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## THE EFFICIENCY OF PROMOTION POLICY OF TEA TRADE MARK UNDER DOMESTIC MARKET CONDITIONS

*The article dedicates the efficiency of promotion policy of tea trade mark under domestic market conditions. Current activity of TM Alokozay Tea has been selected as an example for research. By analyzing there have been revealed the main communication instruments: public relations, advertising and sales promotion. Those basic instruments aren't effective enough, because of having number of disadvantages, such as the high costs, unfocusing on the conclusive users, narrowly directed advertising campaign etc. The article contains online research to establish the consumer awareness to Alokozay Tea Company. The results of internet investigations confirmed the poor consumer's informativity about this trade mark and the non-availability in the wide retail access. To improve promotion efficiency, the author proposed the following: to expand the distribution system (access to large retailers); to increase the scale of advertising campaign and introduce instant sales promotion. In conclusions, the author indicates the necessity to conduct comprehensive assessment of major financial and economic indicators, which reflects how well the company operates in the market and how well invested efforts, money and resources reproduce the final results.*

**Keywords:** *efficiency, promotion policy, communication, advertising, public relations, sales promotion, tea, consumer, trade mark, market.*

**Problem definition.** In the current tea market development, the specific features have gotten importance and increasing role of promotion policy between trade companies and consumers.

Currently, tea is considered as product of daily consumption by Ukrainians. It has been included in the food basket of minimum costumer needs. However, because of the large number of tea brands on the domestic market, most of its admirers are faced with the choice of tea brands and trading enterprises are faced with the problem of implementation.

High competition in the tea market enhances the struggle between the companies for consumers, where victory is determined by effective work of marketing communication tools. The demand, prevalence and popularity of particular brand depend on competent communications support, aimed at increasing consumption of this beverage. In present time, one of the main problems for trade entities about contents and methods of forming the communication components for effective promotion product is still not solved. Quite a significant percentage of trade enterprises introduce promotion elements without analyzing the market and its needs. This intuitively promotion leads to significant costs, slows down or even hinders achieving goals. The relevance of chosen research is determined by aforementioned problems, such as: reduced demand, not steady feedback from consumers and poor communication support.

### Analysis of recent research and publications.

The problem of implementing the effective promotion policy has been covered in the works of following scientists: Ph. Kotler and G. Armstrong [1], W. Wells [2] J. Burnet, C. Moriarty [3], A. A. Romanova, A.V. Panko [4] G. G. Pocheptsov [5], T. I. Luk'yanets [6], T. O. Primak [7] I. M. Sinyayeva and S.V. Zemlyak [8] and others. The significant quantities of authors are paying great attention to researching the retrospective introduction of communication technology. They have considered the relationship between certain types of promotion policy or methods of forecasting the prospects for the optimal use of communications under market conditions. Analysis of scientific theories had shown the priority of global consideration. The basic principles and methods have been compiled without delving of industry specifics. However, for obtaining more accurate results of using the communications needs, the author deems it necessary to concretize the proposed actions with mandatory consideration the industry specifics and the characteristics of the goods that are sold by trade enterprises.

**Setting the objectives.** The article is aimed to obtain the efficiency of promotion policy of Alokozay Tea International Ltd under Ukrainian market conditions.

**Basic research materials.** Tea, as one of the most available and popular product occupies worthy place in the necessary daily consumption of the majority of people. The current beverage market offers to consumers a lot of proposals, but tea is still the leader, which allows changing names, tastes and even formatting of consumption.

The total number of tea brands on the inner market is ranging from 100 to 130 units, based on various estimates. The overall quantities are

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constantly increasing because of introduction of more and more new brands to the market. Moreover, according to market operators, in times of economic crisis the numbers of tea brands have been reduced by one third. Ukrainian market has the wide range of beverages which turned into competition stimulus among trade entities for the consumers, without identifying the obvious market leaders.

The main objectives of global competition index of tea brands are following: strengthening positions on domestic market, forming consumer loyalty, expanding target audience. Therefore the use of science-based promotion policy became necessary precondition for the competitiveness of the company in the tea industry.

Alokozay Tea International Ltd is one of the leading UAE company that provides a full cycle of tea production – from plantations in Ali Free Zone (Dubai), (total area is 10 000 m<sup>2</sup>) to packing factories and dealers trade relations in the international market. According to recent reports the company includes more than 30 offices located in the Middle East, Central Asia, Europe and Africa, employing more than seven thousand qualified employees. Each branch has its own extensive distribution network. Based on the company's press service, the daily production of tea is approximately 900 tones [9].

TM Alokozay entered the Ukrainian market in 2004, presenting to domestic tea admirers a wide assortment of this beverage. Alokozay Tea Ltd. is an official dealer of Alokozay Tea International Ltd., which has an extensive network of offices in 38 cities of Ukraine [10].

The main specialization of this company is selling tea in Ukraine. The priorities are to conquer the customer's confidence by satisfying demands of high product quality and to achieve leadership positions in the internal market. Alokozay Tea International Ltd. is constantly expanding by opening new representation, obtaining new territories and attracting new target consumers. To keep going on and on the company requires steady competent use of communication instruments [9].

As one of the largest producers of tea, Alokozay Tea Ltd. represents a high-quality competitive product. However, in a competitive environment it is not enough to produce a quality product only, the company should be able to promote its goods to conclusive consumer. To attract target audience, to create loyalty or even reach attachment, to stimulate and to form a positive image is possible only by making active promotion policy.

By analyzing the promotion instruments of TM Alokozay under current market conditions, the author had established the priorities of public relations, these are sponsorship of television programs, popular projects, social and sports events, and participation in exhibitions and fairs. Thus, since

2004, the company had participated in many international and domestic specialized exhibitions, fairs, business forums and the International Corporation of Social partnership of European Business Assembly, each year receiving honors and awards for producing and distributing quality products. Those event activities were focused on creating a positive image, strengthening its own authority and importance of the brand. But, high achievements and victories were largely aimed at specialized audience (partners, investors, competitors, intermediaries, B2B customers) which, unfortunately, won't guarantee higher demand and favor to end-users, because of unfocusing to attract them.

Second place by the intensity of use takes advertising, which is characterized by large-scale work in the Internet. However, the weak TV advertising would reduce the customer's recognition. The participation in the popular TV projects as "Ukraine Got Talent" and "X-Factor" could be insufficient for regular reminders about company and its products.

Third place on the intensity of use, takes sales promotion. Company had activated incentives in 2014 because of losing a significant part of southern and eastern market of our country. However, all offered activities are deferred because it required long time to study and to analyze the available features and restrictions, protracted period to collect the necessary materials, processing and sending the application. By itself, the procedure for future obtaining of guaranteed gifts or discounts becomes virtual. Consumer doesn't feel the profits of these incentives and therefore is not involved to participate. In this case for using sales promotion elements, it is necessary to know that most consumers buying tea prefer to get an instant discount on the price or a gift (souvenir) simultaneously with the purchase.

It should be noted that all aforementioned promotion instruments require significant investment, but do not bring the desired communication effect. The author had conducted Internet research to check how aware Ukrainians are about TM Alokozay Tea. In the independent website [11] with open access online users were suggested to answer the following questions:

1. Have you ever heard about TM Alokozay and its products?
2. If you did, where from did you hear about this trade mark?
3. What is your attitude to TM Alokozay and its products?
4. Are you an admirer of this tea brand?

As of Jen-01-16 the author had analyzed 284 consumer's posts about TM Alokozay. On-line research had confirmed weak awareness of this tea brand by processing respondent's feedbacks.

According to responses, only 23 visitors (8%) had ever heard about TM Alokozay tea, but they haven't ever tested it. Accidentally have been tested tea 27% of the site visitors (78 people), they had been satisfied by pleasant taste, flavor and price, but never heard about it before. 33% consumers (94 people) have positioned themselves as admirers of this tea brand, but they had expressed dissatisfaction with non-availability of distributed retailers, and this makes them buy another brand of tea. Only 34 posts

(12%) noticed of having free access to buy Alokozay tea, they were pleased with pleasant taste, aroma, and especially affordable price. 17 people (6%) consider themselves the fans of other tea brands, but they don't mind to acquire Alokozay tea from time to time. Also, Internet research demonstrated 14% (40 reviews) of missed buyers, who don't like tea Alokozay for some reasons. Allocation of responses in percentage expression is presented on Fig.1.

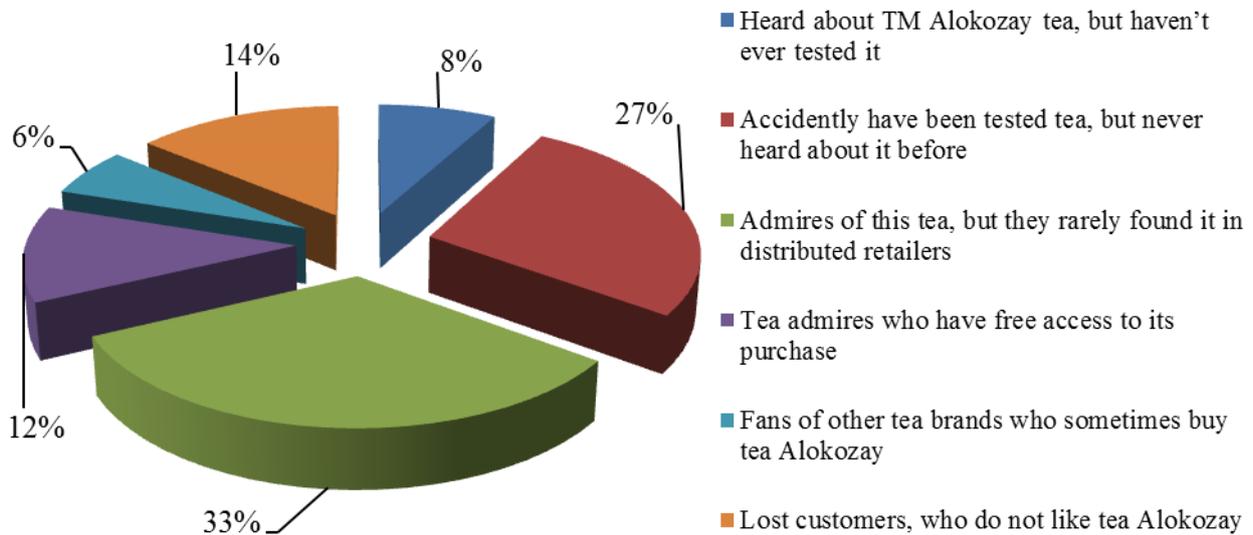


Fig.1. Allocation of responses about Alokozay tea of Jen-01-16\*

\* Author's work

By analyzing the results of the research, the author had discovered two major problems: low consumer's awareness about TM Alokozay Tea and its non-availability in distributed retailers, which are concentration places of potential customers.

According to the on-line research results and his own analysis of promotion policy, the author concluded the necessity to conduct active promoting steps, such as:

- expanding the distribution system (access to distributed retailers);
- increasing advertising campaign, using an integrated approach to the advertising introduction of media, outdoor advertising, advertising at point of sale;
- implementation of sales promotion items (with discount prices, promotions, premium incentives), characterized by instant discounts or gifts.

In addition to abovementioned promoted steps, we consider to conduct comprehensive assessment of major financial and economic indicators of TM Alokozay, such as: turnover, costs, gross revenue, cost of sales, communication expenses, net income, balance profit and profitability. The estimation results of these indicators will be appropriate and

necessary to show how the company operates in the market, how the investments recreate the profit.

**Conclusions and recommendations for further research.** In this article the author came to the conclusions to promote policy reform based on the analysis of using the promotion policy, and considering the Internet research results. First, existing communication instruments have been considered ineffective because they are not directed to attracting the consumers and to forming the loyalty and commitment. At the same time, the company spends significant resources on sponsorship and participation in events. Second, despite the fact of long term functioning on the interior market (since 2014 year), most Ukrainian consumers are not aware of the existence TM Alokozay Tea and never tasted it. Third, narrow distribution network is an important problem which evidenced the low availability in domestic distributed retailers. Tea is a product of daily mass consumption, which is oriented on a wide range of consumers. Thus, the only way for consumers to buy it is to be available in the free sale. To improve the promotion policy, the author has proposed to expand the distribution system (access to large retailers) to intensify advertising (advertising at point of sale,

outdoor advertising) and to introduce an instant sales promotion.

The systematic research of promotion policy is priority of effective trading in the tea market. In the high competition conditions, political and economic obstacles the stable market position form by regular

correction of communication influence to the target audience and implementation the effective ways to demand attraction. The detailed analysis of existing promotion program is a necessarily stage for reaching the higher market position and archiving the consumer loyalty in the future.

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