

Ministry of Education and Science of Ukraine  
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The graduate thesis  
to obtain the master's degree

on the subject:

**Application of integrated management methods to the transformation of the  
administration system of enterprises and construction projects**

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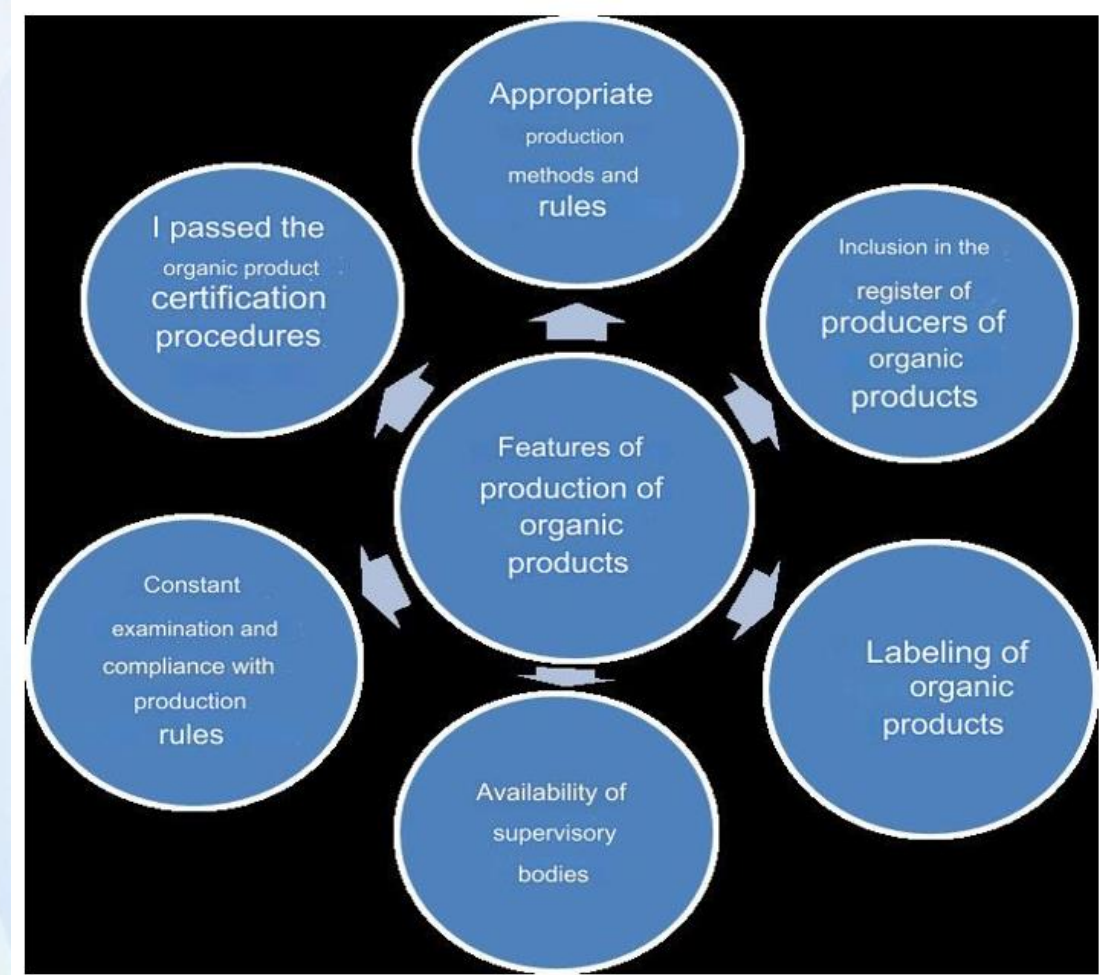
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**The relevance** of the research topic is due to the growing importance of organic production in the global market and the need to improve management methods to increase the efficiency of production and marketing of organic products. In Ukraine, there is an increase in the area of land for organic production, but there are problems with low demand and insufficient consumer awareness. The use of integrated management practices allows for efficient production and marketing, which is also important for other sectors, such as construction.

**Organic products** are environmentally friendly products that meet approved quality standards, are certified and labelled accordingly. Such products do not contain chemical fertilisers, pesticides, GMOs and are produced with minimal environmental impact.

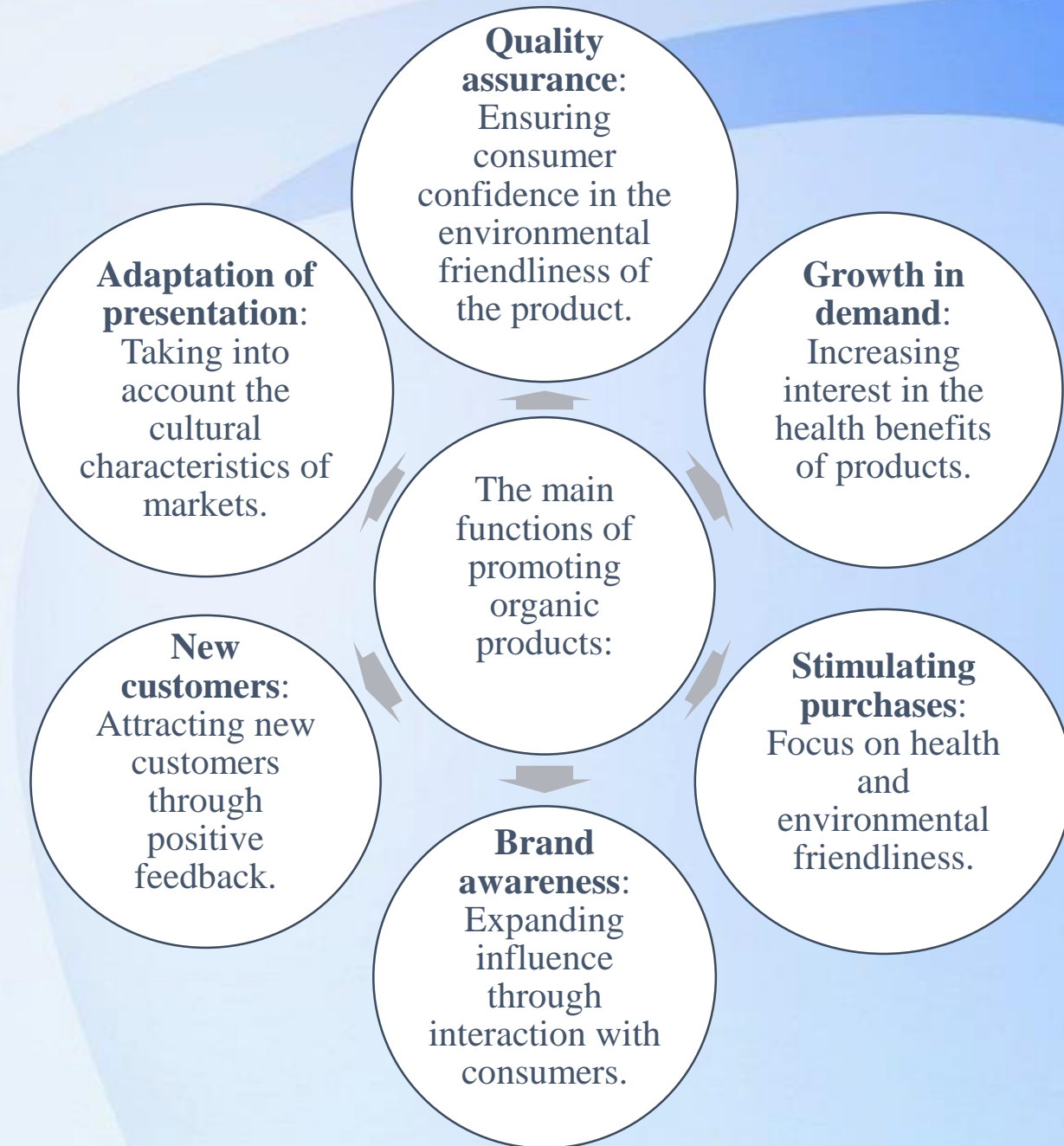
The production of organic products is characterised by certain peculiarities, which are partially reflected in the Law of Ukraine ‘On the Production and Circulation of Organic Agricultural Products and Raw Materials’ [2] and in the works of many scientists.

We propose to highlight the following features of organic production:

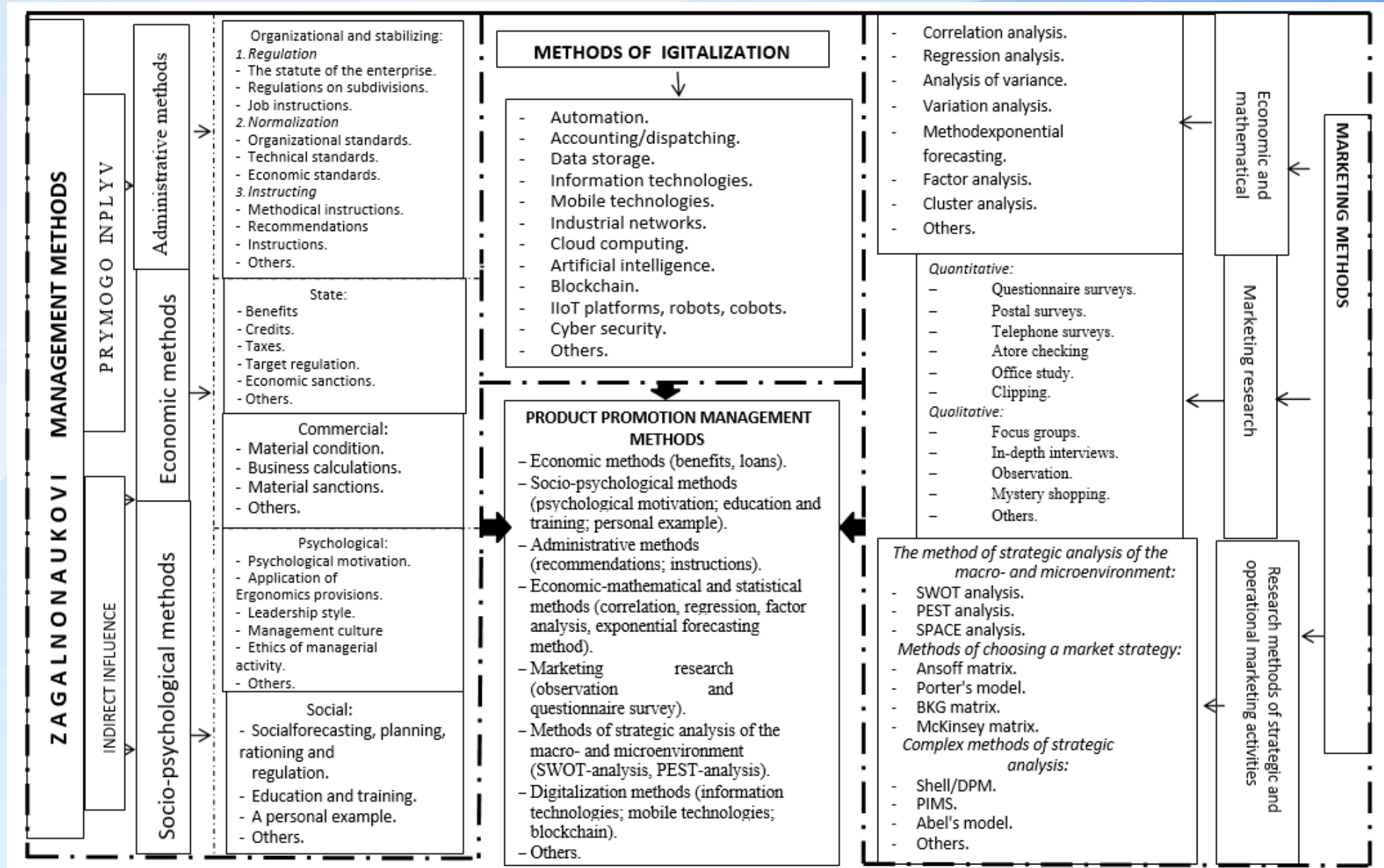


Organic product promotion management is a set of actions aimed at the constant interaction of management functions to ensure that products enter the market, increase their recognition and meet consumer demand while maintaining environmental and quality standards.

Modern technologies (Internet, mobile applications, computer systems) are an important component of promotion management, helping to optimise communication with consumers and build a positive perception of organic products. Promotion management of organic products requires efficient logistics systems for transport and storage, especially for perishable products. Logistics allows for the establishment of a distribution system that ensures that products reach the end consumer in a timely manner. To effectively promote organic products on the market, it is necessary to use a comprehensive strategy that integrates various management approaches (organisational, marketing, functional, process) and takes into account the peculiarities of digitalisation and logistics.



Based on the analysis of scientific literature, the article systemises the above methods of management, marketing activities and digitalisation, which form the basis of a comprehensive scientific and methodological support for product promotion management and are recommended for use in the process of product promotion.



# The most appropriate digital tools for promoting organic products

MARKETING MIX TOOLS (MODEL 7P)						
PRODUCT (1)	PRICE (2)	PLACE (DISTRIBUTION) (3)	COMMUNICATIONS (4)	PEOPLE (5)	PROCESS (6)	PHYSICAL EVIDENCE (7)
<ul style="list-style-type: none"> <li>- properties (value of goods);</li> <li>- assortment;</li> <li>- weight, size;</li> <li>- expiration date;</li> <li>- trademark;</li> <li>- packaging;</li> <li>- others</li> </ul>	<ul style="list-style-type: none"> <li>- price listprice;</li> <li>- discounts;</li> <li>- markups;</li> <li>- sale;</li> <li>- payment terms;</li> <li>- lending;</li> <li>- others</li> </ul>	<ul style="list-style-type: none"> <li>- neuromarketing;</li> <li>- sales channels;</li> <li>- trade forms;</li> <li>- transportation;</li> <li>- warehouse stocks;</li> <li>- others</li> </ul>	<ul style="list-style-type: none"> <li>- advertising;</li> <li>- stimulationsale s;</li> <li>- personal selling;</li> <li>- public relations;</li> <li>- direct marketing;</li> <li>- others</li> </ul>	<ul style="list-style-type: none"> <li>- seminars;</li> <li>- trainings;</li> <li>- individualmee tings;</li> <li>- master classes;</li> <li>- others</li> </ul>	<ul style="list-style-type: none"> <li>- product search (offers, orders, etc.);</li> <li>- making calculations;</li> <li>- exchange;</li> <li>- others</li> </ul>	<ul style="list-style-type: none"> <li>- exhibition;</li> <li>- exposition;</li> <li>- excursion;</li> <li>- others</li> </ul>



**PROMOTION TOOLS OF ORGANIC PRODUCTS**

**Marketing mix:**(1) trademark; expiration date; packaging; (2) discounts; sale; lending; (3) neuromarketing; sales channels; transportation; (4) advertising; sales promotion; personal selling; public relations; direct marketing; (5) trainings; individual meetings; master classes; (6) product search; exchange; (7) exhibition; excursion; others

**Digitization:**creation of digital content (texts, videos, infographics), Landing (modern website), targeted advertising, SMM (promotion of groups in social networks) and SEO (promotion of sites in search engines), mobile technologies, artificial intelligence, etc.), blockchain, QR code, Chatbots and others.



<p><b>Text content and search engine optimization:</b></p> <ul style="list-style-type: none"> <li>- website;</li> <li>- blog;</li> <li>- social media (Instagram; Facebook);</li> <li>- others</li> </ul>	<p><b>Visual content:</b></p> <ul style="list-style-type: none"> <li>- slide presentations;</li> <li>- Rich media;</li> <li>- video;</li> <li>- vlog;</li> <li>- 3D visualization;</li> <li>- others</li> </ul>	<p><b>Mobile technologies:</b></p> <ul style="list-style-type: none"> <li>- mobile advertising;</li> <li>- mobile applications;</li> <li>- SMS sending and sending to messengers;</li> <li>- others</li> </ul>	<p><b>Social media marketing:</b></p> <ul style="list-style-type: none"> <li>- social CRM;</li> <li>- SMM, SMO;</li> <li>- blogging;</li> <li>- others</li> </ul>	<p><b>Artificial intelligence:</b></p> <ul style="list-style-type: none"> <li>- SMS and Viber;</li> <li>- mailings;</li> <li>- blockchain;</li> <li>- QR code;</li> <li>- Chat bots;</li> <li>- others</li> </ul>
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## TOOLS OF DIGITALIZATION

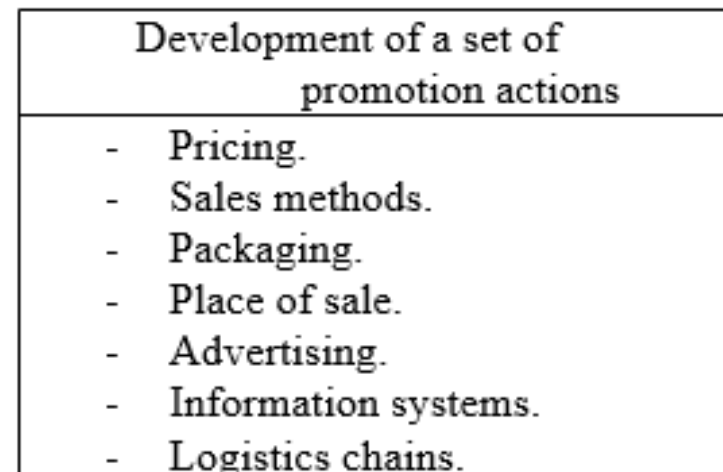
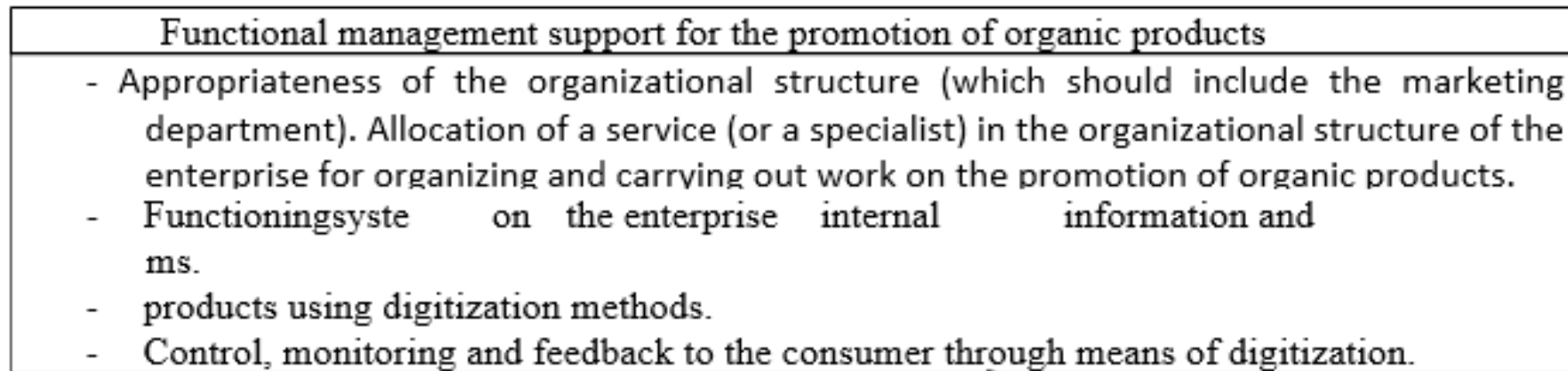
**In order to effectively manage the promotion of organic products at an enterprise, it is important to create an optimal organisational structure that includes several key stages.**

Firstly, it is necessary to choose an appropriate **organisational structure**, which can be linear, functional, line-staff or vertically integrated, depending on the scale and specifics of the enterprise. For example, a functional structure is effective for small and medium-sized enterprises with a limited product range, while a vertically integrated system allows for the consolidation of several enterprises, which allows for greater management efficiency and adaptability to market changes.

The third important aspect is **strategic planning for the promotion of** organic products, which includes market analysis, consumer behaviour, competitors and sales channels. This allows us to form target market segments, develop product positioning and ensure its effective promotion. In addition, it is necessary to constantly control and monitor through digital means to provide feedback to the consumer and adapt strategies in line with market trends.

Secondly, to achieve successful promotion of organic products, it is important to develop a **functional marketing structure** that includes market research, assortment planning, advertising, sales and service. An important element is also **information and communication systems** that ensure effective interaction between the company's departments, which is necessary for the correct positioning of products, sales planning and logistics processes.

Based on the analysis, we have formed a logical and structural scheme for building a management system for the promotion of organic products at an enterprise:



An analysis of the external environment for the promotion of organic products shows that the organic market occupies an important place in the global market, with organic food reaching over \$500 million in retail sales.

The national market for organic products is characterised by the presence of both direct and indirect competitors, in particular, dairy, meat, vegetable and other products.

Organic producers face high certification costs, low yields and intense competition, which makes organic products significantly more expensive than conventional ones (the difference can be 80% or more). The main consumers of organic products are young people with higher education and average or above average income.

The classification of organic consumers varies from country to country. For example, in Denmark, there are 'anti-consumers', 'light consumers' and 'heavy consumers', in Poland - 'steadfast', 'traditional' and others, and in Spain - 'regular' and 'occasional' consumers.

The classification of organic consumers is based on their attitude to organic production, brand loyalty and certification, motives (environmentalists, organic followers, sceptics) and lifestyle (active or passive).

Among the tools to support the organic sector in the world, subsidies (Paramparagat Krishi Vikas Yojana) and specific initiatives to support the development of the organic market are effective:

partial coverage of certification costs (US Farm Bill),

insurance (US Farm Bill),

national/regional development plans (National Organic Action Plan (NOAP) and Organic Action Plan for Ireland (2019-2025)),

public procurement (Sweden - Policy for Sustainable Development and Food, Spain - Organic Products for Social Consumption, Brazil - National School Catering Programme (PNAE)),

technical support (League of Organic Agriculture Municipalities and Cities (LOAMC)),

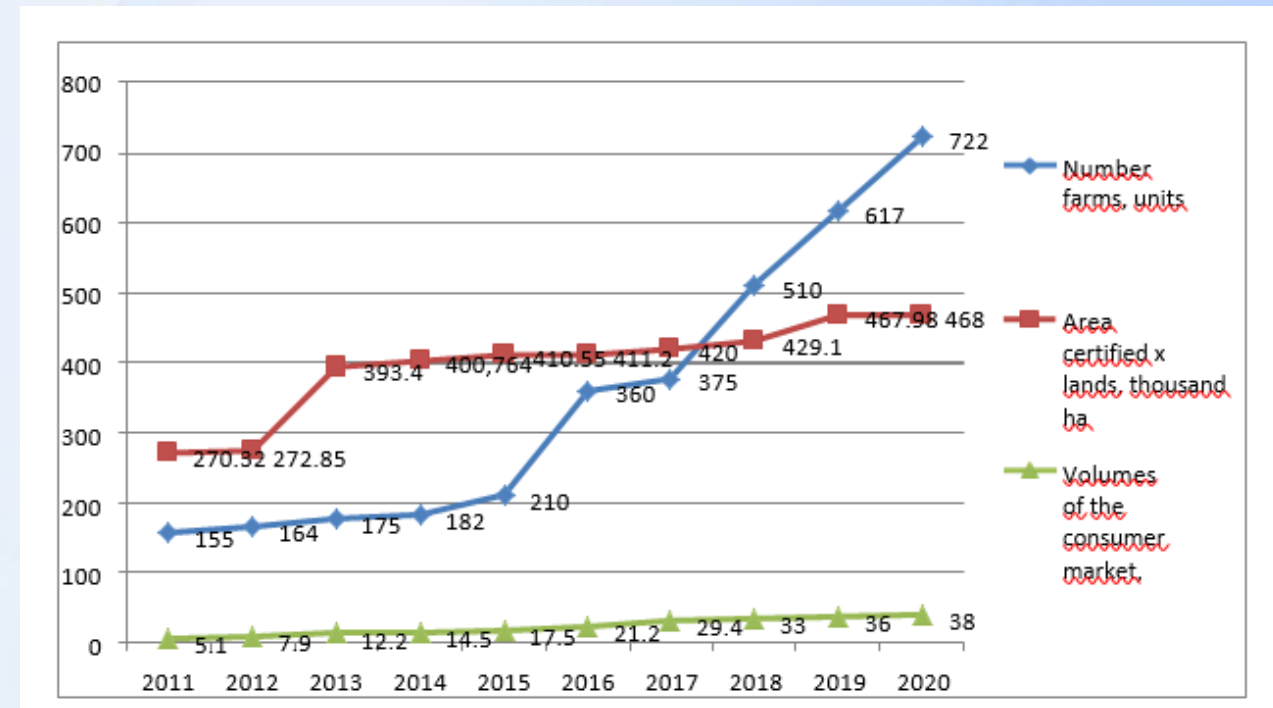
European Network for Rural Development (ENRD),

investments in research and technological development (Organic Science Cluster),

Ukraine has an established organic market, but domestic sales of organic products are much lower than exports. At the same time, there is a positive trend in the development of domestic production, in particular due to the growth of the area under organic production.

The largest consumer countries of Ukrainian organic products are the Netherlands, the US, Germany, the UK, Poland and other European countries. The Ukrainian organic market currently has a volume of about EUR 38 million per year, and the area under organic production is 462 thousand hectares (approximately 1% of total agricultural land).

According to the market research, 70.3% of respondents consume organic products, including dairy products, honey, berries and juices, and speciality stores are in the greatest demand. However, 36.4% said they do not buy organic products because of their high price. This indicates the need to better inform consumers about the benefits of organic products and improve their availability on the domestic market.



Dynamics of changes in the organic market in Ukraine

Strategic analysis of the internal and external environment helps to identify opportunities and prospects for organic enterprises. For this purpose, strategic analysis methods such as SWOT and PEST are used. A SWOT analysis identifies the strengths and weaknesses of enterprises in the organic market, as well as opportunities and threats. PEST analysis allows to assess the political, economic, social and technological factors that may affect the company's entry into the foreign market.

Matrix of SWOT-analysis of enterprises in the organic market in Ukraine

When conducting the SWOT analysis, we used the method of expert assessments (quantification of qualities by interviewing specialists involved in the promotion, marketing or sale of organic products). The expert survey included the opinions of 20 experts on the promotion and sale of organic products in the domestic market. According to the SWOT analysis score, it can be concluded that in the domestic organic market, strengths (S) and opportunities (O) - 43 points, have an advantage over weaknesses (W) and threats (T) - 30 points.

INTERNAL ENVIRONMENT		STRENGTHS - S	WEAKNESSES - W	
INTERNAL ENVIRONMENT	1. Convenient geographical location and favorable climatic conditions in the territory of Ukraine.	5	1. Mandatory certification of the entire production process.	3
	2. Positive growth trend of the organic products market (number of certified lands and number of operators on the market).	4	2. A long period of transition to organic agricultural production and large financial costs for product certification.	4
	3. Growth of the production potential of enterprises and production volumes of organic and useful for consumers of products.	5	3. Low level of demand for organic products.	2
	4. Reducing the negative impact on the environment.	3	4. Insufficiently developed information and communication environment of the organic market.	2
	5. Increasing the number of jobs.	3		
EXTERNAL ENVIRONMENT		OPPORTUNITIES - O	THREATS - Vol	
EXTERNAL ENVIRONMENT	1. Raising the level of awareness of domestic consumers, which will contribute increasing demand for organic products.	5	1. Low level of purchasing power of domestic consumers.	5
	2. A small number of competitors in the domestic market.	3	2. Availability of similar products made in the traditional way.	3
	3. Saturation of the market with ecologically clean products, which contributes improving the health of the population of Ukraine.	5	3. Dishonesty of manufacturers of traditional products using "eco" logos "bio" and others.	4
	4. The infrastructure of the organic market is mostly formed and the sale of products is expanding.	4	4. Changes in the land reform of Ukraine.	4
	5. Spread of socially responsible production.	3	5. Lack of sufficient statistical data.	2
	6. In general, the formed institutional environment.	3	6. Reduction of population in rural areas.	1

We use PEST analysis to take into account favourable and unfavourable environmental conditions, especially when introducing organic products to foreign markets. This method allows us to assess key trends in the industry when entering foreign markets and the impact on business of factors independent of production processes. In accordance with the PEST analysis method, we have formed a matrix to determine the impact of the external environment on enterprises that produce, process and sell organic products

POLITICAL	ECONOMICAL
<p><i>Positive factors:</i></p> <ol style="list-style-type: none"> <li>1. Decentralization.</li> <li>2. Support of international organizations and partner countries.</li> <li>3. Changes in the legislation, which contribute to strengthening the fight against corruption, reducing bureaucracy.</li> <li>4. Europeandevlopment vector.</li> </ol>	<p><i>Positive factors:</i></p> <ol style="list-style-type: none"> <li>1. Expansion of foreign trade relations and access to new sales markets of organic products, in accordance with the terms of free trade agreements.</li> <li>2. Development of international cross-border relations.</li> <li>3. Gradual exit from the economic crisis, slight but stable GDP growth.</li> <li>4. Development and implementation of state and regional programs for the development of the agricultural sector of the regions.</li> </ol>
<p><i>Negative factors:</i></p> <ol style="list-style-type: none"> <li>1. Political instability.</li> <li>2. The annexation of Crimea and the military conflict in eastern Ukraine.</li> <li>3. Instability of the legislative framework.</li> </ol>	<p><i>Negative factors:</i></p> <ol style="list-style-type: none"> <li>1. Fluctuations in the exchange rate of the national currency and inflation.</li> <li>2. Predominance export raw materials andimport of finished products.</li> </ol>

SOCIAL	TECHNOLOGICAL
<p><i>Positive factors:</i></p> <ol style="list-style-type: none"> <li>1. Growth population in the world What increases the demand for organic products.</li> <li>2. Availability of relatively cheap labor.</li> </ol>	<p><i>Positive factors:</i></p> <ol style="list-style-type: none"> <li>1. Establishing a connection between the educational, scientific and technological spheres.</li> <li>2. Automation and mechanization of all production processes in agriculture.</li> <li>3. Rapid pace of development of scientific and technical progress.</li> <li>4. Taking advantage of digital technologies for the development of the organic sector in the regions.</li> </ol>
<p><i>Negative factors:</i></p> <ol style="list-style-type: none"> <li>1. The aging of the nation, the increase in the number of elderly people.</li> <li>2. Constant migration processes in Ukraine, departure of the able-bodied population and young people abroad.</li> <li>3. Problems of job search and infrastructure development in rural areas.</li> <li>5. Low level of income and purchasing power capabilities</li> </ol>	<p><i>Negative factors:</i></p> <ol style="list-style-type: none"> <li>1. Insufficient attention and support of the state regarding the development and renewal of the technical base in agriculture.</li> </ol>

## Promotion strategies:

Deep market penetration and market niche - for new markets, where it is important to take into account the specifics of transportation and the demand for organic products.

Differentiation - to strengthen competitive positions in already known markets through the creation of new products or the use of price, product and communication differentiation.

Strengthening competitive positions - for existing enterprises through monitoring consumer priorities and improving promotion efficiency.

Marketing tools and channels: The choice of promotion tools depends on the strategy and helps to effectively promote organic products, which ensures high demand and satisfaction of consumer needs.

This approach contributes to the formation of a positive image of the enterprise on the market of organic products and maintaining constant communication with the target audience through digital platforms.

## **Recommendations for further development:**

We predict that the organic market in Ukraine will grow due to increased labor productivity, the development of effective methods of certification and sale of organic products.

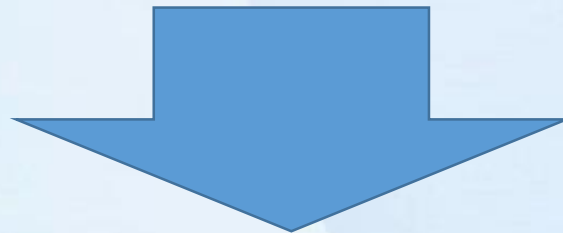
To ensure sustainable growth, it is necessary to promote the increase of labor productivity in the agricultural sector and the development of the market for finished organic products.

This approach makes it possible to forecast and evaluate the potential of the development of the organic market, taking into account the factors that affect its dynamics.

To succeed in organic production, it is necessary to integrate different levels of management (**macro-, meso-, micro-level**) and interact with government agencies, NGOs and other market participants.

To this end, we propose a model of a three-tiered integrated management system that will combine different functional subsystems and ensure efficient use of resources. This also includes the introduction of digital technologies to automate the processes of collecting and processing information, which will facilitate the rapid launch of the system.

As a result, *the integration of management entities at all levels will strengthen ties in the industry, improve management efficiency and contribute to the growth of the organic market in Ukraine.*



# LEVELS OF ORGANIC PRODUCT PROMOTION MANAGEMENT

# DIGITAL SUPPORT OF ORGANIC PRODUCT PROMOTION MANAGEMENT

	INTRODUCED/PROPOSED	EXECUTED	RECOMMENDATIONS
STATE	<ul style="list-style-type: none"> <li>- National economic strategy for the period until 2030.</li> <li>- Strategy for the development of exports of agriculture, food and processing industry products of Ukraine until 2026 (created in the annex to the Export Strategy of the Agricultural Industry until 2030).</li> <li>- Draft order of the Cabinet of Ministers of Ukraine "On the approval of the food security strategy for the period up to 2030".</li> <li>- The concept of the state development program of organic production in Ukraine.</li> <li>- Law of Ukraine "On State Support of Agriculture of Ukraine".</li> <li>- The project "Sustainable development strategies of Ukraine 2030".</li> <li>- Other legislative acts (described in Chapter 2 of the work).</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of measures aimed at increasing the level of awareness of producers regarding the advantages of conducting organic production.</li> <li>- Development of financial and advisory support programs for producers of organic products; involvement of more producers in organic production.</li> <li>- Ensuring the sustainable development of the agrarian complex of Ukraine through the development and support of organic production.</li> <li>- Allocation of budget funds per unit of cultivated land or one head of cattle, reimbursement of up to 30% of the cost of organic production certification and reimbursement of up to 30% of the cost of purchasing fertilizers, seeds, and feed.</li> </ul>	<ul style="list-style-type: none"> <li>- To form the project of the program "Development of the infrastructure of the market of organic products in Ukraine".</li> <li>- Make changes to the rules for allocating budget funds to enterprises in the transition period for the production of organic products.</li> <li>- Continue the experience of financial support on a revolving basis (interest-free loans) through the Ukrainian State Farm Support Fund specifically for organic production.</li> </ul>
REGION	<ul style="list-style-type: none"> <li>- Regional development strategies (Poltava, Zhytomyr, Kyiv, Cherkasy, Vinnytsia, Lviv and Rivne regions).</li> <li>- Regional forums on the topic: "Supporting organic production in Ukraine: the mechanism of 2021 and new promising directions" (Organic Ukraine NGO and the Federation of the Organic Movement of Ukraine with the support of the Project "German-Ukrainian cooperation in the field of organic agriculture" and the Scientific and Methodological Center of Higher and Pre-Higher Professional Education).</li> <li>- Support export-import activity (regional TPP).</li> <li>- Projects of information and communication support on entrepreneurship and export issues (SE "Office for the Development of Entrepreneurship and Exports").</li> <li>- Certification company "Organic Standard" and others.</li> </ul>	<ul style="list-style-type: none"> <li>- Support for the development of agricultural cooperatives and family farms.</li> <li>- Creation of a scientific consulting center on storage technology, processing of fruit and vegetable products, quality and safety of food products (on the basis of the Uman National University of Horticulture).</li> <li>- Development of organic agriculture and production of organic food products.</li> <li>- Online forums are aimed at increasing the level of awareness of producers of organic products regarding the peculiarities of product export.</li> <li>- Conducting consultation forums regarding the certification of products as "organic" (inspection and certification).</li> </ul>	<ul style="list-style-type: none"> <li>- Create a Regional Information and Communication Center (RICC), which will be aimed at constant price monitoring and support for producers of organic products during product sales.</li> <li>- Holding regional exhibitions-fairs at the regional level, which will increase the effectiveness of promoting organic products to potential consumers.</li> </ul>
ENTERPRISE	<ul style="list-style-type: none"> <li>- Production and sales are aimed at vertical integration of management (PE "Galex-Agro" and Agro-industrial group "Arnica").</li> <li>- NGO "Organic Ukraine".</li> <li>- NGO "Ukrainian Organic Cluster".</li> <li>- NGO "Association of producers of organic products".</li> <li>- NGO "Organic Agriculture Club".</li> <li>- Federation of Organic Production of Ukraine.</li> </ul>	<ul style="list-style-type: none"> <li>- An innovative European-style dairy complex with a capacity of 500 head of cattle was created with the aim of developing organic livestock farming and reproduction of the Simmental meat and milk breed in Polissia.</li> <li>- A closed advisory group to solve specific problems of the cluster member.</li> <li>- Organization of joint participation in exhibitions and B2B meetings.</li> <li>- The "Organic Ukraine" union unites exclusively certified operators of organic production, producers of organic fertilizers and protection products and has important partners for organic business, created with the aim of forming and developing the organic market of Ukraine.</li> </ul>	<ul style="list-style-type: none"> <li>- To continue the experience of forming the vertical integration of enterprises in the form of an agro-industrial group or an agro-industrial holding.</li> <li>- Develop a system of modern effective tools for promoting organic products according to sales channels.</li> <li>- Implement a monitoring system for managing the promotion of organic products at the enterprise level.</li> </ul>

We have formulated proposals for the draft program **“Development of the Organic Market Infrastructure in Ukraine”**. The project aims to create favorable conditions for the development of the organic market by improving organizational, economic and communication conditions:

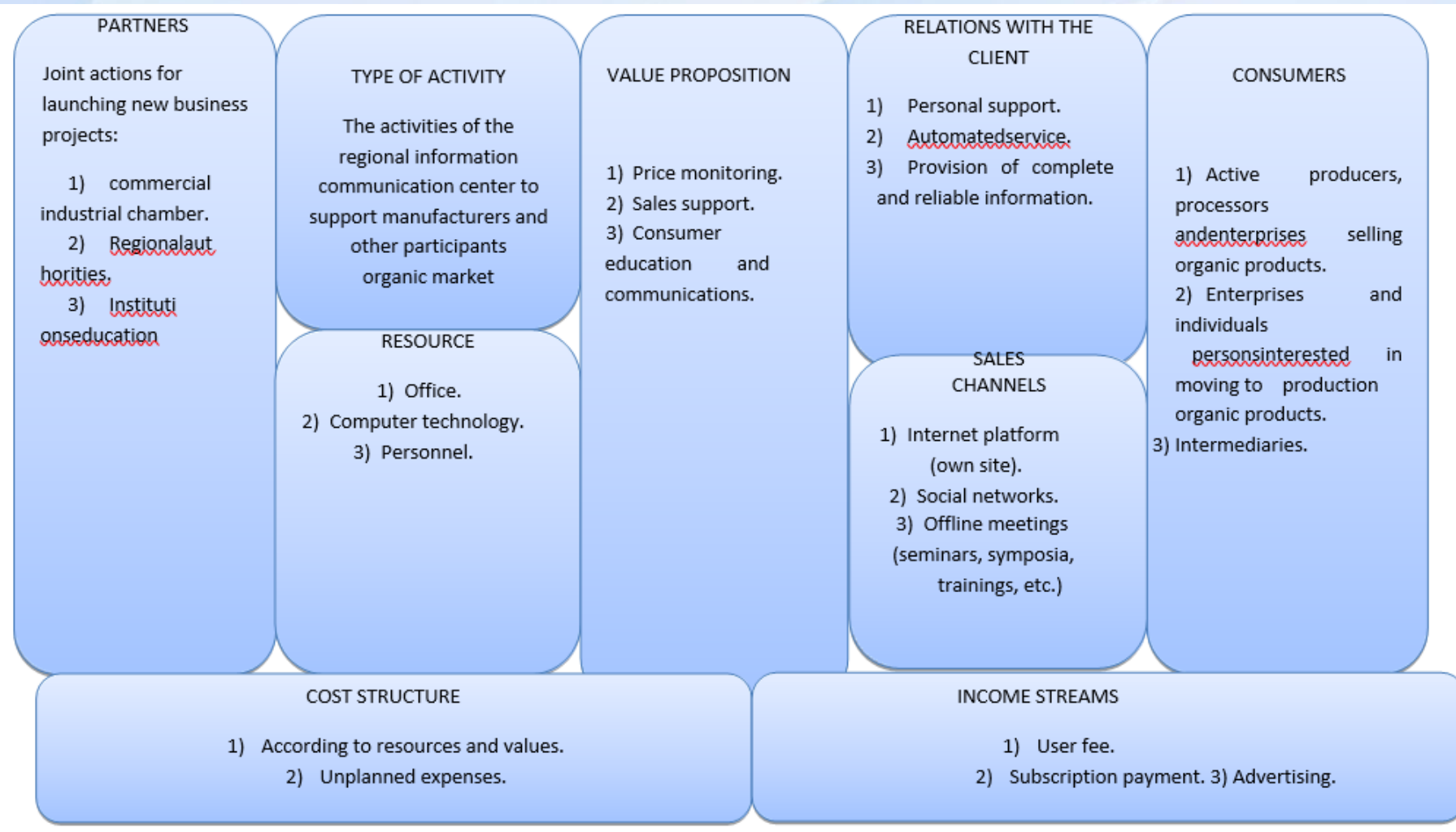
1. improving interaction between producers and consumers: development of specialized intermediaries, transportation services, storage, processing and packaging.
2. stimulating organic enterprises: creation of regional information and communication centers.
3. protection of small farmers: support and protection of interests of organic producers.
4. Improving economic efficiency and living standards: stimulating the sale of organic products and their promotion.

Proposals include:

- Increasing compensation for organic producers.
- Extension of interest-free loans through the Ukrainian State Fund for Support of Organic Production.

Regional information and communication centers to help producers with sales and price monitoring.

To reveal the main functions of the regional information and communication center for support of organic producers, we have built a schematic concept based on the CANVAS business model. According to it, we have identified: the type of activity of the center, resources, main partners, value proposition, customer relations, sales channels and consumers



The establishment of a regional information and communication center to support organic producers will help strengthen their market position.

**Thank you for your attention!**