EUROCHAMBRES

EU4Business

UKRAINIAN WINE

Expanding national and international Ukrainian wine market

WINE MARKET ANALYSIS

INDEX

INTRODUCTION

Under the program EU4Business: Connecting Companies (EU4BCC), managed by EUROCHAMBRES and funded under the EU4Business initiative of the European Union, the Chamber of Commerce, Industry and Services of Zamora and Valladolid (Spain) had the opportunity to work with the Chambers of Commerce and Industry of Vinnytsia and Khmelnitsky (Ukraine) and develop a project and a Study Visit named "Managing the wine labelling standards for an international marketing strategy".

The EU4BCC project is being developed in the framework of the Eastern Partnership (EaP), which was launched in 2009 in order to deepen and strengthen relations between the European Union (EU), its Member States and its six Eastern neighbors (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). EU4Business is an umbrella initiative that covers all EU activities supporting small and medium-sized enterprises (SMEs) in the EaP countries. The EU4BCC project aims to support sustainable economic development and job creation in the EaP countries by helping SMEs to grow – especially by promoting increased trade, encouraging inward investment, and fostering business links with companies in the EU.

Under this ambitious umbrella the four Chambers of Spain and Ukraine decided to join forces and explore the possibilities given by marketing in wine segmentation and commercialization. Despite having wine industry realities different, the wine makers and promotors of Castilla y León share with their Ukrainian counterpart the passion for doing outstanding wine and the strong desire to make their products known and highly appreciated in Europe.

Apart of sharing knowledge and stablishing business relationships the project team has conducted a market analysis and a marketing plan which we truly hope may help viticulturists and wine trades to business success by increasing chances for Ukrainian winegrowers to gain acknowledge and market share in European countries.

The final mission of this project, however, is to contribute to the socio-economic development of Ukraine by promoting a culture of wine consumption, based on knowledge, innovation and outstanding heritage.

INTERNAL MARKET ANALYSIS

To develop a marketing plan as effectively as possible, it is necessary to study carefully the key elements that determine the nature of the markets in which the consumption of Ukrainian wine wants to be increased. Two key elements will be considered: the country's economic situation, based on the development of GDP, and the development of the wine sector. Finally, those aspects that could be an obstacle to the achievement of our goal have been highlighted.

UKRAINIAN SOCIOECONOMIC CONTEXT

As an ex-soviet country, Ukraine is seeking integration with European countries. Russia keeps trying to draw it into its orbit even though the independence has been gained in 1991 with the collapse of the Soviet Union. In 2014 it was signed the European Union–Ukraine Association Agreement to establish a political and economic formal relation between the European Union, the EU's member states, Euratom and Ukraine to support the integration of Ukraine into the internal market of the European Union, therefore Ukraine is one of the partners of the European Union in the context of the European Neighborhood Policy. This oncoming has been recently strengthened by the initiative of the Eastern Partnership aimed at Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine, with which the European Union is seeking to strengthen its eastern dimension. The EU-Ukraine Agreement improves the competitiveness of European companies in the Ukrainian market and vice versa.

ECONOMIC VARIABLES

In Ukraine, GDP grew by 3.5 % in the first half of 2019 compared to 3.3 % in 2018. The private consumption level continued to grow rapidly, although manufacturing and investment growth remained weak. The investment was constrained by the low foreign direct investment of only 0.6 % of GDP of the fiscal year in the first half of 2019. Higher consumption was also recorded and was instrumental in reducing poverty, wages continued to grow in 2019 due to economic growth and persistent labor migration abroad. The economic situation nevertheless has a high room for improvement, in 2020, GDP fell by 4.2% compared to 2019 due to the global pandemic situation caused by the SARS-2. The country has been backed by the IMF since June 2020; reacting wisely to this situation the government's objectives for the years 2021-2022 include cutting the deficit (from 5.1% to 3.5% of GDP) and containing inflation (about 9% in 2021). Figure 1 shows some key indicators of the macroeconomic situation of Ukraine; there are positive trends such as the reduction of trade barriers, the improvement of transparency, and the facilitation of business. Being aware of the positive evolution of the Ukrainian economy in the last years and its openness to the European Union is the logical step of the European Union to enable a better understanding between both with a program like EU4Business which aims to connect companies from Ukraine and the European Union for a better understanding and to create a fertile ground to increase and harmonize trade as a pillar for future integration in the European Union.

COUNTRY MATRIX - POINTS (20)				
(D) COUNTRIES	UKRAINE			
(B) DECISION CRITERIA	(C) Compensation coefficient	(E) Valuation condition (1-5)	(F) Average value last three years	(G) Trend
Economic growth of the country		1	0,90 %	N
Pro capite purchasing power		1	18,23 %	N
Import volume		1	39,22	N
Growth of import		1	-13 %	N
Export volume		1	33,45	N
Duty barriers		3	0	P
No duty barrieres		3	0	P
Commercial risk		1	D	C
Business facilities		3	56	P
Transparency and corruption		2	31	P

Source: Own elaboration from Datosmacro (2021)

NATIONAL PERFORMANCE OF SMEs

In 2018, SMEs in Ukraine accounted for 99.8 % of all enterprises in the business sector, with 96 % micro-enterprises. SMEs accounted for 63 % of total business employment in Ukraine and generated 49 % of value-added in the business sector (Policy Index for SMEs: Eastern 2020 partner countries: Evaluation of the implementation of the Small Enterprises Act for Europe, OECD).

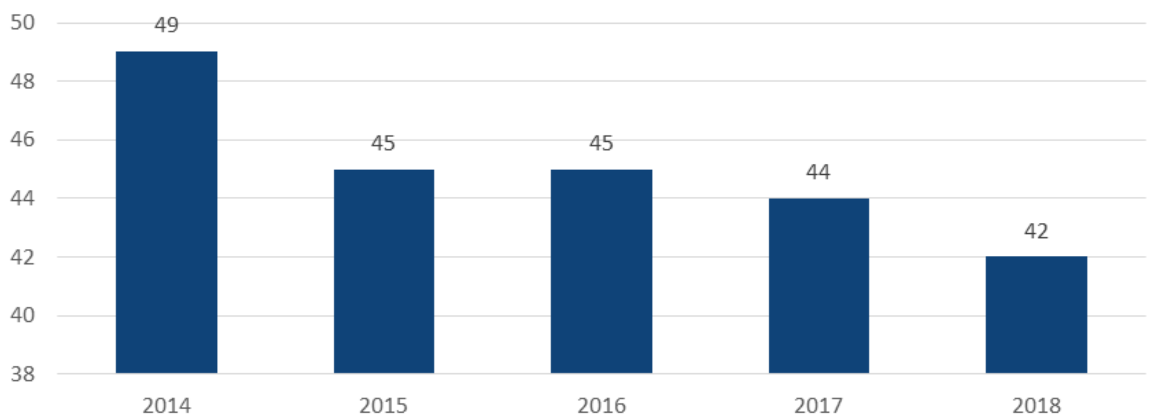
WINE SECTOR ANALYSIS: PRODUCTIVITY DEVELOPMENT

In the study of the Ukrainian wine sector, the account was taken of the variation in the territory used for the cultivation of grapes, the composition of the business landscape through the trend of recent years, and the division of enterprises according to size, but also trends in import and export flows and levels of alcohol consumption.

VINEYARDS EXTENTION AND ENTERPRISES INVOLVED

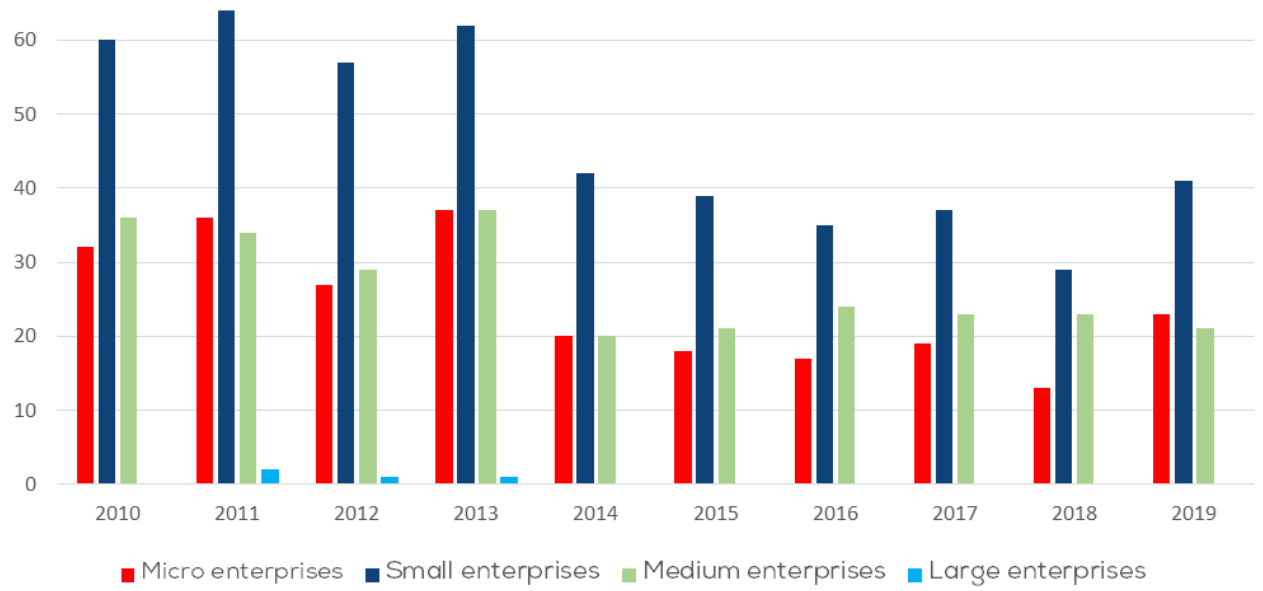
The total area of the vineyards was approximately 390.000,00 hectares in 2019. Figure 2 shows the changes in the surface area of land used for vines between 2014 and 2018, and with figure 3 it is possible to analyze the composition of the business fabric in the wine sector. While observing the significant decrease in 2014 it is important to remember that in November 2013 the first pro-Russian President Viktor Janukovyč chose not to sign a Free Trade and Political Association Agreement with the European Union at the Eastern Partnership Summit in Vilnius, instead choosing to forge closer ties with Russia. The protests resulted in a real revolution in 2014, culminating in the expulsion of the president.

Total surface area of land under vines in Ukraine (thousand hectares)



Source: Statista (2021)

Number of enterprises involved in grape wine production in Ukraine



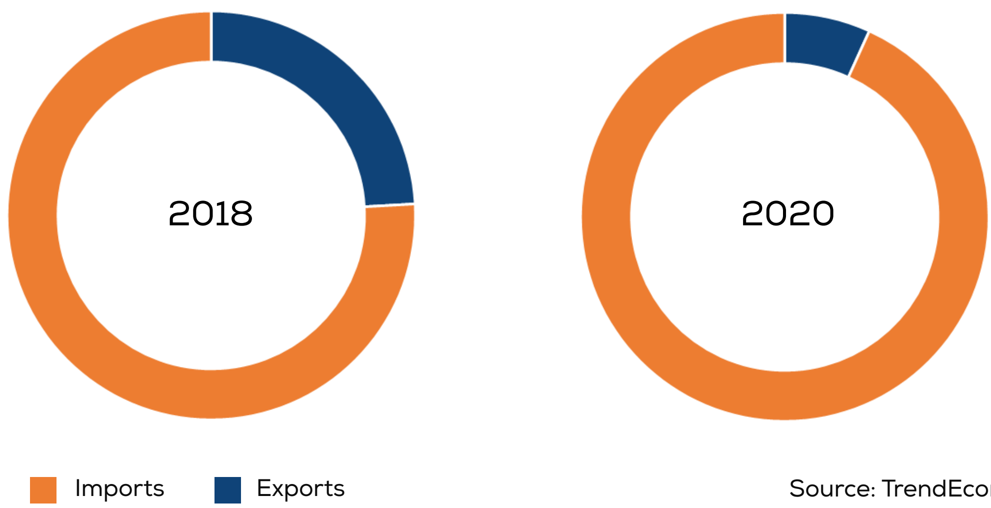
Source: Statista (2021)

As the figure above shows, wine production is in hands of small enterprises which can barely manage the commercialization and market entrance in other countries.

IMPORT AND EXPORT FLOW TRENDS

As easily appreciated in figure 5 the trade balance of Ukraine in the wine of fresh grapes and fortified wine is clearly negative and the trend from 2018 to 2020 has even been accentuated.

Comparison between imports and exports of Ukraine



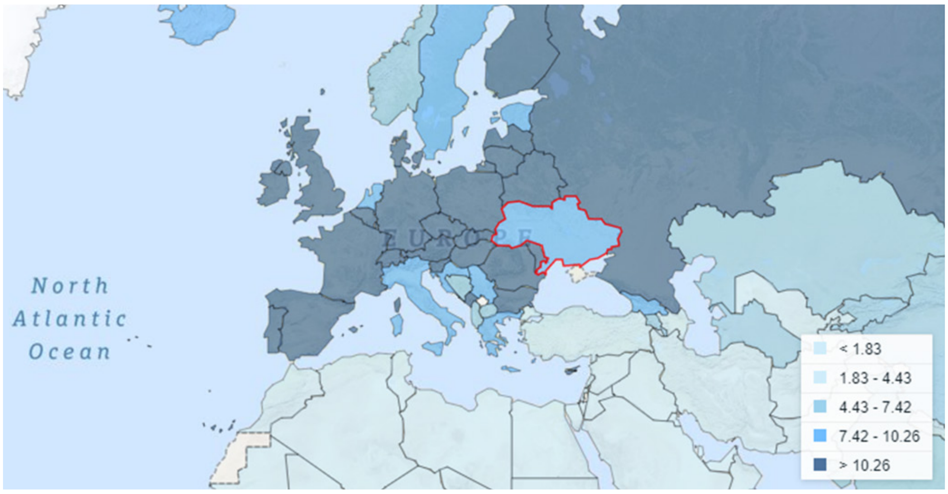
Source: TrendEconomy (2021)

According to the Trend Economy data available on December 2021, in 2020, the top ten trading partners in import of wine of fresh grapes were: Italy in the first position with a share of 32% for an amount of 58 million US$, France with a share of 15.3%, which corresponds to 27 million US$, Georgia with a share of 13.7% and 24 million US$, Spain is at the fourth position with a share of 11.6% that means 20 million US$, Germany with a share of 3.44% and 6.16 million US$, Poland with 3.02% and 5.41 million US$, Moldova with a share of 3% and 5.37 million US$, New Zealand with 2.69% and 4.82 million US$, Chile with 2.43% 4.35 million US$ and at the tenth position Portugal with a share of 2.18% that corresponds to 3.91 million US$. The main commodity groups that represent the import structures of wine of fresh grapes and fortified wine are for the 77% wine other than sparkling, for correspondence of 137 million US$, the 21% goes on sparkling wine of fresh grapes for correspondence of 37 million US$. In total, the value of imports is 179 million US$ in 2020, and this amounted to 0.333% of total Ukrainian exports that cumulatively totaled 53 billion US$ in 2020.

In the export sector, among the main countries with which Ukraine maintains its trade relations, stand out Belarus with a share of 15% means 1.96 million US$, Kazakhstan with 12.7% means 1.65 million US$, Germany with a share of 9.73% that means 1.26 million US$, Romania with a share of 7.6% that means 992 thousand US$, Algeria with a share of 5.07% that means 662 thousand US$, China with a share of 3.3% that means 430 thousand US$, Moldova with a share of 2.82% that means 368 thousand US$, Poland with a share of 2.61% that means 341 thousand US$ and Israel with a share of 1.92% that means 251 thousand US$. In total, the value of exports is 13 million US$ in 2020, and this amounted to 0.026% of total Ukrainian exports that cumulatively totaled 49 billion US$ in 2020. The main commodity groups that represent the import structures of wine of fresh grapes and fortified wine are for the 37% other wine than sparkling and the 34% sparkling wine.

ALCOHOL CONSUMPTION

Map of total liters of alcohol consumption per capita in 2018



Source: Data Word Bank (2021)

The last map shows the estimation of liters of alcohol consumption per capita in 2018. With 8.32 points, Ukraine is in the 7.42-10.26 rank like Greece, Serbia, Croatia, Italy, Netherlands, Sweden, and Estonia but during the pandemic, Ukrainians' drinking habits changed and the current trend in consumer behavior indicates a decline in alcohol consumption. In a survey carried out by Deloitte, 66% of Ukrainians said that with the eruption of the quarantine they began to reduce their spending on alcohol.

UKRAINIAN BARRIERS

As regards the Ukrainian reality, it is curious that only 50 large Ukrainian companies are licensed to sell wine. Winegrowers indicate that it is difficult to obtain a license to produce and commercialize wine, therefore it is a regularized market that claims for liberalization to create a business ground for fair and open competition.

The crisis with Russia did not end even with the NATO intervention. Despite the Kremlin's denials, the restrictive measures have had an impact on the Russian economy, but they have not achieved to dissuade it from warlike temptations and to direct relations with the West through reaching a dialogue and peaceful solution in the Ukrainian territory. In 2021, the information that reaches Brussels does not anticipate anything positive: the security agencies of the United States and Ukraine have conveyed to the Europeans that in recent weeks, the Kremlin has mobilized an unprecedented number of Russian soldiers. As said before, it is a very crucial area for wine production since the Crimean vineyards are among the oldest in Europe. Their history dates to ancient times, when in the fifth century BC. the ancient Greeks arrived here and planted the first vineyards on the southern coast. Some of their grape varieties have survived to our times.

SWOT ANALYSIS - UKRAINE WINE MARKET

To conclude the market analysis, the information can be summarized in a SWOT scheme with the aim of making the information resulting from the internal analysis more accessible and more orderly to consult.

STRENGTH	WEAKNESS
· Ancient tradition of vineyards · Different grape varieties both national and international · National consumer preferences	· Decline in the wine consumption trend since the pandemic · Loss of Crimea and its vineyards · Exports mostly limited to neighboring countries, Belarus and Kazakhstan · Import › Export
OPPORTUNITIES	**TREAT**
· Association Agreement of 2014 · Eastern Partner Summit · Support Programmes of European Union	· Threat of new attacks on the Russian front · Economic crisis due to the Covid-19

Source: Own elaboration (2022)

Can be recognized as STRENGTHS of the wine sector are the ancient tradition of vineyards and grapes, the great variety of grapes, both national and international, and the tendency of Ukrainian consumers to choose local products. international agreements to support the development of the Ukrainian economy such as the Association Agreement of 2014, the Eastern Partner Summit, and the Support Programmes of the European Union represent the OPPORTUNITIES. The decline in the wine consumption trend since the pandemic, the loss of Crimea's vineyards, and the low exports level: in fact, important exceeded and the exports are mostly limited to neighboring countries, such as Belarus and Kazakhstan can be recognized as WEAKNESS. As TREATS stands out the instability of the situation with Russia and the possibility of a future attack and the economic crisis due to the Covid pandemic.

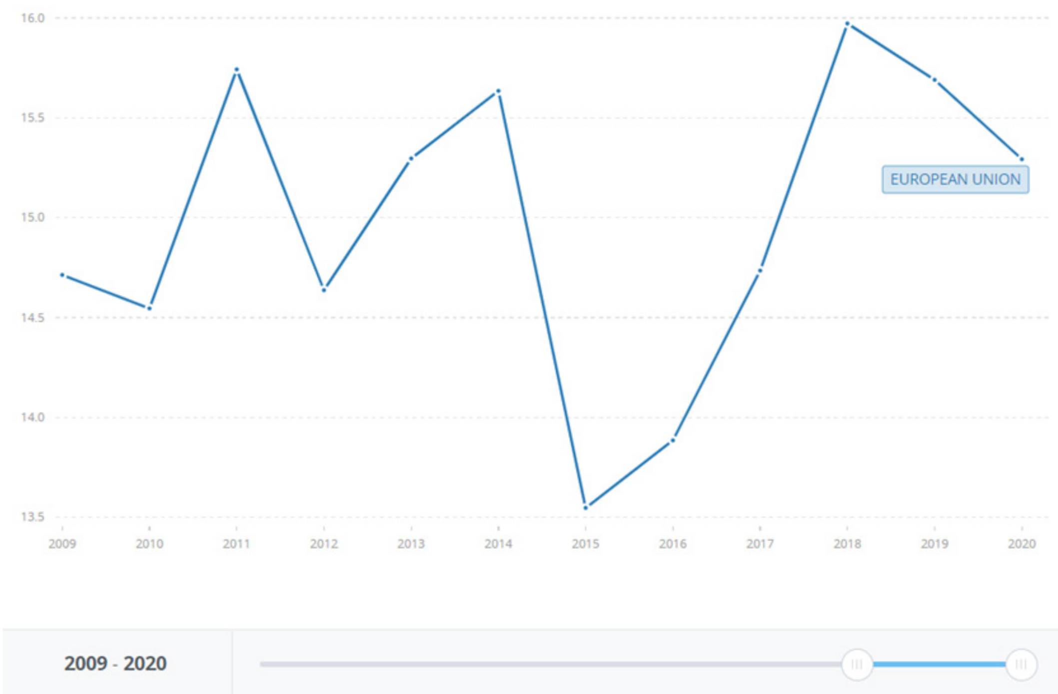
EXTERNAL MARKET ANALYSIS

After studying the internal circumstances of the Ukrainian market, it is essential to know the market you want to penetrate. The external analysis takes into account the European Union as a single entity, but not without underlining and comparing the differences of the various countries that make it up. The key points are the general economic development, the development of the wine sector. In the end, those aspects that could be an obstacle to the achievement of our goal have been highlighted.

ECONOMIC VARIABLES

On 11 November 2021, the European Commission released its Autumn 2021 Economic Forecast whereby the EU economy is recovering from the pandemic recession faster than expected. As vaccination campaigns progressed and restrictions lifted, growth picked up and the EU economy recovered its pre-pandemic production level in the third quarter of 2021, moving from recovery to expansion.

Variation of the European GDP between 2008 and 2020



Source: Wordbank Data (2021)

As can be seen, the European Union had already suffered a serious economic crisis in 2014. The recovery of the crisis was constant and four years later, in 2018, the European GDP exceeded the levels of 2014.

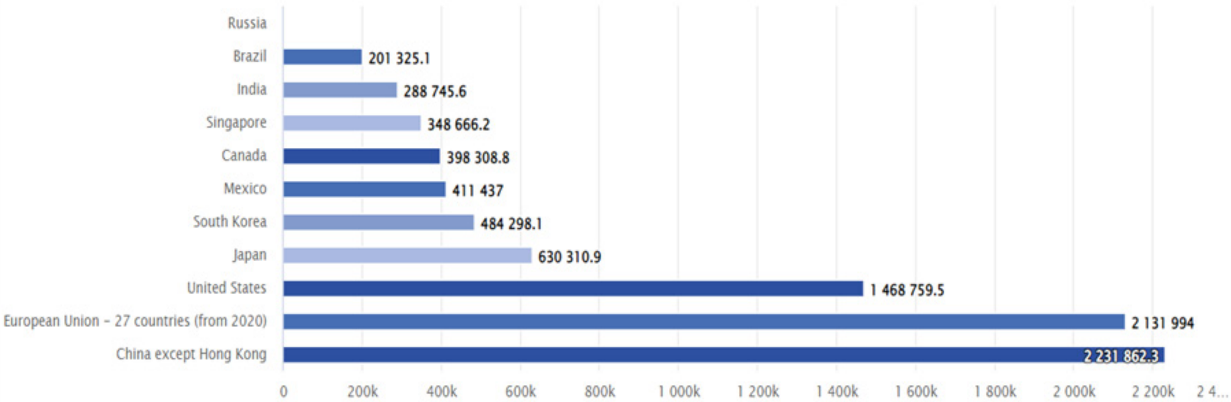
Currently, the EU economy is projected to continue expanding over the forecast period, reaching a growth rate of 5%, 4.3%, and 2.5% in 2021, 2022, and 2023 respectively, and Employment in the EU is forecast to grow by 0.8% in 2021, 1% in 2022 and 0.6% in 2023. Employment is projected to surpass the pre-crisis level in the next year and will rise in 2023 while unemployment in the EU is projected to drop from 7.1% this year to 6.7% and 6.5% in 2022 and 2023 respectively.

GDP variation for country

Source: Wordbank Data (2021)

The variation of the GDP is not uniform, as can be noticed in figure 7. In 2020 Germany and the ex-member United Kingdom had the highest level of GDP, followed by France and Italy.

Share of European Union EU27 (from 2020) in the World Trade (Million of ECU/EURO)



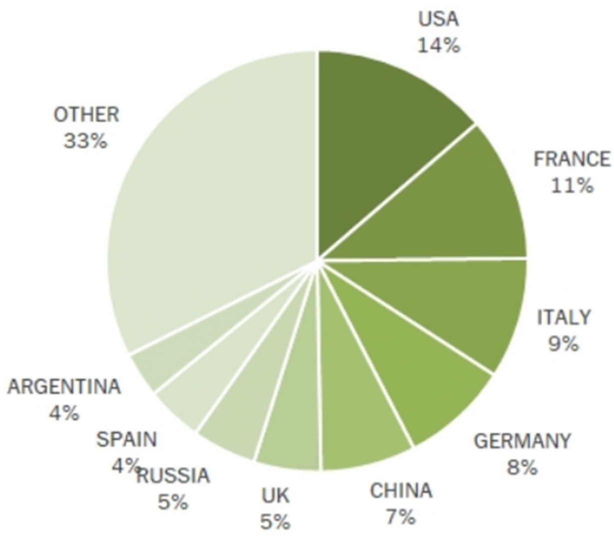
Source: Eurostat via European Union Official Website

Even if the internal landscape, has differences between countries, the European Union considered in its entirety, is a world power. As it can be observed in Figure 8, European Union occupies the second position in the share of the world trade ranking.

ALCOHOL CONSUMPTION

According to the map shown, European Union has got a high level of alcohol consumption per capita. In 2018, most of the countries join the category with the highest level of consumption with >10.26 liters per capita, and the remainder is classified in the level just below with a between 7.42 and 10.26 score. The highest consumption level is Germany's with 12,91 liters per capita, followed by Spain with 12,72, France with 12,33, Portugal with 12,03 liters per capita Swiss with 11,53, Belgium with 11,8 and last Italy with 7,84.

Global wine consumption, division by countries (2020)



Source: I numeri del vino (2021)

In the figure on the left, it can be observed how during the pandemic the percentage changed. In 2020, France and Italy have exceeded the level of Germany. It is interesting to see how the United States exceeds only 3% of the consumption of France and 5% of the consumption of Italy.

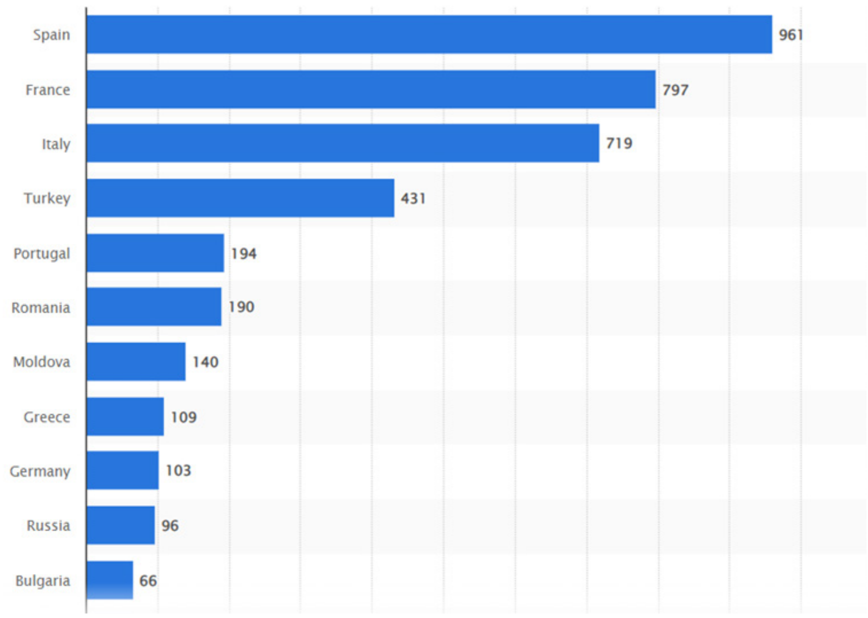
EUROPEAN WINES

According to the 2021 Taste atlas update, Italy, Spain, and France concentrate the best European wines both in red and white categories. The most famous European red wines designations of origin are Barolo, Chianti, Ribera del Duero, Beaujolais, Rioja, and Bordeaux, while considering the white wines, the most prestigious grapes that can be founded are Pinot, Verdejo, Lillet, Gewurztraminer, and Riesling. These are world-known wines, representing for this reason very strong competitors.

VINEYARDS EXTENTION AND PRODUCTION VARIATIONS

In 2020, 258 million hectoliters of wine were produced in the world. The first for wine production was Italy, with over 47 million hectoliters produced in 2020. In second place France, with almost 44 million, and in third place Spain, with 37 million and a half hectoliters. These first three nations, together with the United States, come to cover more than half of the world's wine production. Among the top 15 nations in the world, we also find China, which, however, has seen its production almost halve compared to 2016, from over 13 million to less than 8 million hectoliters.

Vineyard surface area in European countries in thousand hectares in 2020



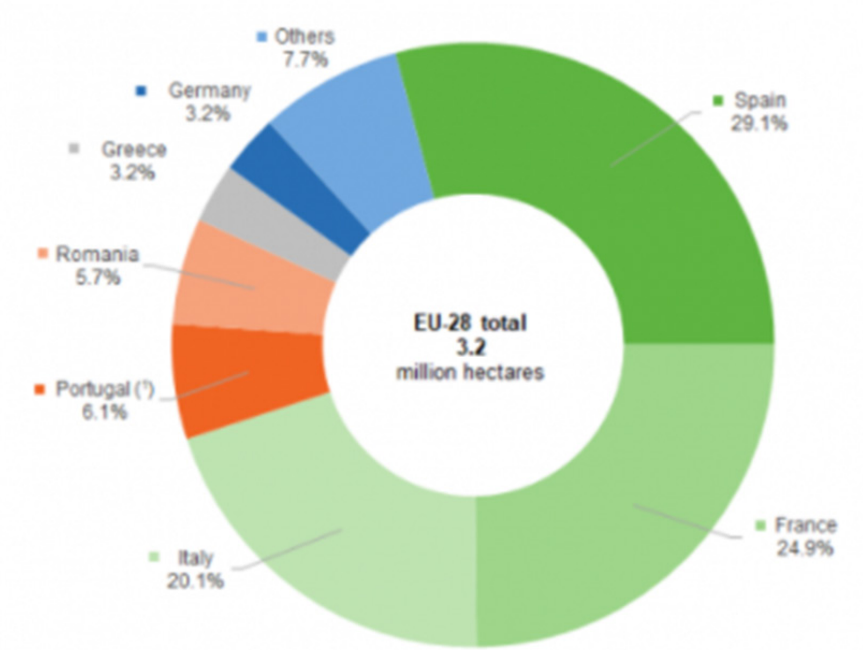
Source: Statista (2021)

While the wine scene seems to be crystallized, what is rather changing, is the consumption map, with countries that have radically changed their habits in the space of a few decades. Italy, for example, has more than halved its average annual consumption while the United States has become the leading consumer country. The statistical analysis portal "Statistics & Data" used data from the World Health Organization Global Health Observatory from 1961 and 2018, to measure the consumption of alcohol on people over 15 years old.

It can be observed that in 2018, France was the country with the highest consumption worldwide, the total consumption per person was 6.29 liters per year, followed by Portugal, with 6.04 liters per year, and in third place Italy, with 5.08 liters per year. Scrolling through the ranking, among the most important wine markets there is Great Britain, with 3.44 liters, the USA, with 1.63 liters, Germany with 3.11, but in the Top 15, there are also countries from different continents, such as Uruguay, with 3.5 liters per year, and Australia, with 3.67.

Going back almost 60 years earlier, in 1961, it can be noticed that the first nation was France again, with 20.56 liters, Italy in second place (17.24 liters) and Portugal in third place (14.12). But what is surprising is how wine consumption, in general, was much higher than it is now. In France, as well as in Italy and Portugal, the consumption of wine per person (alcohol) was three times higher than in 2018.

Hectares of vineyards in the EU in 2015



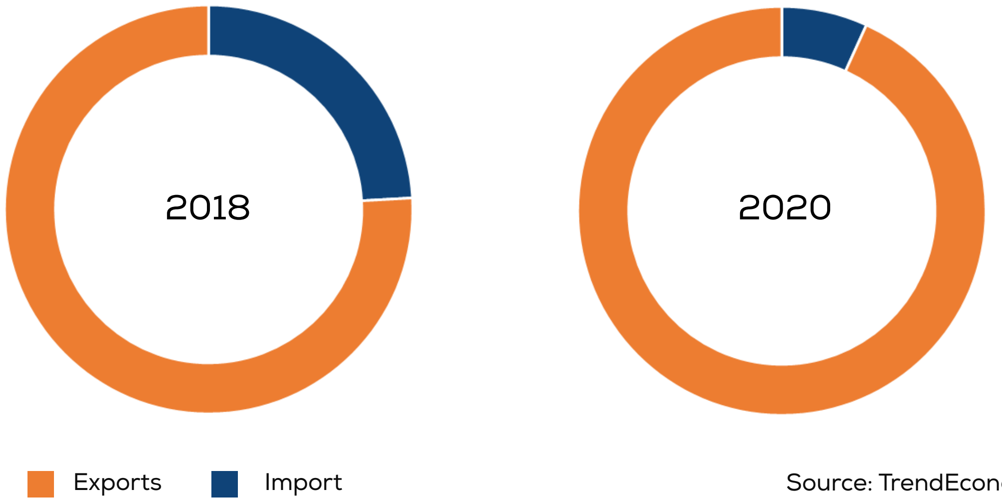
Source: Eurostat (2021)

Observing the last figures it is interesting to subline that Spain, France, and Italy have not changed their position, maintaining a strong prevalence over other nations. It is important to stress that the three best vineyards area in Europe for production and enotourism are Duero Valley in Spain, Bordeaux in France, and Piedmont in Italy.

IMPORT AND EXPORT FLOW TRENDS

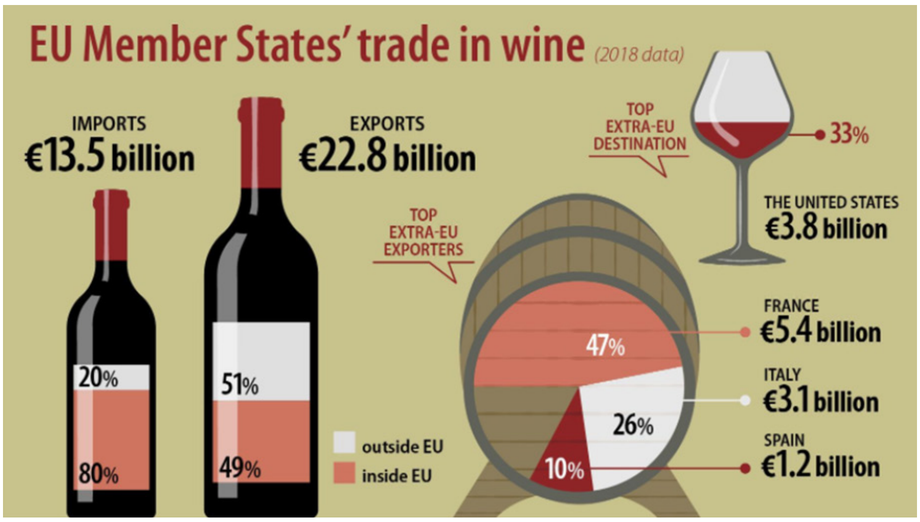
In figure 12 the trade balance of the European Union in the wine of fresh grapes and fortified is, not surprisingly, very positive and the trend from 2018 to 2020 has even been lightly accentuated reducing the imports in the balance.

Comparison between imports and exports of the European Union



Source: TrendEconomy (2021)

Observing figure 12 it can be seen how the relationship between export and import of wine has not changed during the last three years, so neither the pandemic has stopped the European wine trade. More specifically the European wine trade amounted to 13.5 billion US dollars in Imports, divided into 20% outside Europe and 80% Inside the EU, and 22.8 billion euros of exports divided into 51% outside the EU and 49% inside. Once again are France, Italy, and Spain the biggest extra-EU exporters and it can be sublimed USA as the biggest extra-EU destination.



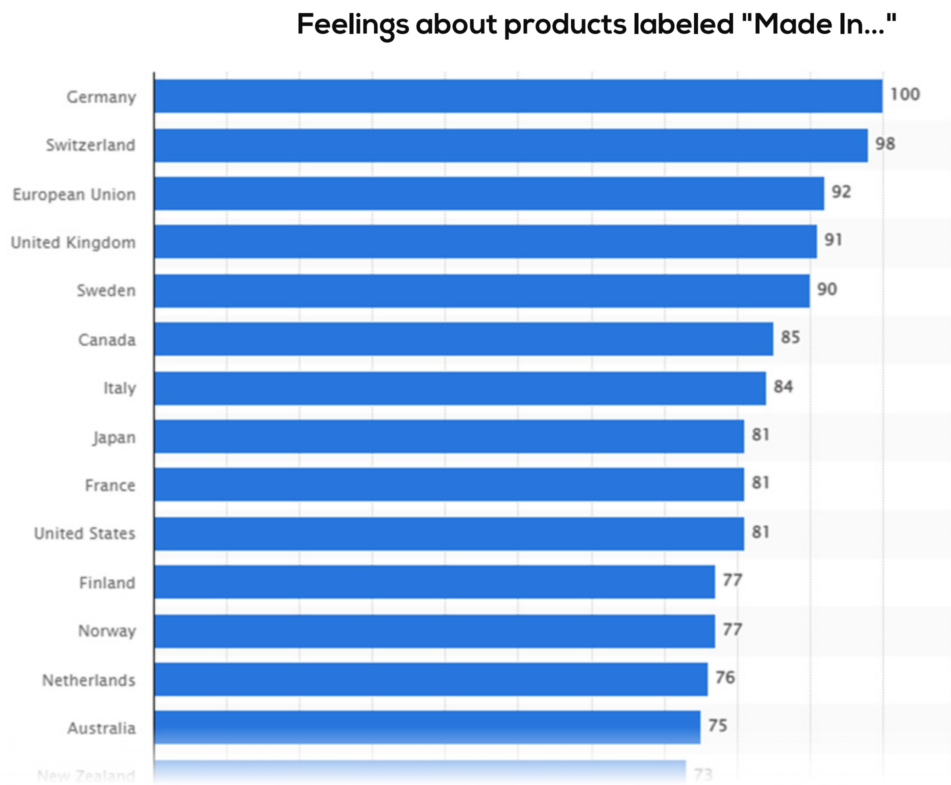
Source: Eurostat via OCDE

That figure shows that in 2018, France exported €22.7 billion of wine and 33%, which means 3.8 bn of its extra-EU exports were to States. In 2019 the biggest exporter was Italy with 7.1 bn liters of wine exported. Almost half of this wine 43%, was exported to countries outside of the EU mainly to the United Kingdom and the United States respectively 22% and 21%. It was followed by France and Spain (0.7 bn liters, with 25% and 22% exportation to the USA that year.

EUROPEAN BARRIERS

What can primarily represent an obstacle for the Ukrainian wine exportation to Europe is the Prevention Plan of the European Union Health Alarm, which is a measure which proposals are to introduce health alarms in the labels of alcoholic beverages before 2023 but more in general the intention to eliminate the promotion of agri-food products, which are associated with cancer risks.

Another aspect that stands out in the European consumers habits is the high level of nationalist preferences.



Source: Statista (2021)

European Union is the third economic entity in the "Made In…" labeled products rank, and 5 European countries appear in the top 10 of the ranking if we consider UK and Switzerland.

SWOT ANALYSIS – EUROPEAN UNION WINE MARKET

To conclude the market analysis, the information can be summarized in a SWOT scheme with the aim of making the information resulting from the internal analysis more accessible and more orderly to consult.

Swot Analysis of European Union

STRENGTH	WEAKNESS
· High recuperation level after covid-19 · High GBD: especially UK, Germany, Italy, France	· The high number of excellences in the wine sector · High vineyards surface · Count with best productor countries: Spain and Italy · Count with top exporter countries: France, Italy · High nationalism: Germany, Italy, France
OPPORTUNITIES	**TREAT**
· High wine consumption level: especially France, Portugal, and the UK · Top importer: UK · No duties	· Export > Import · Export trends have not changed during the pandemic · Imports are at 47% from France and Italy · Health Alarm with the Prevention Plan of European Union

Source: Own elaboration (2022)

By carrying out a SWOT analysis of the European market as a target market for Ukrainian wine exports, it appears that the STRENGHT of this market is the high capacity to recover from crisis and the high level of GBD. It can be emphasized the high wine consumption level, the absence of duties due to trade agreements, and the high importation level of the UK as OPPORTUNITIES. On the other hand, the development of the European wine sector and the abundance of excellent wines on the territory with the related results on the market can be considered as WEAKNESS. As TREAT, the exports level is higher than imports especially the imports from France and Italy. In addition, export trends have not changed during the pandemic. Ultimately, the European Union is introducing measures to reduce alcohol consumption.

TARGET CONSUMERS FOR UKRAINIAN WINES

After studying the internal circumstances of the Ukrainian market, it is essential to know the market you want to penetrate. The external analysis takes into account the European Union as a single entity, but not without underlining and comparing the differences of the various countries that make it up. The key points are the general economic development, the development of the wine sector. In the end, those aspects that could be an obstacle to the achievement of our goal have been highlighted.

TARGET SEGMENTATION OF UKRAINIAN CONSUMERS

Among the most popular alcoholic beverages of Ukrainians are beer (48%), wine (43%), and cognac (35%). Among the wine consumers, five categories can be recognized:

• The "non-consumer" group (25%). These are mainly women under the age of 25, middle or modest households, who are not socially open, which favors the values of safety and respectability. Wine is not part of the universe of consumption, and they prefer other drinks. "I don't like wine."

• The group of "occasional little involved" (20 % of consumers). These are young people under the age of 45, mainly women, who like the taste of wine but who prefer other drinks, come from high and medium-high social status for this group, wine is a symbol of hospitality, but it is not a matter of interest. They associate wine with moments of excitement and relaxation. "I don't know the wine, but I drink a little during the holidays."

• The group of "occasional by tradition" (18 percent of consumers). This group is composed mostly of men over 55 years old who like the taste of wine. They consume wine occasionally by tradition, because they have been educated in the wine culture, but are not interested in it and give little importance to the product. "I drink champagne at weddings and a good wine at Christmas."

• The group of "unconditional daily" (16 percent of consumers). This group is strongly dominated by men over the age of 45. Wine is an indispensable element for your daily diet, it is perceived as a drink that extinguishes thirst, rather than a pleasure for taste. "There is no food without wine."

• The group of "hedonists involved" (21 percent of consumers). This group is mostly male, aged 35-55. Men who regularly consume wine are characterized by their pleasure and interest in their culture and tradition. They are identified in values of hedonism. They want to learn about enology in a formal environment and tend to choose wines of quality, tradition, and with a strong regional identity. "I have a cellar in my house."

The similarity that all these categories have in common at the time of purchase is the influence of the brand: in fact, 70% of respondents say they prefer specific names. Another global trend reflected in Ukrainian society is the support and promotion of domestic producers. Ukrainians prefer to buy domestic alcohol products, which turn out to be the most popular. 25% of Ukrainians say they favor the purchase of domestic products, even if more expensive.

BUYER PERSON

Before developing the action plan, the target audience was clearly defined based on data from the market analysis.

NATIONAL BUYER PERSON

Based on what turned out to be a study of the Ukrainian national market, the marketing campaign is directed to a conservative and not-cosmopolitan man. We imagine him as someone solitary and silent, fiercely tied to the traditions and things that he knows well, unwilling to discover flavors too far from his usual tastes.

PERSONAL PRESENTATION	Age: Older millennials 30-37 to Gen X 30-49 Gender: Male Rent: middle/high Living in small city centers or countryside Married
FREETIME	Barbecue with friends, watching football matches, solo fishing, or hunting.
FOOD PREFERENCES	Traditional food or basic international food such as hamburgers and pizzas. Not open to ethnic food like sushi or Indian. Not interested in bio, vegan o molecular cuisine.
CONSUMPTION HABITS	Middle to high-quality red wine in domestic situations like family dinner. High-quality red wine or sparkling during social occasions like dinner with guests, birthday celebrations, or special Sunday lunches. He knows the wines he likes and repeats the purchase. Opened to new brands if a friend recommends it.

Source: Own elaboration (2022)

EUROPEAN BUYER PERSON

Thinking about the European market, the marketing campaign includes both genders and people of a wider range of ages. We imagine someone who is active, informed, curious, and eager to discover the world. Our buyer person is a traveler, used to leave his comfort zone, who looks for different types of experiences to enrich their cultural baggage.

PERSONAL PRESENTATION	Age: 25-50 Rent: Middle/high Gender: M/F Living in a medium-big city Single or married
FREETIME	Sightseeing in European capitals, art expositions, glamour parties.
FOOD PREFERENCES	Ethnical - most of all sushi, Latin American food as ceviche, and Arabic food as hummus, couscous, and baklava. Very keen on healthy food and environmental problems, he prefers bio, vegan options, fair trade-sealed food. Looking for new experiences, molecular cuisine or innovative restaurants attracts his attention.
CONSUMPTION HABITS	He is open to discovering new tastes. He likes when the waiters explain to him the characteristics and the background of what he is drinking. He likes to use what he learned about the wine to impress friends on the next occasion.

Source: Own elaboration (2022)

STRUCTURE OF THE PRODUCT: UKRAINIAN WINE'S ANALYSIS

In order to develop a marketing plan as effectively as possible, it is necessary to analyze the product to be launch to the market. After an introduction on the different types of wines produced on the Ukrainian territory, with their history and trajectory, the Ukrainian wine was inserted in the Product Matrix and the Product/Market Matrix, with the aim of understanding which marketing strategies were more appropriate to use.

UKRAINIAN WINE PORTFOLIO AND TRAJECTORY

In the territory of Zakarpattya, sheltered by the Carpathian Mountains, the production of wine was known since the 12th century. In 1711 Tsar Peter I on a visit to Zakarpattya, after tasting and appreciating local wines at Serene, bought all the vineyards that now are called the Tsar's vineyards, which would later supply the wine to the court of St. Petersburg. In this area, the international varieties that still prevail are Cabernet Sauvignon, Merlot, and the Georgian Saperavi. Another area dedicated to the production of wines of exceptional quality is Mykolajiv-Cherson which is in the northeast of Crimea, and Odesa, on the frontier with Moldova. Concerning sparkling wines and dessert wines, the most representative local products are dry whites and reds such as Perlina Stepu (Aligoté) or Oksamit Ucrainy (Cabernet Sauvignon), started by imitating the Port or Madeira style, these wines sometimes have managed to surpass the authentic ones. Ukrainian viticulture has gone from a mere survival activity to being at a semi-professional level today.

There are approximately 130 local wineries that manage to produce about 270 million liters of wine. The prices of the range of the products are from EUR 2 to EUR 30. Nowadays Ukrainian wines are consumed almost entirely in the Ukrainian market, and only a small portion is destined for export to the neighboring countries. The production is concentrated in a small group of wineries and many cases are integrated into business groups that produce other types of alcoholic beverages. In the last years, the wine industry in Ukraine has experienced a renaissance and branching towards sophisticated wines. Since 2015, Ukrainian wine production has grown between seven and nine percent each year, according to the AWWU (Association of Viticulturist and Winemakers of Ukraine) which now produces 30 varieties of wine, of which only six are sweet.

PRODUCT MATRIX

Once the market condition is known, it is crucial to analyze the product portfolio to be aware of its potential and weakness to enter the new market consciously.

In the first product analysis, the matrix is calculated by combining two dimensions: the potential profitability, that is, the expected benefits of internationalization, and on the other hand the potential risk, which means the degree of adaptation that the local market requires.

	POTENTIAL PROFITABILITY (EXPECTED BENEFITS FROM INTERNATIONALIZATION)		
POTENTIAL RISK (LEVEL OF LOCAL ADAPTATION REQUIRED)		LOW	HIGH
	HIGH	- ATTRACTIVE	
	LOW		**+ ATTRACTIVE**

Source: Own elaboration (2022)

Being the average price of European wine is higher than the average price of Ukrainian wine, the adaptation of the price strategy to the new market provides that the benefits for Ukrainian wine producers are high. Presenting the wine with a standardized taste can easily meet the international taste, thus requiring a low level of adaptability. As result, Ukrainian wine results in a high-profitability and low-risk product.

PRODUCT/MARKET MATRIX

Once the degree of profitability and risk has been established, Table 6 considers the relationship of the product with the national and international market to maintain or increase the sales of a Strategic Business Unit – or SBU.

	PRODUCT		
MARKET		TRADITIONAL	NEW
	TRADITIONAL	**MARKET PENETRATION**	PRODUCT DEVELOPMENT
	NEW	**MARKET DEVELOPMENT**	DIVERSIFICATION

Source: Own elaboration (2022)

It is considered the international market as NEW with a TRADITIONAL PRODUCT and for this reason, it's needed a Market Development Strategy, while the national market is seen as TRADITIONAL for a TRADITIONAL PRODUCT. Based on it it's necessary to develop a Market Penetration.

This market analysis should be serve as basic information to develop a marketing plan for Ukrainian wine business people in order to initiate a progressive attempt to conquering new markets and prosper socioeconomically especially in rural areas.

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Under this framework and with a professional guidance the Chamber of Commerce Industry and Services of Zamora and Valladolid (Spain) could work with the Chamber of Commerce and Industry of Vinnytsia and Khmelnitsky (Ukraine) and develop the Study Visit: MANAGING THE WINE LABELLING STANDARDS FOR AN INTERNATIONAL MARKETING STRATEGY. As result of these partnerships, it has been conducted this marketing plan which we truly hope it may help viticulturists and wine traders to business success.

The contents of this report are the sole responsibility of the four CCIs project members.

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