths. UAH In 2018, exports increased by UAH 11059 thousand or 39% to UAH 39410 thousand. In 2018 compared to 2017, the volume of export of the company's products increased by UAH 15362 thousand or by 64%.

The increase in export volumes in 2018 compared to 2017 was mainly due to the expansion of the European market and the increase in the volume of shipment of products to key customers.

As the data in table. 1.10, the share of exports in revenues from honey sales in 2014 was 54%. In 2018, this figure has already reached 60%, up 6%.

The next step in the analysis of an enterprise's foreign economic activity is to

study the geographical structure of exports. In the table. 1.11 shows the volume of exports by geographical segment.

Table 1.11

Export volumes of products of LLC «RK.FOOD» by major countries in 2014-2018, ths. UAH

Countries	Years					Absolute deviation (+/-)				Relative deviation (+/-). %			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
Poland	9072	9963	9591	8152	13872	890	-371	-1439	5720	10	-4	-15	70
Belarus	3657	3427	3866	2838	4138	-231	439	-1028	1300	-6	13	-27	46
Georgia	2211	1872	1800	1780	3232	-339	-72	-21	1452	-15	-4	-1	82
USA	3062	1967	2627	2477	5714	-1095	659	-150	3237	-36	34	-6	131
Germany	2013	1777	2627	1780	3744	-236	850	-847	1964	-12	48	-32	110
China	964	1206	856	1323	1655	242	-350	467	333	25	-29	55	25
United Kingdom	907	730	1240	746	1419	-178	510	-494	673	-20	70	-40	90
Others	6464	10788	6906	4954	5636	4323	-3882	-1952	682	67	-36	-28	14
Total export	28351	31728	29511	24048	39410	3377	-2217	-5463	15362	12	-7	-19	64

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

As the data in table. 1.11, the maximum increase in exports over 5 years was observed in Poland - 4800 thousand UAH or by 52.9%. Exports to Georgia in 2018 compared to 2014 increased by 1020 thousand UAH or by 46.1%, and during 2017-2018 - by 1452 thousand UAH or by 81.6%.

Exports to the EU, namely to the Federal Republic of Germany in 2018 have increased compared to 2014, but at a relatively slower pace. The geographical structure of export of the enterprise in percentage ratio is given in table. 1.12.

According to the data the direction of export to Poland and Belarus is dominant in the regional export structure of the enterprise. Thus, in 2014, Poland accounted for 32.0% of total enterprise exports, in 2015 - 31.4%, in 2016 - 32.5%, in 2017 - 33.9%, in 2018 - 35.2%. On the whole, in 5 years, one can observe a general tendency towards an increase in Russia's share in the overall export structure of the enterprise.

Table 1.12

**Indicators of the geographical structure of exports of products of LLC
RK.FOOD for 2014-2018,%**

Countries	Years					Absolute deviation (+/-)			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
Poland	32,0	31,4	32,5	33,9	35,2	-0,6	1,1	1,4	1,3
Belarus	12,9	10,8	13,1	11,8	10,5	-2,1	2,3	-1,3	-1,3
Georgia	7,8	5,9	6,1	7,4	8,2	-1,9	0,2	1,3	0,8
USA	10,8	6,2	8,9	10,3	14,5	-4,6	2,7	1,4	4,2
Germany	7,1	5,6	8,9	7,4	9,5	-1,5	3,3	-1,5	2,1
China	3,4	3,8	2,9	5,5	4,2	0,4	-0,9	2,6	-1,3
United Kingdom	3,2	2,3	4,2	3,1	3,6	-0,9	1,9	-1,1	0,5
Others	22,8	34,0	23,4	20,6	14,3	11,2	-10,6	-2,8	-6,3
Total export	100,0	100,0	100,0	100,0	100,0	0,0	0,0	0,0	0,0

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

Table 1.13 shows the indicators of commodity structure of exports. In 2014 the volume of exports was represented by the following commodity nomenclature: exports of packaged honey - 6634.2 thousand UAH, exports of unpacked honey - 13240.1 thousand UAH, exports of beekeeping by-products - 8477,0 thousand UAH. During 2017-2018, exports of packaged honey amounted to 5014 thousand UAH or 82.7%.

Table 1.13

**Export volumes of products of LLC «RK.FOOD» by product groups in
2014-2018, ths UAH**

Commodity group	Years					Absolute deviation (+/-)				Relative deviation (+/-). %			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
Packaged honey	6634	7964	7791	6060	11074	1330	-173	-1731	5014	20	-2	-22	83
The honey is not packed up	13240	16626	14431	13251	22188	3385	-2194	-1181	8937	26	-13	-8	67
Bee products	8477	7139	7289	4738	6148	-1338	151	-2552	1411	-16	2	-35	30
Total export	28351	31728	29511	24048	39410	3377	-2217	-5463	15362	12	-7	-19	64

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

Exports of unpackaged honey for 2017-2018 increased by UAH 8937 thousand or by 67.6%. Exports of beekeeping by 5 years decreased by UAH 2329 thousand or by 27.5%, and during the years 2017-2018 - increased by UAH 1410 thousand or by 29.8%.

The commodity structure of export of the enterprise as a percentage is given in Table. 1.14.

Table 1.14

**Indicators of commodity structure of exports of products of the enterprise
LLC RK.FOOD for 2014-2018, %**

Items	Years					Absolute deviation (+/-)			
	2014	2015	2016	2017	2018	2015/ 2014	2016/ 2015	2017/ 2016	2018/ 2017
Packaged honey	23,4	25,1	26,4	25,2	28,1	1,7	1,3	-1,2	2,9
The honey is not packed up	46,7	52,4	48,9	55,1	56,3	5,7	-3,5	6,2	1,2
Bee products	29,9	22,5	24,7	19,7	15,6	-7,4	2,2	-5,0	-4,1
Total export	100,0	100,0	100,0	100,0	100,0	0,0	0,0	0,0	0,0

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

According to the data table. 1.14, the share of such commodity group as "Honey unpacked" is dominant in the commodity structure of export of the enterprise - 46-56% in the total export volumes.

The majority of orders for foreign trade operations are carried out on this particular product group. The share of the nomenclature group "Honey Packed" was on average 23-28% for 5 years, and the group "Bee products" - 15-30%. It should be noted that the share of veneer board exports has been steadily declining for 5 years.

Thus, in this issue the indicators of financial and economic condition of LLC «RK.FOOD» were considered. Net profit of LLC «RK.FOOD» for 2016-2017 decreased by UAH 2999 thousand. (-179%), and in 2018 compared to 2017 increased by UAH 3660 thousand (+ 276%). In 2018, the return on assets increased by -17.7% compared to 2017. The return on equity in 2018 increased by 67.5% compared to 2017. The profitability of sales in 2018 is 3.6%, which is 6.5% more than in 2017. This testifies to the effective implementation of the activity of LLC «RK.FOOD».

The analysis shows that there are some problems with the sources of financing the assets of LLC «RK.FOOD». The above trend in the dynamics of indicators of overall solvency and intermediate coverage indicates insufficient capacity of LLC «RK.FOOD». The level of coverage of current liabilities with inventory and cash was very low. The increase in export volumes in 2018 compared to 2017 was mainly due to the expansion of the European market and the increase in the volume of shipment of products to key customers. Exports to the EU, namely to the Federal Republic of Germany in 2018 increased compared to 2014, but at a relatively slower pace. In the commodity structure of export of the enterprise, the share of such nomenclature commodity group as "Honey unpacked" is dominant - 46-56% in the total export volumes.

1.3. Assessment of the export potential of “RK.FOOD”

Assessment of the efficiency of international trade activity of the enterprise involves determining its impact on key indicators of foreign economic activity, reflecting the results of export operations in foreign markets. To evaluate the effectiveness of RK.FOOD's export strategy in foreign markets, it is advisable to solve the following tasks:

- To analyze the level of profitability of export operations of LLC «RK.FOOD»;
- Determine the impact of price changes resulting from adjusting the export strategy on profits from export operations;
- Conduct a correlation-regression analysis of the performance of the export strategy of the enterprise.

The determination of the profitability of export operations and the efficiency of the FEA implementation in the process of trade of enterprise products are given in Table. 1.15.

As the data in table. 1.15, overall, the dynamics of export performance is ambiguous. In 2014, the efficiency of export operations was 1,129, and in 2016-2017, the efficiency of exports decreased to 1,102 and 1,076, respectively.

Table 1.15

Dynamics of indicators of export operations efficiency of LLC «RK.FOOD» for 2014-2018

Indicators	Years					Deviation, 2015/ 2014		Deviation, 2016/ 2015		Deviation, 2017/ 2016		Deviation, 2018/ 2017		Deviation, 2018/ 2014	
	2014	2015	2016	2017	2018	ths. UAH	%	ths. UAH	%	ths. UAH	%	ths. UAH	%	ths. UAH	%
Net revenues from export sales to foreign markets, ths. UAH	28351	31728	29511	24048	39410	3377	12	-2217	-7	-5463	-19	15362	64	11059	39
Production costs (direct), ths. UAH	19723	21098	19820	16569	24998	1375	7	-1278	-6	-3251	-16	8429	51	5275	26,7
Production costs (indirect), ths. UAH	3198	4061	3866	3655	5527	863	27	-195	-5	-211	-5	1872	51	2329	72,8
Total production costs (total cost), ths. UAH	22921	25159	23686	20224	30525	2238	10	-1473	-6	-3462	-15	10301	51	7604	33,2
Export costs, ths. UAH	2202	2413	3089	2124	4856	211	10	676	28	-965	-31	2732	129	2654	120,5
Total cost for export activity, ths. UAH	25123	27572	26775	22348	35381	2449	10	-797	-3	-4427	-17	13033	58	10258	40,8
The effect of exports, ths. UAH	3228	4156	2737	1700	4029	928	29	-1419	-34	-1037	-38	2329	137	800	24,8
Export efficiency	1,128	1,151	1,102	1,076	1,114	0,022	-	-0,049	-	-0,026	-	0,038	-	-0,015	-

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

Therefore, based on the above dynamics of the FEA efficiency indicator, it can be said that the efficiency of the export strategy of the enterprise also decreased in 2018-2014.

Thus, for the years 2014-2017, the volume of export sales decreased, with net export revenues decreasing by 15% and production costs - by 11%, ie, a negative balance of the dynamics of income and expenses was formed, which led to a decrease in profits from export sales .

Let us analyze the impact of changes in the mark-up level, which is directly an instrument of export strategy) on the amount of profit from the FEA implementation.

The calculations are given in table. 1.16.

Table 1.16

**Assessment of the impact of changes in the price level of LLC «RK.FOOD»
on the profit from exports for 2014-2018, %**

Indicators	Legend	Years				
		2014	2015	2016	2017	2018
Net revenues from export sales to foreign markets, ths. UAH	Re	28351	31728	29511	24048	39410
Total cost for export activity, ths. UAH	TE	25123	27572	26775	22348	35381
The amount of net mark-up, ths. UAH	$CH = Re - TE$	3228	4156	2737	1700	4029
Clean margin level	$Le = CH / TE$	0,13	0,15	0,10	0,08	0,11
Profit from the exports, ths. UAH	$PRe = TE \times Le$	3228,4	4155,6	2736,6	1700,0	4028,8
Change in profit from the exports through:						
- changes in the cost of exports, ths. UAH.	-	-	314,8	-120,2	-452,4	991,4
- changes in mark-up, ths. UAH	-	-	612,4	-1298,8	-584,2	1337,4
Total change in profit from exports, ths. UAH.	-	-	927,2	-1419,0	-1036,6	2328,8

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

As the data in table. 1.16, in 2014-2015, the amount of profit from the FEA increased by 927.2 thousand UAH, including the increase in mark-up rate contributed to the increase of profit by 612.4 thousand UAH.

During 2015-2016, a decrease in the mark-up on products led to a decrease in profit by 1298.8 thousand UAH, in 2016-2017 a decrease in mark-up contributed to a decrease in profit by 584.2 thousand UAH. In 2017-2018, the profit from the FEA increased by 2328.8 thousand UAH, including by changing the mark-up its growth amounted to 1337.4 thousand UAH.

Next, we analyze the impact of the level of profitability of sales and volume of export revenues on profits from export operations (Table 1.17).

Table 1.17

Assessment of the impact of changes in the profitability of sales and net export revenues of LLC «RK.FOOD» on the profit from the exports for 2014-2018, %

Indicators	Legend	Years				
		2014	2015	2016	2017	2018
Net revenues from export sales to foreign markets, ths. UAH	Re	28351	31728	29511	24048	39410
Profit from the exports, ths. UAH	PR	3228,4	4155,6	2736,6	1700,0	4028,8
Profitability of exports, %	$Pe = PR / Re \times 100 \%$	11,4	13,1	9,3	7,1	10,2
Change in profits from the exports at the expense:						
- changes in net revenues from exports, ths. UAH.	-	-	385	-290	-507	1086
- changes in the profitability of exports, ths. UAH	-	-	543	-1129	-530	1243
Total change in profit from exports, ths. UAH.	-	-	927,2	-1419,0	-1036,6	2328,8

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

According to the data table. 1.17, in 2014-2015, the volume of profits from exports increased by 927.2 thousand UAH, due to the growth of income the profit increased by 385 thousand UAH, and due to the increase of the exports profitability - by 543 thousand UAH. During 2015-2016, the volume of profit from exports decreased by 1419 thousand UAH, while due to the decrease in income the profit decreased by 290 thousand UAH, and by reducing the profitability of exports - by 1129 thousand UAH. In 2016-2017, the amount of profit from the exports decreased by 1037 thousand UAH, due to the decrease in income the profit decreased by 507 thousand UAH and by reducing the profitability of the exports - by 530 thousand UAH. In 2017-2018, the profit from the FEA increased by 2329 thousand UAH, in that due to the growth of income the profit increased by 1086 thousand UAH, and due to the increase in the profitability of the FEA – by 1243 thousand UAH.

Let us consider the peculiarities of forming the competitive position of LLC «RK.FOOD» and give a comparative description of competitors.

We characterize the peculiarities of market positioning of the three largest competitors in the market of honey exports from Ukraine (Table 1.18).

Table 1.18

Rating of competitors in the market of Bee Honey in Kyiv in 2018, points

Competitiveness criteria	The significance level of criteria	Score of each criteria, from 1 to 5		
		Eco Trade	Ascania Food	RK.FOOD
Price level	0,20	5	4	3
Experience in the market	0,15	5	3	4
Customer loyalty to the brand	0,20	5	4	3
The breadth of the range and its representation	0,25	5	4	2
Quality of service	0,20	4	4	5
Total weighted rating, points		4,80	3,85	3,30

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

In the Table. 1.18 assigned to each of the competitors, according to the main criteria selected for competitiveness assessment, an appropriate number of points, where 1 is the minimum score and 5 is the maximum.

The number of points was given by the commercial director of LLC «RK.FOOD» according to the results of the internal honey market research by the employees of the enterprise.

Each criterion is also assigned a relevant level of significance (also set by the commercial director), based on which an overall weighted score for each competitor is determined. With the help of this assessment, the competitiveness rating of competitors “RK.FOOD” was formed (Fig.1.3).

In order to assess the competitiveness of RK.FOOD, identify the advantages

and disadvantages, it is necessary to conduct a more detailed analysis of competitors. Let's analyze the competitors in tabular form. Let us identify the main competitors of RK.FOOD, which are: Ascania Food and Eco Trade.

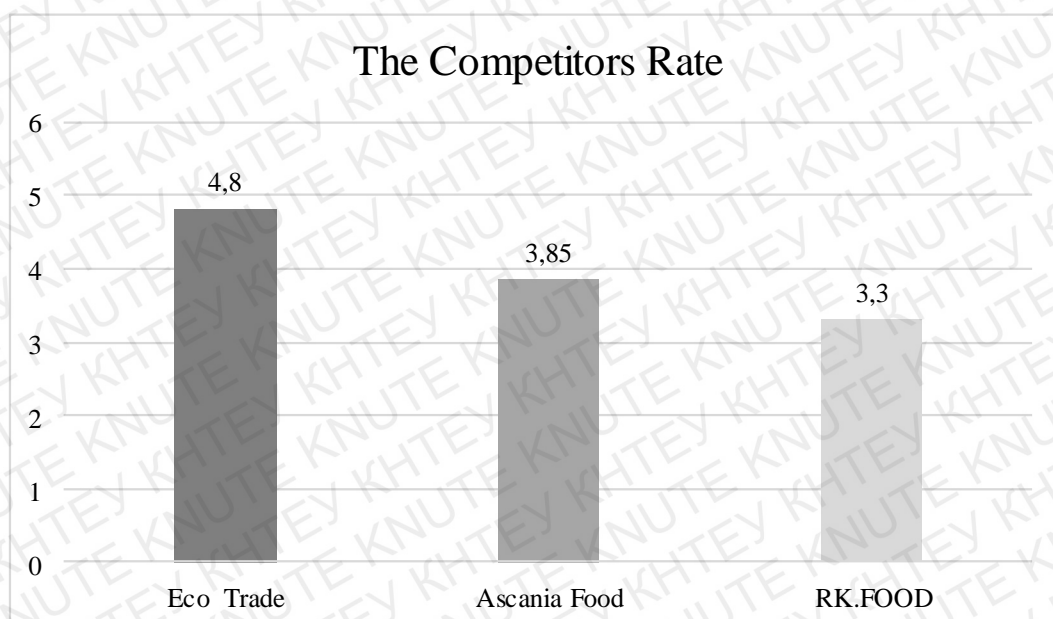


Fig. 1.3. Rating of competitors of LLC «RK.FOOD» in export of honey to foreign markets in 2018

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

Having data on LLC «RK.FOOD» and its two main competitors - Ascania Food LLC (Competitor No. 1) and "Eco Trade" (Competitor No. 2), it is possible to place them on the matrix of the Competitive Market Map (KKR) (Table 1.19).

LLC «RK.FOOD» is a company with a relatively weak competitive position, which, unfortunately, is somewhat deteriorating (position 11); the closest competitor of the company is Ascania Food (Competitor # 2), which occupies position 10 of the KKR formation matrix, and the strongest competitor is "Eco Trade" (position 6; when choosing a competitive behavior strategy, the company should first focus on the competitor as the strongest).

Ascania Food's # 2 competitor is in the middle, indicating its weak competitive position, but improving. Compared to Competitor # 2, RK.FOOD Ltd. has a clear competitive advantage in the field of market experience and quality of trade services.

Table 1.19

Matrix of formation of a competitive profile of LLC «RK.FOOD»

Growth rates	Market share	Market leader	Enterprise with a strong competitive position	Enterprise with a weak competitive position	The company is an outsider
		1	2	3	4
An enterprise with a rapidly improving competitive position	1	1	5	9	13
An enterprise with a competitively improving position	2	2	6 (Eco Trade)	10 (Ascania Food)	14
An enterprise with a competitively deteriorating position	3	3	7	11 (LLC «RK.FOOD»)	15
An enterprise with a rapidly deteriorating competitive position	4	4	8	12	16

Source: created by the author on the basis of LLC «RK.FOOD» commercial department data.

Therefore, based on the above dynamics of the FEA efficiency indicator, it can be said that the efficiency of the export strategy of the enterprise also decreased. Thus, for the years 2014-2017, the volume of export sales decreased, with export revenues decreasing by 15% and production costs - by 11%, i.e., a negative balance of the dynamics of income and expenses was formed, which led to a decrease in profits from export sales. LLC «RK.FOOD», which in 2018 accounted for 5% of total honey exports.

The enterprise has prospects for expansion of volumes of export of honey. LLC «RK.FOOD» is a company with a relatively weak competitive position, which, unfortunately, is getting worse. The closest competitor of the company is Ascania Food, which occupies the position of 10 of the matrix of the competitive profile formation, and the strongest competitor is Eco Trade.

Conclusions to the chapter 1

The first section discusses the indicators of financial and economic condition of LLC «RK.FOOD».

The analysis shows that there are some problems with the sources of financing the assets of LLC «RK.FOOD». The above trend in the dynamics of indicators of overall solvency and intermediate coverage indicates insufficient capacity of LLC «RK.FOOD». The level of coverage of current liabilities with inventory and cash was very low. Net profit of LLC «RK.FOOD» for 2016-2017 decreased by UAH 2999 thousand. (-179%), and in 2018 compared to 2017 increased by UAH 3660 thousand (+ 276%). In 2018, the return on assets increased by -17.7% compared to 2017. The return on equity in 2018 increased by 67.5% compared to 2017. The profitability of sales in 2018 is 3.6%, which is 6.5% more than in 2017. This testifies to the effective implementation of the activity of LLC «RK.FOOD». The increase in export volumes in 2018 compared to 2017 was mainly due to the expansion of the European market and the increase in the volume of shipment of products to key customers. Exports to the EU, namely to the Federal Republic of Germany in 2018 increased compared to 2014, but at a relatively slower pace.

The conducted research of the effectiveness of the export strategy of the enterprise of LLC «RK.FOOD» revealed the main directions and hidden reserves of its optimization. According to the results of the study, we can conclude that LLC «RK.FOOD», which accounted for 5% of total honey exports in 2018. Compared to its competitors, RK.FOOD Ltd. has a clear competitive advantage in the field of experience in the market and quality of trade services.

The FEA performance indicator tended to decline. Thus, for the years 2014-2017, the volume of export sales decreased, with export revenues decreasing by 15% and production costs - by 11%, ie, a negative balance of the dynamics of income and expenses was formed, which led to a decrease in profits from export sales. In 2017-2018, the export profit increased by UAH 2329 thousand or 137%, which characterizes the positive changes in the enterprise price strategies.

CHAPTER 2

IMPROVEMENT OF EXPORT POTENTIAL OF LLC «RK.FOOD»

2.1. Necessity of enterprise's foreign economic activity improvement

The study of the peculiarities of the export potential formation of the enterprise of LLC «RK.FOOD» revealed the following weaknesses and directions of its improvement (Fig. 2.1).

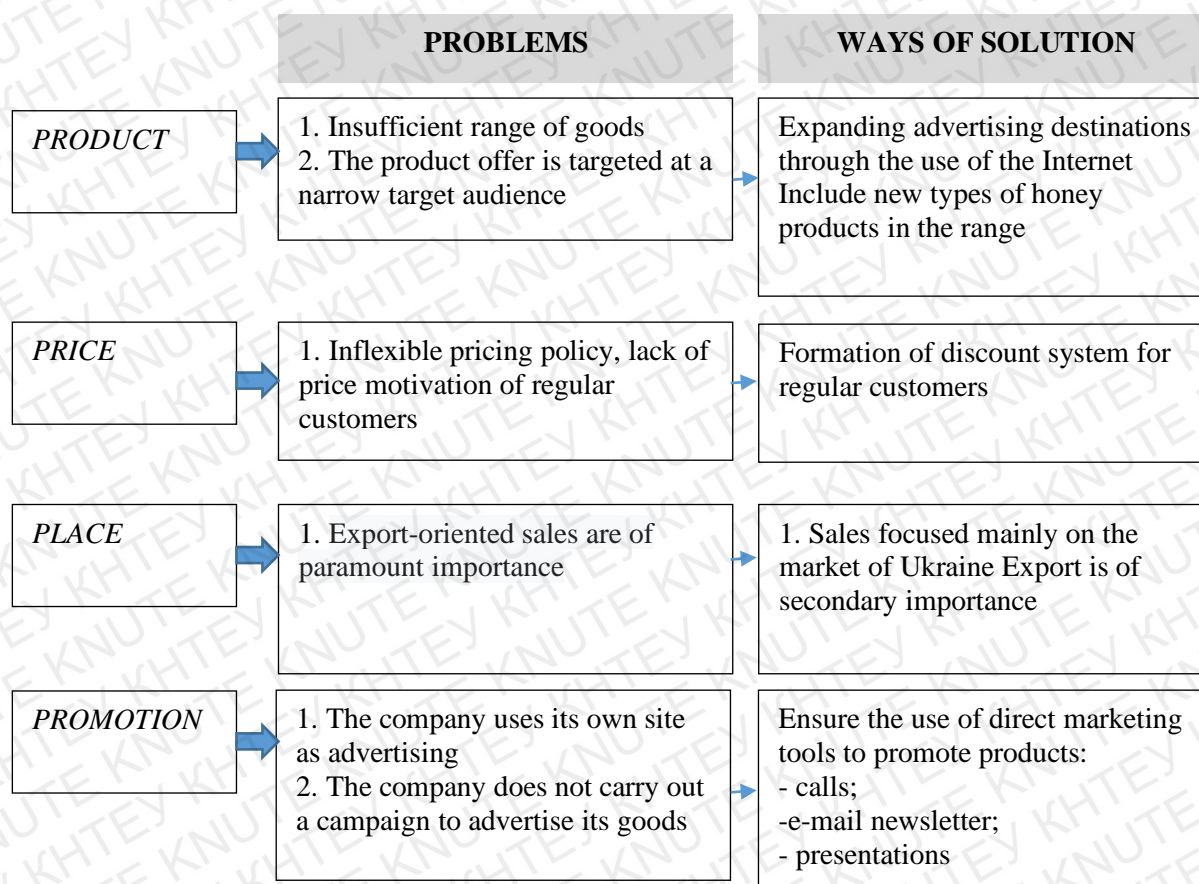


Fig. 2.1. Directions for improving the export strategy of LLC «RK.FOOD» in the foreign market

Source: created by the author.

It can be said that a considerable part of all possible directions of measures is part of the strategic plan of marketing of the studied enterprise in the foreign market.

When designing a program of export activities, the enterprise should take into account the requirements of the enterprise and the functionality of advertising. However, they must be subordinated to socially acceptable goals and should not

support unlawful or negative actions or intentions.

Formation of export strategy in the foreign market consists of four different directions related to the general plan:

- Preventive assessment of potential geography of foreign markets;
- development of programs to promote products to foreign markets;
- implementation of sales promotion measures and programs;
- evaluation of the results of the strategy.

Algorithm for strategic planning of the company's entry into new foreign markets is shown in Fig. 2.1. Effective implementation of the strategic plan requires common approaches, common methods, clear recommendations in the basic coordinates, a certain repetition of elements and the ability to replicate the results of the studied enterprise.

The aim is to help maintain and strengthen the position of the company in the foreign market for foreign consumers, to increase the efficiency of its activity and the competitiveness of its products.

Forming an enterprise marketing strategy in the planned year involves solving a number of tasks and implementing a number of measures. Let us consider each of them in detail, based on the set guidelines for the strategic development plan for 2020 (Fig. 2.2).

The strategic matrix of the goals of the marketing plan of enterprise development formed in the form of the following scheme (Fig. 2.2).

- in the field of commodity policy: targeting will be observed for the promotion of the most popular products, attention will be paid to the possibility of increasing sales of honey by-products for the pharmaceutical industry of foreign countries;
- in the field of pricing policy: the lower and middle price segments of consumers will be selected, which is characteristic for the need to enter new markets;
- in the field of communication policy: introduction of measures for participation of the enterprise in international exhibitions.

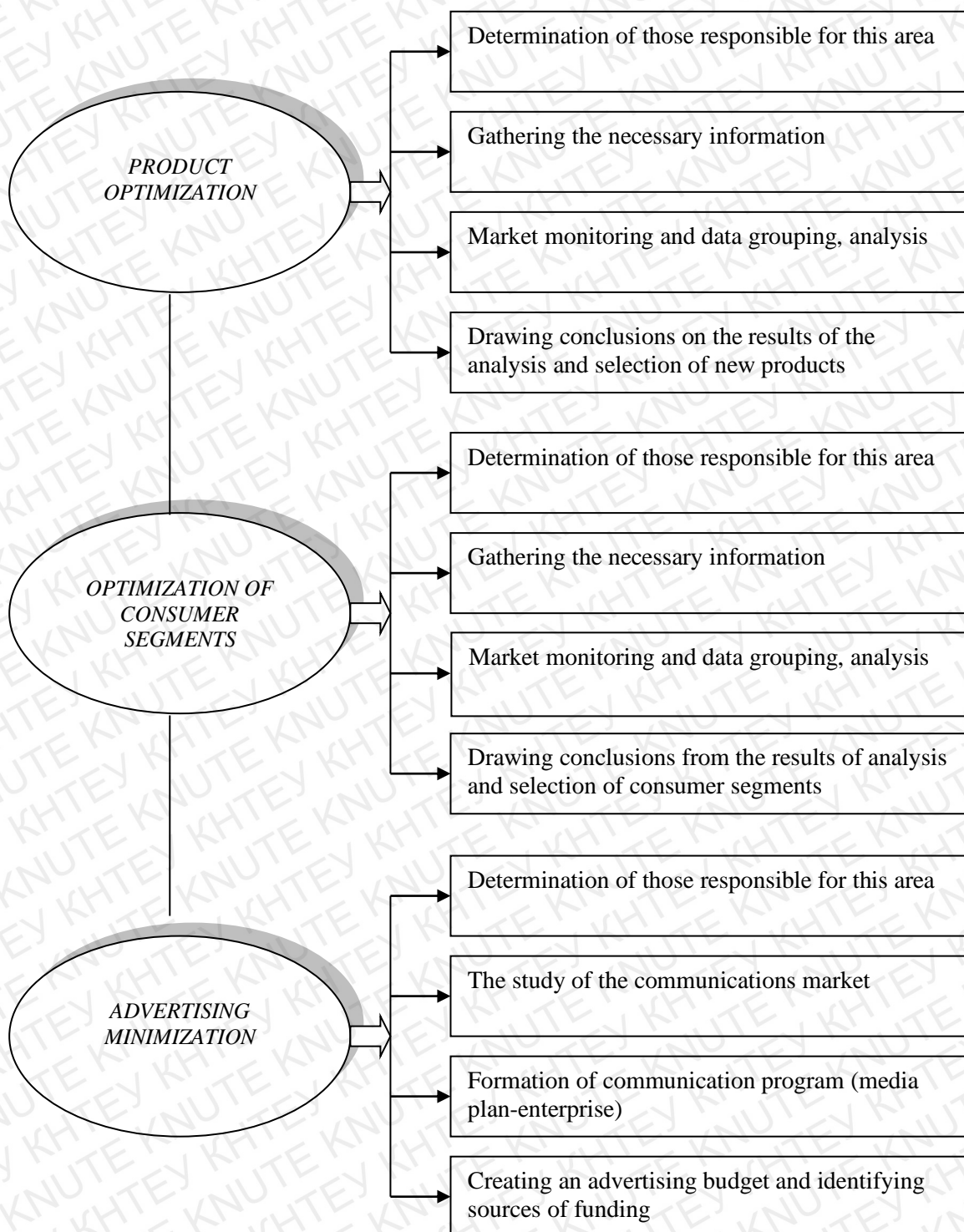


Fig. 2.2. The tree of goals of the export plan of enterprise development for 2020

Source: created by the author.

All abovementioned should be based on the ability of individual products to generate profits and stable demand. Nowadays, it is difficult to say which segments of consumers in the foreign market will be promising, but in this case it is necessary

to rely on the average results of those industries, the services for which were the most profitable and stable. The tasks of the analysis of these industries should be assigned to the commercial department of LLC «RK.FOOD». In our opinion, the most promising is the pharmaceutical industry in the EU countries, which is a potential consumer of meat by-products.

Optimization of consumer segments by price range is carried out according to the same scheme as optimization of commodity policy of the enterprise. The only difference is that in the first case, the object of study will be different types of products, and in the second - consumers of these products. Accordingly, the logic of the research results will be this: consumers of the lower price segment will necessarily and naturally be in the lower price range of products, and vice versa. However, choosing the most effective types of products and their consumers will not be possible for the enterprise. This is due to the fact that in 2020, consumers of the most profitable product segments may drop. This concerns, first of all, the need for price dumping when launching new products on the foreign market.

Consumer market monitoring tasks should also be assigned to a commercial director.

A special task will be to optimize your advertising costs. The essence of this task will be to formulate a detailed media plan and advertising budget. The research work will be done by the marketing analyst, and the assistant deputy director will be responsible.

Therefore, an enterprise with a current export strategy in the foreign market is not able to influence the possibility of export growth. Therefore, it is necessary to develop proposals for improving the export strategy of LLC «RK.FOOD» in the foreign market, which envisages the development of an enterprise marketing development plan for 2020. In this matter, we formulated the main proposals for the formation of the export strategy of the company when it enters the foreign market. For effective export strategy of LLC «RK.FOOD» it is envisaged to develop a plan of development of enterprise marketing for 2020. An optimal algorithm for planning export activities was proposed based on the parameters of market development and

the main opportunities for promoting products to foreign markets.

2.2. Strategies to optimize export potential of LLC «RK.FOOD»

The purpose of this paragraph is to determine the general guidelines and strategic priorities for the formation of a promotion strategy at LLC «RK.FOOD» to new foreign markets.

Export of the company's products is done only through intermediaries. During the research it was found that LLC «RK.FOOD» uses a specific type of export strategy, which can be characterized by a number of characteristics, which are shown in Figure. 2.3.

A sign of strategy Strategy type	An indication of an export strategy				
	The general economic status of the enterprise	By life cycle duration	On the basis of competitive advantages	By competitive position	Depending on the degree of market segmentation
Survival strategy	+				
Saturation strategy		+			
Focusing strategy			+		
Niche Market Strategy				+	
Concentrated marketing strategy					+

Fig. 2.3. Current characteristic of export strategy of LLC «RK.FOOD» in the foreign market

Source: created by the author.

As can be seen from Fig. 2.3., Today the export strategy of an enterprise based on the economic status of the enterprise can be described as a survival strategy. In terms of its life cycle and its competitive advantages, it can be categorized as saturation, provided it focuses on a specific market segment and is anchored in the

chosen market niche. Various segments of the market are being ignored and instead of finding differences in effort, they focus on the total demand for consumers. But there are both pros and cons to this approach. The company should review its export strategy in the market.

The formation of the strategy of entering the company to new foreign markets is determined by the mission of the company, which is based on ensuring a stable pace of development in the market of honey and its by-products.

Given the uncertainty of the market and the financial crisis, it is advisable to adopt a planning horizon of 3 years - 2020-2022.

The stages of developing an effective program for implementing the strategies of LLC «RK.FOOD»'s entry into new markets can be divided as follows: determination of the contact audience; determining the purpose of communication; creating an appeal; selection of communication channels; determining the overall budget allocated for communication; deciding on mixed promotions; evaluation of promotion results; managing the implementation of complex export communications and coordinating this process.

The results of the study of the organization and planning of foreign economic activity of LLC «RK.FOOD» show that: separate stages of the process of planning of sales activities are carried out; the choice of promotion is made subjectively; Sales promotion and advertising are key elements of promotions.

“RK.FOOD” LLC spends a small amount of money on sales promotion, but it does not reach the goals of promotion - retention and growth of market share. In the enterprise marketing system are used separate elements of the sales promotion system and advertising, advertising of the company, as the most significant element of marketing to achieve the export goals of the company - is inefficient. Elements of the marketing system are not used comprehensively, without the system.

Therefore, in order to formulate a strategy for LLC «RK.FOOD» to enter new markets, it is necessary to plan its sales policy.

As mentioned above, depending on the price offered in the market, different patterns of consumer demand are formed. Therefore, to position the company it is

advisable to choose products that are already sold by RK.FOOD Ltd. in the domestic market, but not yet presented in the external market.

We offer to rank these products by price ranges and sales volumes. The results of the ranking are given in table. 2.1.

Table 2.1

Ranking of the product line offered for export by LLC «RK.FOOD» by price range and sales volume in 2020

Items	Sales price, UAH / kg.	Potential volume of production and sales for export in 2020, tons
Buckwheat honey	60,0	121
Lime honey	56,7	124
Sunflower honey	53,3	136
Acacia honey	70,0	56
Herbs Honey	70,0	84
Honey forest	76,7	95
Pollen	2400	1,1
Beeswax	129	25
Honeycomb	96	17
Other products	78	53
Total	-	712,1

Source: created by the author.

In 2020, it is advisable to position the product line of the enterprise in three main consumer segments:

- retail segment or RETAIL (Lower Export Sales through Distribution System);
- wholesale segment of large companies abroad (selling products of the middle price range directly to wholesalers).

As we can see from the above material, the overall positioning for the enterprise coincides with the specifics of forming consumer segments. The consumer goods segment consumes mainly low-cost goods.

Based on the conditions of RK.FOOD's commercial activity on the foreign market for the enterprise, it is possible to form price discounts at the level of 3-4%, which will not lead to loss of economic benefits in the future and increase the profitability. However, in order to properly manage prices and formulate commercial offers to foreign partners in the enterprise, it is necessary to improve the system of budgeting commercial transactions in the segment of export operations, and in general for all trading operations.

The next direction is to justify the geography of the foreign market to expand export operations. Since the company already has a shipment of products to a number of Western European countries, we consider it advisable to keep the above regions. In addition, a promising region for today is the Polish market, which consumes large quantities of honey by-products. Many EU pharmaceutical companies have been built in Poland. Therefore, it is promising to set up supplies to Poland of products such as pollen used for the manufacture of natural like preparations.

Another important promising product market, which is still poorly crafted by the company, is the US market. The company has a small shipment of honey to this market. However, it would be advantageous to supply pollen in the United States as well as "bee bread", which are used for the production of valuable natural antibiotics.

Structurally perspective directions of export development are given in Fig. 2.4.

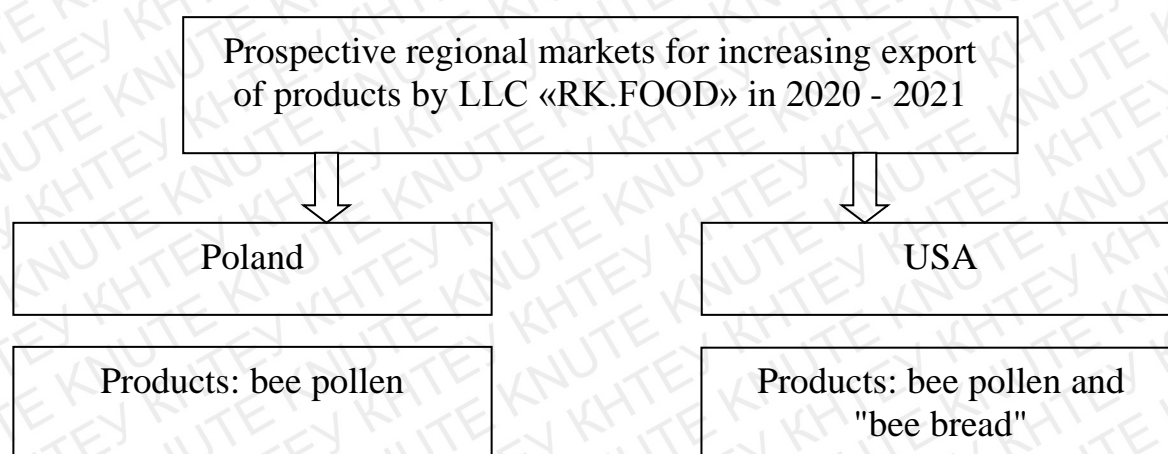


Fig. 2.4. Promising regional markets for increasing exports of products by LLC «RK.FOOD» in 2020 - 2021.

Source: created by the author.

Let's consider the main steps to improve the information system for the sale of products for export (Table 2.2). This area involves the development of an additional module "Budgeting" in 1C 8.2. To do this, the programmer must obtain a technical assignment from the financial and economic department and on the basis of it to create the appropriate forms in 1C system for input of input data and to prescribe algorithms of information processing and output of ready results.

Table 2.2

Main directions of improvement of information system of management of sales of products on the foreign market of LLC «RK.FOOD» for 2020

Direction	The problem is solved	Description of options for solving the problem
Automation of planning processes	Planning efficiency and flexibility	Improvement of additional module "budgeting" in the existing management information system 1C 8.2, which was implemented at the enterprise in 2019
Integration of export processes in the logistics system of the enterprise	Adequacy of plans, increasing their accuracy, ability to use the plan as a real tool for managing communications and resources	Purchase of the BITRICS CRM logistics software, which will not only improve process management, but will also be able to automatically adjust turnover plans, inventory balances on a daily basis online

Source: created by the author.

The input will be entered in the budget form. The budget form itself is an electronic document. The budgeting process at the enterprise will be fully conducted in 1C 8.2. This program will include planned indicators of the physical volume of turnover for each month, estimated prices of purchases and sales, estimated volumes of turnover, standards of inventory for each product.

The program itself will calculate the annual, monthly, and quarterly and annual plan of sales, purchases, forecast of movement of goods in the warehouse, statement of financial results, balance, etc.

To implement the information system for managing the sales of products for export of the enterprise under study, an organizational plan of the basic measures with the definition of terms and responsible ones was developed (Table 2.3).

Table 2.3

Organizational plan for implementation of measures to improve the information system for managing the sales of products of LLC «RK.FOOD» for export in 2020

The main activities	Schedule of work and number of days. their implementation					Total, day.
	Febr. 2020	March 2020	April 2020	May 2020	June 2020	
Formation of the technical specification for the project for the installation of the Budgeting module in 1C system. 8.2	5	3				8
Setting up the hardware to operate the new module		3				3
Budgeting module development and implementation		12	10			22
Purchase of BITRICS CRM software		3				3
Development and implementation of the BITRICS CRM system		5	15	10		30
Development of the module of synchronization of the budgeting system 1C. 8.2 and BITRICS CRM software				10		10
System testing				5	3	8

Source: created by the author.

The indicative estimate of financing of measures for improvement of system of planning of the commodity portfolio is given in table. 2.4.

Table 2.4

Cost estimate for the cost of improving the sales management system of LLC "RK.FOOD" in 2020

The main activities	Volume of financing of expenses, thousand UAH					Total, th uah.
	Feb. 2020	Marh. 2020	Apr. 2020	May. 2020	June. 2020	
Formation of the technical specification for the project for the installation of the Budgeting module in 1C system. 8.2	30,8	36,2				67

Continue the tab. 2.4

The main activities	Volume of financing of expenses, thousand UAH					Total, th uah.
	Feb. 2020	Marh. 2020	Apr. 2020	May. 2020	June. 2020	
Setting up the hardware to operate the new module		113				113
Budgeting module development and implementation		46,2	25,8			72
Purchase of BITRICS CRM software		270,8				270,8
Development and implementation of the BITRICS CRM system		32,2	90,4	48,6		171,2
Development of the module of synchronization of the budgeting system 1C. 8.2 and BITRICS CRM software				25		25
System testing				15	15	30
TOTAL, thousand UAH	30,8	498,4	116,2	88,6	15	749

Source: created by the author.

Thus, it will be necessary to spend UAH 749 thousand to finance measures to improve the process of planning and control of foreign economic operations in the 1C system with the use of the BITRICS CRM module for LLC «RK.FOOD» in 2020.

Therefore, a strategic program for promoting the company's products to new foreign markets was developed in this matter. In order to formulate a strategy for LLC «RK.FOOD» to enter new markets, it is necessary to plan its sales policy activities. To position the company it is advisable to choose products that are already sold by LLC «RK.FOOD» in the domestic market, but not yet presented in the external market. Since the company already has a shipment of products to a number of Western European countries, we consider it advisable to keep the above regions. In addition, a promising region for today is the Polish market, which consumes large quantities of honey by-products. Many EU pharmaceutical companies have been built in Poland. Therefore, it is promising to set up supplies to Poland of products such as pollen used for the manufacture of natural lyaka preparations. Another important promising product market, which is still poorly crafted by the company, is the US market. The company has a small shipment of honey to this market. However, it would be advantageous to supply pollen in the United States as well as "bee bread",

which are used for the production of valuable natural antibiotics. It will be necessary to spend UAH 749 thousand to finance measures to improve the process of planning and control of foreign economic operations in the 1C system with the use of the BITRICS CRM module for LLC «RK.FOOD» in 2020.

2.3. Forecasted changes in the foreign economic activity of LLC «RK.FOOD» on the basis of proposed measure

Determination of forecasters of activity of LLC «RK.FOOD» in view of the proposed measures for 2020-2022 should be made on the basis of forecasting of export volumes without taking into account and taking into account the proposed measures.

In this issue, we forecast the export volumes of the enterprise. The forecast of export earnings from sales for 2020-2022 should be made on condition that in the planned period the average annual growth rate, which was reached for 2014-2018, will remain.

Growth rate should be chosen for forecasting. The growth rate is extrapolated to 2020-2022. It is also worth noting that our study is missing 2019. Therefore, it is advisable to forecast export earnings this year as well.

The volume of export earnings, the cost of servicing export operations and the effect of exports for 2020-2022, using the average annual growth rate are forecasted. In this case, the planned costs (cost and maintenance costs of exports) will be determined on the basis of the average of these expenditures on the estimated export earnings.

Based on the indicators in Table. 2.5 the results of implementation of the proposed measures of LLC "RK.FOOD" in 2020-2022 can be determine.

Planning will be carried out by economic and statistical method using 2 groups of indicators:

- average annual growth rate;
- the level of expenditure in revenue.

Table 2.5

Planned export volumes and its effect at LLC «RK.FOOD» in 2020-2022

Indicators	Fact 2018	Average annual growth rate	Average cost of export earnings	Forecast			
				2019	2020	2021	2022
Net revenues from export sales to foreign markets, ths. UAH	39410	1,086	-	42792	46465	50452	54782
Production costs (direct), ths. UAH	24998	-	-	28577	31030	33693	36584
The level of production costs in net revenue	0,63	-	0,668	-	-	-	-
Production costs (indirect), ths. UAH	5527	-	-	5678	6165	6694	7269
The level of indirect costs in net revenue	0,14	-	0,133	-	-	-	-
Export costs, ths. UAH	4856	-	-	4106	4458	4841	5256
The level of export service costs in net revenue	0,12	-	0,096	-	-	-	-
Export effect, ths. UAH		-	-	4432	4812	5225	5673

Source: calculated by the author.

As we can see from the results of the forecast calculations, the planned volume of net export income for 2019 will be 42792 thousand UAH, for 2020 - 46645 thousand UAH, for 2021 - 50452 thousand UAH, for 2022 - 54782 thousand UAH. The planned effect of the export effect for 2019 will be 4432 thousand UAH, for 2020 - 4812 thousand UAH, for 2021 - 5225 thousand UAH, for 2022 - 5673 thousand UAH. The planned period will see a gradual increase in exports and its effect, which will be mainly due to the influence of the inflation factor and a certain inertia in the processes of export sales.

The average annual growth rate of export earnings for 2014-2018 was used to determine the planned export volume. The coefficients of the average level for each indicator in export revenues were used to forecast the remaining indicators.

To justify prospective export sales volumes, certain prerequisites will be taken into account, which will enable the expansion of the external market (Table 2.6).

Table 2.6

**Prerequisites for Increasing Export Risks of LLC «RK.FOOD»
in 2020-2022**

Prerequisite	Impact on exports
Improvement of export strategy	It should affect the export growth by at least 15.6% (such share is occupied by bee products in the enterprise range at the moment)
Development of a new optimized range of bee by-products for export to Poland and the USA	Currently, beekeeping by-products account for about 10% of the production program. It is planned to increase production of these products by 50% from the current level. The increase in production will be entirely focused on exports. That is, an additional increase in export volumes will be: $EPR = Esb_{pot} * 50\%$ Where, esb_{pot} is the current export volume of bee by-products
Costs of implementation of measures	To implement a new export strategy in foreign markets, an enterprise needs to spend UAH 508.8 thousand annually One-time investment costs for improving the FEA management system will amount to UAH 749 thousand in 2020.

Source: conducted by the author.

Improving the export strategy should result in an increase in exports of at least 15.6%. This level of harvesting is determined based on the share occupied by beekeeping by-products in the enterprise's range at the moment. Also, the development of a new optimized range of apiculture by-products for export to Poland and the US should ensure an increase in production program volumes and, accordingly, in export earnings. Bee by-products account for about 10% of the production program. Therefore, it is planned to increase the production of these products by 50% from the current level. The increase in production will be entirely focused on exports.

The implementation of the proposed measures will also entail additional costs for businesses. Implementation of a new export strategy in foreign markets requires the company to spend annually UAH 508.8 thousand. in 2020.

Using the data in Table. 2.7 we can proceed to forecasting prospective export volumes and its results by LLC «RK.FOOD» in 2020-2022 (Table 2.7).

Table 2.7

Planned optimized export volumes and at LLC «RK.FOOD» in 2020-2022

Indicators	Fact 2018	Average cost of export earnings	Forecast			
			2019	2020	2021	2022
Increase in export earnings from improvement of export strategy, ths. UAH	-	-		7248,49	7870,57	8546,03
Increase in export proceeds from the development of a new program of expansion of foreign markets for bee products, ths. UAH	-	-		7249	7871	8546
Net revenues from export sales of products to foreign markets (optimized), ths. UAH	39410	-	42792	60962	66194	71874
Production costs (direct), ths. UAH	24998	-	28577	40711	44205	47999
The level of production costs in net revenue	1	0,668	-	-	-	-
Production costs (indirect), ths. UAH	5527	-	5678	8089	8783	9537
The level of indirect costs in net revenue	0	0,133	-	-	-	-
Export costs, ths. UAH	4856	-	4106	5849	6351	6896
The level of export service costs in net revenue	0	0,096	-	-	-	-
Expenditure on international marketing, ths. UAH				506	506	506
Information system implementation costs, ths. UAH				749		
The effect of exports, ths. UAH	0	-	4432	5058	6349	6938

Source: calculated by the author.

Therefore, based on the planned volume of export earnings and the actual average annual level of expenditures in revenues, the planned amounts of current expenditures were projected, and based on these values, we determined the projected outputs. According to the calculations, the planned volume of export revenues of the company, taking into account the improvement of international marketing and development of the strategy of expansion of foreign markets, should gradually

increase. The effect of exports in 2020 will be 5058 thousand UAH, in 2021 - 6349 thousand UAH, in 2022 - 6938 thousand UAH.

Based on the data table. 2.8 we can forecast the volume of export sales in terms of product groups and individual geographical areas of activity (Table 2.8).

Table 2.8

Planned export volumes at LLC «RK.FOOD» in 2020-2022 by product groups

Commodity group	Fact 2018,ths UAH	Actual structure, %	Forecast,ths UAH			
			2019	2020	2021	2022
Packaged honey	11074	28	12025	17130	18600	20217
The honey is not packed up	22188	56	24092	34321	37267	40465
Bee products	6148	16	6676	9510	10326	11212
Total export	39410	100	42792	60962	66194	71874

Source: calculated by the author.

In order to determine the planned effect of the proposed measures, it is necessary to find the difference between the measure of the export effect of the measure that does not take into account the measures taken and the measure of the effect of the measure. The results of the calculations are given in Table. 2.9.

Table 2.9

Dynamics of growth of effect from implementation of measures for improvement of foreign economic activity of LLC «RK.FOOD» in 2020-2022.

Indicators	Forecast			
	2019	2020	2021	2022
Result of export operations without implementation of measures, ths. UAH	4432	4812	5225	5673
Result of export operations, taking into account the implementation of proposed measures, ths UAH	4432	5058	6349	6938
Increase of effect, ths. UAH	0	247	1124	1264

Source: calculated by the author.

According to the calculations, the increase in the result of export operations from the implementation of the proposed measures will be 247 thousand UAH in 2020, in 1121 - 1124 thousand UAH, in 2022 - 1264 thousand UAH.

Therefore, the volume of export of the enterprise was projected in this issue. The forecast of export earnings, the cost of servicing export operations and the effect of exports for the years 2020-2022, was made on the basis of using the average annual growth rate. At the same time, the planned expenditures (cost and costs of export servicing) were determined based on the average of these expenditures in the projected export earnings. Improving the export strategy should result in an increase in exports of at least 15.6%. This level of harvesting is determined based on the share occupied by beekeeping by-products in the enterprise's range at the moment. Also, the development of a new optimized range of apiculture by-products for export to Poland and the US should ensure an increase in production program volumes and, accordingly, in export earnings. Bee by-products account for about 10% of the production program. Therefore, it is planned to increase the production of these products by 50% from the current level. The increase in production will be entirely focused on exports. Based on the planned volume of export revenues and the actual average annual level of expenditures in revenues, the planned amounts of current expenses were projected, and based on these values, we determined the projected outputs. According to the calculations, the planned volume of export revenues of the company, taking into account the improvement of international marketing and development of the strategy of expansion of foreign markets, should gradually increase. The effect of exports in 2020 will be 5058 thousand UAH, in 2021 - 6349 thousand UAH, in 2022 - 6938 thousand UAH. The increase in the result of export operations from the implementation of the proposed measures will amount to UAH 247 thousand in 2020, to UAH 1124 thousand in 2021, to UAH 1264 thousand in 2022.

Conclusions to the chapter 2

An enterprise with a current export strategy in the foreign market is not able to influence the possibility of export growth. Therefore, it is necessary to develop proposals for improving the export strategy of LLC «RK.FOOD» in the foreign market, which envisages the development of an enterprise marketing development plan for 2020. In this matter, we formulated the main proposals for the formation of the export strategy of the company when it enters the foreign market. For effective export strategy of LLC «RK.FOOD» it is envisaged to develop a plan of development of enterprise marketing for 2020. An optimal algorithm for planning export activities was proposed based on the parameters of market development and the main opportunities for promoting products to foreign markets. The total budget of export measures for 2020 is 508.8 thousand UAH.

A strategic program for promoting the company's products to new foreign markets was developed. In order to formulate a strategy for LLC «RK.FOOD» to enter new markets, it is necessary to plan its sales policy activities. To position the company it is advisable to choose products that are already sold by LLC «RK.FOOD» in the domestic market, but not yet presented in the external market. Since the company already has a shipment of products to a number of Western European countries, we consider it advisable to keep the above regions. In addition, a promising region for today is the Polish market, which consumes large quantities of honey by-products. Many EU pharmaceutical companies have been built in Poland. Therefore, it is promising to set up supplies to Poland of products such as pollen used for the manufacture of natural lyaka preparations. Another important promising product market, which is still poorly crafted by the company, is the US market. The company has a small shipment of honey to this market. However, it would be advantageous to supply pollen in the United States as well as "bee bread", which are used for the production of valuable natural antibiotics. It will be necessary to spend UAH 749 thousand to finance measures to improve the process of planning and control of foreign economic operations in the 1C system with the use of the BITRICS CRM module for LLC «RK.FOOD» in 2020.

The export volumes of the enterprise were forecasted. The forecast of export earnings, the cost of servicing export operations and the effect of exports for the years 2020-2022, was made on the basis of using the average annual growth rate. At the same time, the planned expenditures (cost and costs of export servicing) were determined based on the average of these expenditures in the projected export earnings. Improving the export strategy should result in an increase in exports of at least 15.6%. This level of harvesting is determined based on the share occupied by beekeeping by-products in the enterprise's range at the moment. Also, the development of a new optimized range of apiculture by-products for export to Poland and the US should ensure an increase in production program volumes and, accordingly, in export earnings. Bee by-products account for about 10% of the production program. Therefore, it is planned to increase the production of these products by 50% from the current level. The increase in production will be entirely focused on exports. Based on the planned volume of export revenues and the actual average annual level of expenditures in revenues, the planned amounts of current expenses were projected, and based on these values, we determined the projected outputs. According to the calculations, the planned volume of export revenues of the company, taking into account the improvement of international marketing and development of the strategy of expansion of foreign markets, should gradually increase. The effect of exports in 2020 will be 5058 thousand UAH, in 2021 - 6349 thousand UAH, in 2022 - 6938 thousand UAH. The increase in the result of export operations from the implementation of the proposed measures will amount to UAH 247 thousand in 2020, to UAH 1124 thousand in 2021, to UAH 1264 thousand in 2022.

CONCLUSIONS

Based under the research results it is possible to define the next conclusions related to the practical experience of the export potential development for LLC «RK.FOOD»:

Indicators of the financial and economic condition of LLC «RK.FOOD» were considered in this matter. The net profit of LLC «RK.FOOD» for 2016-2017 decreased by 2999 th. UAH (-179%), and in 2018 compared to 2017 increased by UAH 3660 thousand (+ 276%). In 2018, the return on assets increased by -17.7% compared to 2017. The return on equity in 2018 increased by 67.5% compared to 2017. The profitability of sales in 2018 is 3.6%, which is 6.5% more than in 2017. This testifies to the effective implementation of the activity of the company LLC "RKFOOD". The analysis shows that there are certain problems with the sources of financing of the assets of LLC "RK.FOOD". The above trend in the dynamics of indicators of total solvency and intermediate coverage indicates the insufficient capacity of LLC "RK.FOOD". The level of coverage of current liabilities with inventory and cash was very low.

The indicators of financial and economic condition of LLC «RK.FOOD» were considered. Net profit of LLC «RK.FOOD» for 2016-2017 decreased by UAH 2999 thousand. (-179%), and in 2018 compared to 2017 increased by UAH 3660 thousand (+ 276%). In 2018, the return on assets increased by -17.7% compared to 2017. The return on equity in 2018 increased by 67.5% compared to 2017. The profitability of sales in 2018 is 3.6%, which is 6.5% more than in 2017. This testifies to the effective implementation of the activity of LLC «RK.FOOD». The analysis shows that there are some problems with the sources of financing the assets of LLC «RK.FOOD». The above trend in the dynamics of indicators of overall solvency and intermediate coverage indicates insufficient capacity of LLC «RK.FOOD». The level of coverage of current liabilities with inventory and cash was very low. The increase in export volumes in 2018 compared to 2017 was mainly due to the expansion of the European market and the increase in the volume of shipment of products to key customers. Exports to the EU, namely to the Federal Republic of Germany in 2018 increased

compared to 2014, but at a relatively slower pace. In the commodity structure of export of the enterprise, the share of such nomenclature commodity group as "Honey unpacked" is dominant - 46-56% in the total export volumes.

Based on the above dynamics of the FEA efficiency indicator, it can be said that the efficiency of the export strategy of the enterprise also decreased. Thus, for the years 2014-2017, the volume of export sales decreased, with export revenues decreasing by 15% and production costs - by 11%, ie, a negative balance of the dynamics of income and expenses was formed, which led to a decrease in profits from export sales. LLC «RK.FOOD», which in 2018 accounted for 5% of total honey exports. The enterprise has prospects for expansion of volumes of export of honey. LLC «RK.FOOD» is a company with a relatively weak competitive position, which, unfortunately, is getting worse. The closest competitor of the company is Ascania Food, which occupies the position of 10 of the matrix of the competitive profile formation, and the strongest competitor is Eco Trade.

An enterprise with a current export strategy in the foreign market is not able to influence the possibility of export growth. Therefore, it is necessary to develop proposals for improving the export strategy of LLC «RK.FOOD» in the foreign market, which envisages the development of an enterprise marketing development plan for 2020. In this matter, we formulated the main proposals for the formation of the export strategy of the company when it enters the foreign market. For effective export strategy of LLC «RK.FOOD» it is envisaged to develop a plan of development of enterprise marketing for 2020. An optimal algorithm for planning export activities was proposed based on the parameters of market development and the main opportunities for promoting products to foreign markets.

A strategic program for promoting the company's products to new foreign markets was developed in this matter. In order to formulate a strategy for LLC «RK.FOOD» to enter new markets, it is necessary to plan its sales policy activities. To position the company it is advisable to choose products that are already sold by LLC «RK.FOOD» in the domestic market, but not yet presented in the external market. Since the company already has a shipment of products to a number of

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The volume of export of the enterprise was projected in this issue. The forecast of export earnings, the cost of servicing export operations and the effect of exports for the years 2020-2022, was made on the basis of using the average annual growth rate. At the same time, the planned expenditures (cost and costs of export servicing) were determined based on the average of these expenditures in the projected export earnings. Improving the export strategy should result in an increase in exports of at least 15.6%. This level of harvesting is determined based on the share occupied by beekeeping by-products in the enterprise's range at the moment. Also, the development of a new optimized range of apiculture by-products for export to Poland and the US should ensure an increase in production program volumes and, accordingly, in export earnings. Bee by-products account for about 10% of the production program. Therefore, it is planned to increase the production of these products by 50% from the current level. The increase in production will be entirely focused on exports. Based on the planned volume of export revenues and the actual average annual level of expenditures in revenues, the planned amounts of current expenses were projected, and based on these values, we determined the projected outputs. According to the calculations, the planned volume of export revenues of the company, taking into account the improvement of international marketing and

development of the strategy of expansion of foreign markets, should gradually increase. The effect of exports in 2020 will be 5058 thousand UAH, in 2021 - 6349 thousand UAH, in 2022 - 6938 thousand UAH. The increase in the result of export operations from the implementation of the proposed measures will amount to UAH 247 thousand in 2020, to UAH 1124 thousand in 2021, to UAH 1264 thousand in 2022.

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