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Head of the Department

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TASK

to perform Qualification Work by student

Lytvynov Volodymyr Volodymyrovych

(surname, name, patronymic)

1. Topic of thesis: **Increasing efficiency of sales activity of PJSC “Lviv Confectionery “Svitoch” taking into account world experience** approved by the Rector order of **01/10/2020, № 1848/CT**

2. Deadline of thesis: **from 05/10/2020 to 14/12/2020**

3. Initial data for thesis: **Accounting reports of of PJSC “Lviv Confectionery “Svitoch”, scientific works of domestic and foreign authors, Internet resources.**

4. The content of the explanatory note (list of issues to be developed):

Required: to examine the theoretical basis for increasing the efficiency of sales activity of the enterprise; to perform the analysis of financial and economic activity of of PJSC “Lviv Confectionery “Svitoch”; to suggest directions of the increasing the efficiency of sales activity and evaluate the economic feasibility of proposals to improve the sales activity of the business.

The list of mandatory graphic material:

Theoretical part: (fig. – 12, tables – 4);

Analytical and research part: (fig. – 12, tables – 23);

Project and advisory part: (fig. – 4, tables - 9, formulas – 6).

CALENDAR PLAN

№	Stages of Qualification Work performing	Deadline of stages	Comment
1.	Collection and analysis of necessary information according to the topic of the thesis	01.09.2020 - 04.10.2020	done
2.	Conducting analysis of accounting and statistical reporting of PJSC “Lviv Confectionery “Svitoch”	05.10.2020-15.10.2020	done
3.	Design the references used in the analysis of the main directions of improving the effectiveness of the sales activity	to 25.10.2020	done
4.	Preparation and execution of analytical and research part of the thesis	to 29.10.2020	done
5.	Preparation and presentation of the theoretical part	to 01.11.2020	done
6.	Developing proposals for increasing the effectiveness of the sales activity of PJSC “Lviv Confectionery “Svitoch” (scientific justification of recommendations in the project section and calculations of the main economic indicators)	to 05.11.2020	done
7.	Design of recommendatory section of the Qualification Work	to 25.11.2020	done
8.	The final design of the Qualification Work (contents, introduction, conclusions, appendices, etc.)	to 01.12.2020	done
9.	Report and presentation preparation	to 05.12.2020	done
10.	The signing of the necessary documents in	to 12.12.2020	done

	the established order, preparing to defend the Qualification Work and preliminary Work defense on graduating department meeting		
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Student _____(Lytvynov V.V.)

Scientific adviser _____(Kyrylenko O.M.)

LIST OF SIGNS, ACRONYMS AND TERMS

PJSC – Public Joint-Stock Company

UAH – Ukrainian currency

АНОТАЦІЯ

Кваліфікаційна робота присвячена дослідженню ефективності збутової діяльності компанії, розробці пропозицій щодо удосконалення ефективності збутової діяльності та оцінці економічної ефективності наведених пропозицій на базі Публічного акціонерного товариства «Львівська кондитерська фабрика «Світоч».

У вступі визначено актуальність та практичну цінність обраної теми дослідження, основну мету та завдання дослідження, зазначено предмет та об'єкт дослідження, вказано наукові методи дослідження.

Перший розділ присвячено теоретичним основам збутової діяльності суб'єкта господарювання: розкрито сутність та особливості організації збуту продукції підприємства, визначено механізм організації збутової діяльності підприємства, описано методичні підходи до оцінки ефективності збутової діяльності підприємства.

У другому розділі наведена загальна характеристика досліджуваного підприємства, проведено аналіз його фінансово-економічної діяльності. Описані економіко-правові принципи діяльності, представлені фінансові результати діяльності, проаналізовано економічний стан підприємства, а також проаналізована ефективність збутової діяльності компанії.

У третьому розділі описані основні напрямки підвищення ефективності збутової діяльності підприємства, розглянута пропозиція впровадження моделі 4Д Брендингу для подальшого покращення стратегії збутової діяльності компанії, а також пропозиція припинення відносин з посередницькими логістичними компаніями та придбання власних вантажівок та проаналізована економічна доцільність даних пропозицій.

У висновках та пропозиціях узагальнено результати дослідження.

Ключові слова: збут, збутова діяльність, логістична компанія, транспортування, 4Д брендинг, економічна доцільність, стратегія, покращення.

АННОТАЦИЯ

Квалификационная работа посвящена исследованию эффективности сбытовой деятельности компании, разработке предложений по совершенствованию эффективности сбытовой деятельности и оценке экономической эффективности указанных предложений на базе открытого акционерного общества «Львовская кондитерская фабрика» Свиточ».

Во введении определены актуальность и практическая ценность темы исследования, основная цель и задачи исследования, отмечено предмет и объект исследования, указано научные методы исследования.

Первый раздел посвящен теоретическим основам сбытовой деятельности предприятия: раскрыта сущность и особенности организации сбыта продукции предприятия, определен механизм организации сбытовой деятельности предприятия, описаны методические подходы к оценке эффективности сбытовой деятельности предприятия.

Во втором разделе приведена общая характеристика исследуемого предприятия, проведен анализ его финансово-экономической деятельности. Описанные экономико-правовые принципы деятельности, представлены финансовые результаты деятельности, проанализировано экономическое состояние предприятия, а также проанализирована эффективность сбытовой деятельности компании.

В третьем разделе описаны основные направления повышения эффективности сбытовой деятельности предприятия, рассмотрено предложение внедрения модели 4Д Брендинга для дальнейшего улучшения стратегии сбытовой деятельности компании, а также предложение прекращения отношений с посредническими логистическими компаниями и приобретение собственных грузовиков и проанализирована экономическая целесообразность данных предложения.

В выводах и предложениях обобщены результаты исследования.

Ключевые слова: сбыт, сбытовая деятельность, логистическая компания, транспортировки, 4Д брендинг, экономическая целесообразность, стратегия, улучшение.

ABSTRACT

The qualification work is devoted to the study of the effectiveness of the sales activity of the company, the development of proposals for improving the efficiency of sales activity and the assessment of the economic efficiency of these proposals on the basis of the public joint-stock company “Lviv Confectionery “Svitoch”.

The relevance and practical value of the chosen topic of research, the main purpose, objectives, subject, object and scientific methods of research are determined in the introduction of the qualification work.

The first section is devoted to the theoretical foundations of the sales activity of the enterprise: the essence and features of the organization of sales of the enterprise’s products are disclosed, the mechanism of organizing the sales activity of the enterprise is determined, methodological approaches to assessing the effectiveness of the sales activity of the enterprise are described.

The second chapter provides a general description of the studied enterprise, an analysis of its financial and economic activities. The economic and legal principles of activity are described, financial results of activities are presented, the economic condition of the enterprise, as well as the effectiveness of the sales activity of the company is analyzed.

The third section describes the main directions of increasing the efficiency of the sales activity of the enterprise, considers the proposal for the introduction of the 4D Branding model to further improve the company’s sales strategy, as well as the proposal to terminate relations with intermediary logistics companies and purchase own trucks and analyze the economic feasibility of these proposals.

The conclusions and proposals summarize the results of the research.

Key words: sales, sales activity, logistics company, transportation, 4D Branding, economic feasibility, strategy, improvement.

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INTRODUCTION

The times of crisis, which the domestic economy is experiencing for more than a year, along with survival and revision of priorities have become a period of great opportunities. In the conditions of fierce struggle for the consumer, ambitious and promising companies came to the fore, leaving in the shadow of those who are not ready to change in accordance with modern requirements. Competition today is high, and stable profits can be achieved only by creating a competent and progressive sales management system.

One professionalism of sales staff is not enough - you need a properly built, efficient and modern mechanism that includes dozens of elements. The key aspects here are high staff motivation, work with target customers, strategic planning and full process automation.

The relevance of the study is the need to increase the efficiency of sales of domestic enterprises in difficult economic conditions, because sales management at the enterprise - a complex, multifaceted and ambiguous process. The ambiguity is the lack of a single approach: for some companies to manage sales means motivating people responsible for product sales, others believe that successful sales work primarily with sales channels, others emphasize the automation of interaction with customers.

The basis of the study is PJSC “Lviv Confectionery “Svitoch”.

The purpose of the research was an independent search, systematization, analysis and specification of factual material, study and analysis of literature sources, substantiation of theoretical and methodological provisions and development of scientific and practical areas to increase the efficiency of sales activity of the enterprise in modern conditions.

Achieving this goal requires solving the following **research tasks**:

- to reveal the essence and features of the organization of sales of enterprise products;

- to investigate the mechanism of organization of sales activities of the enterprise;
- to provide methodological approaches to assessing the effectiveness of sales activities of the enterprise;
- to single out economic and legal bases of functioning of PJSC “Lviv Confectionery “Svitoch” and to give its general characteristic;
- to analyze the economic condition of the enterprise;
- to substantiate the tools of research of the practice of organization of sales;
- to carry out the economic analysis of efficiency of sales activity of the enterprise;
- to assess the socio-economic efficiency of measures to improve the efficiency of sales activities of the enterprise.

The object of study is the activities of the PJSC “Lviv Confectionery “Svitoch”.

The subject of the study is the practical aspects of improving the efficiency of PJSC “Lviv Confectionery “Svitoch”.

Research methods. The theoretical and methodological basis of the study were the generally accepted scientific methods of fundamental and general scientific methodology of the studied phenomena and processes. Thus, the substantiation and disclosure of the economic essence and significance of the sales system of the enterprise is carried out using the methods of induction and deduction, analysis and synthesis. Using the methods of economic analysis, the analysis of financial and economic activity of the researched enterprise and the efficiency of its sales activities was carried out. With the help of dialectical and abstract-logical methods the generalization and formulation of the conclusions of the conducted analysis was carried out.

The information base of the work consists of developments of research institutions, scientific works and publications of domestic and foreign scientists-economists, materials of scientific and practical conferences, accounting of the researched enterprise. In the performance of work the researches of following scientists were used: Mochernyy S.V., Larina YA.S., Ustynko O.A., Yuriy S.I., Azrylyyan A.N., Fomina O.V., Havryshko N.V., Balabanova L.V., Balabanyts' A.V., Bilen'kyi O.Y., Dolzhans'kyi I.Z., Afonin I.V., Balabanov I.T., Belebekha I.O., Blonska V.I.,

Bliakhman L.S., Boichyk I.M., Bondarchuk M. K., Hruzyniv V.P., Varnalii Z.S., Vasylenko V.O., Vasyliiev O.V., Volkov O. I., Denysenko M. P., Hryhoriev D.V., Darnylova Zh.D., Demianenko S.I., Herd Dytkehelm, Drucker P.F., Dorofeev V.D., F., Zakharchenko V.I., Martiusheva L.S., H. Mishchenko, J. Germer, J. Sauerborn, F. Asch, J. de Boer, J. Schreiber, G. Weber, J. Muller, B. Gerowitt, E. Bertke, S.K. Hespel, Brown S.L., Eisenhardt K.M., L. Klerkx, M. Schut, C. Leeuwis, C. Kilelu, P. Juroszek, N. Aarts, C. Leeuwis.

The practical significance of the obtained results is to develop ways to increase the efficiency of the sales system of the researched enterprise, which will allow it to improve the financial results of economic activity by increasing sales and efficiency of sales activities.

PART 1. THEORETICAL AND METHODOLOGICAL PRINCIPLES OF ORGANIZATION OF SALES ACTIVITY OF THE ENTERPRISE

1.1 The essence and features of organization of sales of enterprise products

The analysis of scientific works made it possible to single out approaches to defining the essence of the concept of "sales": as a set of measures for the sale of goods and services; as a process of moving goods; as a process of establishing interaction between buyer and seller; as a tool of marketing activities. The results of systematization of interpretations of the concept of "sales" in the works of various scientists are shown in Table 1.1.

The study of a significant number of interpretations of the essence of the concept of "sales" has revealed common characteristics, in particular, scientists point out that the main purpose of sales is to ensure and fully meet the needs of consumers. However, the way to achieve certain goals is reflected in different ways: as the physical delivery of goods from producer to consumer; as a set of organizational, technical and commercial measures; as logistics of goods; as interconnections with the external sales network and establishing relationships with customers; as a process of establishing interaction with a potential buyer; as a process of transfer of ownership of goods, etc.

In the activity of any enterprise the correct organization of the movement of goods or sales policy is essential. The result of all previous efforts of the enterprise is concentrated in its sales system.

The importance of the rational movement of goods for the company was determined by a well-known management specialist G. Bolt: "Insufficient efficiency of sales activities threatens the existence of the firm as a whole" [18; 19].

Scientific approaches to the interpretation of the concept of “sales”

Author, source	Interpretation of the concept of “sales”
A set of measures for the sale of goods and services	
Mishchenko H. [41]	Sales is a set of organizational, technical and commercial measures for the direct sale of goods and services in the consumer market and the promotion of finished goods from producer to consumer.
Mochernyy S.V., Larina YA.S., Ustynko O.A., Yuriy S.I. [32]	Sales is a set of post-production operations carried out by legal entities and individuals from the moment of production to its purchase by the buyer.
Azrylyyan A.N. [20]	Sales is the function of sale of company’s products; it includes logistics, external sales and customer relations.
The process of moving goods	
Fomina O.V. [58]	Sales is the activity of the manufacturer, which is associated with the physical movement of goods from the place of manufacture to the place of use.
Havryshko N.V. [27]	Sales is the process of physical movement of products from producer to consumer
The process of interaction between buyer and seller	
Balabanova L.V., Balabanyts’ A.V. [6]	Sales in a broad sense is the process of organizing transportation, warehousing, inventory maintenance, completion, promotion to wholesale and retail outlets, pre-sale preparation, packaging and sale of goods to meet customer needs and make a profit on this basis. Sales in the narrow sense is a process of direct communication between seller and buyer, aimed at making profit, and one that requires knowledge, skills and a certain level of commercial competence.

Bilen'kyy O.Y. [11]	Sales is the process of establishing interaction with a potential buyer in order to transfer ownership of a wholesale consignment of goods for resale or processing.
Marketing tool	
Balabanyts' A.V. [4]	Sales is a tool of marketing activities, which is based on the competitive advantage of the enterprise in the market.

Source: compiled by the author

The movement of goods is a system that ensures the delivery of goods required by the consumer to the point of sale at a specific time with the highest level of service and minimal costs.

The level of customer service is determined by the following factors:

- speed of order fulfillment;
- the possibility of urgent delivery of goods by special order;
- readiness to take back the delivered goods or replace it with another;
- providing a different number of goods at the request of buyers;
- well-organized warehouse network [52, p. 21].

Separately, none of the factors is decisive for the creation of a rational system of movement of goods, but in combination they affect the level of service, prestige, market position, and, consequently, the competitiveness of the firm.

The system of movement of goods consists of elements of internal and external environment. The elements of the internal environment include:

- processing of customer orders;
- control of goods received from suppliers;

- packaging in accordance with customer requirements and selection of optimal batches of goods to order customers;
- transportation of goods and warehousing.

The elements of the external environment include sales intermediaries. The composition of these elements varies depending on the type of product, terms of delivery, customer requirements, level of competition, other factors. As a rule, firms aim to ensure the delivery of goods with the highest level of customer service and with minimal costs. Unfortunately, it is almost impossible to provide both a high level of service and a minimum cost of goods. Usually, a high level of service involves large inventories, a perfect transport system and a well-organized warehouse system, all of which require large costs.

In addition, there may be inconsistencies between the various services of the firm. Thus, in order to save on transport costs, the transport manager will prefer rail transport to air transport, however, this reduces the speed of transportation, delays customer payments, and forces them to make purchases from competing firms that offer shorter delivery times. Due to the fact that the activity of organizing the movement of goods is associated with constant compromises, a comprehensive approach to decision-making by individual services is needed [46, p. 336].

The sales system is one of the main subsystems of the company's operation, directly affecting the economic effect of its activities. Adjustment of sales policy involves the application of an integrated approach that takes into account problem areas at the local and system-wide levels. Reducing costs and losses from non-compliance of sales with market requirements is considered as the most important area to improve the efficiency of the company. Focus on meeting consumer demand requires improving the processes of interaction with counterparties, taking into account changes and trends in the market, organizational support of sales processes and product deliveries. Also, sales is a set of commercial, organizational and technological measures to bring the product to the final consumer (Fig. 1.1) [39, p. 216].

The role of sales in the enterprise is determined by the following:

1. The final assessment of the effectiveness of the activity is performed in the sales field;
2. the final preparation of goods is performed in the sales field;
3. there is a direct contact with the consumer, which allows you to get the most important marketing information during sales activities;
4. a well-formed sales network has a significant impact on increasing competitiveness.

<p>MEASURES TO BRING THE GOODS TO THE END CONSUMER</p>
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Organizational measures	Commercial measures	Technological measures
<ul style="list-style-type: none"> • selection of sales partners; • concluding agreements with them; • accounting and control of contracts; • definition of sales channels; • development of sales plans and delivery schedules. 	<ul style="list-style-type: none"> • study of the market, consumers; • sales promotion; • promotion of goods on the market. 	<ul style="list-style-type: none"> • shipment, loading, unloading of products; • its reception in quantity and quality; • transportation; • storage; • preparation for sale.

Figure 1.1 A set of measures to bring the goods to the final consumer

Source: compiled by the author

Therefore, for any company, the formation of a distribution network is a strategic decision that must be compatible not only with the expectations in the target segment, but also with their own goals.

In today's market conditions, the company's success and competitiveness of its products are largely achieved through the focus on the end consumer, so the company's sales policy and the definition of directions and prospects for its development are subject to the principles of marketing. It is the marketing and sales strategies that form

the basis for the company's development strategy and determine the content of other strategies [39, p. 216].

During their development, a number of principles are taken into account (Fig. 1.2).

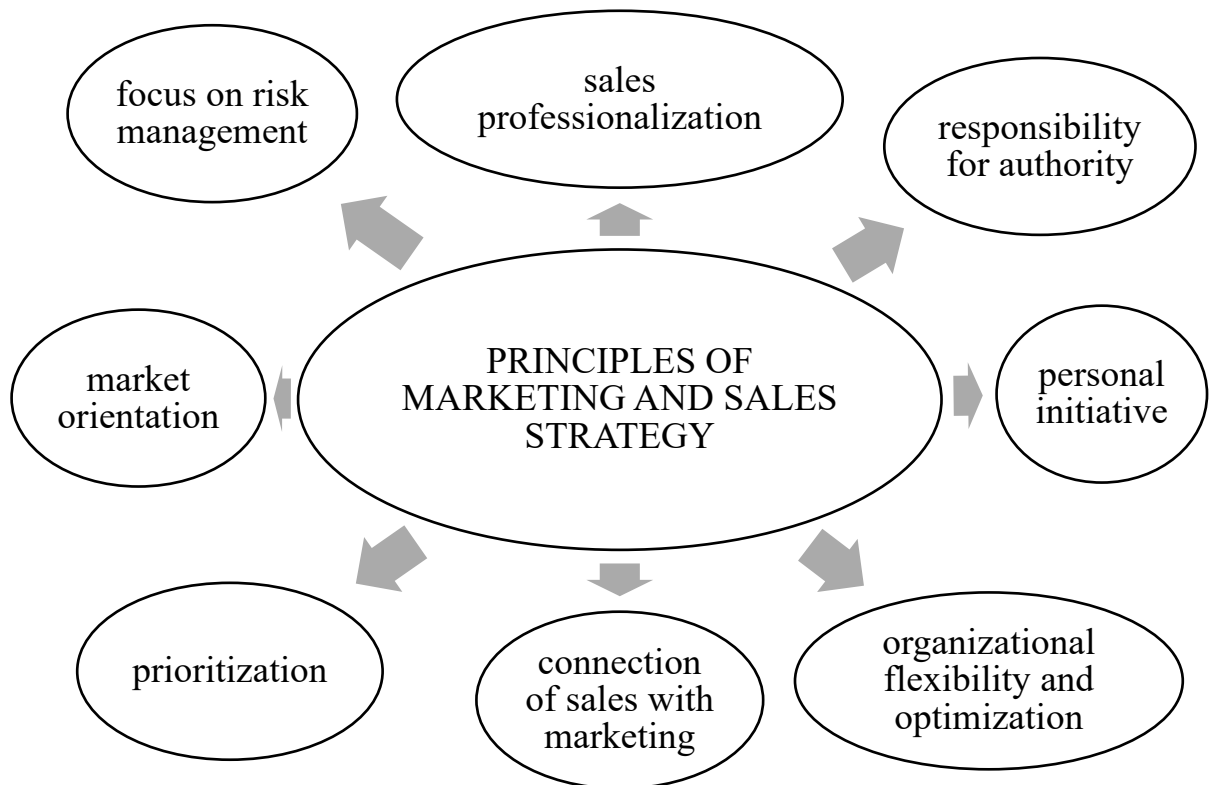


Figure 1.2 Principles of marketing and sales strategy

Source: compiled by the author

An important role in sales management is played by the formation of an effective sales network consisting of sales channels (distribution). The choice of product distribution channels is a management decision, as the selected channels directly affect all other marketing decisions.

Enterprises in a market economy pay considerable attention to the problems of optimizing the process of promoting goods from producer to consumer. The results of their economic activity largely depend on how well the channels of distribution of goods are, forms and methods of their sale, the breadth of the range and quality of services provided by the company related to the sale of products [48, p. 51].

There are several definitions of the term “distribution channel”.

A distribution channel is a set of individuals or legal entities that take over or help transfer ownership of a particular product to other businesses on the way from producer to consumer.

Distribution channel is a partially ordered set of different intermediaries that carry out the delivery of material flow from the producer to its consumers. The decision to choose a distribution channel is one of the most important that must be made by the company's management.

The choice of channel affects the speed and efficiency of material flow, the preservation of goods during delivery from producer to consumer. Intermediaries that make up the channel can perform a number of important functions:

- conducting research to collect the information needed to plan the distribution of information;
- sales promotion by disseminating information about goods;
- formation of contacts with potential buyers;
- adaptation of goods to customer requirements;
- negotiations with potential consumers of goods;
- organization of goods movement;
- inventory management in the distribution network;
- financing the movement of goods through the distribution channel;
- risk management associated with the operation of the channel.

All or part of these functions can be performed directly by the manufacturer, in which case the degree of control over the distribution channel increases along with the costs of the manufacturer [45, p. 106].

Practice shows that specialized qualified logistics intermediaries are able to perform distribution functions more efficiently. Therefore, the decision to outsource the distribution channel function is a matter of relative efficiency.

The main criteria of efficiency of distribution channels are given in Table. 1.2.

Criteria for the effectiveness of distribution channels

Criterion	The essence of the criterion
Delivery time	Time from the moment of the order to the moment of its execution, i.e., receipt of the ordered goods by the buyer
Reliability of delivery	Ability to maintain the necessary stocks of goods to quickly and fully meet the needs of consumers
Accuracy of order fulfillment	The degree of compliance of the order received by the consumer with the terms of agreements, specifications, etc.
Availability of information	Ability to create and make available to the consumer information about the availability of goods, conditions and status of orders
Lack of damage	Compliance of the physical condition of the goods delivered to the consumer with the current standards
Debugging procedure	Convenience of ordering procedures, return of goods, registration of credits, payment documents, etc.
Service	Existence of a system of providing relevant services to consumers (centralized delivery, packaging, assembly of consignments of goods, information, etc.)

Source: compiled by the author according to [33; 38]

Distribution channels can be classified by the number of component levels. The level of the distribution channel is called the intermediary, which implements the functions of bringing products closer to the final consumer. On this basis, the following types of distribution channels are distinguished:

- zero level channel (direct channel) - the product is delivered from the manufacturer to the end user directly without intermediaries, channels of this type exist mainly in the b2b sector
- first level channel - between the manufacturer and the end user there is one intermediary, in the market of mass demand channels are formed, as a rule, with the participation of large retailers;
- second level channel - there are two intermediaries between the producer and the consumer, for example, a wholesaler and a retailer;
- then the channels of the third, fourth levels, etc. are allocated [33, p. 26].

There are two basic types of distribution channels - direct and indirect. Direct (without the use of intermediaries) distribution channels are used by companies that want to control their entire marketing program, maintain close contact with consumers, have a limited number of target markets, sufficient resources and experience to organize sales. Indirect (movement of goods through intermediaries) distribution channels of the enterprise are used to expand markets, their wider coverage, increase sales of goods. There are channels for the distribution of direct (from producers to consumers) and reverse (from consumers to producers) course. The latter are used for the distribution of business waste, returnable packaging, substandard products, etc. Examples of distribution channels for industrial and consumer goods are shown in Figures 1.3, 1.4.

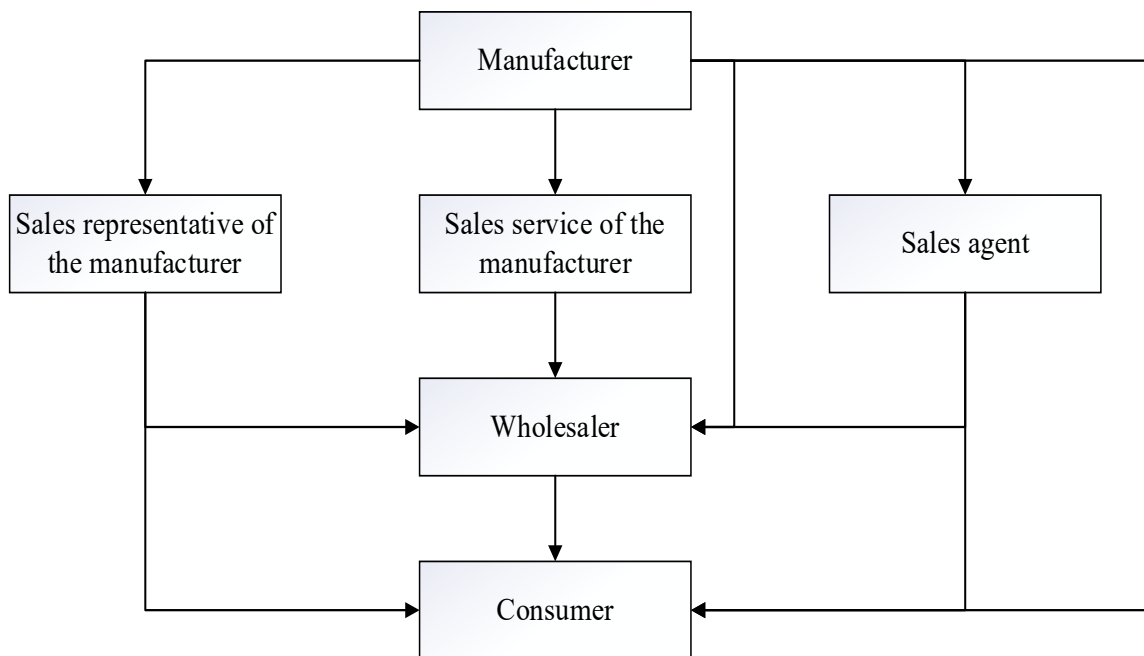


Figure 1.3 Example of a distribution channel for industrial goods

Source: [33, p. 27]

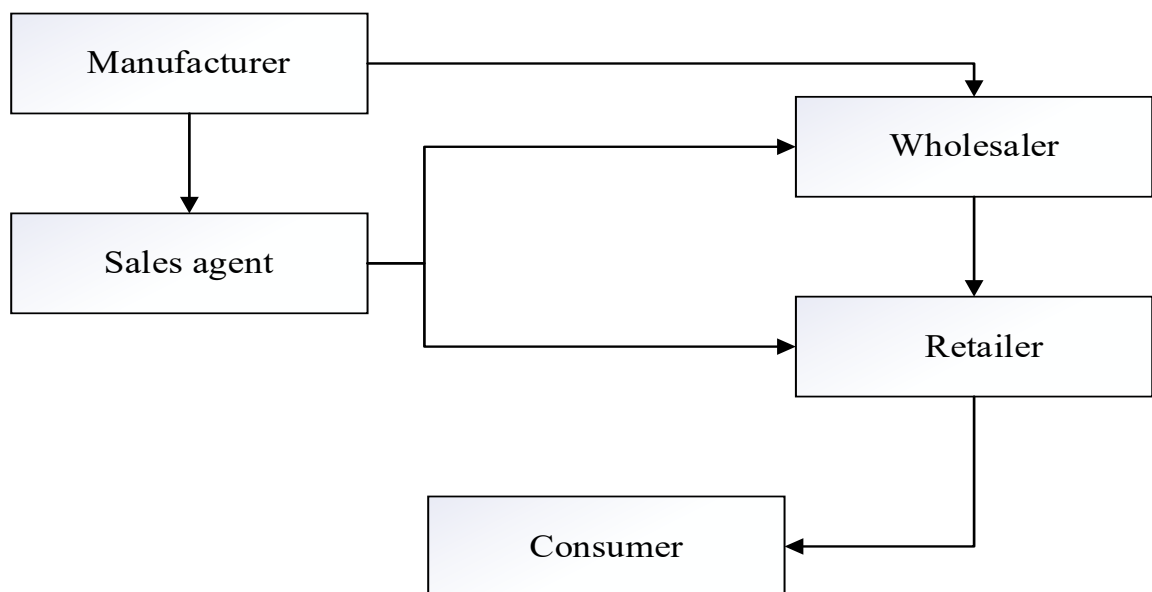


Figure 1.4 Example of a distribution channel for consumer goods

Source: [47, p. 104]

As we can see, the distribution channels of industrial and consumer goods differ in that the purchase of industrial goods is carried out for further processing or resale, and consumer goods - for its final consumption by buyers. The main characteristics of distribution channels are their length, width and types of subjects. The length of the

distribution channel is the number of intermediate levels available in it. The level of the distribution channel - is any intermediary that performs a particular job to bring goods and ownership of them to the final consumer. For example, the length of the channel in which the producer and consumer are connected by the wholesaler and the retailer is two. The so-called zero-level channel (the length of the channel is zero), is a channel that connects the producer and consumer directly (indirectly).

The width of the distribution channel or its tension is the number of intermediaries at each level of the distribution channel. Thus, if the company's products at the first stage of its distribution goes to three wholesalers, and at the second - to fifteen retailers, the width of the distribution channel will be equal to 3 and 15 (Fig. 1.5).

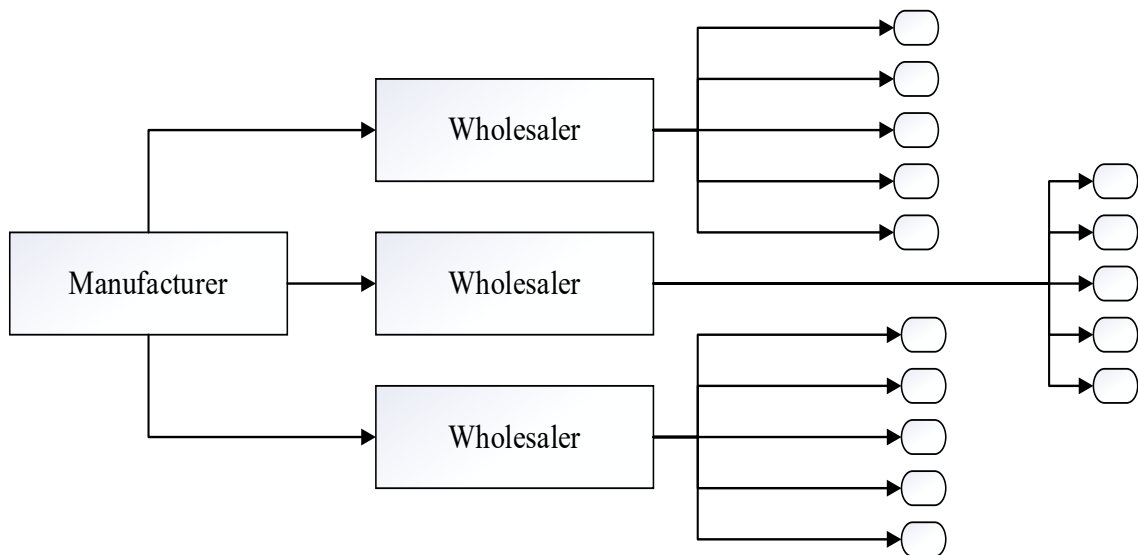


Figure 1.5 Width of the distribution channel (tension)/

Source: [63, p. 36]

Types of subjects of distribution channels are given in Fig. 1.6.

TYPES OF SUBJECTS OF DISTRIBUTION CHANNELS

Contract organizations	Assistance organizations
<ul style="list-style-type: none">• 1) manufacturers;• 2) intermediaries:<ul style="list-style-type: none">- wholesale;- retail;• 3) consumers:<ul style="list-style-type: none">- industrial;- final.	<ul style="list-style-type: none">• marketing research firms;• insurance companies;• financial firms;• advertising agencies;• transport agencies.

Figure 1.6 Types of distribution channel entities

Source: compiled by the author

The main thing in the distribution marketing policy is the formation of appropriate channels. The importance of this issue is determined by the following circumstances:

- the chosen distribution channel has a fundamental impact on almost the entire marketing program of the enterprise;
- the formation of the distribution channel involves the conclusion of long-term commercial agreements with its subjects, which are then very difficult to change, even if they are erroneous;
- conflicts often arise between the subjects of the channels, which have a negative impact on the results of sales activities of the enterprise;
- the user of distribution channels (producer of goods) often to some extent loses direct control over the market.

Based on this, the formation of distribution channels should be reduced in price, carefully following a certain proven algorithm [50, p. 11].

Therefore, while forming distribution channels, the following points should be primarily determined:

- nature of the distribution system (own or independent, direct or indirect);

- number of channels, their length and width;
- form of trade (wholesale or retail);
- places of storage of goods, accumulation of stocks;
- range of goods for each intermediary;
- list of service functions;
- level of discounts and commissions;
- form of remuneration of sales representatives;
- types of intermediaries, their availability;
- system of privileges for intermediaries;
- the order of distribution of functions and responsibilities between the subjects of these channels [64, p. 12].

1.2 The mechanism of organization of sales activities of the enterprise

Since any commercial enterprise pursues as one of the main goals of obtaining the maximum possible profit, it must plan and manage the process of marketing products, works and services. This process is called marketing. Marketing is a specific element of the management system of a commercial enterprise. Its main tasks:

- obtaining the necessary information about the market and its participants;
- planning the production and sale of products (works, services);
- development of a pricing system;
- organization of deliveries and distribution of finished products (works, services);
- forecasting the expansion of sales and increase the scope of the market [46, p. 337].

The essence of marketing is to gather information about the needs of customers in the goods they need (works, services), to conduct appropriate research on the capabilities of the enterprise, to organize the production of the necessary products in the optimal time and determine its approximate price. After that, it is recommended for production [9, p. 197].

The marketing system promotes the finished product on the market, organizing the channels of its distribution, storage and sale. At the same time, it provides advertising and a set of accompanying measures to bring products to the consumer. At the same time, the marketing department studies the buyer's reaction to the quality and consumer properties of the product. In the future, with a certain saturation of the market with this product, the marketing department is studying the possibility of continuing its production by upgrading, improving quality, providing additional services to customers when purchasing and using it.

Having determined the moment of a significant decrease in sales of goods, the marketing department analyzes the possibility of significant processing or replacement with new products. The life cycle of the product ends in such way.

Thus, the organization of sales involves the use of marketing tools for effective sales policy of the enterprise.

Fig. 1.7 shows the relationship between the company's services and their structural elements in the form of subsystems from the standpoint of effective sales management.

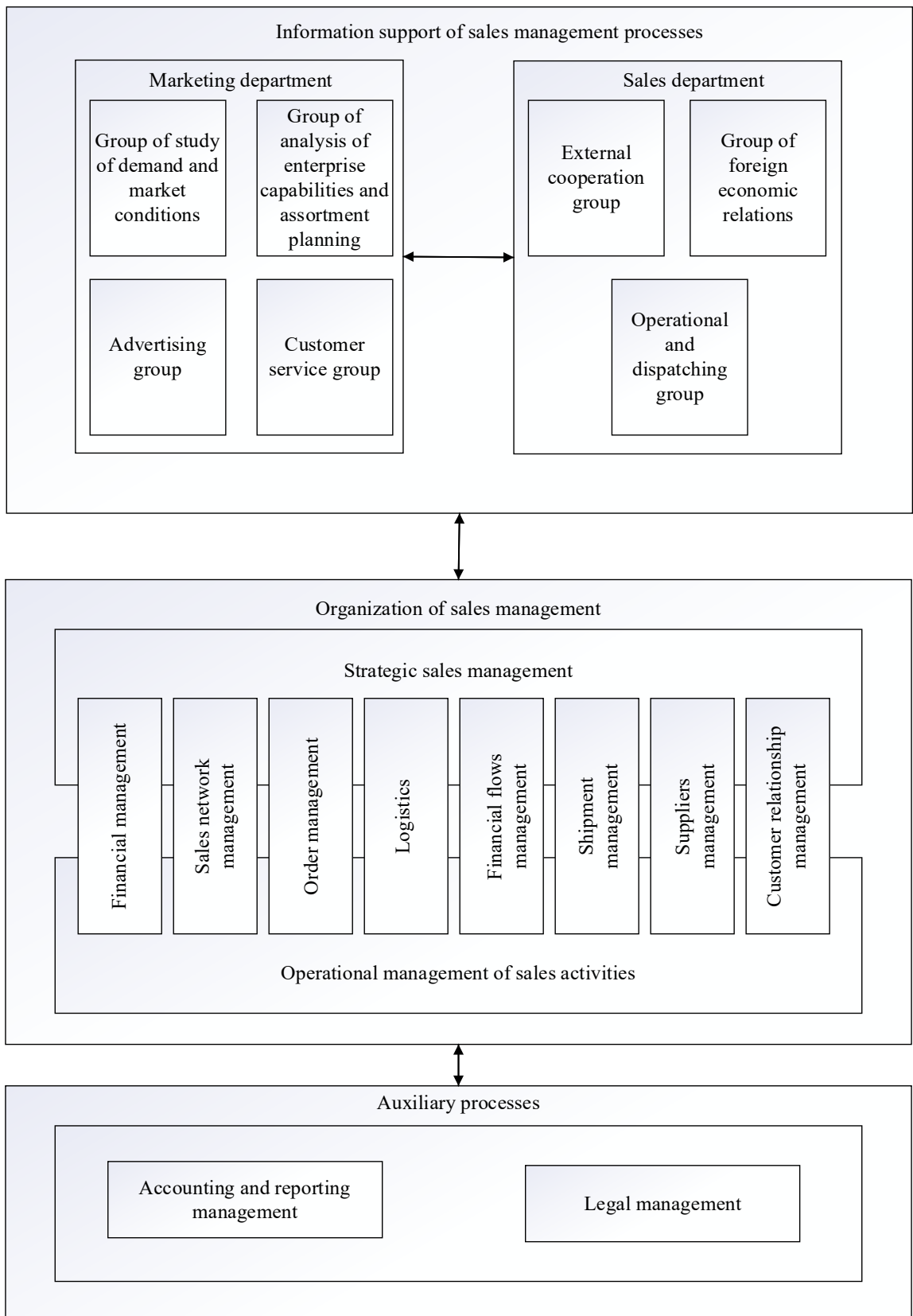


Figure 1.7 Conceptual scheme of strategic management of the main activities of a trading company

Source: [15, p. 203]

The shortcomings of the mechanism of organization of sales activities lead to undesirable deviations and imbalances in sales processes:

1. commodity disunity: lack of certainty about the overall strategy and problems of marketing the product range;
2. geographical disunity: the spread of markets, which leads to the problem of communication and motivation of sales staff;
3. intra-firm disconnection: poor interaction of the sales system with other systems of the company, which leads to late transfer of information about the market structure, demand, etc.;
4. personal disunity: lack of motivation of sales staff to develop the company's activities [18, p. 74].

These shortcomings necessitate a change in approaches to the organization of sales management. For the successful operation of the company in market conditions requires a comprehensive structural modification of the management system of marketing and sales activities, its focus on gaining and maintaining a better market share, ensuring the company's competitive advantage.

The organizational structure of the sales system depends on the volume and intensity of sales activities, the type and nature of products and other features. At its creation the following features are considered:

- division of labor and specialization of employees should be beneficial for the company;
- the organization of sales should be stable and continuous, which ensures the coordination of various sales activities performed by divisions of the firm.

The most common organizational structures of the sales system are territorial, commodity, market and complex structures.

The horizontal organization of the structure of the sales system is presented in Fig. 1.8.

Organizational functions of the company's sales system can be structured from different activities: supply, storage, sorting, establishing contacts and maintaining relationships, information support.



Figure 1.8 Sales departments and their functions

Source: [8; 9]

Graphic interpretation of the implementation of functions by structural units of the sales system is presented in Fig. 1.9.

The use of models in the organization of sales activities creates the conditions for achieving better results in logistics distribution - a set of interrelated functions

implemented in the distribution of products between consumers to meet effective demand and increase profitability.

Also note that part of the sales system is sales management. Sales management of goods and services are those topics that are discussed at a high level of company management, which indicates the important role played by sales in the formation of favorable relationships with consumers.

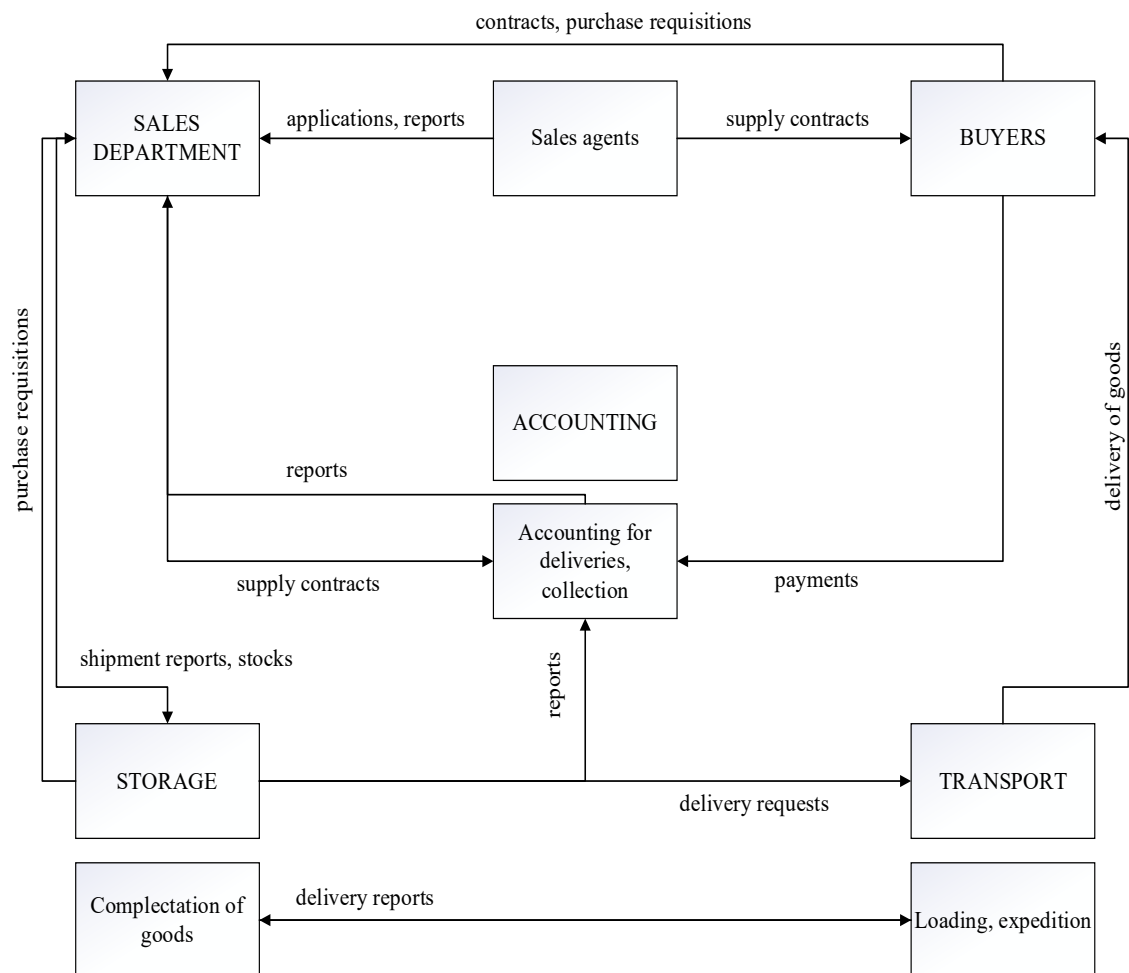


Figure 1.9 Scheme of operation of the company's sales system

Source: [3; 5]

Effective sales management methods are very important for the successful implementation of competitive and marketing strategies of the firm.

Sales management at the enterprise is paramount, and the study of opportunities to improve this activity will allow companies to increase the efficiency of their activities both by optimizing current efforts to find customers and sell products, and by

finding new sales. Sales management, in turn, is an activity aimed at analyzing, planning, organizing and controlling the sales process in order to increase profits received by the company [14, p. 216].

The main emphasis in the organization of sales is the structure of the sales department, sales process, regulatory documents, regulations, relationships with other services involved in the sales process, the quality of the product and the professional qualities of managers who interact with customers.

The organization of sales at the enterprise and in the sales department includes goal setting, organization of external and internal functions, individual plans, feedback and mutual learning.

Sales, both in terms of theory and, moreover, in terms of practice, are considered broadly and cover the full range of actions aimed at helping the customer to make a choice and make a purchase. Sales in modern practice are part of the sales system.

The content and sequence of development of the marketing program of sale of the enterprise are presented in Fig. 1.10.



Figure 1.10 The content and sequence of development of the marketing program of the enterprise

Source: [7; 33]

The essence of building a sales management system is that it is not only one of the important areas of improving business management, but also a complex socio-economic process, the purpose of which is to ensure the fullest satisfaction of consumer needs. Therefore, it is defined as a way to study and effectively meet the needs of consumers.

Finding a place for marketing in the structure of domestic enterprises was not easy. In the mid-90's, many marketing departments were created simply as a tribute to fashion.

The lack of clearly defined functions and tasks of marketing services often led to the fact that they were unclaimed by the management of enterprises and related departments.

Then there were several scenarios. In many cases, marketing departments were gradually closed (employees went without understanding why their work was needed, or management simply closed the department due to lack of practical sense in the further work of the unit).

It is also very common for marketers to become performers of many types of non-marketing work, completely losing their status in the enterprise. One such option is, for example, to transform the marketing department into a second (parallel) sales department. In practice, there were cases when the director of the company formulated the main task of marketers as “going on a business trip”. To date, only a relatively small number of companies have effective marketing departments with clearly defined functions.

The main reason for this situation, in our opinion, is that marketers and top managers still often see differently the main purpose of marketing and sales in the enterprise. Those marketers who come to the company from the student bench often present their work as strategic planning, SWOT analysis and building the BCG matrix. The director, thinking in terms of business profitability, expects a concrete result in the form of increased sales and profits, and pragmatic businessmen do not understand how the Lorenz curve and the matrix of nine fields will help them attract customers.

At the same time, marketing departments can be in demand in a regular commercial firm or in a small manufacturing company, participating in the sales management process. This is not about marketers selling something to customers. Marketing departments can promote effective sales, primarily by solving information and analytical problems [10, p. 296].

Thus, the organization of the product sales service is a key link in marketing and a kind of finishing complex in all the company's activities to create, manufacture and

bring the product to the consumer. In order to ensure maximum efficiency of sales activities, it is necessary to take a number of measures:

1. Improving the efficiency of sales activities within the company. To ensure the effectiveness of sales managers, it is necessary to take a number of measures to improve sales.

It is important to create the most effective sales structure: this is where the effective sales system begins. This structure cannot be the same for all companies. Sales patterns vary greatly depending on the industry. The choice of one or another structure can be influenced by sales channels through which the goods are delivered to the final consumer. Structures can also change as a company's strategy changes. Different structures of sales services are built in the organization of sales to key customers, in the development of direct sales or in the organization of project sales.

Increasing sales and improving the efficiency of the sales system is ensured by the implementation of basic regulations and sales instructions.

It is critical to prepare an optimal system of motivation for sales managers, focused on the goals and objectives of sales.

2. Improving the capacity of sales channels. Sales channel optimization begins with optimizing the distribution model, making a strategic decision to work with your own sales channels (for example, branches or subsidiaries) or with intermediaries - such as dealers, distributors, retailers, etc. Optimization of sales channels has a positive effect by reducing the cost of channel management. Sales through dealers or distributors are used by most companies that develop their presence in the regions. Great opportunities in the organization of the sales market open up when using the franchise network. The maximum control over the regional market is given by the branch network [19, p. 102].

3. The organization of the company's sales system is a key link in the development of clear rules and commercial conditions for all sales channels. Such a set

of rules is indispensable in the organization of markets and is called "commercial policy".

Developing the most favorable conditions for trading partners while maintaining a given level of profitability of the company's sales - the main goal of commercial policy. It helps managers to choose and establish work with the most promising customer segments for the company and monitor the implementation of the rules by members of the distribution network [18, p. 144].

1.3 Methodical approaches to assessing the effectiveness of sales activities of the enterprise

In the economic literature, scientists define efficiency as a comprehensive reflection of the final results of the use of means of production and labor (workers) for a certain period of time [4, p. 9]. Based on the traditional approach to assessing the efficiency of the enterprise and its divisions, depending on the stages of the production and marketing process, we note that the assessment of efficiency can be carried out in the following areas: study of production efficiency; analysis of the efficiency of sales activities of the enterprise; study of the effectiveness of economic activity in general.

When assessing the effectiveness of sales activities, most economists are inclined to think about determining the effectiveness of the organization and implementation of the sales process.

Dolzhans'kyy I.Z. determines that the main areas of improving the economic efficiency of modern enterprise should include:

- creation of an effective marketing service;
- improving the planning system;
- use of modern management approaches;
- investing in the production of new goods;
- use of scientific and technical achievements;
- development of complex programs to increase the efficiency of the enterprise [31, p. 142].

In the work of Mytrokhina Y.P. [40] sales efficiency is assessed on the basis of certain stages of the study, which I propose to carry out in such sequence (Table 1.3).

Table 1.3

Methodological sequence of assessing the effectiveness of sales activities of the enterprise

The name of the stage	Content
Preparatory	Compare the current situation in the sales department with the situation in the past and with similar situations
	Re-evaluate the desired and achieved results, in terms of content and performers
	Find out what needs to be done to convince the consumer to buy the product
	Classify customers according to their service requirements
	Learn how to provide services with maximum economic benefit internally and / or externally
	Reflect in the structure of sales activities the nature, size and requirements of groups of customers to whom services are provided
Operating	Organize sales activities based on workload and maximize sales time
Supervisory	Improve the recruitment process to maximize the number of high-potential employees
	Develop training programs that accurately reflect real sales challenges
	Check motivation - if necessary, conduct research and create appropriate financial and non-financial incentives
	Regularly compare performance with pre-established criteria
	Increase productivity through a better understanding of the buyer-seller relationship

	Use technological progress to increase the time of sales staff for creative activities
--	--

Source: [40]

Assessing the sales activities of the enterprise, it is necessary to determine the methods of research sales activities. Such methods can be used:

- method of comparison, which involves in the process of comparing the sales activities of the enterprise to compare data from different years (or other periods of time), the nearest competitors, market leaders;
- formal-logical method - when applied by interviewing industry experts and specialists of trade enterprises, it is possible to identify the main trends in the market, competitors, advantages and disadvantages of the enterprise;
- economic and mathematical methods that allow on the basis of the construction of mathematical models with a greater degree of probability to determine the state of the market and prospects for its development (Table 1.4).

Table 1.4

Methods of research of sales activities of the enterprise

Method name	Characteristic
Comparison method	Based on the comparison of the state of sales of the enterprise with both quantitative and qualitative characteristics of the process
Formal and logical methods	By the method of expert assessments and other methods of the theory of mass demand it is possible to analyze the sales activities of enterprises
Economic and mathematical methods	Study of sales by the method of general mathematical methods of calculation of economic indicators and methods of mathematical modeling

Source: [43; 51]

When assessing the efficiency of sales of products of particular importance are indicators of overall efficiency of the enterprise, the group of evaluation parameters should include: sales, revenue and profit, cost dynamics, range structure and dynamics of pricing policy of the enterprise, advertising costs and more.

In order to adapt foreign experience in determining the effectiveness of sales to the requirements of national marketing, we propose the following conceptual approaches to assessing the economic efficiency of sales activities:

1. Sales activities of the enterprise - the final stage of the production process, the effectiveness of which should be determined based on the general indicators of economic activity of the enterprise.
2. The efficiency of sales, as well as any other activity of the enterprise, is determined by comparing the obtained economic result with the cost of achieving it and the resources used.
3. The effectiveness of sales activities of the enterprise should be considered through the effectiveness of the enterprise's use of marketing tools, the components of which affect the final result of economic activity [23, p. 201].

The relationship between the proposed indicators and their economic essence are shown in Figure 1.11.

The calculation of the overall efficiency (productivity) of sales activities of the enterprise is methodologically related, first of all, to the definition of criteria and the formation of an appropriate system of indicators. Adhering to the resource approach, in determining the efficiency of sales activities, calculations are made to determine the efficiency of the applied resources of the enterprise.

When estimating sales when applying the cost approach, only the costs of the enterprise for sales activities are taken into account. When analyzing the effectiveness of sales activities, it is necessary to calculate not only the main indicators that will assess the effect of sales, but also other indicators that do not reflect the effect of the enterprise, but also no less important in assessing the enterprise.

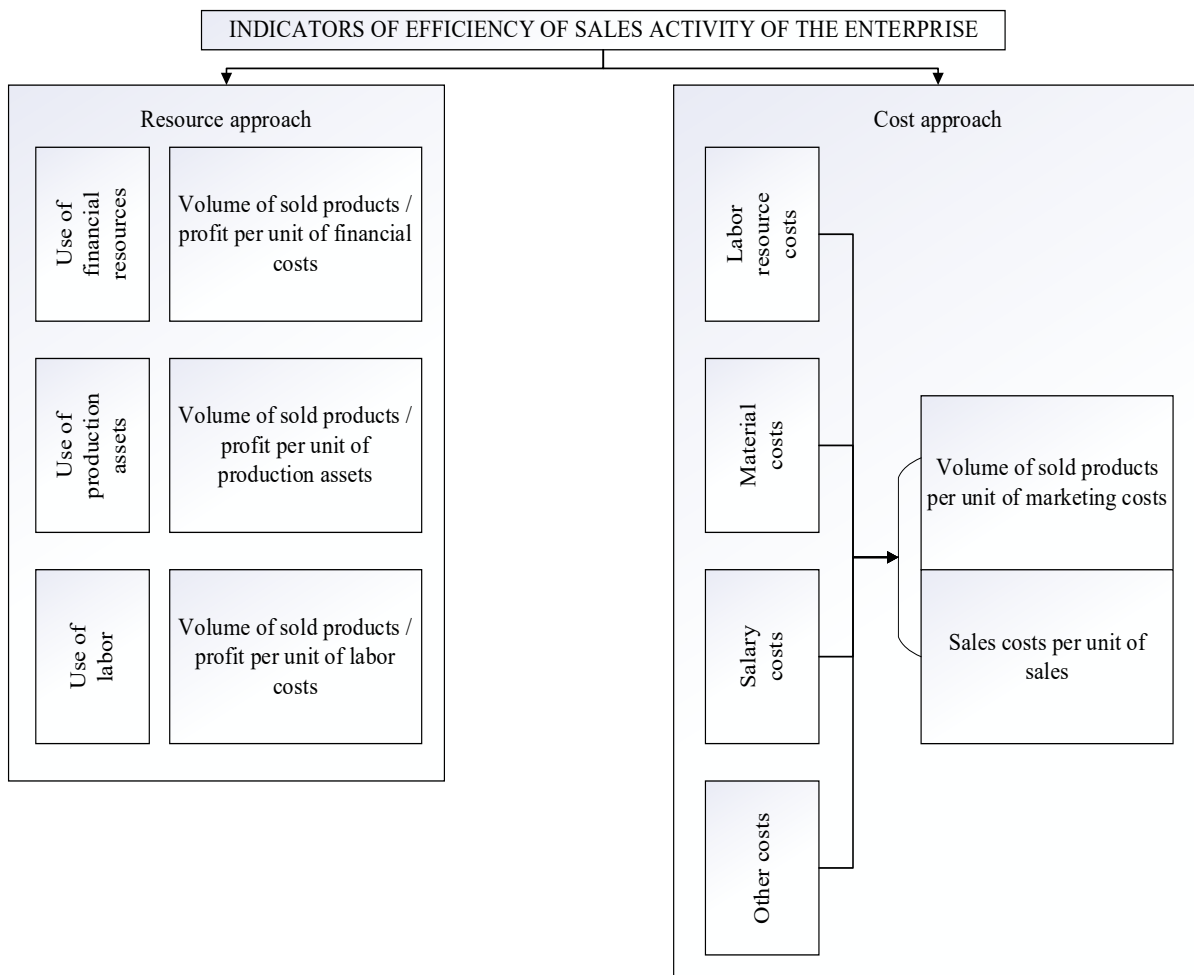


Figure 1.11 - Indicators for assessing the effectiveness of sales activities of the enterprise by different methodological approaches

Source: [11, p. 13]

Therefore, this group of indicators should include indicators that will help assess the effectiveness of this activity in the dynamics. These indicators, in our opinion, also characterize the efficiency of sales activities of the enterprise. Based on the experience and positions on this issue of such scientists as Sakun A.Z. and Moroz O.V. [42; 51] and in accordance with our own research, we consider the analysis and evaluation of the development of these indicators an important element in assessing the effectiveness of sales.

Thus, the indicators used in assessing the efficiency of sales activities of the enterprise can be divided into the following groups: indicators of economic effect and indicators that indirectly characterize the efficiency of sales (Fig. 1.12).

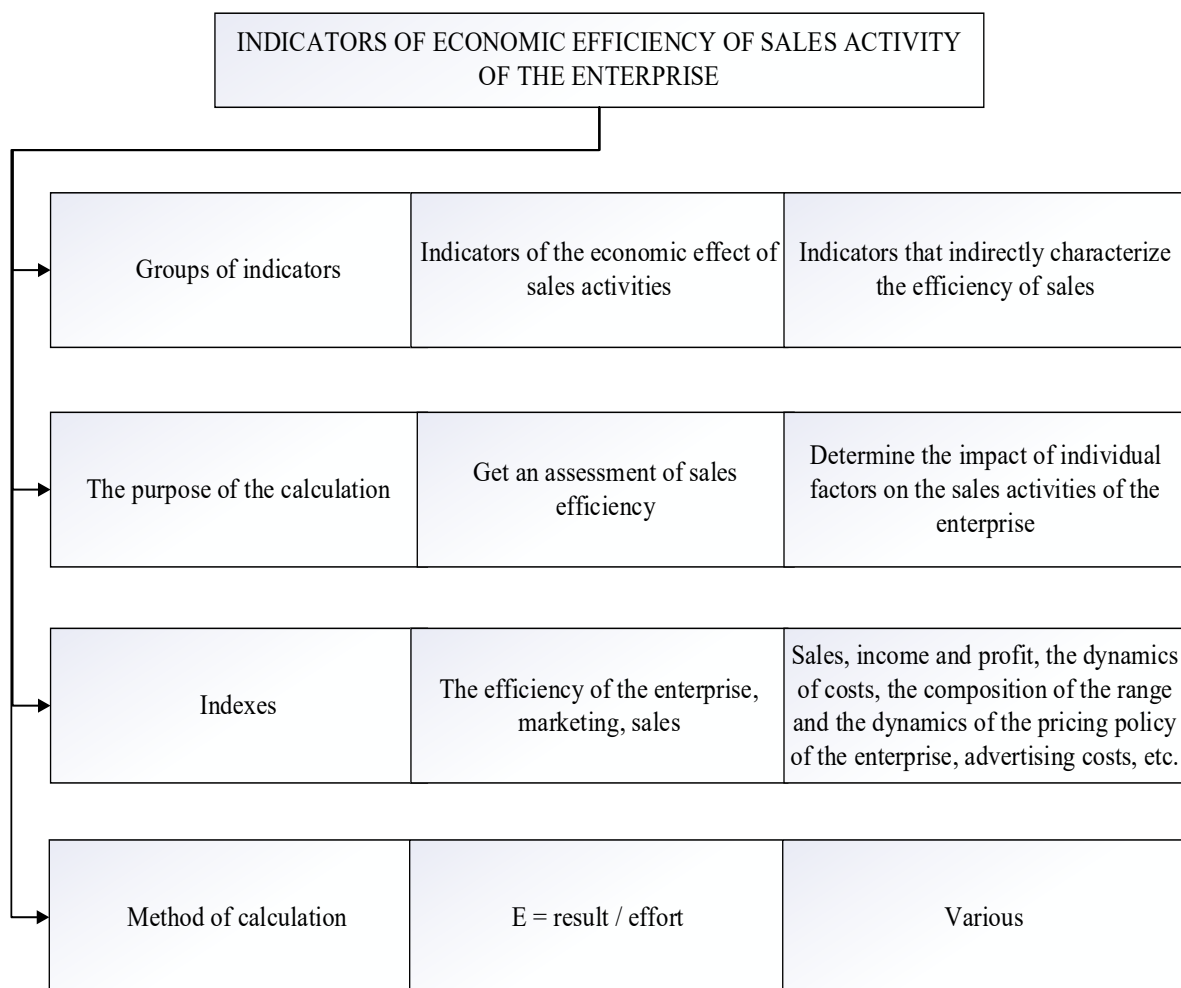


Figure 1.12 - Methodological essence of calculating the indicators of economic efficiency of sales activities of enterprises

Source: [42; 51]

Based on the above indicators, we propose the following sequence of calculating the efficiency of sales activities of the enterprise, which, incidentally, involves the calculation of both basic and indirect indicators. The calculation involves two stages: the first stage involves the calculation of the main indicators of efficiency of sales activities of the enterprise.

1. Calculation of indicators of the general estimation of efficiency of economic activity of the enterprise. This group includes the assessment of the overall results of management, the degree of use of material and technical and labor resources (labor), the return on long-term capital investment and the level of current costs for production and sales (services).

2. Calculation of a comprehensive indicator of the effectiveness of the marketing components of the enterprise. At the same time, at the first stage of calculating the effectiveness of the marketing system, it is advisable to conduct research in the direction from the overall assessment of the effectiveness of the enterprise - to determine the degree of influence of individual factors of the marketing environment. At the second stage in the formation of a system of indicators of production efficiency and sales, production, economic and marketing activities of the enterprise, it is desirable to adhere to the following principles: ensuring the relationship of criteria and a system of specific indicators of production efficiency; reflection of the efficiency of use of all types of resources used in production; the importance of using efficiency indicators in the management of various stages of production at the enterprise; performance of the most important indicators of the stimulating function in the process of using the existing reserves to increase the efficiency of production, a particular activity of enterprises [39, p. 217].

Therefore, when studying the issue of efficiency of production and marketing activities of the enterprise it is necessary to comprehensively take into account the marketing aspects of the enterprise. Determining the level of efficiency of enterprise management is characterized by a significant number of methodological approaches and provokes active discussion among scientists and practitioners, so it is important to assess the effectiveness of the management process of sales activities of the enterprise.

PART 2. RESEARCH OF FEATURES AND EFFICIENCY OF SALES ACTIVITY OF PJSC “LVIV CONFECTIONERY “SVIToch”

2.1 Economic and legal principles of operation of PJSC “Lviv Confectionery “Svitoch” and its general characteristic

PJSC “Lviv Confectionery “Svitoch” is an enterprise that produces confectionery, formed in 1962 by merging the Chortkiv confectionery, “Bolshevik” confectionery and Kirov confectionery.

Legal address: st. Tkats'ka, 10, Lviv, Lviv region, 79019.

In 1998, the Svitoch factory became part of Nestle S.A.

Types of activities:

- production of rusks and biscuits; production of flour confectionery, cakes and pastries for long storage;
- production of cocoa, chocolate and sugar confectionery;
- production of tea and coffee.

Branch: Agriculture; food and processing industry.

The legal status of the enterprise is a public joint-stock company.

Form of ownership - private.

The management system of PJSC “Lviv Confectionery Factory “Svitoch” provides four main functions for implementation (Fig. 2.1). Let's analyze how these functions are implemented in PJSC “Lviv Confectionery “Svitoch”.

Planning

Planning the activities of PJSC “Lviv Confectionery “Svitoch” is the only way to predict its future problems and opportunities.

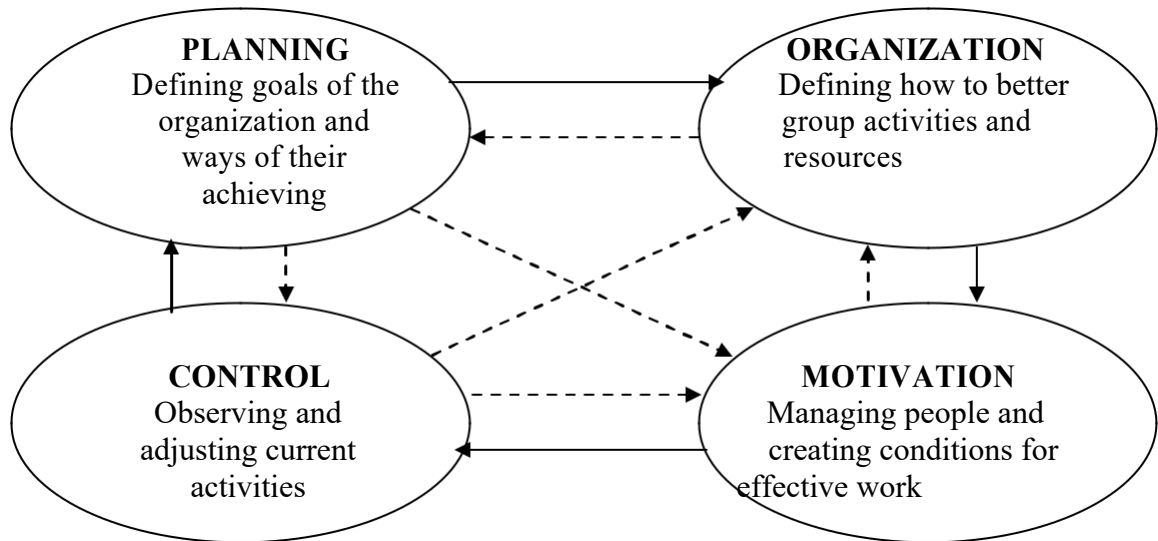


Fig. 2.1 The main functions of the management system of PJSC “Lviv Confectionery “Svitoch”

Source: compiled by the author

It provides senior management with a means of creating a long-term plan. Planning also provides a basis for making certain decisions. Knowledge of the goals and mission of the enterprise helps to develop the most acceptable ways of action. Planning, because it serves to formulate goals, helps to create the unity of the overall goal within the organization. There are four main types of management activities within the strategic planning process of PJSC “Lviv Confectionery “Svitoch”:

- allocation of resources;
- adaptation to the external environment;
- internal coordination;
- organizational strategic foresight.

Organization

The formation of the organizational and economic mechanism of management begins with the development of organizational and production structure. The main component of the management organization is the organizational structure of the enterprise. Note that the organizational structure of the enterprise is linear (Fig. 2.2).

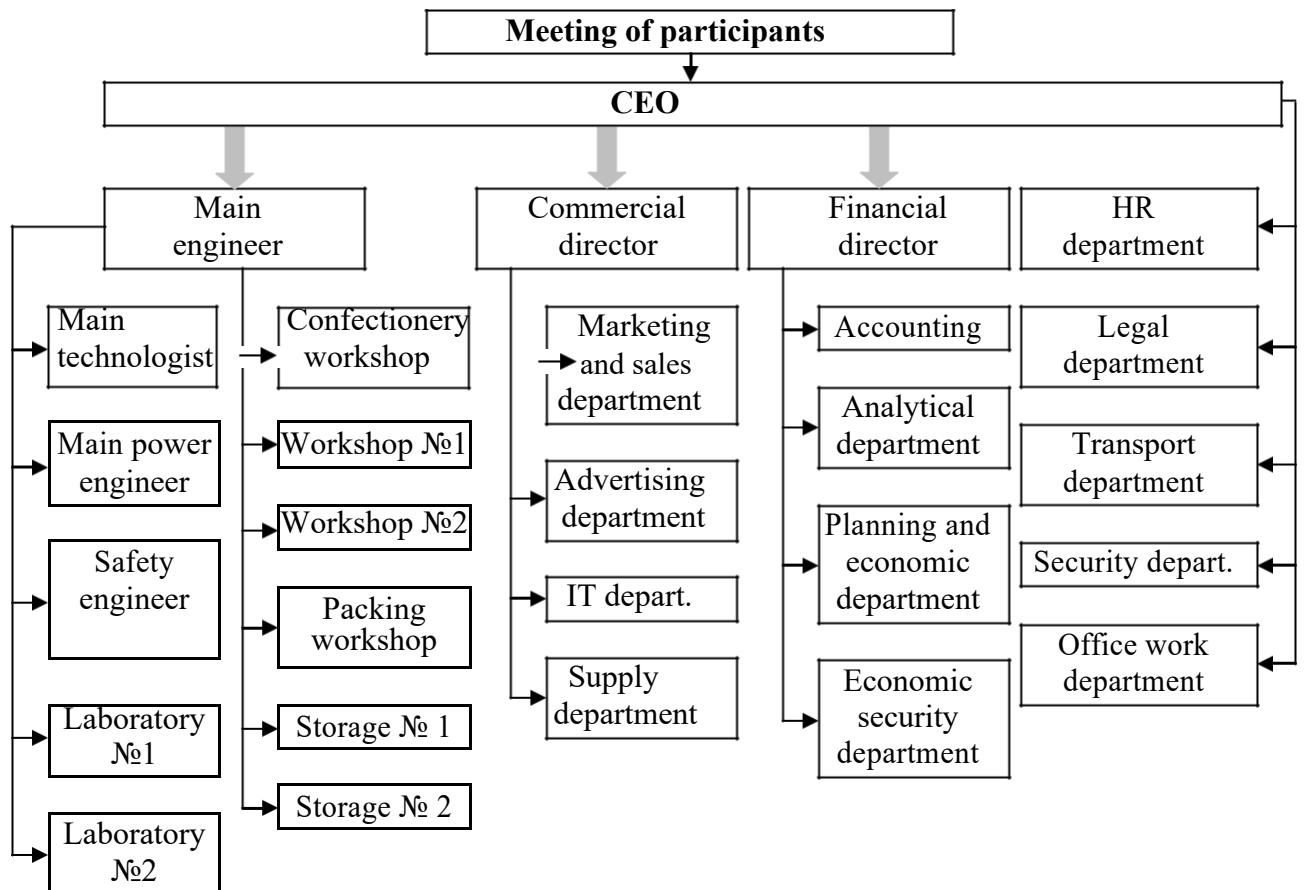


Fig. 2.2 Organizational structure of PJSC “Lviv Confectionery “Svitoch”

Source: compiled by the author

This organizational structure for PJSC “Lviv Confectionery “Svitoch” is optimal because it provides for the distribution of powers according to different areas of work and provides for the accumulation of general information and results of the enterprise from the manager who decides on promising areas of work and key issues.

Motivation

In order to increase the profitability of PJSC “Lviv Confectionery “Svitoch”, constant stimulation and motivation of work at the enterprise is used. This is done through material benefits, promotion, public recognition of the achievements of the employee or the provision of additional social benefits (Fig. 2.3).

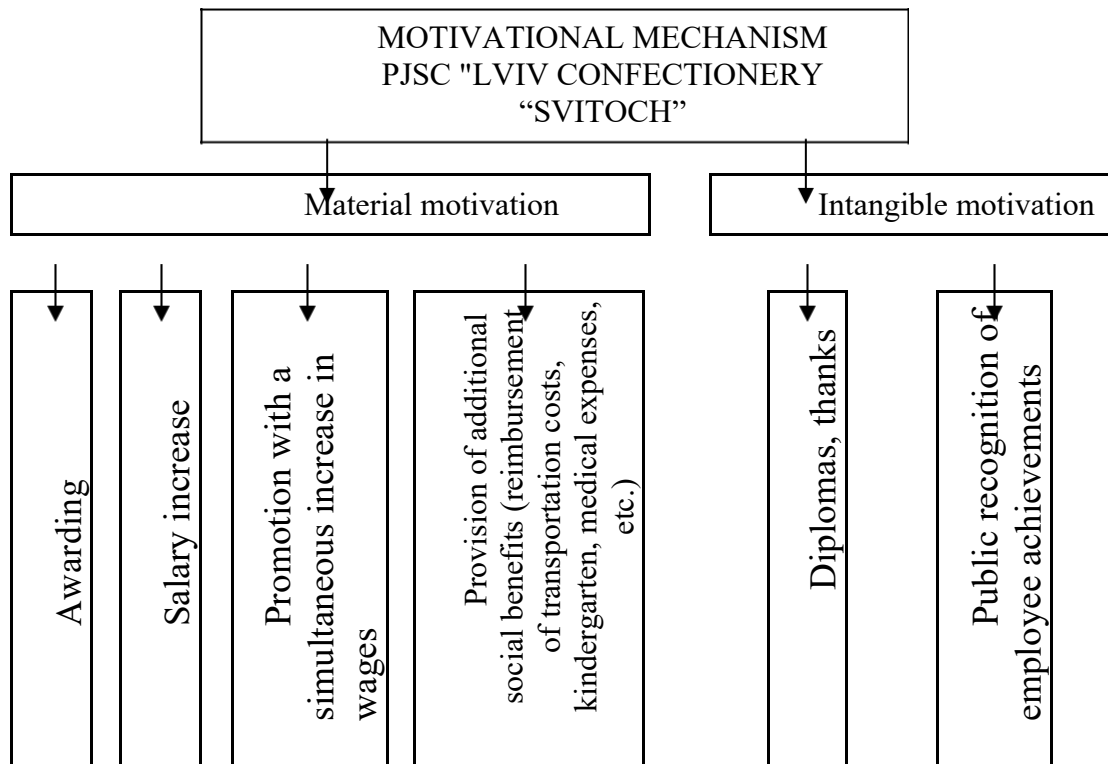


Fig. 2.3 The system of motivation of employees of PJSC “Lviv Confectionery “Svitoch”

Source: compiled by the author

PJSC “Lviv Confectionery “Svitoch” implements the following methods of material incentives for employees:

- bonuses for high performance over a period of time;
- awarding employees for professional holidays (in % to the salary in accordance with the length of service in PJSC “Lviv Confectionery Factory “Svitoch”);
- bonuses for personal holidays (anniversaries) (in % to the salary in accordance with the length of service in PJSC “Lviv Confectionery “Svitoch”).

Additional payments are made based on the goals set in the program of incentives and motivation. Employees are rewarded on a monthly basis. This is provided for in the Regulation "On Remuneration", the Regulation "On Bonuses" and the Collective Agreement of the enterprise. The amount of premiums is set based on the overall results of financial and economic activities of the enterprise and the results of work.

The Regulation “On remuneration of employees of PJSC “Lviv Confectionery “Svitoch” provides bonuses:

1. When the enterprise achieves the planned monthly indicators, the monthly bonus of employees is set in% to the salary provided by the staff list of the enterprise;
2. If the indicators of production and sales are less than planned, bonuses for employees for the calculation period is not carried out;
3. When the actual indicators of production and sales exceed the planned by more than 20%, additional bonuses are paid to employees.

Control

Internal control in PJSC “Lviv Confectionery “Svitoch” is one of the most important elements of management and provides information to all levels of management. For a positive and effective solution to the problem at the enterprise distinguish between internal control depending on the subjects of its implementation (Fig. 2.4).

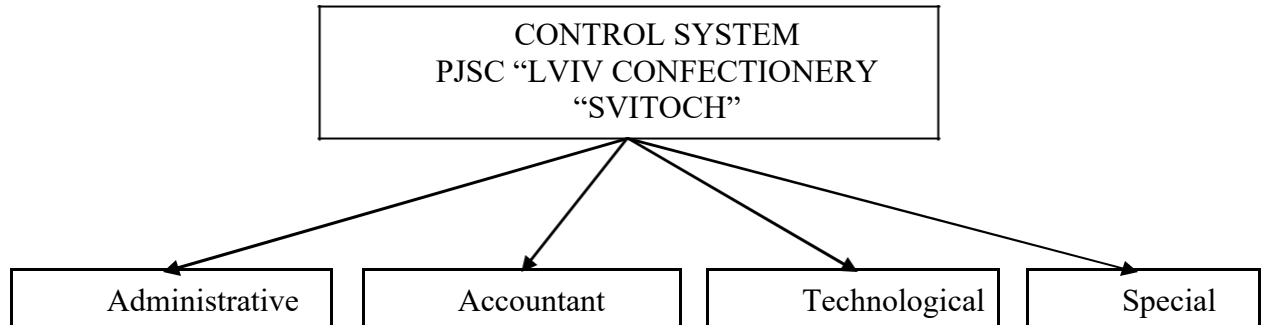


Fig. 2.4 Control system of PJSC “Lviv confectionery factory “Svitoch”

Source: compiled by the author

Volumes of production and sales in accordance with the main product groups are given in Table 2.1.

Table 2.1

Indicators of production and sales of PJSC “Lviv Confectionery “Svitoch”
in 2015-2019, thousand UAH

Indicators	Years				
	2015	2016	2017	2018	2019
Production volume of products, total, including:	978530	1352504	2317817	2274432	2300233
- flour confectionery	169990	218568	337475	383184	464668
- chocolate confectionery	403517	528782	615326	579263	620990
- coffee	405023	605154	1365016	1311985	1214575
Sales volume of products, total, in including:	978442	1352504	2317817	2274207	2300233
- flour confectionery	169902	218568	337475	383184	464668
- chocolate confectionery	403517	528782	615326	579201	620990
- coffee	405023	605154	1365016	1311822	1214575
Remains of finished products	88,2	0	0	225	0
- flour confectionery	88,2	0	0	0	0
- chocolate confectionery	0	0	0	62	0
- coffee	0	0	0	163	0

Indicators	Deviation							
	absolute, thousand UAH				growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Production volume of products, total, including:	373974	965313	-43385	25801	38,2	71,4	-1,9	1,1
- flour confectionery	48577,8	118907	45709	81484	28,6	54,4	13,5	21,3
- chocolate confectionery	125265	86544	-36063	41727	31,0	16,4	-5,9	7,2
- coffee	200131	759862	-53031	-97410	49,4	125,6	-3,9	-7,4
Sales volume of products, total, in including:	374062	965313	-43610	26026	38,2	71,4	-1,9	1,1
- flour confectionery	48666	118907	45709	81484	28,6	54,4	13,5	21,3
- chocolate confectionery	125265	86544	-36125	41789	31,0	16,4	-5,9	7,2
- coffee	200131	759862	-53194	-97247	49,4	125,6	-3,9	-7,4
Remains of finished products	-88,2	0	225	-225	-100,0	x	x	-100,0
- flour confectionery	-88,2	0	0	0	-100,0	x	x	x
- chocolate confectionery	0	0	62	-62	x	x	x	-100,0
- coffee	0	0	163	-163	x	x	x	-100,0

Source: compiled by the author according to the internal reporting of the enterprise

As we can see, coffee has the largest share in the structure of production and sales (Fig. 2.5).

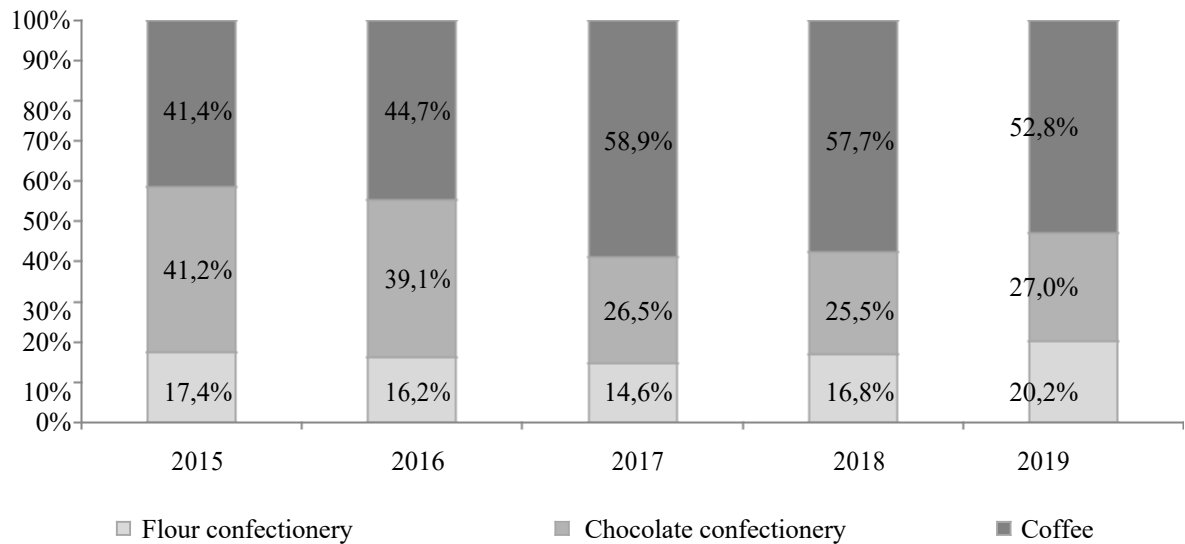


Figure 2.5 The structure of production of PJSC “Lviv Confectionery “Svitoch” in 2015-2019 in terms of product groups, %

Source: compiled by the author according to the internal reporting of the enterprise

However, it should be noted that in 2018-2019 the share of coffee in the structure of production decreased, while the share of chocolate confectionery (in 2019 - by 1.5 percentage points) and flour confectionery (in 2018-2019, respectively) increased by 2.2 and 3.4).

In order to analyze the financial results of the enterprise, let's build the Table 2.2.

From the table we see that the net income from sales of the company's products increased in 2016-2017 and 2019, and the cost of goods sold increased during the study period. The value of gross profit in 2018-2019 decreased, which was due to the fact that the cost of goods sold grew faster than the growth rate of net income from sales.

Table 2.2

Dynamics of financial results of economic activity of PJSC “Lviv confectionery factory “Svitoch” in 2015-2019, thousand UAH

Indicators	Years				
	2015	2016	2017	2018	2019
Net income from product sales (goods, works, services)	978530	1352505	2317817	2274432	2300601
The cost of goods sold (goods, works, services)	910920	1252278	1877041	1941288	2098994
Gross profit	67610	100227	440776	333144	201807
Other operating income	6779	37580	103214	37429	27029
Administrative expenses	13201	13576	19255	24787	30215
Selling expenses	2290	2609	2457	2828	3828
Other operating expenses	16452	106485	169524	40435	39539
Financial result from operating activities	42446	15137	352754	302523	155054
Other financial income	9	262	637	213	99
Other income	8368	1	1870	319	0
Financial expenses	28	875	1159	0	1900
Other expenses	14451	14498	23118	16959	20226
Financial result before tax	36344	27	330984	286096	133027
Income tax expenses	8268	5	59577	51497	23945
Net financial result	28076	22	271407	234599	109082

Continuation of Table 2.2

Indicators	Deviation							
	absolute, thousand UAH				growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Net income from product sales (goods, works, services)	373975	965312	-43385	26169	38,2	71,4	-1,9	1,2
The cost of goods sold (goods, works, services)	341358	624763	64247	157706	37,5	49,9	3,4	8,1
Gross profit	32617	340549	-107632	-131537	48,2	339,8	-24,4	-39,5
Other operating income	30801	65634	-65785	-10400	454,4	174,7	-63,7	-27,8
Administrative expenses	375	5679	5532	5428	2,8	41,8	28,7	21,9
Selling expenses	319	-152	371	1000	13,9	-5,8	15,1	35,4
Other operating expenses	90033	63039	-129089	-896	547,2	59,2	-76,1	-2,2
Financial result from operating activities	-27309	337617	-50231	-147469	-64,3	2230,4	-14,2	-48,7
Other financial income	253	375	-424	-114	2811,1	143,1	-66,6	-53,5
Other income	-8367	1869	-1551	-319	-100,0	186900	-82,9	-100,0
Financial expenses	847	284	-1159	1900	3025,0	32,5	-100,0	100,0
Other expenses	47	8620	-6159	3267	0,3	59,5	-26,6	19,3
Financial result before tax	-36317	330957	-44888	-153069	-99,9	1225766,7	-13,6	-53,5
Income tax expenses	-8263	59572	-8080	-27552	-99,9	1191440	-13,6	-53,5
Net financial result	-28054	271385	-36808	-125517	-99,9	1233568,2	-13,6	-53,5

Source: compiled by the author according to the financial statements of the enterprise

The financial result from operating activities, as well as before taxation was positive and increased in 2016, and in 2018-2019 its value decreased, which led to a decrease in the amount of net profit in 2016 and 2018-2019.

The strategic goals of PJSC “Lviv Confectionery “Svitoch” are as follows:

- continue to expand the production of basic products in parallel with the intensification of production;
- introduce its own technology and organization of production of certain types of new confectionery products;
- provide all structural subdivisions with the optimal amount of necessary machinery and equipment;
- create strategic logistics facilities;
- form a powerful transport sector (to meet their own needs, as well as to develop the logistics system).

Planned:

- by the end of 2020 to increase the production of basic products by 5% and continue to expand;
- by the end of 2020 to rent new premises for a long time (10-15 years) to expand production
- to optimize the range of products in accordance with the indicators of their sales, as well as the magnitude of demand;
- in the second phase of investment - to focus on coffee production as the main product, expand the range.

2.2 Analysis of the economic condition of PJSC “Lviv Confectionery “Svitoch”

Examining the property status of the enterprise, we build tables 2.3 and 2.4 (listed below).

According to the results, the assets and liabilities of the company increased in 2016-2019. The growth of the company's assets was due to an increase in:

- value of non-current assets (in 2016 and 2018);
- current assets (in 2016-2019).

The increase in the value of non-current assets was due to the increase in the value of intangible assets, fixed assets and deferred tax assets. The increase in current assets was positively affected by the growth in the value of inventories (in 2016-2018), receivables for goods, works and services (in 2017-2019), receivables for payments on advances issued (in 2016 and 2018)), with the budget (in 2017-2018), as well as other current receivables (in 2016-2017), money and their equivalents (in 2016-2017 and 2019), prepaid expenses (in 2016 and 2018-2019) and other current assets (in 2017-2019).

Table 2.3

**Analysis of assets of PJSC “Lviv confectionery factory “Svitoch” in 2015-2019,
thousand UAH**

Indicators	Years				
	2015	2016	2017	2018	2019
ASSETS	499988	565374	1063463	1267163	1274899
<i>1. Non-current assets</i>	<i>299187</i>	<i>299519</i>	<i>293567</i>	<i>406871</i>	<i>391927</i>
Intangible assets	17	1157	0	2	1
Incomplete capital investments	30414	25299	62051	61581	48525
Fixed assets	268683	269101	226857	339587	337719
Deferred tax assets	73	3962	4659	5701	5682
<i>2. Current assets</i>	<i>200801</i>	<i>265855</i>	<i>769896</i>	<i>860292</i>	<i>882972</i>
Reserves	81435	138495	225321	243435	228103
Accounts receivable for products, goods, works, services	102572	58050	478879	558877	605726
Accounts receivable according to calculations:	—	—	—	—	—
on issued advances	8912	18607	9364	11287	2065
with a budget	2554	1865	3264	29679	368
Other current receivables	150	683	713	565	324
Money and their equivalents	4996	48120	51372	11367	38160
Deferred expenses	20	35	19	26	690
Other current assets	162	0	964	5056	7536

Continuation of Table 2.3

Indicators	Deviation							
	absolute, thousand UAH				growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
ASSETS	65386	498089	203700	7736	13,1	88,1	19,2	0,6
1. Non-current assets	332	-5952	113304	-14944	0,1	-2,0	38,6	-3,7
Intangible assets	1140	-1157	2	-1	6705,9	-100,0	100,0	-50,0
Incomplete capital investments	-5115	36752	-470	-13056	-16,8	145,3	-0,8	-21,2
Fixed assets	418	-42244	112730	-1868	0,2	-15,7	49,7	-0,6
Deferred tax assets	3889	697	1042	-19	5327,4	17,6	22,4	-0,3
2. Current assets	65054	504041	90396	22680	32,4	189,6	11,7	2,6
Reserves	57060	86826	18114	-15332	70,1	62,7	8,0	-6,3
Accounts receivable for products, goods, works, services	-44522	420829	79998	46849	-43,4	724,9	16,7	8,4
Accounts receivable according to calculations:	—	—	—	—	—	—	—	—
on issued advances	9695	-9243	1923	-9222	108,8	-49,7	20,5	-81,7
with a budget	-689	1399	26415	-29311	-27,0	75,0	809,3	-98,8
Other current receivables	533	30	-148	-241	355,3	4,4	-20,8	-42,7
Money and their equivalents	43124	3252	-40005	26793	863,2	6,8	-77,9	235,7
Deferred expenses	15	-16	7	664	75,0	-45,7	36,8	2553,8
Other current assets	-162	964	4092	2480	-100,0	100,0	424,5	49,1

Source: compiled by the author according to the financial statements of the enterprise

In the structure of assets, the largest share belonged to non-current assets (in 2015-2016) and current assets (in 2017-2019) (Fig. 2.6).

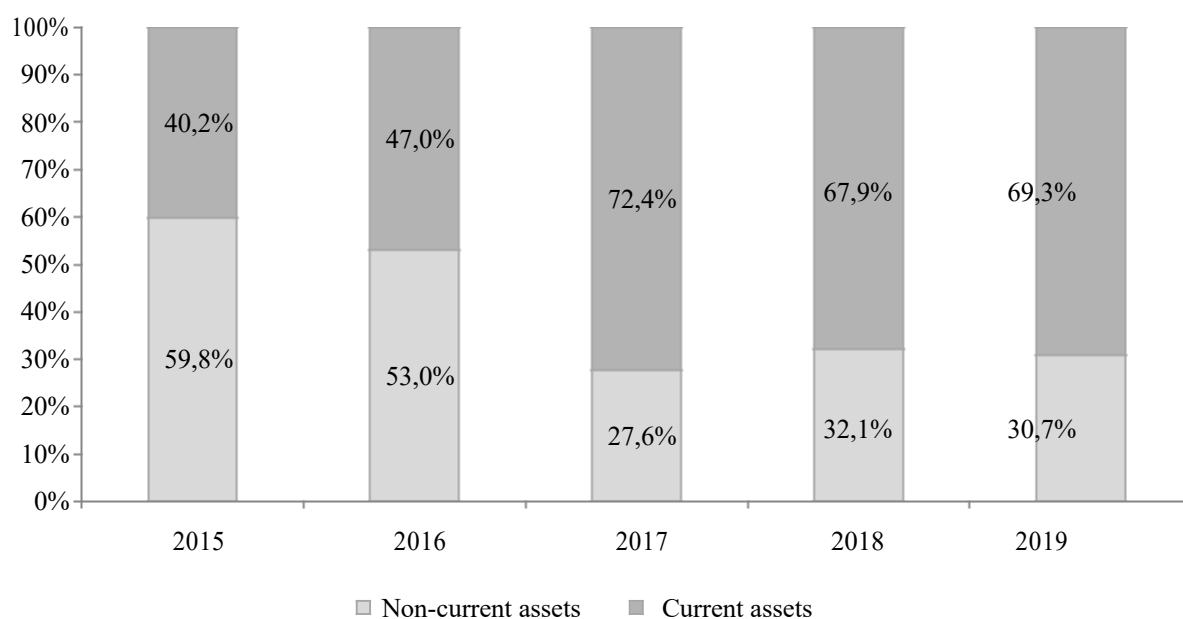


Figure 2.6 - Structure of assets of PJSC "Lviv Confectionery Factory "Svitoch" in 2015-2019, %

Source: compiled by the author according to the financial statements of the enterprise

Table 2.4

**Analysis of liabilities of PJSC "Lviv Confectionery" Svitoch "in 2015-2019,
thousand UAH**

Indicators	Years				
	2015	2016	2017	2018	2019
LIABILITIES	499988	565374	1063463	1267163	1274899
<i>1. Equity</i>	<i>396623</i>	<i>396645</i>	<i>667411</i>	<i>901221</i>	<i>1020442</i>
Registered (share) capital	88111	88111	88111	88111	88111
Additional capital	31140	31140	31140	31140	31140
Undivided profit (uncovered loss)	277372	277394	548160	781970	901191
<i>2. Long-term liabilities and provision</i>	<i>0</i>	<i>29339</i>	<i>182008</i>	<i>1855</i>	<i>1757</i>
Long-term bank credits	0	29339	182000	0	0
Long-term provision	0	0	8	1855	1757
<i>3. Current liabilities and provision</i>	<i>103365</i>	<i>139390</i>	<i>214044</i>	<i>364087</i>	<i>252700</i>
Current accounts payable:	—	—	—	—	—
for goods, works, services	100896	137457	147701	360810	235722
according to calculations with the budget	733	26	66261	71	14222
according to payroll calculations	122	187	78	0	0
on received advances	0	10	2	8	18
Current supplies	1602	0	0	0	0
Other current obligations	12	1710	2	3198	2738

Continuation of Table 2.4

Indicators	Deviation							
	absolute, thousand UAH				growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
LIABILITIES	65386	498089	203700	7736	13,1	88,1	19,2	0,6
<i>1. Equity</i>	22	270766	233810	119221	0,0	68,3	35,0	13,2
Registered (share) capital	0	0	0	0	0,0	0,0	0,0	0,0
Additional capital	0	0	0	0	0,0	0,0	0,0	0,0
Undivided profit (uncovered loss)	22	270766	233810	119221	0,0	97,6	42,7	15,2
<i>2. Long-term liabilities and provision</i>	29339	152669	-180153	-98	100,0	520,4	-99,0	-5,3
Long-term bank credits	29339	152661	-182000	0	100,0	520,3	-100,0	0
Long-term provision	0	8	1847	-98	0	100,0	23087,5	-5,3
<i>3. Current liabilities and provision</i>	36025	74654	150043	-111387	34,9	53,6	70,1	-30,6
Current accounts payable:	—	—	—	—	—	—	—	—
for goods, works, services	36561	10244	213109	-125088	36,2	7,5	144,3	-34,7
according to calculations with the budget	-707	66235	-66190	14151	-96,5	254750	-99,9	19931
according to payroll calculations	65	-109	-78	0	53,3	-58,3	-100,0	0
on received advances	10	-8	6	10	100,0	-80,0	300,0	125,0
Current supplies	-1602	0	0	0	-100,0	0	0	0
Other current obligations	1698	-1708	3196	-460	14150	-99,9	159800	-14,4

Source: compiled by the author according to the financial statements of the enterprise

The increase in liabilities was due to an increase in the value of:

- equity (in 2016-2019);
- long-term liabilities and collateral (in 2016-2017);
- current liabilities and collateral (in 2016-2018).

In the structure of liabilities, the largest share fell on equity (Fig. 2.7).

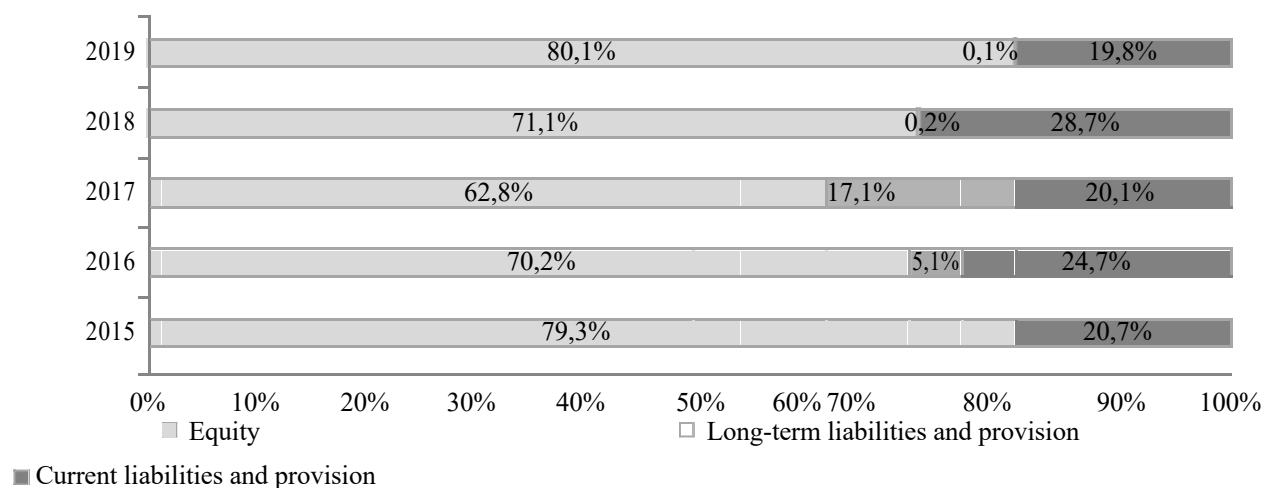


Figure 2.7 - The structure of liabilities of PJSC “Lviv Confectionery “Svitoch” in 2015-2019, %

Source: compiled by author according to the financial statements of the enterprise

Next, let’s analyze indicators of the state and efficiency of the use of enterprise assets (Table 2.5).

Table 2.5

Analysis of indicators of the state and efficiency of use of assets of PJSC “Lviv Confectionery “Svitoch” in 2015-2019

Indicators	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Recovery rate	0,03	0,02	0,25	0,15	0,13	-0,01	0,23	-0,1	-0,02
Disposal rate	0,03	0,10	0,02	0,15	0,11	0,07	-0,08	0,13	-0,04
Wear ratio	0,45	0,48	0,55	0,48	0,50	0,03	0,07	-0,07	0,02
Return on assets	3,60	5,03	9,35	8,03	6,79	1,43	4,32	-1,32	-1,24
Capital intensity	0,28	0,20	0,11	0,12	0,15	-0,08	-0,09	0,02	0,02
Capital armament	591,49	573,33	539,08	642,23	701,14	-18,16	-34,25	103,14	58,92
Working capital turnover ratio	5,45	5,80	4,48	2,79	2,64	0,35	-1,32	-1,69	-0,15
Duration of one turnover of working capital	66,07	62,11	80,44	129,01	136,39	-3,96	18,33	48,58	7,38

Source: compiled by the author according to the financial statements of the enterprise

From the table we see that the rate of recovery of fixed assets of the enterprise increased only in 2017, and its value was small for the full recovery of fixed assets and increase the efficiency of the production process. Accordingly, the disposal rate increased in 2016 and 2018, and the depreciation rate - in 2016-2017 and 2019. This indicates insufficient renewal of fixed assets.

It should also be noted that the return on fixed assets increased in 2016-2017, but the negative is a decrease in its value in 2018-2019, which indicates a decrease in net income per unit of value of fixed assets - this trend is confirmed by growth the value of capital intensity in 2018-2019. However, a positive increase in the capital of labor at the enterprise in 2018-2019.

We also note that the turnover ratio of working capital decreased in 2017-2019, as the duration of 1 of their turnover increased, which is a negative point in terms of efficiency of use of fixed assets.

Next, we analyze the staffing of the enterprise (Table 2.6).

Table 2.6

Number, dynamics and structure of labor resources of PJSC “Lviv confectionery factory “Svitoch” by personnel categories

Indicators	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
1	2	3	4	5	6	7	8	9	10
<i>Absolute indicators, persons</i>									
Average number of personnel, including:	778	795	779	748	818	17	-16	-31	70
- administrative personnel	81	84	78	72	85	3	-6	-6	13
- specialists	197	199	199	198	205	2	0	-1	7
- production staff	459	469	460	441	483	10	-9	-19	42
- support personnel	41	43	42	37	45	2	-1	-5	8
<i>Structure of personnel, %</i>									
Average number of personnel, including:	100	100	100	100	100	x	x	x	x

1	2	3	4	5	6	7	8	9	10
- administrative personnel	10	11	10	10	10	0	-1	0	1
- specialists	25	25	26	26	25	0	1	1	-1
- production personnel	59	59	59	59	59	0	0	0	0
- support personnel	5	5	5	5	6	0	0	0	1

Source: calculated by the author according to the statistical reporting of the enterprise

The table shows that the decrease in the average number of staff in 2017 was due to a decrease in the number of administrative staff, production and support. In 2018, the dynamics to decrease is due to a decrease in the number of employees of all categories, and the growth in 2019 was influenced by the increase in the number of employees of all categories.

In the personnel structure, the largest share belonged to production staff, and the smallest - to auxiliary. Indicators of staff movement are given in table 2.7.

Table 2.7

**Movement of personnel of PJSC “Lviv Confectionery Factory “Svitoch”
in 2015-2019**

Indicators	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Average number of employees, persons	778	795	779	748	818	17	-16	-31	70
Admitted	44	51	64	92	81	7	13	28	-11
Retired, including:	27	67	95	22	23	40	28	-73	1
<i>voluntarily</i>	24	62	87	21	23	38	25	-66	2
<i>for violation of discipline</i>	1	2	4	0	0	1	2	-4	0
<i>for reduction of personnel</i>	0	0	0	0	0	0	0	0	0
<i>for other reasons</i>	2	3	4	1	0	1	1	-3	-1
Personnel turnover ratio for dismissal	3,47	8,43	12,20	2,94	2,81	4,96	3,77	-9,25	-0,13
Personnel turnover ratio on admission	5,66	6,42	8,22	12,30	9,90	0,76	1,80	4,08	-2,40

Total turnover ratio	9,13	14,84	20,41	15,24	12,71	5,72	5,57	-5,17	-2,53
Yield ratio	3,08	7,80	11,17	2,81	2,81	4,71	3,37	-8,36	0,00

Source: calculated by the author according to the statistical reporting of the enterprise

According to the data obtained, it can be concluded that the most employees were hired in 2018, and the least - in 2015. Most employees retired in 2017, and the least - in 2018. Accordingly, in 2017, the turnover ratios increased acceptance, dismissal and the ratio of total staff turnover.

The growth of staff turnover in 2016-2017 is negative, and since the value of up to 5% is considered satisfactory, in 2017-2018 there was a negative trend, although in 2019 the staff turnover was stable and less than critical.

Next, we analyze the payroll of employees of the enterprise (Table 2.8).

As the productivity of 1 employee in 2018-2019 grew more slowly than the size of their wages, this is evidence of an inefficient system of remuneration, incentives and motivation of employees (Fig. 2.8).

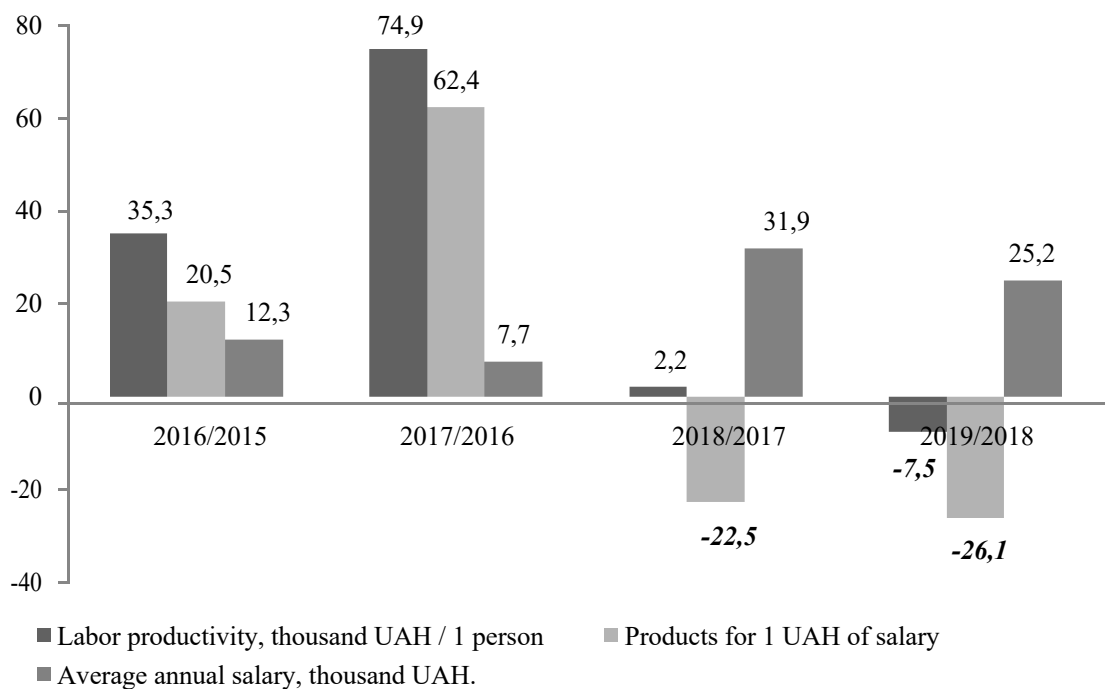


Figure 2.8 - Growth rates of labor productivity and wages of employees of PJSC "Lviv Confectionery "Svitoch" in 2015-2019

Source: compiled by the author according to the accounting and statistical reporting of the enterprise

Table 2.8

**Analysis of the payroll of PJSC “Lviv Confectionery “Svitoch” in 2015-2019,
thousand UAH**

Indicators	Years				
	2015	2016	2017	2018	2019
Remuneration fund, thousand UAH	40501	46468	49026	62097	85009
Average number of employees, persons	778	795	779	748	818
Working time fund, man-hours	1562224	1596360	1558000	1501984	1622912
Average annual salary of 1 employee, thousand UAH	52,06	58,45	62,93	83,03	103,92

Continuation of Table 2.8

Indicators	Deviation							
	Absolute deviation				Growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Remuneration fund, thousand UAH								
Average number of employees, persons	5967	2558	13071	22912	14,7	5,5	26,7	36,9
Working time fund, man-hours	17	-16	-31	70	2,2	-2,0	-4,0	9,4
Average annual salary of 1 employee, thousand UAH	34136	-38360	-56016	120928	2,2	-2,4	-3,6	8,1
Remuneration fund, thousand UAH	6,39	4,48	20,1	20,89	12,3	7,7	31,9	25,2

Source: calculated by the author according to the statistical reporting of the enterprise

Thus, the remuneration fund grew during the study period due to the growth of average wages, although the number of employees decreased in 2017-2018. Next, we calculate and analyze the productivity and wages of employees of PJSC “Lviv Confectionery “Svitoch” in 2015-2019 (Table 2.9).

According to the results, the productivity of 1 employee increased in 2016-2018, but the negative point is its decrease in 2019, due to the fact that the growth in the number of employees was faster than the growth of net income from sales.

It should also be noted that the system of planning the production and sale of products to enterprises is highly efficient, as evidenced by the data of Fig. 2.9.

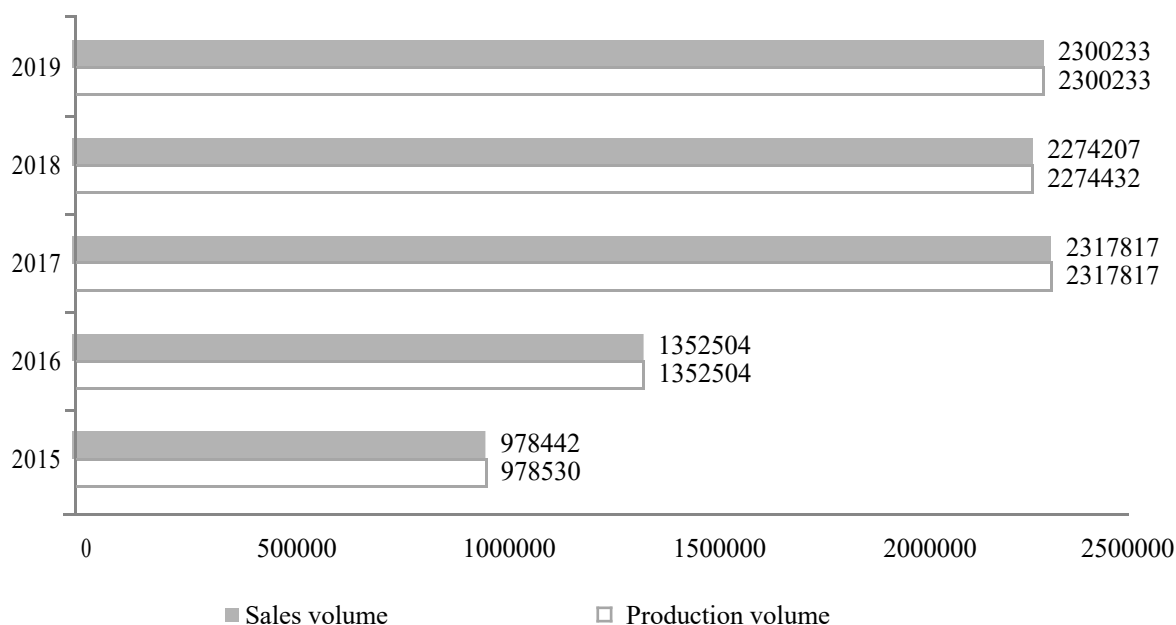


Figure 2.9 Indicators of production and sales of PJSC “Lviv Confectionery “Svitoch” in 2015-2019, thousand UAH

Source: compiled by the author according to the financial statements of the enterprise

As you can see, in 2015 and 2018 the sales volume was 99.99%, and in 2016 and 2019 - 100%.

The structure and dynamics of operating costs of the enterprise were also examined (Table 2.10).

**Labor productivity and its payment in PJSC “Lviv Confectionery
“Svitoch” in 2015-2019**

Indicators	Years				
	2015	2016	2017	2018	2019
Net income from sales of products (goods, works, services), thousand UAH	978530	1352505	2317817	2274432	2300601
Average number of employees, persons	778	795	779	748	818
Remuneration fund, thousand UAH	40501	46468	49026	62097	85009
Labor productivity, thousand UAH / 1 person	1257,75	1701,26	2975,37	3040,68	2812,47
Products for 1 UAH of salary	24,16	29,11	47,28	36,63	27,06
Average annual salary, thousand UAH	52,06	58,45	62,93	83,02	103,92

Continuation of Table 2.9

Indicators	Deviation							
	Absolute deviation				Growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Net income from sales of products (goods, works, services), thousand UAH	373975	965312	-43385	26169	38,2	71,4	-1,9	1,2
Average number of employees, persons	17	-16	-31	70	2,2	-2,0	-4,0	9,4
Remuneration fund, thousand UAH	5967	2558	13071	22912	14,7	5,5	26,7	36,9
Labor productivity, thousand UAH / 1 person	443,51	1274,11	65,31	-228,2	35,3	74,9	2,2	-7,5
Products for 1 UAH of salary	4,95	18,17	-10,65	-9,56	20,5	62,4	-22,5	-26,1
Average annual salary, thousand UAH	6,39	4,48	20,09	20,9	12,3	7,7	31,9	25,2

Source: compiled by the author according to the accounting and statistical reporting of the enterprise

Table 2.10

**Dynamics and structure of operating costs of PJSC “Lviv Confectionery
“Svitoch” in 2015-2019**

Indicators	Years				
	2015	2016	2017	2018	2019
<i>Condition and dynamics, thousand UAH</i>					
Material costs	787751	1126397	1735965	1798949	1888107
Salary expenses	40501	46468	49026	62097	85009
Deductions for social events	14966	16193	16548	12736	17425
Amortization	32522	34498	34745	35364	43027
Other operating expenses	81574	50452	65251	66278	105898
Total	957314	1274008	1901535	1975424	2139766
<i>Structure, %</i>					
Material costs	82,3	88,4	91,3	91,1	88,2
Salary expenses	4,2	3,6	2,6	3,1	4,0
Deductions for social events	1,6	1,3	0,9	0,6	0,8
Amortization	3,4	2,7	1,8	1,8	2,0
Other operating expenses	8,5	4,0	3,4	3,4	4,9
Total	100	100	100	100	100

Continuation of Table 2.10

Indicators	Deviation							
	Absolute deviation				Growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
<i>Condition and dynamics, thousand UAH</i>								
Material costs	338646	609568	62984	89158	43,0	54,1	3,6	5,0
Salary expenses	5967	2558	13071	22912	14,7	5,5	26,7	36,9
Deductions for social events	1227	355	-3812	4689	8,2	2,2	-23,0	36,8
Amortization	1976	247	619	7663	6,1	0,7	1,8	21,7
Other operating expenses	-31122	14799	1027	39620	-38,2	29,3	1,6	59,8
Total	316694	627527	73889	164342	33,1	49,3	3,9	8,3
<i>Structure, %</i>								
Material costs	6,1	2,9	-0,2	-2,8	x	x	x	x
Salary expenses	-0,6	-1,1	0,6	0,8	x	x	x	x
Deductions for social events	-0,3	-0,4	-0,2	0,2	x	x	x	x
Amortization	-0,7	-0,9	0	0,2	x	x	x	x
Other operating expenses	-4,6	-0,5	-0,1	1,6	x	x	x	x
Total	0	0	0	0	x	x	x	x

Source: calculated by the author according to the financial statements of the enterprise

From the table we see that the total operating costs of the enterprise increased during the study period, and the highest growth rate showed the value of material costs (in 2016-2017), labor costs (in 2018) and other operating costs (in 2019).

In the structure of costs, the largest share fell on material costs, and their share increased in 2016-2017.

In order to assess the financial condition of the enterprise and the effectiveness of its financial resources management, we will analyze the business activity of PJSC “Lviv Confectionery Factory “Svitoch” in 2015-2019 (Table 2.11).

Table 2.11

Dynamics of business activity indicators of PJSC “Lviv Confectionery Factory “Svitoch” in 2015-2019

Indicators	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Asset turnover ratio	2,04	2,54	2,85	1,95	1,81	0,5	0,31	-0,9	-0,14
Accounts payable turnover ratio	10,47	11,30	13,18	7,91	7,53	0,83	1,88	-5,27	-0,38
Receivables turnover ratio	10,55	13,99	8,11	4,16	3,81	3,44	-5,88	-3,95	-0,35
Maturity of receivables, days	34,60	26,10	44,99	87,67	95,90	-8,5	18,89	42,68	8,23
Maturity of accounts payable, days	34,85	32,31	27,69	46,13	48,46	-2,54	-4,62	18,44	2,33
Inventory turnover ratio	10,84	11,39	10,32	8,28	8,90	0,55	-1,07	-2,04	0,62
Fixed assets turnover ratio	2,06	2,68	4,51	3,93	3,47	0,62	1,83	-0,58	-0,46
Equity turnover ratio	2,56	3,41	4,36	2,90	2,39	0,85	0,95	-1,46	-0,51

Source: calculated by the author according to the financial statements of the enterprise

As you can see, the asset turnover ratio increases in 2016-2017, which indicates an increase in the rate of turnover of total capital of the enterprise, i.e., the

number of complete cycles of production and circulation, which brings a corresponding effect in the form of profit, or increases the number of products sold (services)), which brought each unit of assets. It can be argued that the asset turnover ratio reflects the rate of turnover of total capital of the enterprise, ie shows how many times during the analyzed period there is a full cycle of production and turnover, which has a corresponding effect in the form of profit, or how many monetary units each product brought. Negative is the decrease in its value in 2018-2019.

The turnover ratio of accounts payable shows the expansion or decline of commercial credit granted to the company. An increase in the ratio in 2016-2017 means an increase in the rate of payment of the company's debt, a decrease - an increase in purchases on credit. The turnover ratio of accounts payable decreased in 2018-2019, which is a negative point, as it indicates a decrease in the rate of payment of debts of the enterprise. A negative phenomenon is the decrease in the value of the turnover ratio of receivables in 2017-2019. The maturity of accounts payable increases in 2018-2019, and receivables - in 2017-2019, which is a negative point.

The turnover ratio of fixed assets decreased in 2018-2019, which is evidence of reduced efficiency in the use of fixed assets of the enterprise. The turnover ratio of equity also decreased in 2018-2019, and this is a negative phenomenon, as it indicates a decrease in the efficiency of the use of equity of the enterprise. Next, we analyze the profitability of the enterprise (Table 2.12).

The return on assets increased only in 2017, and in 2016 and 2018-2019 the indicator decreased as the level of profit generated by all assets of the enterprise, which are in its use according to the balance sheet, decreased. The decrease in the value of the return on equity indicates a decrease in the level of return on equity invested in this company in 2016 and 2018-2019.

**Analysis of the profitability of PJSC “Lviv Confectionery “Svitoch” in
2015-2019**

Indicators	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Return on assets	5,86	0,00	33,33	20,13	8,58	-5,86	33,33	-13,2	-11,55
Return on equity	7,35	0,01	51,01	29,91	11,35	-7,34	51	-21,1	-18,56
Profitability ratio	2,87	0,00	11,71	10,31	4,74	-2,87	11,71	-1,4	-5,57
Product profitability ratio	3,08	0,00	14,46	12,08	5,20	-3,08	14,46	-2,38	-6,88

Source: calculated by the author according to the financial statements of the enterprise

The decrease in the profitability ratio in 2016 and 2018-2019 is evidence of a decrease in the efficiency of economic activity of the enterprise. Decrease in 2016 and 2018-2019 of the coefficients of profitability of products - evidence of reduced efficiency of sales of enterprise products.

Table 2.13 shows the liquidity results of the company in 2011-2017.

Table 2.13

**Liquidity analysis of PJSC “Lviv Confectionery Factory “Svitoch” in
2015-2019**

Indicators	Years					Deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Coverage ratio	1,94	1,91	3,60	2,36	3,49	-0,03	1,69	-1,24	1,13
Rapid liquidity ratio	1,15	0,91	2,54	1,69	2,59	-0,24	1,63	-0,85	0,9
Absolute liquidity ratio	0,05	0,35	0,24	0,03	0,15	0,3	-0,11	-0,21	0,12
Net working capital, thousand UAH	97436	126465	555852	496205	630272	29029	429387	-59647	134067

Source: calculated by the author according to the financial statements of the enterprise

Thus, the coverage ratio was higher than the threshold in 2015-2019, but its value decreased in 2016 and 2018-2019, which is a negative point, as it indicates a decrease in the company's ability to meet its short-term liabilities with the most easily realized part of assets - current assets.

The quick liquidity ratio during the study period was higher than the recommended value (0.6-0.8), but its value decreased in 2016 and 2018-2019, which means that the company's ability to pay current liabilities provided timely settlements with debtors decreased.

The absolute liquidity ratio allows you to determine the share of short-term liabilities that the company can repay in the near future without waiting for payment of receivables and the sale of other assets. This indicator in 2015-2019 was higher than the threshold value (0), but in 2017-2018 it decreased, therefore, the share of short-term liabilities that the company can repay in the near future without waiting for payment of receivables and the implementation of other assets. The net working capital of the company in 2016-2017 and 2019 increased, indicating a decrease in the difference between the current assets of the company and its short-term liabilities. The negative point is the decrease in the indicator in 2018. In Table 2.14 we will analyze the indicators of solvency.

Table 2.14

Solvency analysis of PJSC “Lviv Confectionery “Svitoch” in 2015-2019

Indicators	Years					Deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Solvency ratio	0,79	0,70	0,63	0,71	0,80	-0,09	-0,07	0,08	0,09
Funding ratio	0,26	0,35	0,32	0,41	0,25	0,09	-0,03	0,09	-0,16
Coefficient of own working capital	0,49	0,48	0,72	0,58	0,71	-0,01	0,24	-0,14	0,13
Equity maneuverability ratio	0,25	0,32	0,83	0,55	0,62	0,07	0,51	-0,28	0,07

Source: calculated by the author according to the financial statements of the enterprise

The value of the solvency ratio in 2015-2019 was higher than the threshold value (0.5), and the increase in its value in 2018-2019 indicates an increase in the part of short-term financial liabilities of the company, which can be paid from first-class liquid assets (cash and cash equivalents), ie increase the company's ability to immediately repay its short-term accounts payable.

The financing ratio in 2011-2015 was lower than the maximum recommended value (1), but in 2017 and 2019 it decreased, which indicates an increase in the company's dependence on external sources of financing.

The ratio of own working capital was greater than the minimum threshold value (0,1), so it can be argued that the structure of the ratio of working capital to the total amount of working capital is satisfactory.

The coefficient of maneuverability of equity during 2015-2019 is higher than the threshold value (0), but its decrease in 2018 indicates a decrease in the company's ability to maintain the level of working capital and replenish working capital if necessary, from its own sources.

Thus, it can be argued that the financial condition of the studied company was stable in 2015-2016 and 2019.

2.3 Evaluation of the effectiveness of sales activities of PJSC “Lviv Confectionery “Svitoch”

In order to study the effectiveness of sales activities of the enterprise it is necessary to solve the following tasks:

- 1) disclosure of features of the organization of sales activity;
- 2) assessment of export operations of the enterprise;
- 3) calculation of the dynamics and cost structure of sales promotion;
- 4) assessment of sales efficiency indicators.

Before investigating the organization of sales of PJSC “Lviv Confectionery “Svitoch”, we note that the researched company for the sale of its products uses mainly dealer network, as well as direct sales channels (Fig. 2.10).

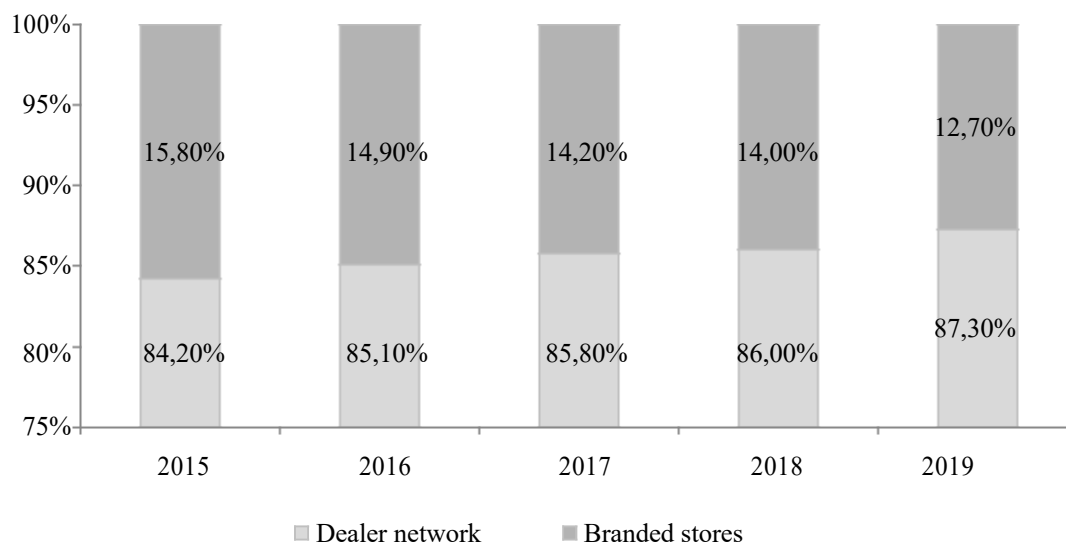


Figure 2.10 The structure of sales of PJSC “Lviv Confectionery Factory “Svitoch” in 2015-2019 by sales channels, %

Source: compiled by the author according to the internal documentation of the enterprise

As you can see, the main sales channel is a network of dealers throughout Ukraine. The dealer network as a distribution channel should be distinguished from the set of independent intermediaries available in almost any company. Sales through a group of independent retailers are poorly managed and inefficient. Increasing the number of such dealers leads to conflicts between them (horizontal conflict) and between the dealer and the manufacturer (vertical conflict). Such conflicts have a devastating effect on the set of independent dealers, who are usually not loyal to their supplier and care little about the efficiency of the channel as a whole.

The dealer network of PJSC “Lviv Confectionery “Svitoch” consists of the manufacturer, wholesale and retail intermediaries, functioning as a whole. Independent dealers enter into a formal agreement with PJSC “Lviv Confectionery “Svitoch” to combine their efforts to increase sales, on the one hand, and save money, on the other hand, which each party to the agreement could not achieve separately. PJSC “Lviv Confectionery “Svitoch”, in turn, undertakes to supply goods of a certain quality and in a certain time, determines the quality of installation and related service. Often the dealer (franchisee) gets the right to use the manufacturer's trademark to advertise the product and undertakes to take care not only of their own maximum profit, but also of the effective operation of the channel as a whole.

The project of creating a new and developing the existing distribution channel PJSC “Lviv Confectionery “Svitoch” contains answers to the following questions:

- 1) Analysis of the types of products and services required by the consumer.
- 2) Goals and limitations of the distribution channel.
- 3) Options for building distribution channels.
- 4) Types of intermediaries.
- 5) Number of dealers.
- 6) Powers of dealers.

Depending on the set goals, the specialists of PJSC “Lviv Confectionery “Svitoch” are looking for trade intermediaries. This takes into account the principle of selectivity, according to which a limited number of dealers should work with a given target group in a certain territory. In some cases, PJSC “Lviv Confectionery “Svitoch” gives the dealer exclusive rights to sell products in a certain area. By granting exclusive rights, PJSC “Lviv Confectionery “Svitoch” receives, on the one hand, a loyal dealer and the promotion of its own brand, and on the other hand partially loses control over the promotion of its own products in the territory served by the dealer.

PJSC “Lviv Confectionery “Svitoch” when working with dealers takes into account the principle of selectivity, according to which in a certain area with this target group should work a limited number of dealers. The criteria that are taken into account when choosing a retail trading partner of PJSC PJSC “Lviv Confectionery “Svitoch” are listed in Table 2.15.

Table 2.15

**Criteria that are taken into account PJSC “Lviv Confectionery “Svitoch”
when choosing a retail partner**

Evaluation criteria	Reasons for choice
Organizational structure of the sales system	The more points of sale and the number of employees in the distribution network, the higher the potential of the dealer

Sales figures for the last few years. An indirect indicator may be the number of employees in different years	Positive dynamics of sales growth. Businesses with work experience can provide significant volumes at the beginning of cooperation
Which products are sold by the dealer?	Competitors' products: sometimes you can trust the sale of your products. Complementary products: mainly. High quality products: the higher the quality of the products sold by the dealer, the more you can trust him
Tendency to dumping	Low trade margins may indicate low qualifications of sales staff
The total number of goods sold by different manufacturers	If there are many such goods, it is necessary to make sure, that the goods will be given due attention
Reputation of dealers in the market	It is worth judging only from personal experience. A positive factor is moderate aggression and the desire for leadership in their business
Financial aspects	Great financial opportunities and a stable financial position is the key to stable work with the supplier. The seasonal nature of sales is not so painful on the structure of the dealer
Geographic coverage of the market and target groups	The greater and deeper market coverage, the better. However, duplication and conflicts between dealers should be avoided
Level of competence in the commercial sphere	It is desirable to have staff trained in business knowledge. Document flow in the management and production sphere, marketing research, customer base management are an indicator of the maturity of the firm
Availability of connections that allow access to volumes	Additional sales opportunities

Source: compiled by the author according to the internal documentation of the enterprise

In order for the dealer network to function in the best way, PJSC “Lviv Confectionery “Svitoch” constantly motivates its participants. The enterprise develops a management system of the dealer network, which meets the interests of both the dealer and the manufacturer.

The main task of measures aimed at motivating and increasing the loyalty of dealers - to convince them of the reliability of partnerships that allow them to develop steadily and make a profit.

Management of the dealer network of PJSC “Lviv Confectionery “Svitoch” organizes in such a way as to achieve the following:

- 1) Cultivate in resellers a sense of loyalty to the supplier.
- 2) Provide appropriate remuneration.
- 3) Train dealers.
- 4) Assess the compliance of services with accepted standards.
- 5) Maintain an effective communication system with each dealer.

In order to ensure the trust of the dealer, the management of PJSC “Lviv Confectionery “Svitoch” strives to ensure that he never has a sense of temporary communication with the manufacturer. An enterprise that has demonstrated a fair and reasonable attitude to intermediaries throughout its activities has a better chance of gaining loyalty from potential dealers.

A payment system is used to stimulate dealers. The basis of the dealer's income is the dealer's discount from the set retail price

PJSC “Lviv Confectionery “Svitoch”. Additionally, economic methods of sales promotion are used: discounts for immediate payment, deferred payment, credit, bonuses for high performance, delivery of products by the manufacturer's transport.

Strong connection between PJSC “Lviv Confectionery “Svitoch” and its sales network is one of the main conditions for successful operation. When resellers are scattered across a wide region, it is likely that marketing work will turn into a set of uncoordinated actions. In the relationship between PJSC “Lviv Confectionery “Svitoch” and the dealer the main emphasis is on pricing policy, terms of sale, payment terms, structure of services (installation, warranty), unification of standard procedures (the manufacturer provides dealer versions of clothing samples by product groups, samples of measurement sheets).

Methods of cooperation within the dealer network of PJSC “Lviv Confectionery “Svitoch” are listed in Table 2.16.

Table 2.16

Methods of cooperation within the dealer network of PJSC “Lviv Confectionery “Svitoch”

Factor	Manufacturer actions	Dealer actions
Providing a new goods (NG)	Marketing research before the introduction of NG; NG advertising support; joint actions with the dealer to stimulate the sale of NG; training dealer staff of reasoning the NG sales	Providing customers with complete information about the benefits of NG; placement of samples in the best places, focusing customer attention on NG, joint actions with the dealer to stimulate sales of NG; assistance in a pilot experiment
Supply	Quick acceptance and processing of the order; compliance with deadlines	Providing appropriate time to complete the order; immediate check of conformity of delivery
Document flow	Development of a unified document management system for the entire dealer network; providing a dealer version of the program to calculate the cost of production	Compliance with document management standards, use of the program provided by the manufacturer
Marketing researches	Providing the dealer with up-to-date information about orders, objects, etc.	Providing the manufacturer with data on demand trends, advertising effectiveness, etc.
Product promotion	Training of sales staff; dealer incentive program; development of advertising campaigns and PR campaigns	Qualified staff; participation in joint programs; creating favorable information about the manufacturer and its products
Financing	Liberal financial conditions	Compliance with financial conditions
Products quality	Conformity of products to standards and contractual conditions; compliance with warranty obligations	A high quality; natural raw materials; timely and qualified processing of complaints
Distribution channel control	Joint planning and decision making	

Source: compiled by the author according to the internal documentation of the enterprise

Thus, it can be noted that PJSC “Lviv Confectionery “Svitoch” for the sale of products uses a dealer network, the creation and development of which directs the main efforts to improve sales policy. In addition to the dealer network, the company also makes direct sales, but they have certain features within the surveyed company: direct sales account for a small share of sales compared to the dealer network, and

direct sales have decreased in recent years. The decision of the company's management to develop a dealer network was made for the following reasons:

- rapid development - coverage across the country can be obtained in a short period of time compared to direct sales;
- cost reduction - no unnecessary staff costs required, regional offices and promotions;
- access to missing resources - including offices, finances, employees, access to potential customers.

It should also be noted that the company primarily in its sales activities focuses on meeting the needs of the domestic market, but also exports its products to other countries. Table 2.17 shows the volume and structure of goods exported by the enterprise, in terms of their types.

Table 2.17

Structure of exported products of PJSC “Lviv Confectionery “Svitoch” in 2015-2019

Indicators	Years				
	2015	2016	2017	2018	2019
<i>The size of exports, thousand UAH</i>					
“Artek” waffles and waffle-based products	191195	297091	489523	451361	957175
Chocolate sweets	63350	96001	178472	136125	298956
Chocolate bars	91209	145421	279436	375622	765105
Coffee	35873	29539	72409	60386	37040
TOTAL	381627	568052	1019839	1023494	2058276
<i>Export structure, %</i>					
“Artek” waffles and waffle-based products	50,1	52,3	48,0	44,1	46,5
Chocolate sweets	16,6	16,9	17,5	13,3	14,5
Chocolate bars	23,9	25,6	27,4	36,7	37,2
Coffee	9,4	5,2	7,1	5,9	1,8
TOTAL	100,0	100,0	100,0	100,0	100,0

Source: compiled by the author according to the internal documentation of the enterprise

From the table we see that most products were exported in 2019, because the value of exports is growing every year. It is also worth noting that in 2019 the company doubled its exports. It should also be noted that the largest share of exports fell on wafers "Artek" and products for dream waffles.

Next, we analyze which countries are the main importers of products of PJSC “Lviv Confectionery “Svitoch” (Table 2.18).

Table 2.18

**Geographical structure of exports of PJSC “Lviv Confectionery “Svitoch”
in 2015-2019, %**

Countries	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Moldova	12,6	13,1	12,8	12,9	13,1	0,5	-0,3	0,1	0,2
Hungary	11,9	12,2	12,6	12,1	12,4	0,3	0,4	-0,5	0,3
Poland	13,5	13,9	13,7	14,0	14,2	0,4	-0,2	0,3	0,2
Germany	14,0	14,2	14,1	14,3	14,3	0,2	-0,1	0,2	0,0
Brazil	10,1	10,4	11,0	11,0	16,2	0,3	0,6	0,0	5,2
Latvia	9,4	9,3	9,5	9,7	9,2	-0,1	0,2	0,2	-0,5
Lithuania	8,2	8,6	8,3	8,5	8,7	0,4	-0,3	0,2	0,2
Estonia	8,1	8,3	8,7	8,4	7,9	0,2	0,4	-0,3	-0,5
Other countries	12,2	10,0	9,3	9,1	4,0	-2,2	-0,7	-0,2	-5,1

Source: compiled by the author according to the internal documentation of the enterprise

The table shows that the company exports most products to Germany, Poland, Moldova and Hungary, and in 2019 - to Brazil. This is due to the fact that the company completely covers Moldova with its products, because there is no production of Nestlé. The company is also the main manufacturer of chocolate bars for Nestlé in Hungary, as the Hungarian factory does not have the appropriate equipment. The company is also a base factory for a number of wafer-based products. The company sells candy

Nesquik to Poland and the Baltic countries, and the Lion bar to Brazil.

In terms of sales promotion, PJSC “Lviv Confectionery “Svitoch” uses advertising tools to reach the target audience as much as possible and encourage consumers to buy (Table 2.19).

Table 2.19

**Advertising costs of PJSC “Lviv Confectionery “Svitoch” in 2015-2019,
thousand UAH**

Indicators	Years				
	2015	2016	2017	2018	2019
Advertising costs, total, including:	1443	1644	1588	1802	2481
<i>1) outdoor advertising:</i>	<i>560</i>	<i>639</i>	<i>619</i>	<i>672</i>	<i>1071</i>
- billboards	201	227	202	209	279
- city lights	108	161	152	159	301
- registration of outlets	109	102	124	159	293
- advertising on transport	142	149	141	145	198
<i>2) media advertising:</i>	<i>415</i>	<i>450</i>	<i>483</i>	<i>513</i>	<i>535</i>
- radio	266	296	301	284	292
- television	149	154	182	229	243
<i>3) advertising activities:</i>	<i>230</i>	<i>289</i>	<i>210</i>	<i>265</i>	<i>494</i>
- tasting	52	93	44	58	147
- participation in exhibitions and fairs	32	39	27	52	131
- entertainment events	62	64	58	66	102
- promotions, raffles	84	93	81	89	114
<i>4) advertising on the Internet</i>	<i>104</i>	<i>112</i>	<i>103</i>	<i>154</i>	<i>178</i>
<i>5) branding</i>	<i>47</i>	<i>56</i>	<i>81</i>	<i>84</i>	<i>71</i>
<i>6) advertising products (souvenirs, catalogs, brochures)</i>	<i>87</i>	<i>98</i>	<i>92</i>	<i>114</i>	<i>132</i>

Continuation of Table 2.19

Indicators	Deviation							
	absolute, thousand UAH				growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Advertising costs, total, including:	201	-56	214	679	13,9	-3,4	13,5	37,7
<i>1) outdoor advertising:</i>	79	-20	53	399	14,1	-3,1	8,6	59,4
- billboards	26	-25	7	70	12,9	-11,0	3,5	33,5
- city lights	53	-9	7	142	49,1	-5,6	4,6	89,3
- registration of outlets	-7	22	35	134	-6,4	21,6	28,2	84,3
- advertising on transport	7	-8	4	53	4,9	-5,4	2,8	36,6
<i>2) media advertising:</i>	35	33	30	22	8,4	7,3	6,2	4,3
- radio	30	5	-17	8	11,3	1,7	-5,6	2,8
- television	5	28	47	14	3,4	18,2	25,8	6,1
<i>3) advertising activities:</i>	59	-79	55	229	25,7	-27,3	26,2	86,4
- tasting	41	-49	14	89	78,8	-52,7	31,8	153,4
- participation in exhibitions and fairs	7	-12	25	79	21,9	-30,8	92,6	151,9
- entertainment events	2	-6	8	36	3,2	-9,4	13,8	54,5
- promotions, raffles	9	-12	8	25	10,7	-12,9	9,9	28,1
<i>4) advertising on the Internet</i>	8	-9	51	24	7,7	-8,0	49,5	15,6
<i>5) branding</i>	9	25	3	-13	19,1	44,6	3,7	-15,5
<i>6) advertising products (souvenirs, catalogs, brochures)</i>	11	-6	22	18	12,6	-6,1	23,9	15,8

Source: compiled by the author according to the internal documentation of the enterprise

From the table we see that the total cost of advertising increased in 2016 and 2018-2019, and the highest growth rate of their value was observed in 2019.

Expenditures on outdoor advertising increased in 2017-2019 due to increased costs for the installation of billboards and city lights (in 2018-2019), for the design of outlets (in 2017-2019), as well as the cost of advertising located on transport (municipal transport in the largest cities of the country - regional centers) - growth occurred in 2016 and 2018-2019.

The growth of advertising expenditures in the media in 2016-2019 was influenced by the increase in expenditures on advertising on radio (in 2016-2017 and 2019) and on television (in 2016-2019).

The company also organizes various promotional events to attract the attention of potential consumers to its own products: promotions, raffles, tastings, participation in exhibitions and fairs and more. The magnitude of these costs increased in 2016 and 2018-2019.

The cost of advertising on the Internet increased in 2016 and 2018-2019 and included the placement of commercials on YouTube, social networks, as well as the placement of information about the company on specialized sites.

The costs of promoting the company's brand and improving its image decreased in 2019, which is a negative point, because this cost item is aimed at increasing the company's visibility among all target audiences. Production of advertising products increased in 2016 and 2018-2019.

Note that in the structure of advertising costs the largest share fell on outdoor advertising (Table 2.20).

**Structure of advertising costs of PJSC “Lviv Confectionery “Svitoch” in
2015-2019, %**

Indicators	Years					Absolute deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Advertising costs, total, including:	100,0	100,0	100,0	100,0	100,0	0	0	0	0
<i>1) outdoor advertising:</i>	38,8	38,9	39,0	37,2	43,1	0,1	0,1	-1,8	5,9
- billboards	13,9	13,8	12,7	11,6	11,2	-0,1	-1,1	-1,1	-0,4
- city lights	7,5	9,8	9,6	8,8	12,1	2,3	-0,2	-0,8	3,3
- registration of outlets	7,6	6,2	7,8	8,8	11,8	-1,4	1,6	1	3
- advertising on transport	9,8	9,1	8,9	8,0	8,0	-0,7	-0,2	-0,9	0
<i>2) media advertising:</i>	28,7	27,4	30,4	28,5	21,6	-1,3	3	-1,9	-6,9
- radio	18,4	18,0	19,0	15,8	11,8	-0,4	1	-3,2	-4
- television	10,3	9,4	11,4	12,7	9,8	-0,9	2	1,3	-2,9
<i>3) advertising activities:</i>	15,9	17,7	13,2	14,7	19,9	1,8	-4,5	1,5	5,2
- tasting	3,6	5,7	2,7	3,2	5,9	2,1	-3	0,5	2,7
- participation in exhibitions and fairs	2,2	2,4	1,7	2,9	5,3	0,2	-0,7	1,2	2,4
- entertainment events	4,3	3,9	3,7	3,7	4,1	-0,4	-0,2	0	0,4
- promotions, raffles	5,8	5,7	5,1	4,9	4,6	-0,1	-0,6	-0,2	-0,3
<i>4) advertising on the Internet</i>	7,2	6,7	6,5	8,5	7,2	-0,5	-0,2	2	-1,3
<i>5) branding</i>	3,3	3,3	5,1	4,8	2,9	0	1,8	-0,3	-1,9
<i>6) advertising products (souvenirs, catalogs, brochures)</i>	6,1	6,0	5,8	6,3	5,3	-0,1	-0,2	0,5	-1

Source: compiled by the author according to the internal documentation of the enterprise

Thus, the largest company spends money on outdoor advertising, and the least - on branding, which negatively affects the company's image.

In order to analyze the effectiveness of sales activities of PJSC “Lviv Confectionery “Svitoch” in 2015-2019, we will build Table 2.21.

Table 2.21

**Estimation of efficiency of sales activity of PJSC “Lviv Confectionery
“Svitoch” in 2015-2019 thousand UAH**

Indicators	Years				
	2015	2016	2017	2018	2019
Volume of sold products per unit of sales costs	427,267	518,399	943,352	804,175	600,897
Sales costs per unit of sales	0,002	0,002	0,001	0,001	0,002
Net profit	28076	22	271407	234599	109082
Net income from sales of products (goods, works, services)	978530	1352505	2317817	2274432	2300601
Cost of goods sold (goods, works, services)	910920	1252278	1877041	1941288	2098994
Profitability of sales on net profit	2,87	0,00	11,71	10,31	4,74
Product profitability	3,08	0,00	14,46	12,08	5,20
Profitability of activity	2,87	0,00	11,71	10,31	4,74

Continuation of Table 2.21

Indicators	Deviation							
	absolute, thousand UAH				growth rate, %			
	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Volume of sold products per unit of sales costs	91,132	424,953	-139,18	-203,278	21,3	82,0	-14,8	-25,3
Sales costs per unit of sales	0,000	-0,001	0,000	0,001	-17,6	-45,0	17,3	33,8
Net profit	-28054	271385	-36808	-125517	-99,9	1233568,2	-13,6	-53,5
Net income from sales of products (goods, works, services)	373975	965312	-43385	26169	38,2	71,4	-1,9	1,2
Cost of goods sold (goods, works, services)	341358	624763	64247	157706	37,5	49,9	3,4	8,1
Profitability of sales on net profit	-2,87	11,71	-1,39	-5,57	x	x	x	x
Product profitability	-3,08	14,46	-2,37	-6,89	x	x	x	x
Profitability of activity	-2,87	11,71	-1,39	-5,57	x	x	x	x

Source: calculated by the author according to the accounting and internal documentation of the enterprise

From the table we see that the volume of sales per unit of sales costs decreased in 2018-2019, which is a negative point and indicates a decrease in efficiency of sales costs. At the same time, sales costs per unit of sales increased in 2019 (Fig. 2.11).

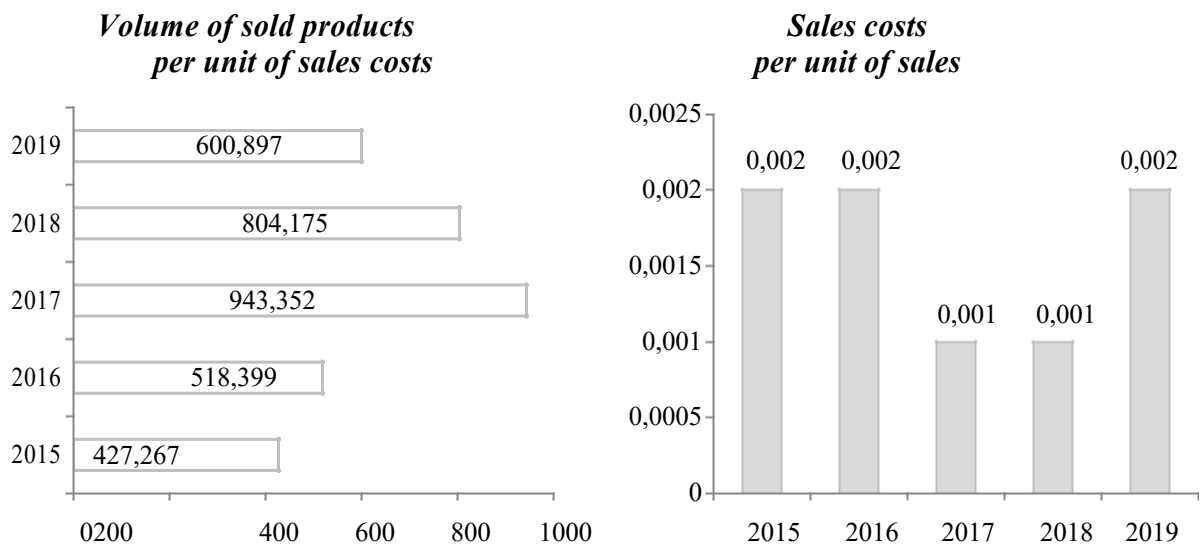


Figure 2.11 - Indicators of cost efficiency for sales of products of PJSC “Lviv Confectionery Factory “Svitoch” in 2015-2019 thousand UAH.

Source: compiled by author according to financial statements of the company

Profitability of sales on net profit decreased in 2016 and 2018-2019, and profitability of products and activities of the enterprise decreased in 2016 and 2018-2019 (Fig. 2.12).

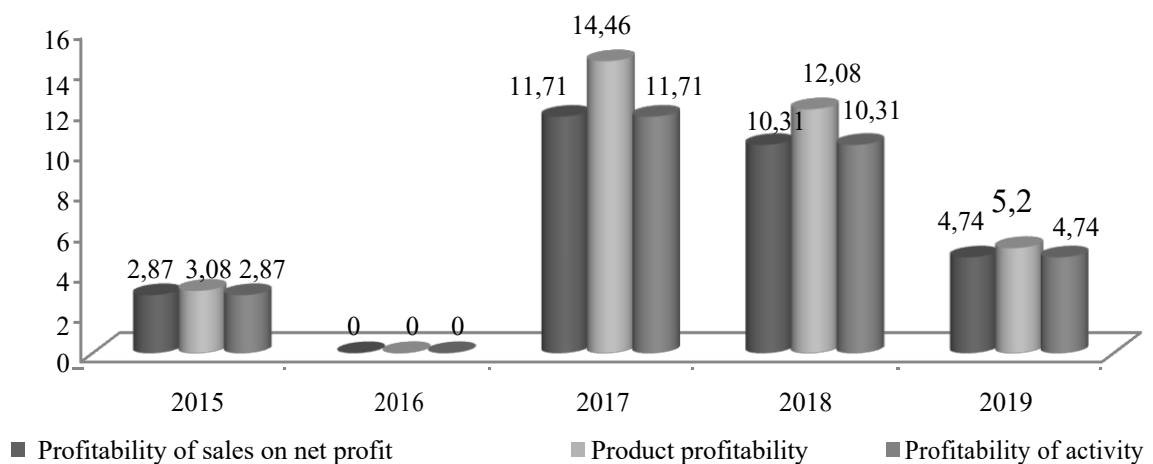


Figure 2.12 - Indicators of profitability of sales of products of PJSC “Lviv Confectionery Factory “Svitoch” in 2015-2019, thousand UAH

Source: compiled by the author according to the financial statements of the enterprise

Next, we analyze the efficiency of sales of the company's products in terms of product balance (Table 2.22).

Table 2.22

Analysis of the efficiency of sales activities of PJSC “Lviv Confectionery Factory “Svitoch” in terms of product balances in 2015-2019, thousand UAH

Indicators	Years					Deviation			
	2015	2016	2017	2018	2019	2016/ 2015	2017/ 2016	2018/ 2017	2019/ 2018
Production volume	1174277	1623908	2781569	2739402	2760793	449631	1157661	-42167	21391
Volume of sold products	1174228	1622957	2781122	2735292	2759296	448729	1158165	-45830	24004
Compliance level, %	1	0,9994	0,9998	0,9985	0,9995	- 0,0005	0,0004	- 0,0013	0,001
Average balances of unsold products	49	951	447	4110	1497	902	-504	3663	-2613

Source: compiled by the author according to the financial statements of the enterprise

From the table we see that the level of compliance, which characterizes the efficiency of sales, decreased in 2016 and 2018, which was due to the growth of balances of finished products in the company's warehouses. However, in 2017 and 2019 it increased, which indicates an increase in the efficiency of sales activities.

We also analyze the impact of sales activities of the enterprise on the formation of its financial results (Table 2.23).

Analysis of the impact of sales activities of PJSC “Lviv Confectionery “Svitoch” on the formation of its financial results in 2015-2019, thousand UAH

Indicators	Years				
	2015	2016	2017	2018	2019
1	2	3	4	5	6
Net income from sales of products (goods, works, services)	978530	1352505	2317817	2274432	2300601
Gross profit	67610	100227	440776	333144	201807
Financial result from operating activities	42446	15137	352754	302523	155054
Financial result before tax	36344	27	330984	286096	133027
Net financial result	28076	22	271407	234599	109082
Gross profit (loss) / Net income (revenue) from sales	0,069	0,074	0,190	0,146	0,088
Financial result from operating activities / Net income (revenue) from sales	0,043	0,011	0,152	0,133	0,067
Financial result before tax / Net income (revenue) from sales	0,037	0,000	0,143	0,126	0,058
Net financial result / Net income (revenue) from sales	0,029	0,000	0,117	0,103	0,047

Source: compiled by the author according to the financial statements of the enterprise

Thus, the dynamics of the margin of financial results as a percentage of net income (revenue) from sales is as follows: there is a decrease in margin for all positions in 2016 and 2018-2019. Such dynamics of margin is generally evidence of declining quality of financial results.

PART 3. INCREASING EFFICIENCY OF SALES ACTIVITY OF PJSC “LVIV CONFECTIONERY “SVIToch”

3.1 Directions for increasing the efficiency of sales activities of PJSC “Lviv Confectionery “Svitoch”

The concept of “increasing” in a broad sense is a natural, qualitative change of any object, aimed at improving its condition and giving it new properties necessary for better compliance with the objectives of its operation and environmental conditions. Improving the sales system is a continuous process of substantiation and implementation of the most rational forms, methods and ways of its creation (restructuring) and development; rationalization of its individual parties, control and identification of “bottlenecks” on the basis of continuous assessment of the compliance of the control system of internal and external conditions of the organization.

The problem of product sales today is one of the main for the management of enterprises. Growing competition in the domestic market and imports from Europe and Asia faced the industry with the task of improving the existing sales system in order to retain customers, attract new ones and enter new markets.

Establishing an effective sales system is necessary even if the company operates stably. Some facts of the distribution system, which are prerequisites for the need to optimize this system can be highlighted: shipped products do not arrive to consumers on time; order processing takes several days; unreasonably large insurance stock of finished products in the warehouse of the enterprise; absence of a part of the ordered production in a warehouse; declining market share.

Recently, the influence of the external environment on the sales system is increasing. The main feature of modern business is that success in competition determines not only the quality of relations within the distribution system of the enterprise, but also the management of relations with other organizations - members of the supply chain.

The efficiency of the enterprise in market conditions depends on the adequacy of the response to changes in the external environment, the degree of its uncertainty. Satisfaction of customer needs and knowledge of the market situation are key points in developing a strategy for optimizing the sales system of the enterprise.

The study and economic analysis of PJSC “Lviv Confectionery “Svitoch” in the first two sections allow to make certain conclusions, identify strengths and weaknesses of the enterprise, gain understanding of areas for improvement and develop specific practical measures for implementation at the enterprise:

Using 4D Branding model

The sales department of PJSC “Lviv Confectionery “Svitoch” registers orders and reports on their execution, as well as has other additional functions. Collection and analysis of information on consumer requirements, both current and future, is not part of the functions of the sales department. There is almost no information about consumers. The management of the company knows that some products are more popular than others, but no one analyzes why this happened and what it means for the company. The sales department does not track such information.

The sales department of PJSC “Lviv Confectionery “Svitoch” was created specifically, but the priorities aimed at maximum efficiency and minimum costs were not clearly defined. Its efficiency has not been carefully analyzed. The starting point of any analysis is information. The sales department has neither the time nor the resources to gather such information and then analyze it and set priorities.

The current system of sales is a combination of four distribution channels:

- Own distribution network;
- Independent distributors;
- Sales directly to retailers through the sales department;
- Own stores in Lviv.

Consumers do not receive uninterrupted delivery of ordered consignments of goods when they want. Not only do customers wait without knowing the delivery date

or time, but they are often delivered products they did not order. They can't find anyone at PJSC "Lviv Confectionery "Svitoch", who can complain about this, and even if they did, they don't think it would change anything. Therefore, clients are dissatisfied and annoyed by what they consider to be inefficient and an attitude like "I don't care" on the part of the company's management.

Consequently, I propose to track information from the company's consumers, the level of their satisfaction, as well as to analyze the compliance of the brand of PJSC "Lviv Confectionery "Svitoch" to the interests of target groups in order to improve these indicators and, thus, increase the company's sales. In my opinion, the best basis for this improvement is the 4D Branding model developed by Swedish specialist Thomas Ged, because this model occupies 4 dimensions of brand perception (functional, social, mental and spiritual) and provides a comprehensive information base for the company regarding the attitude of customers to its products and activities in the market.

Termination of relations with intermediary logistics companies and purchase of own trucks

There are 4 warehouses on the territory of the enterprise. Each warehouse is designed to store only a certain type of product. This causes delays in loading, as the truck must approach each warehouse to be fully loaded. This often leads to significant delays when loaded cars leave the factory in the morning.

The company does not have enough of own trucks to deliver its products. To increase the number of vehicles, the factory rents an average of 8 trucks daily. Another disadvantage is that it is not possible to control the work schedule of truck drivers. This often leads to situations, when they refuse to deliver the goods at the end of the day because they have to work extra time.

Due to the annexation of Crimea and the anti-terrorist operation in Donbass, PJSC "Lviv Confectionery "Svitoch" lost these markets and suffered significant losses, as a result of which the company's management was forced to lose a significant number

of its own cars to deliver goods to the customer. At the time when sales were minimal, the maintenance of own vehicles was unprofitable. That is why the company began to use the services of logistics companies for transportation.

This method of logistics has a number of disadvantages:

- High cost of transportation, which directly affects the cost of goods;
- Unstable cost of transportation (with minor changes in the route, weather conditions, etc. logistics companies mostly increase the tariff);
- Inability to fully control delivery on time (mostly logistics companies are not responsible for violations of delivery time), which leads to dissatisfaction of customers;
- High risks of product loss due to illegal actions of employees, including drivers, logistics company;

That is why, it is proposed to purchase more own vehicles. With stable sales and shipments, it is possible to reduce logistics costs.

3.2 Substantiation of expediency of proposals on increasing the efficiency of sales activities of PJSC “Lviv Confectionery “Svitoch”

Using 4D Branding model

I propose the company to use the 4D branding model developed by Swedish specialist Thomas Ged, who worked at Gray Advertising International as a copywriter, creative director and director of strategic brand development, and proposed a four-dimensional brand model, which he described in the book “4D branding: breaking the corporate code of the network economy”. In his view, a strong brand can be represented as a mental field of the brand, which exists in four dimensions:

1. Functional dimension describes the unique characteristics of a product or service, as well as the perception of their usefulness associated with the brand. Everything related to physical quality, taste, style and efficiency falls into the functional category. The value of functional measurement also depends on the position of the brand on the curve of its life cycle.

Functional measurement describes the unique characteristics of a product or service due to the perception of the usefulness of the product associated with the brand.

2. The social dimension refers to the ability to be identified with a particular social group. This dimension reflects the relationship between customers and the social group to which they want to belong. In the social dimension, a trademark, or logo, itself becomes a symbol of the activity that actually creates a brand, almost like a national flag. From the point of view of the social dimension, the brand often creates a cult around itself, becomes a sign of social difference or “props” in the household play of the individual. The social dimension deals with the experience of the consumer as a user; shows the consumers the ability to identify themselves as members of a particular social group.
3. The mental dimension reflects the self-perception and self-identity of consumers, as well as their willingness to change and develop new ideas about themselves. The social dimension reflects the relationship between buyers and the social group to which they want to belong. The brand acts as a powerful means of recognition in the eyes of others. The mental dimension is the impact on people, the formation of a new value in the minds of consumers, due to the ability to support other people.
4. The spiritual dimension refers to a larger system, which the brand, the consumer and his/her social environment are a part of. This dimension reflects the perception of global or local responsibility. Spiritual change summarizes the values behind the brand and purposefully addresses the essence of consumer beliefs, setting them to local or global responsibility.

The development of all four dimensions of the brand ensures its unique place in the minds of consumers and the power of consumer commitment. The easiest way to explain 4D Branding model is on the example of a personal image, where functional dimension is the ability to be useful to others, social dimension is the ability to interact with other people, mental dimension is the ability to help change before

changing oneself, spiritual dimension is the ability to maintain a spiritual connection. and take responsibility for external change.

According to the method of 4D Branding it is necessary to build a mental field of the brand PJSC “Lviv Confectionery “Svitoch”, which will draw conclusions about the degree of customer satisfaction with products and related services, the degree of its self-identity and self-perception, as well as attitudes to the company from the point of evaluating the attitude of the company to the interests of the client.

Thus, in conditions of fierce competition, PJSC “Lviv Confectionery “Svitoch” faces a difficult task: how to maintain its position in the domestic and international markets and maintain the efficiency of its activities. The scientific approaches of 4D Branding is called to solve the problem of identification and analysis of brand positions in the market, as well as the attitude of the consumer towards the company.

While export is not considered as an important part of the plan for immediate action due to the COVID-19 global pandemic situation, its importance will continue to grow in the long run to achieve the long-term goal. It is necessary to support export sales. PJSC “Lviv Confectionery “Svitoch” has entered the market of Brazil, and although no further orders have been received, this may be the result of a lack of proactive communication rather than a fading of consumer interest in this particular market. The role of the third party in this department will be to find and develop new orders and new markets. The role of the development manager will be to create conditions for increasing exports, so that the company will be ready to develop its activities in export markets when it regains its position as a leader in Ukraine.

In my opinion, the use of 4D Branding model will allow PJSC “Lviv Confectionery “Svitoch” to increase the number of customers and improve financial and economic performance.

Before implementing this measure, it is necessary to assess its cost-effectiveness. The use of 4D Branding methodology to promote the brand of the

company requires certain costs, particularly the use of third-party services to develop the intellectual field of the brand and further use of the methodology.

To do this, the specialists of the marketing agency must not only create a mental field of the brand, but also develop ways and directions of brand development of PJSC “Lviv Confectionery “Svitoch” in accordance with this methodology and conduct staff training.

Termination of relations with intermediary logistics companies and purchase of own trucks

Purchasing own trucks is appropriate, when the cost of their operation will be much lower than the cost of relevant services of third parties. PJSC “Lviv Confectionery “Svitoch” does not have its own vehicles to transport orders to customers. This causes dependence on logistics companies that rent trucks on terms unfavorable to the company. Carriers, as a rule, charge an additional fee from customers for urgency, which is also negative for the company. There is also the question of the transfer of risks during transportation by rented vehicles.

The cost of a standard transportation for carriers on the route “Factory-Ternopil” (140 km) is 4000 UAH. However, according to the calculation, transportation costs don't exceed 1500 UAH. Delivery routes are quite diverse, there are often transportations that need to be carried out promptly and throughout Ukraine. Such transportations conducted by own vehicles can save even more money.

When cooperating with transport companies, there are often problems with the speed of closing the route, which leads to problems with customers due to non-compliance with the delivery deadlines set with the customer. Thus, such scheme of providing customers with goods through intermediary carriers is not effective and is not fully controlled by the company. Due to frequent complaints from customers about the delay in delivery, the company loses customers. For timely delivery, some customers are ready to over pay about 200 UAH per 1 ton of products, which is almost 4000 UAH from one truck with a volume of 20 tons.

That is why it is important to purchase own trucks for the company in order to set up own delivery system to be able to fully control the process of transportation of goods, be responsible for transportation risks, provide quality transportation and ensure timely delivery, thus meeting customer needs, which will lead to increase in sales and direct profits.

Road freight transportation is the most popular type of transportation due to the speed of delivery of large consignments of goods, maneuverability, mobility and economy. The extensive network of highways allows to deliver cargoes directly “from point A – to point B”. The main types of freight transport are shown in Table 3.1.

Table 3.1

Main types of freight transport

10th ton (tilted)	Euro truck (tilted)	Board truck	Open platform
Maximum load 10 tons	Maximum load 20 tons	Maximum load 22 tons	Maximum load 30 tons
Capacity 15 europallets	Capacity 33 europallets	Capacity 34 europallets	Capacity 34 europallets
Length of the trailer is 6 m	Length of the trailer is 12 m	Length of the trailer is 12 m	Length of the trailer is 12 m

Source: compiled by the author

Analyzing the market of trucks, there was made a conclusion about the feasibility of buying a Euro truck type of vehicles (Fig. 3.1). The Euro truck vehicle is tilted and, thus, provides protection of the goods from external factors.

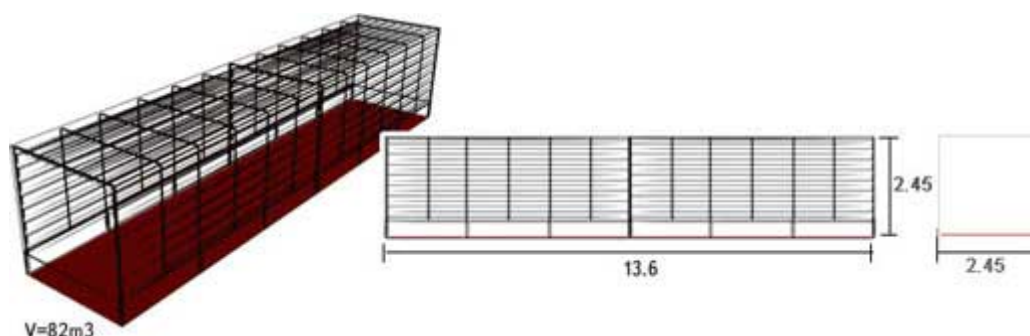


Fig. 3.1 Tilted Euro truck trailer

3.3 Calculation of costs for the implementation of measures to increase the efficiency of sales activities of PJSC “Lviv Confectionery “Svitoch”

Using 4D Branding model

To assess the attractiveness of the brand of PJSC “Lviv Confectionery “Svitoch” the model of S. Anholt will be used (within the Nation Brands Index research), formed by a survey. It is a criterion for comparing and evaluating brands and is used to meet the needs and interests of target audiences. Within the criteria, indicators are distinguished according to which the brand of PJSC “Lviv Confectionery Factory “Svitoch” is evaluated. The indicator of a brand is the arithmetic mean of its components, because they are equivalent.

To assess the existing brand of PJSC “Lviv Confectionery “Svitoch” on the basis of the S. Anholt index, the attitude of its members and clients, experts of relevant companies and statistics towards the company is taken into account.

The scheme (Fig. 3.2) shows the integrated brand index of PJSC “Lviv Confectionery “Svitoch”, obtained as the arithmetic mean of its indicators.

Product range of PJSC “Lviv Confectionery “Svitoch”. Availability of sales points	Popularity and status of PJSC “Lviv Confectionery “Svitoch”	Number of consumers of PJSC “Lviv Confectionery “Svitoch”
	Rhythm 0,88	Global significance 0,86
	Potential 0,9	
	Brand 0,86	
	Customers 0,85	Sales conditions 0,87
	Activity 0,82	
Attitude of customers and suppliers to the activities of PJSC “Lviv Confectionery “Svitoch”	Product quality of PJSC “Lviv Confectionery “Svitoch”	Meeting the needs of customers, who use the products of PJSC “Lviv Confectionery “Svitoch”

Figure 3.2 - Integrated brand index of PJSC “Lviv Confectionery “Svitoch”

Source: compiled by the author

Thus, according to the results of the survey, it can be concluded that the compliance of the brand of PJSC “Lviv Confectionery “Svitoch” to the interests of the target groups is higher than the average level ($I = 0.86$). In order to increase brand value, it is necessary to develop a strategy as a result of which customers would clearly identify and give preference to PJSC “Lviv Confectionery “Svitoch” among other competitors.

Consequently, it is necessary to select the strongest groups of customers and determine as a basis (in combination with the results of the analysis of the internal environment to the external) for brand strategy based on the analysis of existing consumer associations with PJSC “Lviv Confectionery “Svitoch”.

Using the model of 4D Branding, in the context of each of the measurements the mental field of the company brand was built, which reflects the most general perception of consumers (Fig. 3.3).

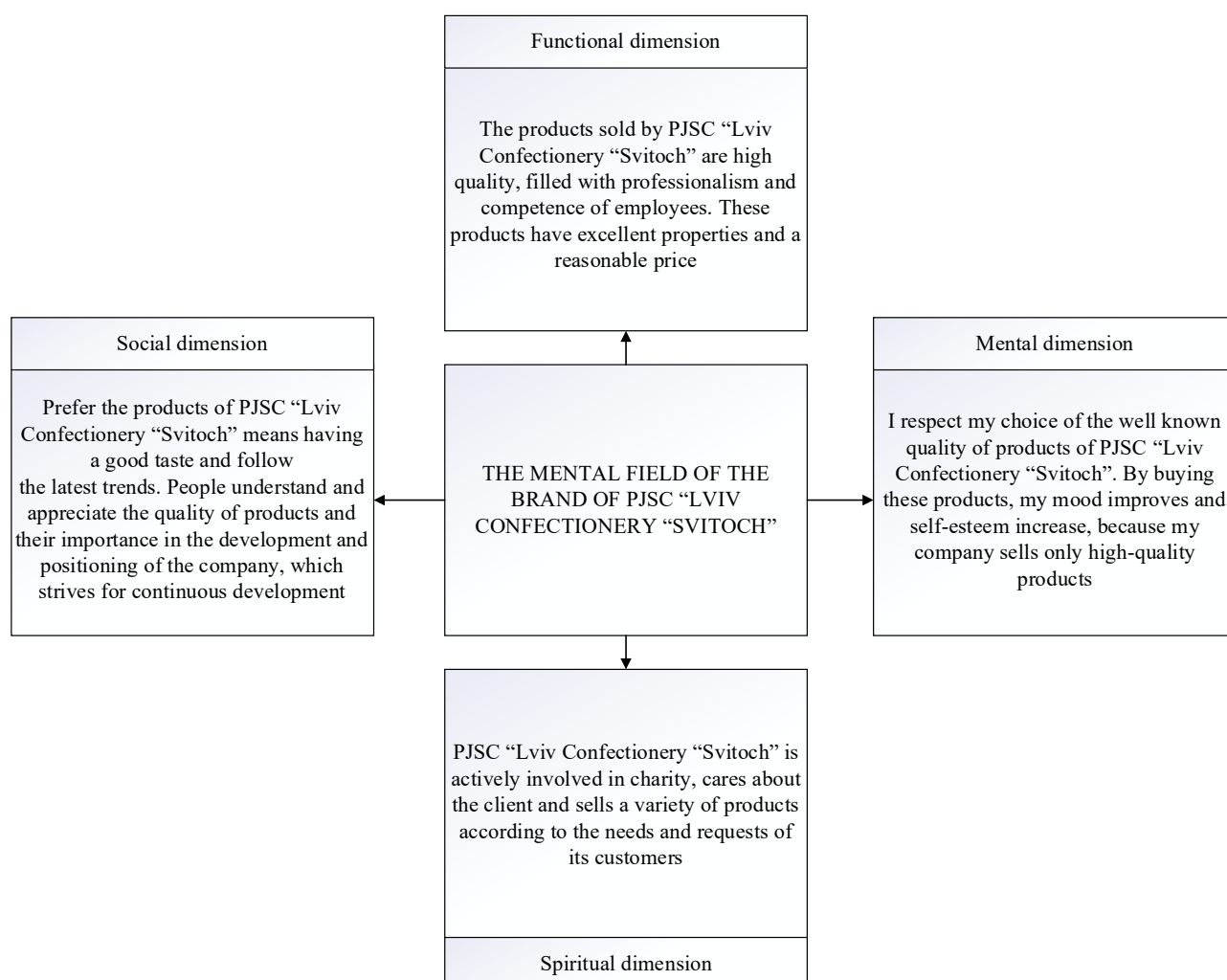


Fig 3.3 – Mental field of the brand of PJSC “Lviv Confectionery “Svitoch” according to the 4D Branding model

Source: compiled by the author

For further development of branding strategy of PJSC “Lviv Confectionery “Svitoch”, it is necessary to conduct a deeper analysis of macro- and micromarketing environment, define problems and goals of research. Such analysis should be conducted by an independent marketing organization in a form of survey. Then, the responsible brand manager should develop a further strategy for improvement sales activity of the company.

Stages of the research:

1. Defining the problem and formulating the goals of marketing research;
2. Analysis of macro- and micromarketing environment;
3. Development of a questionnaire;
4. Approbation of the questionnaire;
5. Summarizing the results of the research;
6. Calculation of effectiveness of the strategy.

The total amount of time required for project implementation is 2 months. The next cost component is the labor cost of the research executors. The results of the calculations are presented in Table. 3.2.

Table 3.2

Calculation of labor costs

Executor	Calculation of labor costs, UAH		
	Monthly salary, UAH	Months required	Total, UAH
Brand manager	16000	2	32000
Marketing organization	24000	1	24000
			56000

Source: compiled by the author

On the basis of expert opinions, there are three probable scenarios after implementation of this research and adoption of the new branding strategy of the responsible brand manager:

- Pessimistic – the net income will increase by 1% annually;
- Realistic – the net income will increase by 3% annually;
- Optimistic – the net income will increase by 7% annually.

Net income of PJSC “Lviv Confectionery “Svitoch” in 2019 was 2300601 UAH.

Net income according to different forecast scenarios is presented in Table 3.3.

Table 3.3

Net income according to different forecast scenarios

Forecast scenario	Net income, UAH
0,01	23006
0,03	69018
0,07	161042

Source: compiled by the author

Let's calculate economic efficiency of this measure for different forecast scenarios. Calculation of NPV is presented in Table 3.4

Table 3.4

Calculation of NPV

Year	Pessimistic cenario		Realistic cenario		Optimistic scenario	
	Net benefits, UAH	Discounted net benefits, UAH	Net benefits, UAH	Discounted net benefits, UAH	Net benefits, UAH	Discounted net benefits, UAH
1	-32994	-28690,43	13018	11320,00	105042	91340,87
2	-9988	-7552,36	82036	62031,00	266084	201197,73
3	13018	8559,55	151054	99320,46	427126	280842,28
	NPV =	-27683,25	NPV =	172671,46	NPV =	573380,88

Source: compiled by the author

As it can be seen from the table above, in case of pessimistic scenario the payback period is 3 years, but the value of NPV is negative, which means, that such investment will not be economically efficient. However, in cases of realistic and optimistic scenarios the payback period is 1 year and the values of NPV are positive, which means, that this investment will be economically efficient.

Consequently, there is the probability of getting high benefits from such investment, as well as the probability of making an inefficient investment. In such case, there should be an analysis of risks of this investment, on the basis of which the final conclusion will be made.

According to the internal survey among experts of PJSC “Lviv Confectionery “Svitoch”, such results of scenarios probabilities were obtained and are presented in the Table 3.5:

Table 3.5

Probability of scenarios

Scenario	Probability
Optimistic	0,15
Realistic	0,6
Pessimistic	0,25

Source: compiled by the author

Now, let's calculate the mathematical expectation $M(x)$. It can be calculated by the Formula 3.1.

$$M(x) = \sum_i x_i P_i, \quad (3.1)$$

where $M(x)$ – the mathematical expectation of the integral effect of the project (the more the better);

x_i – the integral effect in the i -th scenario;

P_i – the probability of realization that there will come the i -th scenario.

$$M(x) = 85122,2.$$

The next step is to calculate the dispersion $D(x)$. It can be calculated by the Formula 3.2.

$$D(x) = \sum_i (x_i - M(x_i))^2 P_i \quad (3.2)$$

$$D(x) = 2175324508.$$

The third step is to calculate the standard deviation $\sigma(x)$. It can be calculated by the Formula 3.3.

$$\sigma(x) = \sqrt{D(x)} \quad (3.3)$$

$$\sigma(x) = 46640,37.$$

The last step is to calculate the coefficient of variation $var(x)$. This coefficient shows the risk share per unit of income. It can be calculated by the Formula 3.4.

$$var(x) = \frac{\sigma(x)}{M(x)} \quad (3.4)$$

$$var(x) = 0,548.$$

It means that 1 UAH accounts for 54,8% of risk.

All in all, since the level of risk is beyond 60%, it can be considered moderate. Moreover, in any case the company will get its money back and, thus, such risk is considered as acceptable. So, in my opinion, such measure of increasing efficiency of sales activity of PJSC “Lviv Confectionery “Svitoch” through implementing 4D Branding system is effective and economically beneficial. The level of risk is acceptable and the economic effect from this measure for 3 years with the discount rate of 15% is in the range from 8559,55 UAH to 280842,28 UAH (the most probable value according to the expert opinions is about 99320,46 UAH).

Termination of relations with intermediary logistics companies and purchase of own trucks

When comparing trucks with the price factor, it is possible to conclude that the most acceptable option for the company is to buy a Scania R-500 truck. However, it should be understood that when making such decisions, it is necessary to use not only price factor, but also non-price ones due to the fact that the price factor is not a complete characteristic. Therefore, a comparative analysis of three truck models was additionally performed. The following criteria, which have a high degree of influence on the further operation of the truck: year of manufacture, mileage, load capacity, engine power, are taken as the basis of analysis (Table 3.6).

Comparison of trucks

Indicators	Scania R-500	Renault Premium DXI	MAN TGX
Year of manufacture	2002	2008	2010
Average mileage, km	1100000	900000	750000
Load capacity, t	24,95	21,65	27,65
Engine power, hp	412	450	500

Source: compiled by the author

Let's calculate the required number of vehicles. The number of trucks is determined on the basis of the turnover of the company, the load of vehicles, the time of loading and unloading operations according to the Formula 3.5:

(3.5)

$$N = \frac{CT * C_{nu}}{\frac{LC * C_l * T * 60}{TC}}$$

where N – required number of vehicles;

CT – cargo turnover of the enterprise for a certain period, t;

C_{nu} – coefficient of non-uniformity of transportations (calculated as the ratio of the maximum daily turnover to the average daily cargo turnover);

LC – load capacity of the vehicle, t;

C_l – coefficient of load capacity using of the vehicle;

T – operating time of the vehicle in the planning period;

TC – transport cycle (loading time, round trip time, unloading time), min.

The main economic indicator of work of transport and the main criterion when choosing its type and route is the cost of transportation. The cost of external transportation by general purpose transport is determined by current tariffs, domestic – by calculations.

To assess the various options for transportation of goods, an indicator of the cost of transportation (C) is used and is determined by the Formula 3.6:

(3.6)

$$C = C_v + C_f + C_{l-u} + C_t ,$$

where C – cost of transportation;

C_v – variable costs;

C_f – fixed costs;

C_{l-u} – costs of loading and unloading;

C_t – costs during transportation.

Variable costs are the ones that depend on the mileage of the car. They include: costs on fuel and oil, maintenance, car repair, renewal and repair of tires, depreciation of chassis. These costs are calculated per 1 km.

Fixed costs include overhead costs, drivers' salaries and depreciation deductions. These costs are calculated for 1 year of the mileage of the car at the enterprise.

Loading and unloading costs cover all costs for these works (wages of loaders, freight forwarders and other workers, the cost of electricity and materials). They are calculated for 1 ton of transported cargo or 1 year of loading and unloading works.

The costs during transportation are associated with the construction of roads, their repair and maintenance. As a rule, these costs are calculated per 1 ton per 1 km of mileage.

Purchasing trucks is a capital investment that will reduce the cost of transporting material resources between units. The cash flow in this case is the difference between

the cost of attracting third-party companies and the cost of transportation on the company's own. The average mileage per month is 8400 km. The calculation is shown in Table. 3.7.

Table 3.7

Calculation of costs for transportation of goods by own truck

Cost item	Costs, UAH		
	per month	per transportation	per 1 km
Fuel	43092	1436,4	5,13
Oil	1200	40	0,14
Driver's salary	16 000	533,33	1,9
Depreciation	7 514,6	250,49	0,89
Maintenance	5200	173,33	0,62
Loading and unloading works	16800	560	2
Total	89806,6	2993,55	10,69

Source: compiled by the author

The cost of purchasing 25 trucks is 11 629 452 UAH. According to the report PJSC "Lviv Confectionery "Svitoch" has spent 34 234 819 UAH for transportation of goods by intermediary logistics companies. Let's calculate the profitability of purchasing own trucks, taking into account that the period of useful life of these trucks is 5 years.

Initial data for calculations of profitability is presented in Table 3.8

Initial data for calculations of profitability

Initial costs, UAH	11629452
Annual costs for maintenance of own trucks, UAH	26941980
Period of useful life, years	5
Annual costs for transportations by intermediary logistic companies, UAH	34234819
Discount rate, %	15
Index of annual costs growth	1,15

Source: compiled by the author

Calculation of NPV is presented in Table 3.9

Table 3.9

Calculation of NPV

Year	Net benefits, UAH	Discounted net benefits, UAH
1	-4336613	-3770967,83
2	4050151,85	3062496,673
3	13694931,43	9004639,716
4	24786427,94	14171720,62
5	37541648,93	18664834,45
		NPV = 41132723,64

Source: compiled by the author

The IRR of this investment is 197% and according to the Fig. 3.4 the payback period is 2 years.

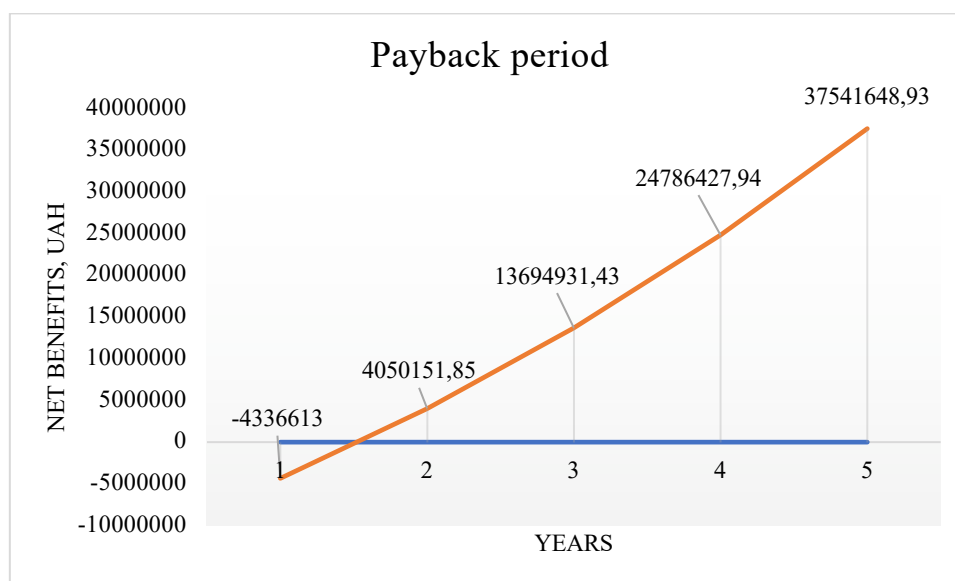


Fig. 3.4 Payback period of purchasing own trucks

Consequently, the economic effect of increasing efficiency of sales activity of PJSC “Lviv Confectionery “Svitoch” through termination of relations with intermediary logistics companies and purchase of own trucks for the period of 5 years and with the discount rate of 15% is 18664834,45 UAH. It means that this measure is highly effective and economically beneficial.

CONCLUSIONS

Consequently, having studied the theoretical, methodological and practical principles of sales activity the following conclusions were made:

The main purpose of sales activity is to ensure and fully meet the needs of consumers. Sales are a set of organizational, technical and commercial measures for the direct sale of goods and services in the consumer market and the promotion of finished goods from producer to consumer. The sales system is one of the main subsystems of the company's operation, directly affecting the economic effect of its activities.

For any company, the formation of a distribution network is a strategic decision that must be compatible not only with the expectations in the target segment, but also with its own goals. An important role in sales management is played by the formation of an effective sales network, which consists of distribution channels. The main characteristics of distribution channels are their length, width and types of subjects. The main thing in the distribution marketing policy is the formation of appropriate channels.

The organization of sales involves the use of marketing tools for effective sales policy of the enterprise. The marketing system promotes the finished product on the market, organizing the channels of its distribution, storage and sale. At the same time, it provides advertising and a set of accompanying measures to bring products to the consumer.

The organizational structure of the sales system depends on the volume and intensity of sales activities, the type and nature of products and other features. The organizational functions of the company's sales system can be structured from different activities: supply, storage, sorting, transportation, establishing contacts and maintaining relationships, information support.

When assessing the effectiveness of sales activities, most economists think about determining the effectiveness of the organization and implementation of the sales process. When assessing the efficiency of sales, the most important are the indicators of overall efficiency of the enterprise, the group of evaluation parameters should include:

sales, revenue and profit, cost dynamics, range structure and dynamics of the pricing policy of the enterprise, advertising costs, etc.

Indicators used in assessing the effectiveness of sales activities of the enterprise can be divided into the following groups: indicators of economic effect and indicators that indirectly characterize the efficiency of sales.

Revealing the economic and legal principles of the company and its general characteristics, it is noted that PJSC “Lviv Confectionery “Svitoch” is the company, that produces confectionery. Coffee occupied the largest share in the structure of production and sales, but in 2018-2019 the share of coffee in the structure of production decreased, while the share of chocolate confectionery (by 1.5% in 2019) and flour confectionery (by 2.2% and 3.4% in 2018 and 2018 respectively) increased. It is noted that the net income from sales of the company’s products increased in 2016-2017 and 2019, and the cost of goods sold increased during the research period. The value of gross profit in 2018-2019 decreased, and the financial result from operating activities, as well as before taxation was positive and increased in 2015, and in 2018-2019 its value decreased, which led to a decrease in the value of net profit in 2016 and 2018-2019.

According to the analysis of the economic condition of the enterprise, it was concluded that the assets and liabilities of the enterprise increased in 2016-2019. In the structure of assets, the largest share belonged to non-current assets (in 2015-2016) and current assets (in 2017-2019). In the structure of liabilities, the largest share belonged to equity capital. It is also noted that the growth of staff turnover in 2016-2017 is negative, and since its normative value, which is considered satisfactory, is less than 5%, in 2017-2018 there was a negative trend, although in 2019 the staff turnover was stable and lower than its critical value. Since the labor productivity per 1 employee in 2018-2019 grew more slowly than the size of employees’ salaries, it was concluded that the system of remuneration, incentives and motivation of employees is inefficient. It is also noted that the financial condition of PJSC “Lviv Confectionery “Svitoch” was stable in 2015-2016 and 2019.

It is noted that the main sales channel is a network of dealers throughout Ukraine. The dealer network of PJSC “Lviv Confectionery “Svitoch” consists of the manufacturer, wholesale and retail intermediaries, which work together. Depending on the set goals, the specialists of the company are looking for trade intermediaries. PJSC “Lviv Confectionery “Svitoch” uses advertising tools to reach the target audience as much as possible and stimulate the consumer to buy, while the total cost of advertising increased in 2016 and 2018-2019, and the highest growth rate was observed in 2019.

Economic analysis of the efficiency of sales activities of the enterprise showed that the profitability of sales on net profit decreased in 2016 and 2018-2019, the profitability of products and activities of the enterprise decreased in 2016 and 2018-2019. It was also noted that the volume of sales per unit cost decreased in 2018-2019, which is a negative point and indicates a decrease in the efficiency of sales costs. At the same time, sales costs per unit of sales increased in 2019.

In order to increase the efficiency of sales activities of the enterprise, the following measures were proposed:

- to implement 4D Branding model to track and use information from the company’s consumers in order to develop a specific strategy on this basis to increase the efficiency of sales activity;
- to terminate the relations with intermediary logistics companies and purchase own trucks in order to reduce logistics costs and, thus, increase the efficiency of sales activity.

While talking about implementation of 4D Branding model, after calculations, the level of risk is beyond 60% and, thus, it can be considered moderate. Moreover, in any case the company will get its money back and, thus, such risk is considered as acceptable. Consequently, such measure of increasing efficiency of sales activity of PJSC “Lviv Confectionery “Svitoch” through implementing 4D Branding system is proved and grounded to be effective and economically beneficial. The level of risk is acceptable and the economic effect from this measure for 3 years with the discount rate

of 15% is in the range from 8559,55 UAH to 280842,28 UAH (the most probable value according to the expert opinions is about 99320,46 UAH).

While talking about termination of relations with intermediary logistics companies and purchase of own trucks, such measure is proved and grounded as highly effective and economically beneficial for the company. All in all, for the period of 5 years and with the discount rate of 15%, the economic effect is 18664834,45 UAH.

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