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## APPROACHES TO THE ASSESSMENT AND ANALYSIS OF THE MARKET POTENTIAL OF FOOD INDUSTRY ENTERPRISES

### ПІДХОДИ ДО ОЦІНКИ ТА АНАЛІЗУ РИНКОВОГО ПОТЕНЦІАЛУ ПІДПРИЄМСТВ ХАРЧОВОЇ ГАЛУЗІ

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*Нашкєрська М.М., Скібінська З.М., Скібінський О.С.*  
*Підходи до оцінки та аналізу ринкового потенціалу підприємств харчової галузі. Науково-методична стаття.*

У статті обґрунтовано необхідність володіння методологічним інструментарієм оцінювання потенційних можливостей підприємства у прийнятті ефективних стратегічних рішень. Для оцінювання та аналізу ринкового потенціалу підприємства запропоновано використовувати ресурсний та результативний підходи, при цьому виокремлювати структурні складові та розглядати їх через призму ресурсів, які є базою функціонування певного виду потенціалу, і результатів, які отримує (чи очікує отримати) підприємство внаслідок використання ресурсів. Запропоновано систему ресурсних і результативних показників для оцінювання виробничого, споживчого і інноваційно-інвестиційного потенціалів підприємств харчової галузі. Сформульована система показників є інформаційною базою для розрахунку інтегрального показника ринкового потенціалу підприємства.

*Ключові слова:* ринковий потенціал, виробничий потенціал, споживчий потенціал, інноваційно-інвестиційний потенціал, ресурсний підхід, результативний підхід, аналіз, оцінка

*Nashkera M.M., Skybinska Z.M., Skybinsky O.S. Approaches to the assessment and analysis of the market potential of food industry enterprises. Scientific and methodical article.*

The article substantiates the need for possession of methodological tools for assessing the potential of the enterprise in making effective strategic decisions. To assess and analyze the market potential of an enterprise, it is proposed to use resourceful and effective approaches, while distinguishing structural components and considering them through the prism of resources that are the basis for the functioning of a particular type of potential and the results that the enterprise receives (or is expected to receive) from the use of resources. The system of resource and effective indicators for the estimation of production, consumer and innovation-investment potential of food industry enterprises is offered. The formulated indicators system is an information base for calculating the integral index of market potential of the enterprise.

*Keywords:* market potential, production potential, consumer potential, innovation-investment potential, resource approach, effective approach, analysis, evaluation

The definition of the essence and components of the company's potential and the methods for its evaluation and analysis is a topic for discussions among scientists. Even more heterogeneous are views on the essence of the market potential of the enterprise.

Attention to these problems was given by a number of scientists – both domestic and foreign. A number of views on the understanding of the essence of this task are formulated. The essence, structure and estimation of the potential of the enterprise are considered in the works of P. Krush, N. Krasnokutska, A. Turilo, N. Chukhrai, S. Pisarenko, D. Tesli, S. Shults, I. Moysienko, E. Lapin, E. Zhuk, A. Voronkova, N. Shkromida and others.

#### Analysis of recent researches and publications

The Academic Explanatory Dictionary of the Ukrainian language gives the meaning of the word potential as a "set of all available means, capabilities, productive forces, etc. that can be used in any industry, area, sphere" and at the same time, it is "hidden ability, forces for any activity that may occur under certain conditions" [1].

Thus, A. Turilo, on the basis of a systematic approach to the functioning of the enterprise, distinguishes such potential: production, economic, market, personnel, marketing, intellectual, informational, innovation, etc. The author proposes to assess potential through the prism: resources, costs, results. Market potential covers the sphere of sales of the enterprise and is oriented on market demand [2].

N. Krasnokutska, following the resource approach to understanding the essence of the "potential" of the enterprise, believes that "this potential is determined

by the opportunities created by the availability of resources, capabilities and competences to create a value proposition" [3]. The resource approach in the study of the essence of the enterprise's potential is developed in the writings of P. Krush and M. Dergaliuk, as well as a number of other scholars [4].

I. Moyseyenko and O. Stefanyshyn believe that market potential – "opportunities that arise in the system of relations between enterprises and the market, which can be used to achieve certain goals in the process of business implementation. It is formed as a result of the manifestation of the cooperative production and market activity of the enterprise" [5]. As a result of interaction between the company and the market there are market assets – objects of intellectual property, objects of rights, goodwill and other intangible assets, from which economic benefits are expected in the future. The authors believe that market potential is a function of market assets (and these are intangible assets) and of time competitiveness [5]. In our opinion, the authors demonstrate a partially functional and productive approach to understanding the market potential of the enterprise.

However, each of these approaches to understanding the essence of the market potential of the company does not fully disclose it.

In our opinion, the resources owned by the enterprise, and the benefits arising from the use of existing internal resources in conjunction with the available external capabilities, form the market potential of the enterprise. Therefore, in order to systematically clarify the essence of the market potential of the enterprise, its evaluation and analysis, it is necessary to combine elements of both resource and effective approaches.

### **Unresolved aspects of the problem**

Scientific interest to the above topic is in the need to identify the main elements of market potential, as well as systematization of indicators that will allow assessing the components of market potential of food industry enterprises.

*The aim of the article is to identify the structural components of the market potential and to identify the indicators by which one can evaluate and analyze each structural component of the food industry.*

### **The main part**

Available resources of the company are able to provide positive results. And the results – profit growth, increase in market share, etc. – can generate new ones or replenish existing resources. Thus, in the category of market potential, it is necessary to separately isolate its structural components and consider them through the prism of resources that are the basis for the functioning of a certain type of potential, and the results that the enterprise receives (or expects to receive) from the use of resources.

We, by offering a methodology for assessing the market potential of the region, outlined its structural components: production, consumer, innovation and

market infrastructure [6,7]. As for the market potential of an enterprise, in our opinion, it is formed by such structural components of the potential – production, consumer, innovation and investment.

In order to assess the market potential, it is necessary to form a system of resource and effective indicators for production, consumer and innovation-investment potentials.

The food industry is one of the leading and important industries of our country. Food industry enterprises were the first active participants in market transformations in the country. Products of the industry are always relevant, its consumers are persons of all age categories, at the same time, competition in the market induces to expand the range, improve the quality characteristics of the product, improve the technological process, reduce the cost of production, etc.

The volume of products produced by enterprises in the food industry in the total volume of manufactured products in the country increased from 7.7% in 2012 to 9.2% in 2017. Although the volume of manufactured goods has more than doubled, the number of business entities in the food market has decreased from 15,128 units (including individuals - 9422 units) in 2010 to 14270 business entities (including 9314 individuals) in 2017 [8]. We can assume that a part of the producers who failed to evaluate and use their market potential has left the market.

The consumer potential of food industry enterprises is formed on the basis of existing (or forecasted) demand and supply, that is, as a result of interaction between the enterprise (production of the enterprise) and the consumption market. It is advisable to evaluate and conduct the analysis of the consumer potential of the enterprise according to the indicators depicted in fig. 1.

Resource base of consumer potential is formed by the internal and external resources. Internal resources are the quality of products, assortment, brand, reputation; external resources – growth of income of buyers (purchasing power), the rate of increase in the number of consumers of products, presence in foreign markets.

It should be noted that the share of exports of finished food products by Ukrainian enterprises in the overall structure of Ukraine's exports increased from 4.3% in 2011 to 6.5% in 2017. Also, a number of food industry companies not only export products, but also invest in the purchase or construction of productions in European countries. Such a strategy for business development is aimed at increasing sales volumes, as the purchasing power of European citizens is significantly higher. For example, the Myronivsky Hliboproduct agroindustrial holding in 2016 acquired MHP BV in the Netherlands for the processing of chicken (raw material is supplied from Ukraine). Products are sold in many European countries. In 2017, a meat processing plant started working in Slovakia. Expansion of sales markets led to an increase in the company's value [9].

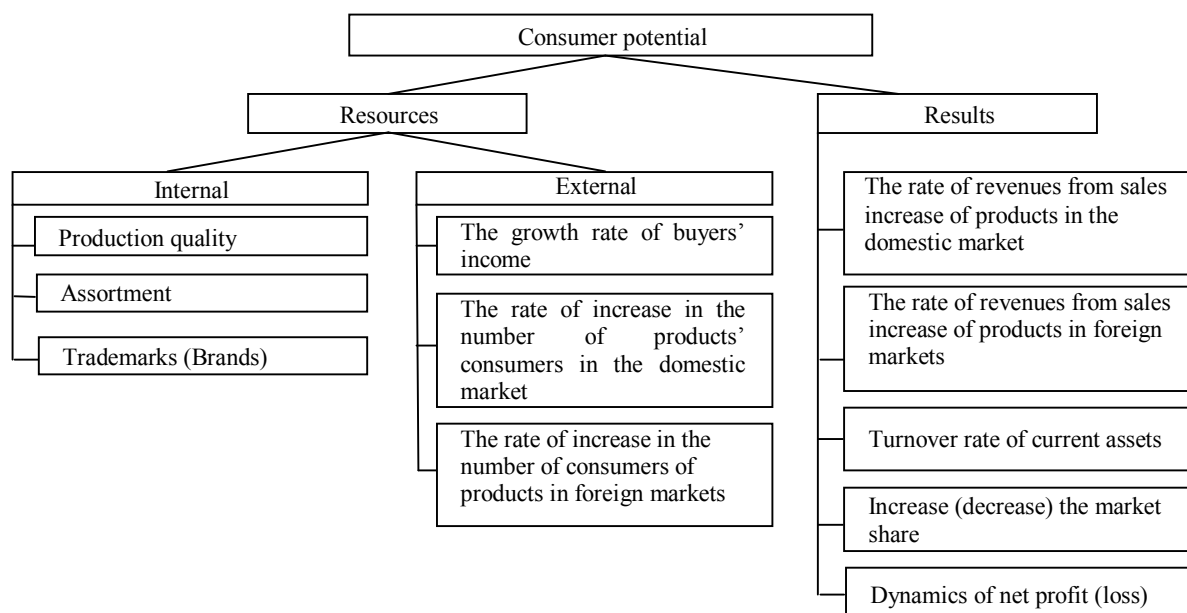


Fig. 1. The system of indicators for evaluation and analysis of the consumer potential of the enterprise

Source: compiled by the authors on the materials [8, 9]

The expected performance indicators of consumer potential are the growth of sales revenue from both domestic and foreign markets, the growth of net cash flow, the growth of turnover of circulating assets and the turnover of all capital invested in the enterprise (the latter two indicators show the growth of business activity of the enterprise). Thus, for the period from 2010 to 2017, the income from the sale of products by enterprises of the food industry of the country increased by 211% (from UAH 206473.1 million to 643082.7). In 2017, the share of income from food sales in 2017 amounted to 7.6% (in 2010 – 5.6%) of all revenues from sales of products in Ukraine as a whole.

The consumer potential of an enterprise directly depends on the level of production and investment-innovation potentials.

Based on the analysis of the approaches of different authors to the definition of "production potential", we consider that the production potential of an enterprise is an opportunity, based on available resources (tangible, intangible assets of personnel, financial) to produce competitive products, goods, works, to provide services in those volumes and assortment to meet the growing needs and demands of consumers and maximize the results of its activities (profit growth, market value of shares). Estimation of production potential will be determined on the basis of enterprise provision of relevant resources and results (fig. 2)

An important component of the market potential, which forms and identifies it, is the innovative and investment potential of the enterprise

In the article we analyzed the approaches of scientists to the essence of innovation potential and found that innovation potential as a subsystem of the market "includes the ability of enterprises and institutions in the region to generate and implement

innovations in the creation of a new competitive product or service, extraordinary organizational and managerial decisions on modernization of the material and technical base of the region" [6].

On the basis of a generalized analysis of scientists' approaches to the definition and understanding of the content of the term "investment potential of the enterprise" S. Zaika notes that "the investment potential of the enterprise is characterized by the level of its investment attractiveness for investors and the availability of its own investment resources. It is expedient to assess the investment potential and its formation, taking into account the ability of the enterprise to accumulate the necessary amount of investment resources, as well as to implement effectively their investments".

In the article "Definition of the "investment potential of the enterprise": essence and differences" O. Shcherbatyuk scientists' views on the essence of investment potential isolated in three groups:

- the term is treated as a set of investment resources that under certain conditions can be transformed into an investment;
- investment potential is a combination of resources and opportunities for their use;
- investment potential is a set of means and conditions of investment activity [11].

We agree with O. Cherbatyuk's statement that the investment potential is a "complex of investment resources in combination with the possibilities, means and conditions of their attraction and use in the investment activity of the enterprise" [11].

Nevertheless, as a component and at the same time as a subsystem of the market potential of the enterprise, the innovation and investment potential is a set of available (internal and external) and the ability to generate own and external resources (financial, material and intangible) attracted to invest

(investing) them in the development of innovative products and technologies, managerial-organizational decisions, etc. It is expedient to evaluate the

innovation and investment potential according to the indicators in fig. 3.

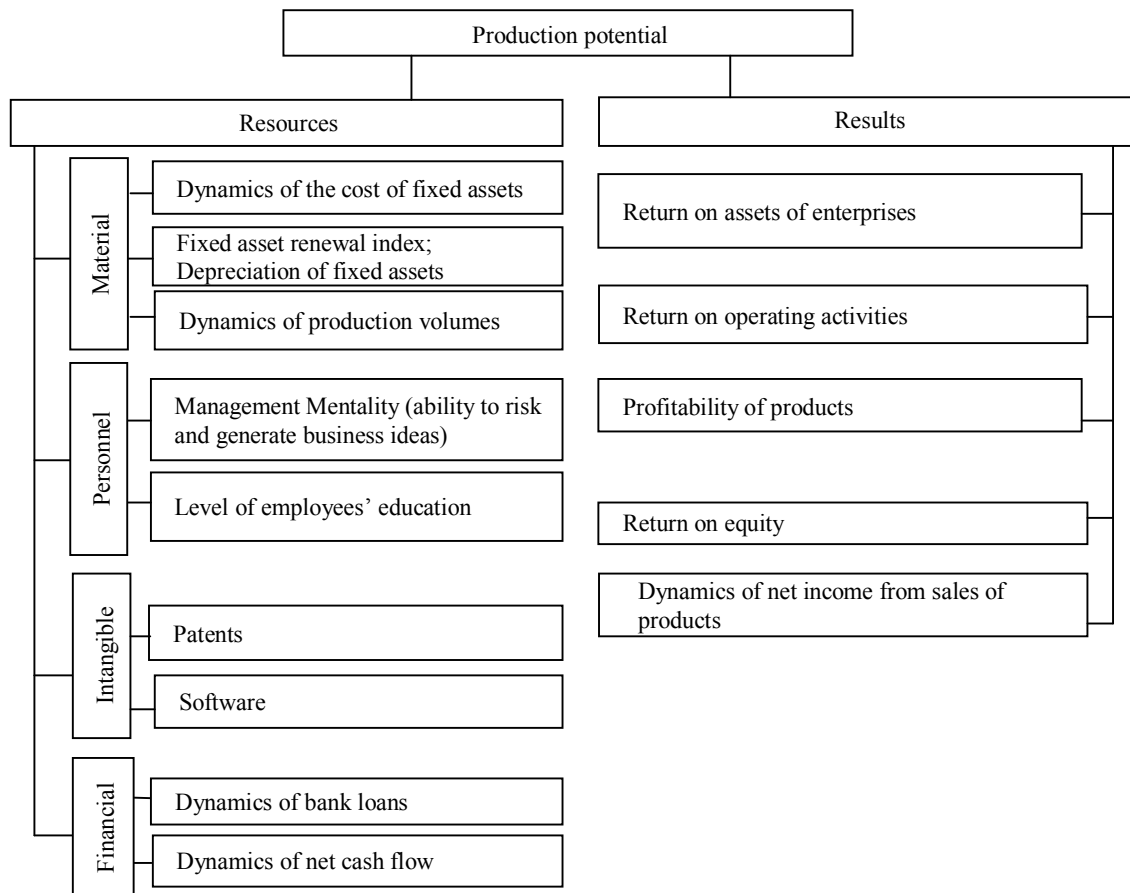


Fig.2. System of indicators for evaluation and analysis of production potential of the enterprise  
Source: compiled by the authors on the materials [9, 10]

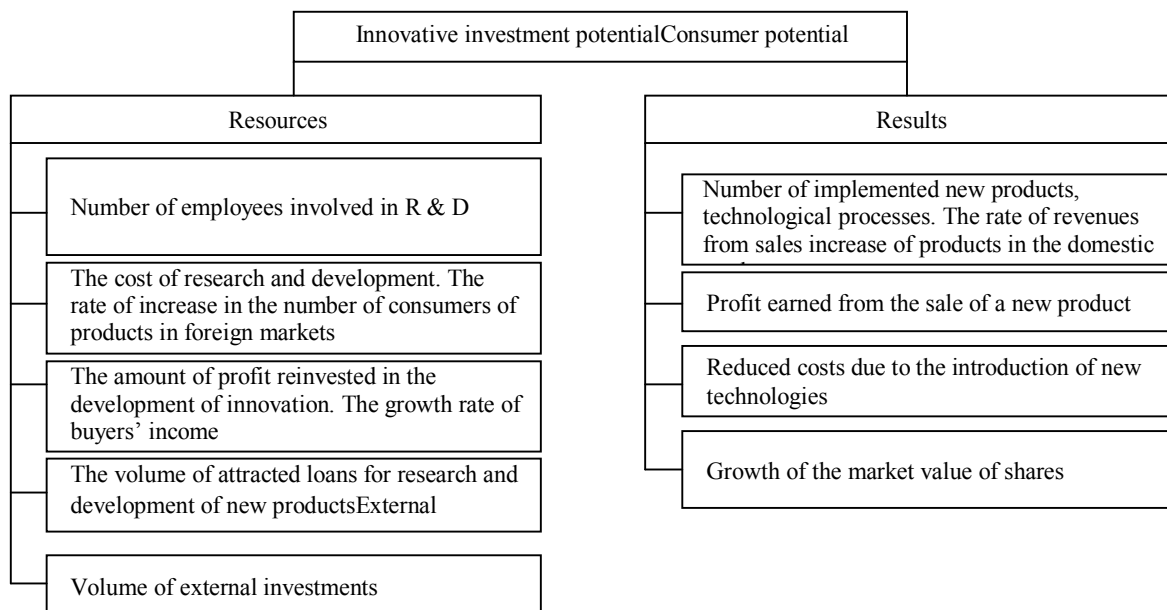


Fig. 3. The system of indicators for evaluation and analysis of innovation and investment potential of the enterprise  
Source: compiled by the authors on the materials [10, 11]

In the period from 2010 to 2017 in Ukraine the volume of capital investments in food industry increased by 122% (from UAH 8510.2 million to UAH 18927.6 million). The largest amount of investments is in 2016 – UAH 21291.0 million, which is 18% of all capital investment in the country's enterprises.

The market potential of food industry enterprises can be realized through the implementation of innovation and investment activities and the use of their potential. For example, in 2017, the share of food industry enterprises that introduced innovations was 16.8%. Of these, innovative processes were implemented by 10.4% of enterprises, innovative products – 9.2% (of which 2.0% of enterprises in this sector introduced new products for the market). 117 food processing enterprises in 2017 sold innovative products. Among them, 25 companies – sold products that were a novelty for the market, and 102, which was new only for the enterprise. Also, 37 producers sold innovative products outside the country.

The number of items of introduced innovative types of products by enterprises in the food industry in 2017 amounted to 563 units, whereas in 2015 – 455 units. Of these, new products for the market were introduced in 2017 – 80 units, and in 2015 – 68 units; new for the company in 2017 – 483 units, while in 2015 – only 387 units [8].

In order to assess the market potential of food industry enterprises, it is expedient to calculate the integral indicator on the basis of the proposed

components of potentials and indicators that characterize them. The method of integral indicator application by specified approaches for analysis and evaluation, as well as scores evaluation development and introduction on their basis for identification of market potential levels is the subject of a separate study.

### Conclusions

Resources owned by the company and the benefits arising from the use of existing internal resources, combined with the available external capabilities, form the market potential of the enterprise. The components of the market potential of food industry enterprises are consumer, industrial and investment-innovation potentials. It is expedient to evaluate and analyze them through the prism of available resources and expected results. The management of the enterprise to make effective decisions must have information about the market potential of the enterprise in general and its potential components in particular. Comparison of resources and expected results in the context of potential components forms an integrated and systematic information base for making managerial decisions, forming a strategy for developing the market potential of the enterprise.

Further scientific research is needed by methodological provision of quantitative assessment of the market potential of food industry enterprises on the basis of the proposed indicators.

### Abstract

Management of an enterprise for the adoption of effective strategic decisions must possess not only timely information base, but also methodological tools for assessing the potential. The resources owned by the company and the benefits arising from the use of existing internal resources in conjunction with the available external capabilities form the market potential of the enterprise. Therefore, to systematically clarify the essence of the market potential of the enterprise, its evaluation and analysis, it is necessary to combine elements of both resource and effective approaches.

The purpose of the article is to identify the structural components of the market potential and to identify indicators by which one can evaluate and analyze each structural component of the food industry.

To evaluate and analyze the market potential of the enterprise it is proposed to use resourceful and effective approaches.

Using general scientific and specific research methods within the framework of the market potential of the enterprise, it is proposed to isolate the structural components – production, consumer, innovation and investment potentials, and consider them through the prism of resources that are the basis for the functioning of a particular type of potential and the results that the enterprise receives (or is expected to receive) from the use of resources.

The consumer potential of food industry enterprises is formed on the basis of existing (or forecasted) demand and supply, that is, as a result of interaction between the enterprise (production of the enterprise) and the consumption market.

Expected performance indicators of the consumer potential are the growth of sales revenue from both domestic and foreign markets, the growth of net cash flow, the growth of turnover of circulating assets and the turnover of all the capital invested in the enterprise.

Comparison of resources and expected results in the context of potential components forms an integrated and systematic information base for making managerial decisions, forming a strategy for developing the market potential of the enterprise.

To assess the market potential of food industry companies, a system of resource and performance indicators is proposed for the estimation of production, consumer and innovative investment potential. The formulated indicator system is an information base for calculating the integral index of market potential of the enterprise.

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