

4. Ensuring the stability of distribution channels

Ensuring the stability of distribution channels is a critical factor for any business involved in the movement of goods or services from producers to consumers. An efficient and reliable distribution network is vital for meeting customer demands and maintaining a competitive edge in the market.

One of the key aspects of distribution channel stability is **efficiency**. An optimized distribution channel ensures that products reach their destinations in a timely and cost-effective manner. This involves streamlining processes, minimizing delays, and optimizing transportation routes.

Technology integration is another crucial element. Modern technology, such as advanced tracking systems, data analytics, and inventory management software, can significantly enhance the efficiency and effectiveness of distribution channels. Real-time tracking allows for better visibility into the movement of goods, enabling proactive decision-making and reducing the risk of errors.

Building **logistical resilience** is imperative to withstand unexpected disruptions. Natural disasters, geopolitical tensions, or labor strikes can halt or delay distribution processes. Having contingency plans and alternative routes can help in maintaining operations during such challenging times.

A customer-centric approach is fundamental for a stable distribution channel. Understanding and aligning with customer preferences and behaviors enable businesses to tailor their distribution strategies accordingly. Meeting customer expectations in terms of delivery speed, flexibility, and transparency is key to ensuring customer satisfaction.

Cost optimization is a crucial factor in maintaining the stability of distribution channels. Striking the right balance between cost-efficiency and service quality is necessary. Effective cost management strategies can help in maximizing profits while still delivering value to customers.

Collaborative partnerships within the supply chain are essential. Working closely with suppliers, distributors, and logistics providers can lead to a more integrated and seamless distribution network. Effective collaboration ensures a coordinated approach, reducing bottlenecks and improving overall efficiency.

Expanding into new markets requires adaptation and **localization of distribution strategies**. Understanding the unique characteristics and requirements of different markets helps in tailoring distribution channels to suit specific needs. This localization may involve adjusting delivery schedules, packaging, or even the products themselves.

In conclusion, a stable distribution channel is a result of careful planning, integration of technology, resilience to disruptions, customer-centric strategies, cost optimization, collaboration, and market adaptation. Businesses need to continuously assess and refine their distribution channels to ensure they remain robust and capable of meeting the evolving demands of the market and consumers.

Concepts and types of distribution channels

Distribution channels are ways by which goods and services reach end consumers. Depending on the specific field of business and the type of product, different distribution channels can be used [79].

The main types of distribution channels:

1. A direct distribution channel is when goods and services are sold directly from the producer to the final consumer. This channel is typically used by small businesses or in areas where end users are relatively low-income and do not have complex needs.
2. An indirect distribution channel is when goods and services pass through intermediate links, such as distributors or wholesalers, before reaching the final consumer. This distribution channel is usually used by large companies with complex products that require additional processing or storage.
3. Multi-channel distribution is when goods and services are sold through several distribution channels at the same time. For example, a manufacturer can sell

his product both through his own online store and through various retail stores and distributors. This approach allows you to expand the audience and increase sales.

4. Omnichannel distribution is when end consumers can purchase goods and services through any distribution channel convenient for them, such as an online store, mobile app, retail store, or other channels. This approach allows businesses to be more flexible and respond to changes in consumer needs and behavior. For example, before buying a product in a store, customers can compare its price and characteristics on the manufacturer's website or in an online store.

5. An intermediate distribution channel is when goods and services pass through several intermediate links, such as wholesalers, distributors, and various intermediaries, before reaching the final consumer. This approach allows you to reduce the costs of storage and delivery of goods, as well as increase sales volumes due to a wider audience coverage [81].

In each specific area of business, different combinations of distribution channels can be used to achieve maximum results and satisfy customer needs.

For example, a company that manufactures electronics may use an indirect distribution channel, passing its products through distributors and various wholesalers, who in turn sell the products to various retail stores and online stores. The company can also use a direct distribution channel by opening its own online store, where customers can buy products directly from the manufacturer. Thus, the company uses a combination of distribution channels, which allows to reach more customers and increase sales.

Another example would be a company that sells food products. It can use an indirect distribution channel, passing its goods through distributors and various wholesalers who supply products to various supermarkets, shops and restaurants. Also, the company can use a multi-channel distribution channel by opening its own online store, as well as a direct distribution channel, selling products of its own production through its own restaurants and coffee shops. A combination of distribution channels will allow the company to be more flexible and provide a wider audience reach.

Distribution channels are an important component of a business's marketing strategy and enable goods and services to reach end consumers. Depending on the specific business area and type of product, different distribution channels can be used, such as direct, indirect, multi-channel, omni-channel and intermediate. A combination of distribution channels allows companies to be more flexible and responsive to changes in consumer needs and behavior, helping to increase sales and meet customer needs.

Factors affecting the stability of distribution channels

The stability of distribution channels depends on many factors that can affect the efficiency and productivity of the channels. Some of these factors are:

1. **Competition:** The presence of competitors in the market can force a business to change its distribution strategy in order to maintain its position and remain competitive.
2. **Changes in consumer behavior:** Changes in consumer behavior, such as increased demand for online shopping, may force a business to change its distribution strategy to meet changing consumer needs.
3. **Technological Advances:** Technological advances can change the ways in which goods and services are distributed and sold, which may require businesses to change their distribution strategy.
4. **Cost:** The cost of storing and transporting goods can affect the choice of distribution channels and their stability.
5. **Product specifics:** Product specifics such as size, weight, shelf life and complexity can influence the choice of distribution channels and their sustainability.
6. **Brand Policy:** A brand policy may require a business to use certain distribution channels to maintain its reputation and brand identity.
7. **Level of control:** The level of control a business wants to have over its distribution channels can influence channel selection and channel stability [83].

Taking into account these factors and their impact allows a business to be more flexible and adaptable to changes in market conditions. To ensure the stability of distribution channels, businesses must consider these factors and analyze their impact

on their distribution channels. The business must also constantly evaluate the effectiveness of its distribution channels and make changes in its strategy if necessary. Such changes may include moving to new distribution channels, updating existing channels, or changing the emphasis in business priorities in relation to distribution channels.

For example, changing consumer behavior can affect the stability of distribution channels. If consumers increasingly prefer online shopping, then the business should review its distribution strategy and possibly expand its online channels. For example, a company that previously sold its products only in physical stores can open its own online store and sell its products through e-commerce platforms.

Another example could be a change in the cost of storing and transporting goods. If these costs increase, the business may switch to other distribution channels, such as the direct distribution channel, where they can sell their products directly to the end consumer and thus reduce transportation and storage costs.

Also, an example could be a brand policy that may require a business to use certain distribution channels. For example, a luxury watch manufacturer may require exclusive distribution of its products through its own boutiques and authorized dealers in order to maintain its reputation and brand image.

The stability of distribution channels is an important component of a business's marketing strategy and depends on many factors, such as competition, changes in consumer behavior, technological progress, cost of storage and transportation of goods, product specificity, brand policy and level of control. Understanding these factors allows a business to be more flexible and adaptable to changes in market conditions. To ensure the stability of distribution channels, businesses must consider these factors and analyze their impact on their distribution channels. A business must also constantly evaluate the effectiveness of its distribution channels and make changes in its strategy, if necessary, to ensure the stability and efficiency of its distribution channels and increase its sales.

Strategies for ensuring the stability of distribution channels

Distribution channel sustainability strategies include various techniques that can help businesses maintain and maintain the stability and efficiency of their distribution channels. Some of these strategies are:

1. Analyze the effectiveness of distribution channels: A business must constantly evaluate the effectiveness of its distribution channels and determine which channels are performing best and where improvements can be made.
2. Constantly assess the market and competition: A business must constantly monitor changes in market conditions and competitive conditions and make adaptive changes to its distribution strategy.
3. Develop a multi-channel strategy: Using multiple distribution channels can help increase audience reach and provide greater stability.
4. Develop direct distribution channels: Direct distribution channels, such as your own online store or physical store, allow a business to reduce dependence on external channels and provide greater control over the sales process.
5. Liaise with partners: Liaison with distributors and other partners can help ensure stability in relationships and help resolve issues that arise in the distribution process.
6. Invest in technology: Using the latest technology can help ensure greater efficiency and stability in distribution channels. For example, the use of automation systems can help reduce the time and costs of order processing and inventory management.
7. Ensure the quality of goods and services: The quality of goods and services sold through distribution channels can affect the stability and reputation of a business. Therefore, it is important to ensure high quality and customer satisfaction, which will help maintain the stability of distribution channels.
8. Cooperate with specialized intermediaries: Cooperation with specialized intermediaries, such as agents, brokers or logistics service providers, can help maintain the stability of distribution channels and support the efficiency of the distribution process [80].

In general, ensuring the stability of distribution channels is an important component of business strategy, so it is important to ensure the analysis, evaluation and maintenance of distribution channels in the market to maintain stability and efficiency in the distribution chain.

One of the most famous companies in Ukraine is "Foxtrot" - the leader of the electronics and household appliances market. The company successfully uses various strategies to ensure the stability of its distribution channels, such as:

1. Multi-channel strategy: "Foxtrot" uses several distribution channels, including physical stores, an online store and an app for mobile devices.
2. Development of its own stores: The company is constantly developing its network of physical stores to increase its reach and provide greater control over the sales process.
3. Cooperation with partners: "Foxtrot" works with specialized partners such as "Allo" and "Rozetka" to ensure greater efficiency in the distribution process.

Another example is "EcoBud" - a company engaged in the production and distribution of environmentally friendly building materials. The company successfully uses the following strategies to ensure the stability of its distribution channels:

1. Multi-channel strategy: "EcoBud" uses several distribution channels, including physical stores, an online store and wholesale suppliers.
2. Development of its own brand: the company develops its own brand and produces its own products, which allows for increased control over the quality and efficiency of the distribution process.
3. Cooperation with specialized intermediaries: "EcoBud" cooperates with specialized intermediaries, such as architects and designers, to ensure greater efficiency and stability in the distribution process.
4. Addressing the target audience: "EcoBud" addresses its target audience by providing a convenient and affordable way to purchase products and by providing professional advice and support.

In general, successful companies in Ukraine use various strategies to ensure the stability and efficiency of their distribution channels, including a multi-channel

strategy, the development of their own stores and cooperation with specialized intermediaries. Considering the factors that affect the stability of distribution channels and applying appropriate strategies can help businesses ensure the stability and efficiency of their distribution channels and achieve success in the market.

An organization engaged in the production and sale of paint products was chosen for the analysis of trade activity and distribution channels. The company sells its products through a network of stores located in almost all cities of Ukraine.

Limited liability company Production enterprise "POLISAN" operates on the basis of the Charter, which was approved by the founders and registered by local authorities. "MC POLYSAN" LTD organization is one of the leading manufacturers of paint and varnish materials on the Ukrainian market, which has been operating since 2003. The company has a well-established product sales network on the territory of Ukraine, as well as in countries near and far abroad.

The subject of activity of LTD "MC POLYSAN" is: production of paints, varnishes and similar products, mastics and printing ink; production of pigments and dyes; manufacture of other chemical products; production of dry construction mixes; wholesale and retail trade of food and non-food goods, production and technical products; installation of metal structures and construction of buildings, etc.

The enterprise uses only the latest technologies for the production of paint and varnish products.

Management at the enterprise is carried out by the manager - Yuliya Viktorivna Omelechko. Every day, she directly sends her orders to various departments, which carry them out and deliver them to the production units. The organizational structure of the LTD "MC POLYSAN" has a linear and functional type.

Today, the enterprise employs about 1,004 people, which is 20.23% more than in 2022(835 people).

Each enterprise that produces paint and varnish products distributes it according to its own needs. It uses part of the products in the provision of repair services, and sells part of the products and receives revenue, thanks to which it can function. The

volume and structure of commercial products of MC “POLYSAN” LTD in 2020-2022 are presented in the table1

Table 1 – Volume and structure of commercial products of MC “POLYSAN” LTD

Trademark	2020 is the year		2021 year		2022 year		On average for 2020-2022	
	revenue, thousand UAH	specific weight, %	revenue, thousand UAH	specific weight, %	revenue, thousand UAH	specific weight, %	revenue, thousand UAH	specific weight, %
TM "Maxima"	108,669.4	15.6	137,963.7	16.9	176 183.9	18.8	140,939.0	17.1
TM "Farbex"	250,478.0	36.0	304,559.1	37.4	359,400.8	38.4	304,812.6	37.3
TM "Delfi"	94,248.6	13.5	118,052.3	14.5	142,588.4	15.2	118,296.4	14.4
TM "DekArt"	242,941.6	34.9	253,586.1	31.1	256,853.8	27.5	251 127.2	31.2
In total	696,337.6	100.0	814 161.2	100.0	935,026.9	100.0	815 175.2	100.0

The enterprise receives revenue for the products sold, which is an important indicator of the enterprise's production and economic activity. The higher the amount of revenue, the greater the profit that is calculated for each industry. A distinction is made between production and total cost of production. The cost of production includes the costs of its production. The full cost includes the production cost, as well as administrative and selling costs. Let's consider the distribution of costs for the production of paint and varnish products of the enterprise in more detail (Table 2)

Table 2. Production costs for the production of paint and varnish products at LTD “MC POLYSAN” , thousand UAH.

Indexes Year	Direct material costs		Direct labor costs		Other direct and general production costs		Expenses - everything	
	amount of expenses UAH 1,000	specific weight, %	amount of expenses	specific weight, %	amount of expenses UAH 1,000	specific weight, %	amount of expenses UAH 1,000	specific weight, %
2020	330465	56,36	36236	6.18	219646	37,46	586347	100
2021	365777	59,14	46202	7.47	206515	33,39	618494	100
2022	357276	58,26	50470	8.23	205498	33.51	613244	100

In the structure of costs for the manufacture and sale of paint and varnish products, the largest share is occupied by material costs. In particular, the share of direct material costs was the largest in 2021 - 59.14% or UAH 365,777 thousand. The share of direct labor costs tends to increase from 6.18% (or UAH 36,236,000) in 2020 to 8.23% (or UAH 50,470,000) in 2022. Other direct and general production expenses decreased somewhat and in 2022 amounted to UAH 205,498,000, against UAH 219,646,000. in 2020

So, as a whole, an increase in costs for the manufacture and sale of paint and varnish products is observed across the enterprise. However, due to the increase in the volume of sales and introduction of new types of products to the market, the expansion of the product range, the profitability from the sale of paint and varnish products at the investigated enterprise is increasing.

Establishing a connection between the amount of profit and the amount of invested capital, the profitability indicator can be used in the process of forecasting profit. In the process of forecasting, actual and expected investments are compared with the profit to be received on these investments. Estimated profit is based on the level of profitability for previous periods, taking into account the projected changes. [81]

There are a large number of manufacturers whose products have different quantities and different price categories on the Sumy market of paint and varnish materials. In these conditions, in order to increase the demand for your products, which allows you to preserve and increase the market niche, it is necessary to achieve a high level of quality, which mainly determines the competitiveness of products. It is possible to achieve a high level of product quality by acquiring paint and varnish materials with such properties as durability of the coating, uniformity of the application layer and the ability to withstand the effects of the environment.

Competition in the market of paint and varnish materials can be estimated based on the analysis of Porter's 5 competitive forces. With the help of five structural units, which are characteristic of each industry, Michael Porter described the ways of forming a competitive advantage. The main idea of the theory is that the company's activities

are influenced by the following market components: consumers, suppliers, competitors, the threat of the appearance of substitute goods and new players on the market. The purpose of the analysis of competitive forces is to assess the degree of their influence on MC “POLYSAN” LTD. The weaker the influence of these components, the stronger the company's competitiveness and its stability in the market, and vice versa.

The competitive analysis of the industry according to Michael Porter helps to determine the intensity and expression of competitive forces in the industry, to find a position in which the company will be maximally protected from the influence of competitive forces and will be able to influence them from its side.

First, let's assess the competitiveness of the company's product range and the level of competition on the market. There are 3 parameters that should be taken into account when analyzing competition in the market:

- level of threat from substitute goods (or substitute goods);
- the level of intra-industry competition;
- the threat of the appearance of new players.

Let's start with the threat from substitute goods. The level of threat of this parameter is assessed as high, because MC “POLYSAN” LTD" represents a selection of goods for repair, construction and interior, which are not unique and can be bought in other retail stores.

The assessment of the threat from substitute goods is presented in Table 3.

Table 3 – Assessment of threat from substitute goods

Evaluation parameter	Evaluation of parameters		
	3	2	1
Substitute goods "price-quality"	They exist and occupy a high market share	They exist, but they have just entered the market and their share is small	They do not exist
	3		
FINAL SCORE	3		

Thus, we receive a final score of 3 points, which indicates a high level of competition from other products presented by competitor networks.

That is, there are analogues of the products presented by the company on the market, therefore it is recommended to stick to its pricing policy, thanks to which the demand for the range of products is maintained.

We estimate the level of intra-industry competition according to the parameters presented in Table 4.

Based on the results of the table, it can be concluded that the market of paint and varnish production is quite saturated and there are many companies that represent goods for repair and construction. This is not surprising, given the attractiveness of this segment. Despite the slowdown in the growth rate of the market, it cannot be called stagnant, as development continues.

Table 4 – Assessment of the level of intra-industry competition

Evaluation parameter	Evaluation of parameters		
	3	2	1
Number of players	High level of market saturation	Average level of market saturation (3-10)	A small number of players (1-3)
	3		
Market growth rate	Stagnation or decrease in market volume	Slowing down, but growing	High
		2	
The level of product differentiation in the market	Companies sell a standardized product	The product on the market is standardized in terms of key properties, but differs in additional benefits	Products differ significantly from each other
	3		
Restrictions on price increases	Fierce price competition in the market, there is no opportunity to increase prices	There is an opportunity to raise prices only within the framework of covering the increase in costs	Hence, there is an opportunity to increase the price to cover the increase in costs and increase the profit
	3		
FINAL SCORE	11		

The level of product differentiation is assessed as low, because the assortment in retail companies is approximately the same. The buyer is oriented in the choice based on price and quality characteristics. We estimate the limitation in price increases with

the maximum number of points, since this is a controversial policy and strategy of MC “POLYSAN” LTD. On the contrary, the company, focusing on the prices of competitors, offers its products at a cheaper price.

Thus, the market of paint and varnish production is characterized as highly competitive and promising, which attracts new players. Intra-industry competition sets a higher limit for enterprises and forces them to strive to stand out from the general mass. The brand in this case plays a significant role, because it helps the consumer to identify the company among its competitors.

Let's assess the threat of new players entering the market by estimating the height of entry barriers (table 5).

Table 5 – Assessment of the threat of new players entering the market

Evaluation parameter	Evaluation of parameters		
	3	2	1
Strong businesses with a high level of loyalty and knowledge	The biggest players are missing	2-3 biggest players	More than 3 biggest players
			1
Product differentiation	Low level of product variety	There are micro-niches	All possible niches are occupied by players
			1
Level of investment and costs to enter the industry	Low (payback for 1-3 months of work)	Average (payback for 6-12 months of work)	High (payback for more than 1 year of work)
			1
Board policy	There are no restrictive acts from the state	The state intervenes in the industry, but at a low level	The state fully regulates the industry and sets restrictions
	3		
Willingness of existing players to lower prices	Players will not go for price reductions	The biggest players will not cut prices	With any attempt to introduce a cheaper offer, there are players who lower prices
		2	
Growth rate of the industry	Tall and growing	Slowing down, but growing	Stagnation or decline
		2	
FINAL SCORE	10		

The final score (10) indicates an average level of threat of entry of new competitors. The industry is attractive for them, but it is much more difficult to set up production due to the need for the largest investments and the significant influence of

the largest participants, one of which is MC “POLYSAN” LTD. Here, efforts should be directed at maintaining the market share. [82]

Next, let's turn from the analysis of competition on the market to the analysis of an important parameter - the market power of buyers. Let's assess the threat of losing customers according to the criteria listed in Table 6.

Table 6 – Assessment of the threat of losing customers

Evaluation parameter	Evaluation of parameters		
	3	2	1
The share of buyers with a larger volume of sales	More than 80% of sales come from several customers	A small part of customers keeps about 50% of sales	The sales volume is evenly distributed among all customers
			1
Propensity to switch to substitute goods	The product is not unique, there are analogues	The product is partially unique, has excellent characteristics	The product is completely unique
	3		
Price sensitivity	The buyer will always switch to a product with a lower price	The buyer will switch only if there is a significant difference in price	The buyer is absolutely not sensitive to the price
			1
Consumers are not satisfied with the existing offer on the market	Dissatisfaction (demand exceeds supply)	Partial dissatisfaction (there is an obvious opportunity to increase the niche)	The level of supply and demand corresponds
		2	
FINAL SCORE	7		

The market of paint and varnish products is characterized by an even distribution among all customers.

The price sensitivity criterion was evaluated with the lowest score, because MC “POLYSAN” LTD guarantees the lowest prices every day and conducts regular monitoring of competitors' prices. This fact frees consumers to look for cheaper products and switch to them. In addition, the diversity of the range of available products is able to satisfy consumer demand.

Let's evaluate the influence of the fifth force highlighted by M. Porter - suppliers (table 7).

MC “POLYSAN” LTD" has well-established relations with both Ukrainian and foreign suppliers who are ready to provide a wide selection of raw materials for paint and varnish production. Moreover, the need to switch to new suppliers will bring certain time and money costs.

Table 7 – Assessment of the threat from the suppliers

Evaluation parameter	Evaluation of parameters	
	2	1
Number of suppliers	A small number of suppliers or a monopoly	A wide selection of suppliers
		1
Limited resources of suppliers	Limited in volume	Unlimited volumes
		1
Switching costs	High costs before switching to other suppliers	Low switching costs
	2	
Priority focus for suppliers	Low industry priority for suppliers	High priority industry for suppliers
		1
FINAL SCORE	5	

The level of influence of suppliers is estimated as medium, since the destruction of established relationships always leads to a failure in supplies and problems with the assortment offer. Companies should keep this process under control and establish logistical connections.

We will conduct an analysis of consumers in the market of paint and varnish production.

Main consumer groups; the construction sector, the furniture industry, the production of vehicles and equipment, industry, as well as the population.

We will conduct an analysis of the competitors of MC “POLYSAN” LTD" on the market of paint and varnish production in the Sumy region. Production of chemicals and chemical products under the line "paint and similar coating materials, printing inks and mastics" in 2021 amounted to 3,781.8 tons, and in 2022 - 5,381.5 tons. The growth rate of the market in 2022 was 42%.

A total of 137 organizations engaged in the production of chemicals and chemical products were registered in Ukraine in 2022, which is 10 organizations less

than in 2021. We will conduct a selection of enterprises according to the criterion "production enterprises" and we will receive four organizations in Ukraine:

1. BLFZ FAYDAL UA LTD.
2. MC "KLFZ" LTD.
3. "Aurora Varnish Plant" LTD.
4. "Snezhka-Ukraine" LTD.

There are also many dealers of paint and varnish materials on the market of paint and varnish production, some of them are "Khimrezerv" LTD, "Kolor" LLC, etc.

We will conduct an analysis of the competitors of MC "POLYSAN" LTD in the market of paint and varnish production (table 8). To do this, we will take several main competitors and evaluate them on a 5-point scale, where 0 is the absence of features, and 5 is the best offer on the market.

Table 8 - Analysis of competitive advantages

Success factor	MC "POLYSAN" LTD"	"Snezhka- Ukraine" LTD	LTD "MC "KLFZ""	"Aurora Paint Factory" LTD	BLFZ FAYDAL UA LTD
Wide range	5	4	5	5	5
Price	5	4	3	4	3
The uniqueness of the offer	5	4	3	5	3
Sales territory	5	1	3	5	4
Personnel qualifications	2	3	4	5	3
TOTAL:	22	16	18	24	18

Let's display the competitive advantages in the form of a polygon of the competitiveness of MC "POLYSAN" LTD (Figure 1).

Analysis of the company's competitive position showed that "Aurora Paint Factory" LTD has a stronger competitive position according to the specified criteria, scoring 24 points as a result. MC "POLYSAN" LTD" scored 22 points, becoming the leader in the personnel qualification criteria.

STRATEGIC DIRECTIONS OF MARKETING ACTIVITIES OF AGRICULTURAL ORGANIZATIONS

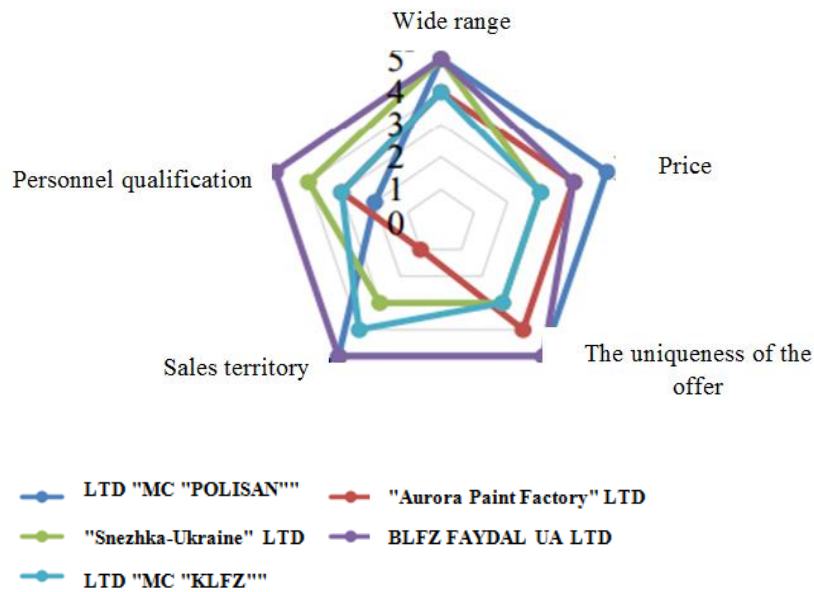


Figure 1 – Polygon of competitiveness of MC “POLYSAN” LTD

Next, we will conduct an analysis of the assortment of companies that scored the highest number of points, which are presented in Internet catalogs. The results are presented in table 9.

Table 9 – Assessment of the company's range of goods

Product type	MC “POLYSAN” LTD"		LTD "MC "KLFZ""		"Aurora Paint Factory" LTD	
	Number of units of the product	Specific weight, %	Number of units of the product	Specific weight, %	Number of units of the product	Specific weight, %
Varnishes	9	12.3	6	12	3	4.4
Paints	21	28.8	9	18	28	41.8
Enamel	7	9.5	7	14	10	14.9
Primer	10	13.7	8	16	15	22.3
Putty	6	8.2	-	-	3	4.4
Solvents	1	4.1	12	24	3	4.4
Others	17	23.3	8	16	5	7.4
EVERYTHING	71	100	50	100	67	100

Thus, MC “POLYSAN” LTD offers consumers 71 units of goods, which is 4 units more than "Lakofarbovy Zavod "Aurora" LTD, as well as 21 more than LTD "MC "KLFZ"". However, the company has several types of putty in its catalog, while the analyzed competitors do not have it at all, but have a small amount of solvents, unlike the competitors.

All analyzed organizations have a website, but the Internet site of LTD "BLFZ FAYDAL UA" differs from others in terms of easy access to the product catalog (there is no possibility to familiarize yourself with the products beforehand).

All enterprises have a "Contacts" section, but MC “POLYSAN” LTD and "Aurora Paint Factory" LTD provide the opportunity to choose the region and form of sales, and also show the volume of the assortment at each point of sale.

Next, we will analyze which players in the paint and paint production market in Ukraine have the weakest and strongest competitive positions. To do this, we will build a map of strategic groups (Figure 2).

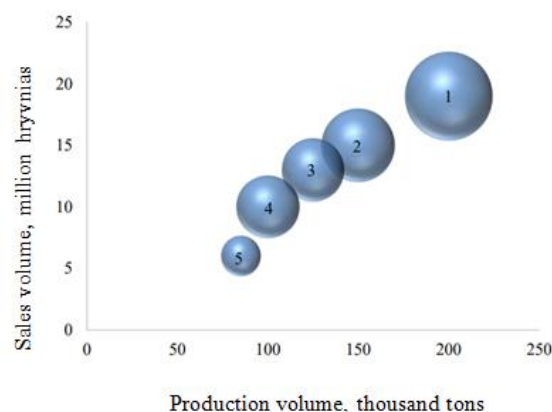


Figure 2. – Map of strategic groups of competing companies in the paint production market

The production volume is represented on the X axis, and the sales volume on the Y axis. The size of the bubble means the market share.

Analyzing this map, it should be noted that MC “POLYSAN” LTD occupies a leading position in the market, but there are dangerous competitors ("Aurora Paint Factory" LTD).

Thus, from the conducted analysis of competitors, it can be noted that the most dangerous competitor for MC “POLYSAN” LTD is "Aurora Paint Factory" LTD. In this regard, MC “POLYSAN” LTD constantly monitors the quality of products produced, as well as develops a system of personnel training in order to maintain its position in the market.

MC “POLYSAN” LTD occupies one of the leading positions in the Ukrainian paint and varnish production market.

In order to assess the factors affecting the demand for paint and paint products of MC “POLYSAN” LTD it is necessary to conduct a PEST analysis of the paint and paint market (table 10).

Table 10 – PEST analysis of the paint and varnish production market

Political factors	Social factors
1. The influence of international relations on the supply of components. 2. State influence on the industry. 3. Changes in legislation (appearance of new laws)	1. Standard of living of the population. 2. Consumer preferences. 3. Attitude of consumers towards the quality of services. 4. Growing demand for highly qualified personnel.
Economic factors	Technological factors
1. Income level of the population. 2. Inflation. 3. Exchange rate change. 4. Competition. 5. Integration into various economic platforms. 6. Creation of an organization of retailers.	1. Creation of artificial intelligence and work in the network. 2. Neural networks for analyzing consumer behavior and for a personal approach to service. 3. The growth of the network format of trade and mobile commerce, digital economy.

Analyzing the influence of political factors on consumer demand, it can be noted that these trends have both a positive and a negative impact on the development of the industry. The factor of influence of international relations has the most negative influence.

In accordance with the influence of political factors, it is necessary:

- properly legalize all intellectual property;

- to establish relations with countries regarding the delivery of equipment components.

The trends of economic factors have a positive influence on the development of the paint industry. Competition in the field of paint and varnish production has the greatest impact and is +10 units out of 10. This is due to the fact that the increase in choice for the consumer, the introduction of technical achievements in production is stimulated, and the quality of products improves.

Under the influence of economic factors, it is necessary to:

- it is desirable to work in the national currency;
- to form financial reserves for emergencies.

The degree of negative influence on the industry from the side of social trends is slightly higher than the degree of positive influence. Thus, the greatest negative impact is exerted by the tendency to decrease the standard of living of the population, which is -7 units. This is caused by a decrease in the level of income, quality of life, working conditions, environmental safety, etc. The higher the standard of living, the higher the needs of the population and the greater the demand in the industry.

Due to the influence of social factors, the company should:

- allocate funds for training in technical specialties, cooperate with higher education institutions;
- provision of an extended social package to employees.

Technological trends have a positive impact on the company's development. The greatest influence is exerted by such a trend as the growth of the network format of trade and mobile commerce.

Considering the technological factors, it is necessary to highlight the directions of development of MC “POLYSAN” LTD”:

- investing in the development of technologies for the production of own brands;
- introduction of innovative technologies and equipment at the enterprise.

Thus, the group of economic factors exerts the greatest influence on the development of the paint industry. The development of competition in the industry contributes to its growth and increase in the volume of product sales. However, with

an increase in the level of inflation and a fall in the hryvnia exchange rate, a crisis may arise in the industry due to a drop in demand. Also, the greatest positive influence is exerted by the trends of social factors, such as the increase in preferences for the products of paint and varnish production, especially high-quality production. The tendency of the influence of political factors has a negative impact on the industry, since enterprises are limited in the supply of components in Western countries due to military actions on the territory of Ukraine. The tendency of the influence of technological factors is increasing.

It is predicted that factors such as low content of organic solvents, increased stability, faster drying time will ensure the advantages of water-borne paint materials over other solutions and these materials will grow the fastest in the technological segment with an average annual growth rate of 6.8%.

A distinctive feature of the modern market is the growing literacy and demand of the consumer. The price is no longer a significant factor in the choice of products, the name of the manufacturer is gaining more and more importance. In this regard, product branding is actively developing on the market, and import deliveries to the market are increasing.

All paint and varnish products are classified by price: premium, medium and budget categories. In the mid-price segment, where the price factor is significantly less important and inferior to the factor of brand loyalty and distribution efficiency, two groups of manufacturers are represented: the largest Ukrainian companies and foreign manufacturers who have located compatible enterprises in Ukraine. The role of price is especially significant in the segment of cheap paints, where the positions of local manufacturers are strong, while significant volumes of products are produced on outdated equipment and sold at prices close to dumping prices.

A further increase in prices for paint and varnish materials is noted, both for domestic products and for imported ones. The main factors in the increase in the cost of Ukrainian products are a large part of imported components used in production, as well as the increase in tariffs of monopolies. Against the background of price growth under the influence of exchange rate dynamics, there is a reduction in supply volumes.

The target audience of the paint and paint production market includes manufacturers and consumers of paint and paint products. Manufacturers can be large or small companies engaged in the production of paints and varnishes for various industrial sectors, including automotive, construction, electronic and other industries. Consumers include individuals, companies, and government agencies.

The percentage of the market share of paint production depends on the specific region and industry sector. For example, according to a report by Market sand Markets, the global paints and varnishes market is expected to reach \$196.67 billion in 2024, growing at a CAGR of 5.4% between 2019 and 2024. While, according to Transparency Market Research, the automotive paint market is expected to reach \$8.4 billion in 2027, growing at a CAGR of 5.5% between 2019 and 2027.

Thus, the percentage of the market share of paint and varnish production may vary depending on the specific region, sector and other factors.

The target audience of a paint and varnish production enterprise depends on its main specialization and product range, as well as on the region where the enterprise operates.

The target audience of MC “POLYSAN” LTD" depends on a number of factors, which are presented in table 11.

Table 11 - Factors influencing the choice of the target audience of MC “POLYSAN” LTD"

Factor	Description
Branch	The company specializes in the production of products for the automotive, construction, electronic and other industries
geography	The company specializes in the production of products for the Ukrainian market and imports abroad
Company size	The company is one of the largest leading manufacturers of paint and varnish products in Ukraine
Technology	The company specializes in the production of products with certain technologies, such as high-temperature firing, electrostatic spraying, vacuum spraying and others.
Marketing strategies	The company's marketing department develops marketing strategies aimed at a certain audience, such as manufacturers of a certain type of product, specific consumer segments or others

These factors can influence which companies become the target audience for paint manufacturers, and how manufacturers shape their marketing strategies and product lines to meet the needs of this audience.

The target audience of MC “POLYSAN” LTD, as one of the leaders in the market of paint and varnish production, may include various groups of consumers (table 12).

Table 12 – Target audience of MC “POLYSAN” LTD

Target audience	Characteristic
Professional construction and repair companies	large construction companies, as well as small repair shops and individual specialists. They use paints and varnishes to paint and protect various surfaces in buildings, homes, offices, etc. 40-50%.
Private clients	owners of apartments, houses, country houses, etc. They can use paint and varnish materials to improve the appearance of premises or for repairs.
Industrial enterprises	production of various products, furniture, equipment, transport, etc. They use paint and varnish materials to protect the surface of their products.
Auto services	car services, car workshops, etc. They use paint and varnish materials for painting cars and repairing bodies.
Architectural and design studios	studios engaged in architectural design, interior design, exterior design, etc. They can use paint and varnish materials to create unique design solutions.
State and commercial organizations	various state institutions, organizations, enterprises, etc. They can use paints and varnishes to repair and update their buildings and premises.
Stores and distributors	specialized stores, wholesalers and distributors who sell paint and varnish materials.

In general, the percentage ratio of targeting a group of consumers may vary depending on the specific market conditions and marketing strategies of the paint and varnish production enterprise.

The overall percentage ratio may vary depending on the marketing and sales strategy, as well as which consumer groups are the most promising for MC “POLYSAN” LTD.

The choice of the target audience is one of the key factors in the creation of marketing strategies of manufacturers of paint and varnish products. Table 13 shows the strengths and weaknesses of MC “POLYSAN” LTD" in the selection of the target audience in the market of paint and varnish production.

Table 13 – SWOT analysis of the selected strategy for the development of MC “POLYSAN” LTD"

Strengths	Weak sides
1	2
1. Availability of high-quality and unique paint products 2. Experienced sales and marketing specialists 3. Access to a wide audience of buyers via the Internet 4. Flexibility in management and quick response to market changes	1. Lack of narrow specialization in paint products and competition with other players on the market 2. The need to increase brand recognition on the market and attract new customers 3. Significant costs for the creation and maintenance of the site, advertising, delivery and other aspects of the business
Opportunities	Threats
1. The growth of the market for paint and varnish products and the increase in demand for environmentally friendly materials 2. Development of partnerships with manufacturers and suppliers to expand the range of products 3. The possibility of using modern marketing tools, such as SMM, contextual advertising, email newsletters, etc.	1. Competition with other players on the market 2. Increasing costs for marketing and delivery 3. Negative impact of external factors, such as economic crises, changes in rules and legislation, etc.

Based on the results of the SWOT analysis, it can be concluded that for an effective strategy of opening an online store of paint and paint products MC “POLYSAN” LTD" it is necessary to pay attention to the following aspects:

1. Increase brand recognition in the market and attract new customers by using modern marketing tools.

2. Expand the range of products by developing partnerships with manufacturers and suppliers.

3. Reduce marketing and delivery costs by optimizing processes and choosing the most effective channels for product promotion.

4. Actively monitor changes in the market in order to quickly respond to new trends and challenges.

In addition, it is important to pay attention to solving the problems identified in the SWOT analysis. For example, improving the specialization in paint products to stand out from the competition, and reducing the costs of creating and maintaining the site and advertising, for example, by using free and more accessible promotion channels such as social networks.

In general, SWOT analysis is a powerful tool for identifying the strengths and weaknesses of a business, as well as the opportunities and threats that can affect its success. It helps to focus on the most important aspects of the business and to develop a strategy that will be most effective for achieving the set goals.

The result of the analysis of the target audience of the paint and paint production market consists in determining the most promising and profitable audience for the manufacturer of paint and paint products. To do this, it is necessary to study the market, identify the main competitors, conduct an analysis of market research to identify the most demanded products and services in this category.

In addition, it is necessary to determine the main needs and preferences of the target audience, its behavioral and psychographic characteristics, such as age, gender, education, income, place of residence, interests, values, beliefs, etc.

After analyzing the target audience, the manufacturer of paint and varnish products can develop a marketing strategy that will allow him to successfully promote his products on the market, ensuring the profitability and competitiveness of the brand.

For successful promotion on the market of paint and varnish products, it is necessary to take into account both the needs and preferences of the target audience, as well as other factors that affect the marketing process (table 14).

Table 14 - Factors affecting the marketing process of MC “POLYSAN” LTD"

Factors	Characteristic
1	2
Competition over the market	A company should be aware of competitors and know what they offer, what audience they reach, and what marketing strategies they use
Technical features of the product	The company must know the technical features of its products, their advantages and disadvantages, in order to convincingly present them to buyers
Marketing strategy	It is necessary to develop an effective marketing strategy that will help attract and retain the target audience
Advertising and promotion	The company must choose the right channels of advertising and product promotion to reach the target audience
Product price	The company should set the right price of the product in view of market competition, production costs and expected profit
Distribution	It is necessary to determine the right distribution channel of the product, which will allow to deliver it to potential buyers in the most convenient form
Customer service	The company must provide a high level of customer service in order to retain and attract new customers

In general, the analysis of the target audience is an important stage in the development of the marketing strategy and the stability of the distribution channels of the manufacturer of paint and varnish products. It helps determine the most promising market segments and develop marketing actions that will be most effective in achieving the manufacturer's goals.

Consideration of possible problems and challenges for the stability of the company's distribution channels

In Farbex branded stores, the organization of the sale of goods is based on the following principles:

1) bringing your products closer to your customers' needs and creating the best conditions;

- Racks and shelves in the sales hall with free access for customers
- Consumers are directly familiar with the product and can read the information

2) unlimited access of the buyer to the trading halls, i.e. supermarkets work non-stop and on weekends, constant customer service;

3) unification into one operating point based on accounting of sold goods.

In other words, in supermarkets, customers can choose absolutely everything they want, thanks to the completely accessible assortment in the store.

Technical operations for the preparation of goods for sale are carried out regardless of the number of buyers in the sales hall. The company has the opportunity to perform them with the help of high-performance equipment.

The main operation of trade and technical processes in stores is the sale of goods, other operations create the conditions for its successful implementation. The quality of customer service and the economic efficiency of the entire commercial and technical process depend on how well these operations are organized.

The total number of branded stores today is 20. The place of registration of the company is the city of Sumy. In the pre-war period, the company had the largest profit from branches in Kharkiv, Sumy, and Zaporizhzhia, but due to active hostilities, they were temporarily forced to stop the operation of the store itself, leaving an online store, which allows to raise the level of sales even in those regions, where it is extremely difficult to do.

The expansion of online sales can provide additional opportunities for the company, in particular, to increase the reach of the audience and provide a wider geography of sales. In addition, online sales can help reduce inventory management and order processing costs, which can ensure efficiency in the distribution process.

The war in Ukraine temporarily led to the closure of some branded stores, which may negatively affect the stability of the company's distribution channels. However, the use of online sales can be considered an anti-crisis strategy, as it allows the company to continue selling its products despite difficult conditions.

In this case, the expansion of online sales can be used as an anti-crisis strategy to ensure the stability of distribution channels and support business efficiency. You can also pay attention to the need to analyze and evaluate other opportunities for expanding distribution channels, including cooperation with other intermediaries or opening new stores in other regions.

Based on the above, the following recommendations can be offered:

1. Develop online sales: the company can focus on developing its online store and provide a more efficient and convenient system for ordering and delivering products for customers.
2. Expand the network of branded stores: if the situation with hostilities in the region changes, the company may consider opening new stores, which will allow for greater audience coverage and increase the level of sales.
3. Consider cooperation with other intermediaries: The company may consider cooperation with other intermediaries, such as agents, brokers or logistics service providers, to ensure greater efficiency in the distribution process.
4. Analyze the market: the company must continue to analyze the market and evaluate the development of distribution channels to ensure the stability and efficiency of the distribution process and increase the competitiveness of the business.
5. Develop its own brand: The company may consider developing its own brand and manufacturing its own products, which will increase control over the quality and efficiency of the distribution process.

In general, it is important to ensure analysis, evaluation and support of distribution channels in the market in order to maintain stability and efficiency in the distribution chain.

Focusing on the development of online sales can lead to a greater audience reach and increase the efficiency of the distribution process in wartime. In addition, market conditions are constantly changing, and businesses must adapt to these changes in order to maintain a competitive edge. The development of online sales can provide additional opportunities for the company, in particular, increase the reach of the audience and provide a wider geography of sales.

Considering all factors, it is recommended to continue to develop online sales and provide them with an efficient and convenient ordering and delivery system. In addition, consideration should be given to the use of other Internet technologies, such as social networks and instant messengers, to reach a wider audience and improve distribution efficiency.