

## **Factors of success of brewing enterprises (by the example of "Mykulynetskyi Brovar" LLC)**

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**Abstract** - The authors reveal the results of their research on the existence or creation of certain working conditions, which positively distinguish the brewing enterprise from its competitors. Also, the paper analyzes specific features of such enterprise that allows it to be more successful. The main subject of the research is "Mykulynetskyi Brovar" LLC, for which the key success factors are highlighted.

**Keywords** - factors of success, competitiveness, competitive advantages, enterprise, technology, production, brewing.

### **Introduction**

Beer industry occupies a significant place in the whole processing industry of Ukraine. It is profitable not only for investors and direct producers, but also for the state. The latter is that breweries are large taxpayers, and given the specifics of the product and local taxes, the product is quite cost-effective and popular, so investing in its production involves quite profitable financial prospects. That is why studying the factors that affect the success of enterprises is relevant today.

### **Presenting main material**

For a long time, production of beer in Ukraine was a family tradition. It was prepared for holidays and home entertainment. From the XV century beer stores started to appear in cities [1]. Most domestic brewers were hereditary masters, they learned their craft from their ancestors and passed it on from generation to generation. During the First World War, the authorities banned the production of beer. Breweries closed and some were even destroyed. Until 1920, only 83 out of 218 original breweries remained. Beer production began to be restored only in 1922 due to the allowance of distribution to the public. At that time, most of the beer factories concentrated on the territory of Lviv and Ternopil regions, although they produced less beer than two breweries in Kyiv.

From 1991 to 2008 beer production began to grow. In those days the industry was considered progressive and promising. The brewing industry was not considered isolated, as it was closely linked with other branches of the national economy: agriculture (growing of hops, barley), chemical and glass industries (glass and PET bottles). As a result, the beer industry helped to develop related industries, thus creating new jobs that improved the economy as a whole. Over time, enterprises became increasingly isolated, built their own factories for the production of malt, glass containers and recycling PET bottles [2].

Unlike large breweries, small and medium-sized breweries tend to be more likely to suffer from a number of significant problems that complicate their development. In particular, seasonal changes are the most common obstacles, as beer production is mostly in demand in the summer. The situation is also complicated by the low purchasing power of the population (besides, beer is not a product of prime necessity). Production is very dependent on the availability of its ingredients. After all, in Ukraine, every year, hops and brewer's barley are grown less and less. All of this occurs during unstable socio-economic policies and other external factors [3-5]. Under such conditions, most small and medium-sized enterprises either cease to produce beer, or are bought out by larger more profitable breweries.

Nevertheless, there are a number of factors that allow small and medium-sized breweries not only to stay on regional beer markets, but also to capture new market segments. Among such enterprises, which successfully operate and dynamically develop in the field of brewing, is “Mykulynetskyi Brovar” LLC [6].

“Mykulynetskyi Brovar” has a number of competitive advantages:

- real live non-pasteurized beer from Ukraine;
- traditional brewing technologies - the production cycle is about 60 days;
- original recipes and rich taste;
- availability of honey beer (no analogues in Ukraine);
- availability of low-fermentation wheat beer;
- option of a gift variant of the package;
- The brewery is the only one in Ukraine, which for high quality products according to European standards, that has been awarded the diploma and certificate of the European Business Assembly of Oxford (England 2006).

According to the research, maintaining a high quality standard is one of the key factors in the success of brewing enterprises [2, 5]. This is achieved by making beer according to the original recipes from natural high-quality, environmentally friendly raw materials and special technologies that combine the advanced achievements of science and the traditions of old brewers.

The technology of the Mykulynetskyi brewery focuses on the fact that none of its beer varieties contain preservatives, but only valuable vitamins, minerals and other nutrients for health. For each type of beer, the brewery’s specialists develop the technological conditions that correspond to the technological instructions and recipes in compliance with sanitary norms and rules approved in accordance with the established procedure. “Mykulynetskyi Brovar” LLC uses raw materials authorized by the Ministry of Health of Ukraine to make beer and their filtering materials are fully compliant with the state standards of Ukraine.

While most breweries are using foreign malt and hops, “Mykulynetskyi Brovar” LLC has its own malt which provides the company with its own raw materials. It positively affects the quality of beer produced and provides superiority over competitors.

In order to ensure that their products maintain fresh, large producers use pasteurization, which requires the use of various preservatives that harm human health. The main competitive advantage of Mykulyntsi beer is that it is not pasteurized (live). This is an important method for the success of this enterprise in the regional market, since consumers of Mykulyntsi beer are attracted to the fact that non-pasteurized beer is better for you (they have toning properties). This is because with moderate consumption it quenches thirst, stimulates metabolism in the human body, increases immune protection and the nervous tension is removed.

In addition, only " Mykulynetskyi Brovar" LLC produces untreated, non-pasteurized beer. It is sold on the ground through its own sales network.

Such competitive advantages have made it possible for "Mykulynetskyi Brovar" LLC to succeed on the national market. The basic principle of this enterprise is no impurities, flavors or preservatives. The technologies of this brewery consist of individual, unique types of hops and barley for each variety of its products. It also uses local, naturally filtered water to give the beer a particularly mild and delicate taste.

In recent years, in Mykulyntsi, a state-of-the-art, specialized, wheat beer facility has been built. New high-yielding lines for the production of barley beer have been put into operation. The quality control of all beer products is carried out in accordance with ISO standards. Natural, environmentally friendly and local raw materials are used during the production of their beer. Also,

they import high-quality ingredients. Due to their wide variety of beverages, they are able to succeed in the competitive Ukrainian market.

The company focuses a lot on their marketing tactics. After visiting a brewery in Europe, the leadership was interested in the idea of reviving ancient traditions of beer bottling in special bottles with folding cork, which are delivered from Germany. The very design of the bottle allows the unfiltered beer to be poured in its natural state. The content of yeast present in beer prolongs the process of fermentation, giving it an unusual taste - soft and full. Three new varieties of beer were developed by the technologists: "Vyshcha proba", "Elitne" and "Ternove pole". Thanks to the efforts of the employees, these elite beers have received great appraisals from beer brewers and real connoisseurs of high quality produce.

The enterprise has a wide network of dealers, which are distributed throughout Ukraine. Dealers have appropriate discounts depending on their volume of sales. Accordingly, there are three categories of prices for each of them. Each month, an implementation plan is developed which specifies how much the dealer has to sell the producer's products for during this period. So, with constant implementation of the plan, achieving a certain amount of sales means that dealers get discounts on goods, which usually stimulates them to lower their prices.

Implementation of its products through the multichannel marketing system provides an opportunity to cover different markets more thoroughly. The company sells a few products through branded bars and restaurants, some through a network of dealers who work with retailers in a large part of Ukraine and some through the wholesale bases at the manufacturer.

When forming distribution channels, the company tries to avoid a large number of wholesale intermediaries, which is why they use zero, one-level (mainly in the Ternopil region), two-level (on the rest of Ukraine) channels of intermediaries.

There are four branded bars in the Ternopil region, located in Ternopil, Gusyatin, Mykulyntsi, Terebovlya. Also, sales of products are carried out through their own wholesale bases. There are four such bases in the region, namely: in Ternopil, Borshchiv, Berezhany, Shumsk, and one in Ivano-Frankivsk. Ternopil base is the largest producer of products. On the rest of the territory, sales are made through a network of dealers. In general, Ternopil region consumes 67% of products.

The enterprise constantly monitors the status of distribution channels. It has information on the number of levels of channels and the specific composition of its participants. This information allows us to estimate the speed, time, traffic efficiency and integrity of goods when delivered from the manufacturer to the end consumer. This is done all through the marketing service, which implements the full range of sales management functions of the enterprise.

The plant's products are unique, not pasteurized beer. That is why the demand for this beer is very large and continues to grow. Demand is high even during the period of economic crisis and therefore the cost of advertising is relatively low. The development of new types of labels, brochures and posters is focused on the quality of the product. There is little advertisement on local radio stations and television.

Advertising support for those who sell beer, namely dealers, plays a very important role in selling beer on the market. Shelf bows, glasses, stands under the glasses, equipment for cooling and bottling beer, refrigerated show-windows - all this is advertising in the trade.

The Company is constantly allowing tours of their facilities so that the consumer can see for themselves how the beer is made and that it is truly a natural, not pasteurized product, made using modern equipment. After this, beer tastings are conducted, consumers get acquainted with beer varieties and the workers of "Mykulynetskyi Brovar" LLC speak about the properties of their beer.

## Conclusion

Therefore, key success factors define areas where the company needs to achieve better efficiency, and needed skills and resources. The analysis of the success factors of the enterprise is analysis of the internal environment which allows us to identify the internal features of the company.

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