ANALYSIS OF THE SELECTED ENTRY STRATEGY OF BLUE BOTTLE COFFEE ROASTER

The article is relevant because the coffee market is one of the most profitable and e-commerce brands. The paper aims to study the theoretical foundations of developing a strategy for promoting a foreign company to the domestic market and to develop practical recommendations for the promotion of “Blue Bottle Coffee” in the coffee market in Ukraine. The methodology of the article is based on a few stages of implementation of marketing strategy. According to the results of the research, the level of potential demand for products and services of “Blue Bottle Coffee” in the Ukrainian market will increase in 2021-2022, but under the condition that the company will develop and expand points of sale, to carry out an effective marketing communication policy. In the next 3 years, potential consumers will become acquainted with the activity of “Blue Bottle Coffee” in the Ukrainian market. However, neither a perfect commodity policy nor a well-balanced pricing policy and a well-chosen distribution system will not be able to provide the appropriate economic result to production and marketing enterprises without an effective system of implementation of promotion strategies.

Keywords: marketing strategies; SWOT analysis; international companies; coffee market; enterprise; consumer; product; price

JEL: D24; D47; M31; P42

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1. Introduction

“Blue Bottle Coffee” is one of the world-class coffee companies that emerged in 2002 and has since transformed the initial point of sale of coffee at a favourite local convenience store in the Bay Area into a global and online e-commerce brand.

The success of “Blue Bottle Coffee” has also been to develop a cognitive program for the roasting, brewing and consuming coffee that will bring this level of coffee connoisseurs to customers who may never step into a true “Blue Bottle Coffee” shop. The way to get the information you needed was to develop content marketing. By creating in-depth brewery guides, training videos, and courses on buying, storing, and brewing great coffee, “Blue Bottle Coffee” has been able to make its brand synonymous with third-wave coffee and truly spread appreciation for homemade coffee to new customers (Hollis, 2018). This helped the “Blue Bottle Coffee” go beyond simply selling grains and setting a higher price for their produce. Today, the “Blue Bottle Coffee” brand is extremely well known and in high demand.

In this paper, the authors explore the concept of a foreign company’s strategy for entering the coffee market of Ukraine based on “Blue Bottle Coffee” roasters. The offered model was tested in the Ukrainian coffee market in 2019. Thus, people face the problem of real-time decision making in conditions of real situations, which is based on modelling and forecasting. Clearly, the efficiency of the decision depends on the information about the process development because their measurements are not always accurate. Thus, try to estimate research in a real case.

2. Theoretical Background

The globalisation of marketing activity is a well-known phenomenon, and the global marketing strategy (GMS) has been the subject of intense scientific debate and research for decades. GMS is a strategy aimed at unifying the company’s marketing efforts in several different regions of the world (Johansson, 2010). Many studies suggest that a firm’s GMS affects its performance in the global market (Perreault, Cannon, McCarthy, 2019; Douglas, Craig, 2011; Griffith, 2010; Katsikeas, Samiee, Theodosiou, 2006; Robson, Schlegelmilch, Bojkowszky, 2012; Ryans, Griffith, White, 2003; Wu, 2011; Zou, Cavusgil, 2002). However, for the coffee market, the study of GMS is still limited.

Coffee is one of the world’s most valuable tropical agricultural products, which has gained special popularity in recent decades. There was a transformation of approaches to coffee as merchandise goods (Choose a market entry strategy, 2020; The three waves of coffee, 2020). On the one hand, the emphasis is on the quality of coffee, which comes from different geographical areas, differentiated by their climatic conditions. This feature of the product was emphasised by Norwegian immigrants to the US E. Knutsen in 1974 and received the definition of “specialty coffee” (Marc, 2019). On the other hand, the quality of a product is more connected to the culture of its consumption. The first to pay attention to the culture of coffee consumption was in Skeie (2003). After that, this topic was developed in Williamson (2017).
Thus, T. R. Skeie (2003) has divided the current stage of development of the coffee industry into three stages, guided by such indicators as the process of preparation, consumption, and distribution. Today, the fourth coffee wave is being singled out, the pioneers of which are Robert Paulig Roastery and Artisan Café (Robert Paulig Roastery, 2020; Artisan Café, 2020). It is characterised by such components as the science of coffee, measurement of the brewing process, determination of coffee properties, water quality, development of equipment for coffee brewing of brewing equipment (The three waves of coffee, 2020). The main tenets of the 4 waves of the coffee industry are: quality; coffee production; sustainable development; comprehensive taste (Korhonen, 2020).

Further research indicates that the consumer market for high-end (“specialty coffee”) remains limited due to the supply of plantations, or consumer demand. This proposal is an intermediate innovation, as it upsets the market equilibrium and forms a parallel model of coffee consumption, where the place of branding is a plantation enterprise, not a company that provides coffee consumption (consumer corporations). However, the lack of digital technologies in the field of marketing will not allow plantations in the coming years to significantly influence the coffee market. This creates great opportunities for large companies to capture a significant share of the high-end specialty coffee market. In addition, changing tools in the implementation of marketing strategies in the coffee market can potentially change the way coffee is drunk (Lindstrom, 2016; Leach, 2018).

One of the main players in the movement to transform coffee from a simple goods into a crust, Blue Bottle Coffee has played the role of high-quality coffee producer. To achieve such success allowed their barista training program. The second strategic decision was cooperation with farmers. Leading company’s experts travel in search of the best and ecological coffee sorts. Only the best varieties of coffee are produced, where it is roasted depending on tastes and preferences (Hollis, 2018; Third wave coffee, 2020).

3. Aims, Hypothesis and Methods

Unfortunately, the level of roasting of coffee depends on the tastes and preferences of consumers, not the preferences of the company’s experts. Therefore, to determine the roast and choose the type of coffee should be based on marketing research and strategic plan. Drawing up a strategic plan should be based on certain stages (Frolov, 2012):

1. Determination of the projected level of demand for goods, goals and objectives of the organisation in the international market.
2. Analysis of the company to work in the target segment.
3. Assessment of the state of competitive position and level of competition.
4. Determining the adequacy of costs for the promotion of goods in the new market.

Will analyse these stages in more detail.

1. **Determine the forecast level of expected demand for coffee, blow up the logistics of supply to foreign markets.**
To achieve the strategic goals of coffee sales, it is necessary to calculate the projected level of demand (Molchanova, Doroshenko, 2020):

\[ D_{ni} = \int (E_i \cdot C_i \cdot t), \]  

where \( i \) – certain coffee in the new market, \( i = 1, n; ni \) – quantity of the \( i \)-th type of coffee; \( D_{ni} \) – the projected level of demand for the \( i \)-th type of coffee; \( E_i \) – target market capacity for the \( i \)-th type of coffee; \( C_i \) – the price of one ounce the \( i \)-th type of coffee; \( t \) – the time at which \( n \) can be realised the \( i \)-th type of coffee.

Company’s profit \( (P_{ni}) \) can be defined as (Molchanova, Doroshenko, 2020):

\[ P_{ni} = \int (r_i \cdot C_i \cdot n_i \cdot t), \]  

where \( r_i \) – profitability of selling a ounce the \( i \)-th type of coffee.

The next stage is to define strategic goals. To calculate them, we use the formula from probability theory: the number of trial purchases and the time of their completion (Yurashev, Shelest, 2003; Suprun, Stratychuk, 2016):

\[ x(t) = \frac{L \cdot C \cdot (\alpha + \beta)}{\alpha + C \cdot e^{(\alpha + \beta) t}}, \]  

where \( x(t) \) – the number of consumers who made the first purchase; \( L \) – number of potential buyers, \( L \rightarrow \max \); \( \alpha, \beta \) – coefficients that characterize consumers’ ability to follow and innovate, respectively, or the probability of purchasing over time \( t \), \( \alpha = [0; 0.8], \beta = [0; 0.05]; t = f(x) \) – time determination, i.e. \( t \) is an inverse function \( x(t) \).

So (Molchanova, Doroshenko, 2020):

\[ PD_i = p \cdot (x \cdot \delta - M) \cdot \Delta t, \]  

where \( \delta \) – estimated frequency of purchases of the \( i \)-th type of coffee over time \( \Delta t \).

Based on the calculations, we can say that when the need for \( p = 0 \), the demand for coffee in the selected market is absent. We need to reconsider the strategy for this market, or change the market.

When \( PD_i > 0 \), the demand for the product exists and we can analyse the company’s ability to work in a specific target segment in a particular type of coffee.

2. Analysis of the company’s financial gold to operate in a specific market in the target segment

Analysis of the adequacy of the company’s funds to enter new markets. Diversification of sources of financing by the company of development of new markets can be defined as (Molchanova, Doroshenko, 2020):

\[ Q_{max}^i = \sum_{t=1}^q v^i l, \]  

where \( i \) – certain type of coffee, \( i = 1, n; Q_{max} \) – capacity of all fixed assets of the company; \( v^i \) – power; \( l \) – production unit of fixed assets to produce coffee; \( q \) – number of ounces.
Determining the company’s competitive position in the market. The calculation is possible as a comparative analysis with the average data by industry:

\[ PR_i = \sum_{t=1}^{m} p^f \times Y, \]  

(6)

where \( PR_i \) – prospect of the company development; \( f \) – a factor that is crucial to a particular type of coffee, \( f = I, m; p' \) – the weight of the \( f \)-factor.

Having determined the company’s competitive position in the industry, we find the average value of indicators (\( PR_{av} \)). To determine the effectiveness of the proposed strategy to enter new markets, it is necessary to make assumptions about the effectiveness of the company based on inequality. Efficiency is determined on the basis of criteria (Table 1).

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Marketing strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>( Q_{i_{max}} \leq PD_l )</td>
<td>the company will not be able to meet the demand for its product in the new market with available capacities, the outlook is not optimistic</td>
</tr>
<tr>
<td>( Q_{i_{max}} \leq PD_l )</td>
<td>a company with the available capacity will not be able to meet the demand for its product in the new market, but there is a prospect of its development. Therefore, it is necessary to identify the weakness in the potential of the company and take measures to strengthen it</td>
</tr>
<tr>
<td>( Q_{i_{max}} \geq PD_l )</td>
<td>the capacity of the company allows to meet the demand for its goods in the new market, but the basic values of the influencing factors are not very satisfactory, so it is necessary to identify the weak spot of the potential of the company and take measures to strengthen it</td>
</tr>
<tr>
<td>( Q_{i_{max}} \geq PD_l )</td>
<td>the company will be able to provide projected demand for its product in the new market and has all opportunities for further development in a specific target market</td>
</tr>
</tbody>
</table>


Thus, only in one situation (system IV) can the choice of marketing strategies. Because the choice of strategy to enter new markets will depend on the analysis of the components of the company’s potential. The situation of the II and III systems cannot satisfy the specified criteria.

The potential of the company is determined by the method of “square of potential” or graphical-analytical method. The method is based on four components: \( PM \) (marketing), \( PZB \) (sales), \( P_{vi} \) (production) and \( P_{fin} \) (financial) (Bozhkova, Nasonova, 2016; Armstrong, Kotler, 2020).

The function of the “square of potential” will be the area of a quadrilateral, which is the sum of the areas of four triangles (Figure 1) (Molchanova, Doroshenko, 2020):

\[ S(II) = \sum_{i=1} S_i \]  

(7)

where \( S_j \) – the area of the triangle \( j \); \( S_j = \sqrt{a^2 + b^2} \).

Based on determining the area of the potential of the company, it is possible to analyse its capabilities (Prokopenko, Shipulin, 2004; Soloviev, 2008):

1) \( S(P) < 300 \) ounces – the company has little potential. The company cannot meet the demand for coffee in the new market;
2) \(300 \leq S(P) < 700\) ounces – the potential of the company is medium. Market entry for the company will be slow. There is moderate competition. Consumers react sluggishly to “new” products;

3) \(S(P) \geq 700\) ounces – the potential of the company is high. The market is highly concentrated and ready for a “new” product. The company can also pursue aggressive market entry strategies.

Figure 1

An example of building a square of potential: 1-4 – its components

Source: compiled by the authors based on (Cotler, 2006; Notes by the marketer, 2020; Analysis of the coffee market in Ukraine, 2020; Top 10 coffee-producing countries in 2015 according to ICO data, 2015; Cotler, Keller, Pavlenko, 2008; Molchanova, Doroshenko, 2020).

3. Assessment of the state of the competitive environment of the company

To analyse and assess the state of the competitive environment, we calculate the coefficient and index of concentration in the market (respectively \(K_{rk}\) and \(I_{rk}\)). These indicators make it possible to determine the competitive position of the proposed coffee with substitute products (Cotler, 2006; Cotler, Keller, Pavlenko, 2008; Armstrong, Kotler, 2020):

\[
K_{rk} = \frac{Q}{Q^b} \times 100, \quad (8)
\]

where \(Q\) – total volume of sales of substitute products; \(Q^b\) – volume of sales of goods-substitutes by type enterprises \(b\); \(b\) – large (major) enterprises of the industry.

Market Concentration Index is calculated as (Cotler, 2006; Cotler, Keller, Pavlenko, 2008):

\[
I_{rk} = \sum_{t=1}^{n} h_j^2, \quad (9)
\]

where \(h_j\) – market share of each \(j\)-th competitor organisation.

The above formulas allow us to determine the concentration of markets: high, moderate and low. A low-concentration market is a market where coffee satisfies a fundamentally new need.
and there are no coffee substitutes on the market. Highly concentrated market – when coffee does not meet a fundamentally new need and there are coffee substitutes on the market. Also, when determining the concentration, the determination of the potential area should be considered. Thus, we have six situations (Table 2).

Table 2

<table>
<thead>
<tr>
<th>Market type</th>
<th>The size of the square of the potential</th>
<th>Defining a previous set of marketing strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highly concentrated Krk &gt; 70%, Irk &gt; 2000</td>
<td>300 ≤ S(I) ≤ 700</td>
<td>Widespread penetration strategy, passive marketing strategy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selective or broad penetration strategy, passive marketing strategy</td>
</tr>
<tr>
<td>Moderately concentrated 45 ≤ K rk &lt; 70; 1000 &lt; Irk &lt; 2000</td>
<td></td>
<td>Selective or broad penetration strategy, passive marketing strategy</td>
</tr>
<tr>
<td>Low concentrated K rk &lt; 45; Irk &lt; 1000</td>
<td>S(I) ≥ 700</td>
<td>An intensive strategy, a strategy of selective or wide market penetration of a product</td>
</tr>
<tr>
<td></td>
<td></td>
<td>An intensive strategy, a strategy of selective or wide market penetration of a product</td>
</tr>
</tbody>
</table>

Source: compiled by the authors based on (Cotler, 2006; Notes by the marketer, 2020; Analysis of the coffee market in Ukraine, 2020; Top 10 coffee-producing countries in 2015 according to ICO data, 2015; Armstrong, Kotler, 2020; HH Market Concentration Index, 2015; Molchanova, Doroshenko, 2020).

Thus, the analysis of six situations allows you to choose a specific plan for marketing strategy. Capability analysis provides additional advantages in certain tactical areas. In addition, it is necessary to take into account indicators of the feasibility of entering international markets (efficiency) and indicators that determine the return on investment of the project.

The next stage of the research is the selection and systematisation of methods for analysing the potential of the company when the company enters the Ukrainian coffee market. At this stage, the choice of marketing strategy for launching “Blue Bottle Coffee” to the Ukrainian coffee market (the company’s growth strategy) implies the implementation of such stages (Frolov, 2012):

1. Determination of the projected level of demand for goods, goals and objectives of the organisation to enter new markets.
2. Defining the target market segments and the attitude of consumers to the price.

4. Results

Based on the above methodology for estimating the demand and cost of promoting “Blue Bottle Coffee” to the Ukrainian coffee market, it is necessary to calculate and evaluate the practical indicators of such a marketing strategy.

The results of the study and the calculations are presented in Table 3.

Thus, according to the results of Table 3, the level of potential demand for “Blue Bottle Coffee” products and services in the Ukrainian market was 45,437 people in 2020, and prediction in 2021 will be 97,517 people, in 2022 – 193,001 people, but under the condition...
that the company will develop and expand points of sale, conduct an effective marketing communications policy. Target market capacity will increase from 45 to 55% for 3 years period. The level of profit in thousand UAH will increase from 7875 to 15 593.

Table 3

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>2021*</th>
<th>2022*</th>
</tr>
</thead>
<tbody>
<tr>
<td>( t ) – the time at which ( n ) can be realised, i-th product, years</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>( C_i ) – the price of one unit of the i-th product, UAH</td>
<td>250</td>
<td>260</td>
<td>270</td>
</tr>
<tr>
<td>( E_i ) – the target market capacity for the i-th product, %</td>
<td>45</td>
<td>50</td>
<td>55</td>
</tr>
<tr>
<td>( D_{mi} ) – days are the projected level of demand for the i-th product, persons</td>
<td>56250</td>
<td>65000</td>
<td>74250</td>
</tr>
<tr>
<td>( r_i ) – is the profitability of selling a single item</td>
<td>0.14</td>
<td>0.18</td>
<td>0.21</td>
</tr>
<tr>
<td>( P_{ni} ) – profit of enterprise, thousand UAH</td>
<td>7875</td>
<td>11700</td>
<td>15593</td>
</tr>
<tr>
<td>( L ) – number of potential buyers, persons</td>
<td>64125</td>
<td>74100</td>
<td>84645</td>
</tr>
<tr>
<td>( i ) – the coefficients that characterise the consumers’ ability to follow and innovate, respectively, or the probability of purchasing over time ( t )</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>( x(t) ) – number of consumers who made the first purchase, persons</td>
<td>3206</td>
<td>3705</td>
<td>4232</td>
</tr>
<tr>
<td>( \delta ) – is the estimated frequency of purchases of the i-th commodity over time ( \Delta t ), %</td>
<td>18</td>
<td>23</td>
<td>29</td>
</tr>
<tr>
<td>demand level ( PD_i ), persons</td>
<td>45437</td>
<td>97517</td>
<td>193001</td>
</tr>
</tbody>
</table>

* future trends predictions
Source: compiled by the authors based on (Entering new markets, 2020; Notes by the marketer, 2020; Analysis of the coffee market in Ukraine, 2020; Top 10 coffee-producing countries in 2015 according to ICO data, 2015).

After determining the potential level of “Blue Bottle Coffee” demand in the Ukrainian market, it is necessary to carry out the second step of the marketing strategy/promotion of the studied enterprise on the Ukrainian market – to identify and analyse the target market and consumers’ attitude to the Blue Bottle Coffee pricing policy.

It is worth emphasising immediately that “Blue Bottle Coffee” specialises in the production of high-quality coffee beans, the validity of the products produced is 12 hours. This means that products and services cannot be cheap, given the prices for resources and goods in the domestic market.

The results of consumer’s attitude to the offered goods of “Blue Bottle Coffee” are presented in Table 4.

Table 4

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>2021*</th>
<th>2022*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand level ( PD_i ), persons</td>
<td>45437</td>
<td>97517</td>
<td>193001</td>
</tr>
<tr>
<td>% of consumers who agree with the Blue Bottle Coffee policy</td>
<td>20447 (45%)</td>
<td>53634 (55%)</td>
<td>127381 (66%)</td>
</tr>
<tr>
<td>% of consumers who do not agree with the Blue Bottle Coffee policy</td>
<td>24990 (55%)</td>
<td>43883 (45%)</td>
<td>65620 (34%)</td>
</tr>
</tbody>
</table>

* future trends predictions
Source: compiled by the authors.

According to the results of the dynamics presented in Table 4 it follows that from 2020 to 2022 potential consumers will become acquainted with the activity of “Blue Bottle Coffee” in the Ukrainian market, be convinced of the quality of the offered coffee products and adopt
the pricing policy of this enterprise, leaning to the advantages of the activity of “Blue Bottle Coffee” in the Ukrainian market than to the disadvantages.

The next stage of the research will help to make sure once again that the research enterprise is ready, taking into account the existing production potential, to develop a new market. The results of the calculations are given in Table 5.

Table 5

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>2021*</th>
<th>2022*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vil – capacity, thousand UAH</td>
<td>529.2</td>
<td>1143.1</td>
<td>2116.8</td>
</tr>
<tr>
<td>g – number of units, thousands</td>
<td>756</td>
<td>1633</td>
<td>3024</td>
</tr>
<tr>
<td>f – production unit of fixed assets for the production of goods, thousand UAH</td>
<td>0.7</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Q_{max} – capacity of all fixed assets of the enterprise, thousand UAH</td>
<td>158760</td>
<td>342930</td>
<td>635040</td>
</tr>
<tr>
<td>g – weight of the f-factor</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>w – weight of the price factor, which is the deciding factor for a product</td>
<td>0.09</td>
<td>0.08</td>
<td>0.07</td>
</tr>
<tr>
<td>PR – the prospect of enterprise development</td>
<td>0.666667</td>
<td>0.75</td>
<td>0.85714</td>
</tr>
</tbody>
</table>

* future trends predictions

Source: compiled by the authors based on (Entering new markets, 2020; Notes by the marketer, 2020; Analysis of the coffee market in Ukraine, 2020; Top 10 coffee-producing countries in 2015 according to ICO data, 2015).

The results of the calculations presented in Table 4, provide information on the capacity of all the fixed assets of the enterprise necessary for the development of new markets. In this case, in 2020 it amounted 158 760 thousand UAH, but till 2022 the amount will increase to 635 040 thousand UAH.

The main condition for the enterprise to develop new markets is that the results of Q_{max} calculations are greater than the planned demand in the new market. For “Blue Bottle Coffee” in 2021 Q_{max} = 342930 thousand; demand level P_{D_i} = 97517 thousand UAH. That is, the condition is fulfilled Q_{max} ≥ P_{D_i}.

The indicator of the prospect of enterprise development by the results of calculations is also more than 1, that is, the further prospect of the enterprise is its development.

The calculation of the data (Table 4) was conducted to determine the feasibility of the marketing strategy on the performance of the enterprise. The regulatory conditions for these indicators are presented in Table 6.

Table 6

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Marketing strategies</th>
</tr>
</thead>
<tbody>
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<td>Q_{max} ≤ P_{D_i}</td>
<td>the company will not be able to meet the demand for its product in the new market with available capacities, the outlook is not optimistic</td>
</tr>
<tr>
<td>Q_{max} ≤ P_{D_i}</td>
<td>an enterprise with the available capacity will not be able to meet the demand for its product in the new market, but there is a prospect of its development. Therefore, it is necessary to identify the weak spot of the potential of the enterprise and take steps to strengthen it</td>
</tr>
<tr>
<td>Q_{max} ≥ P_{D_i}</td>
<td>the capacity of the enterprise allows to meet the demand for its goods in the new market, but the basic values of the influencing factors are not very satisfactory, so it is necessary to identify the weak spot of the potential of the enterprise and take measures to strengthen it</td>
</tr>
<tr>
<td>Q_{max} ≥ P_{D_i}</td>
<td>the company will be able to provide projected demand for its product in the new market and has all opportunities for further development in a specific target market</td>
</tr>
</tbody>
</table>

Source: compiled by the authors.
For “Blue Bottle Coffee”, the condition is fulfilled $Q_{max} \geq PD_{i} PR \geq 0.3$. That is, the enterprise under study will be able to provide projected demand for its product in the new market and has all opportunities for further development in a specific target market.

In addition to production potential, “Blue Bottle Coffee”, when developing new markets, should analyse marketing potential, sales potential and financial potential. Based on the results obtained, construct a square of potentials. The initial data for constructing the square of potentials are presented in Table 7.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Production potential</th>
<th>Marketing potential</th>
<th>Sales potential</th>
<th>Financial potential</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>6</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

The results of potential formation were based on the past experience of the enterprise functioning in the markets already developed in the existing ones. The results of the assessment were given on a scale of 1 to 10.

The potential square for “Blue Bottle Coffee” is shown in Figure 2.

According to the results of this square of potentials, it is necessary to calculate the area of 4 triangles and based on determining the area of potential of the enterprise it is possible to analyse its possibilities.

$S (P1) = 100$ units;
$S (P2) = 108.1$ units;
S (P3) = 103 units;
S (P4) = 94.3 units;
S (n) = 405.4 units.

That is, 300 ≤ S(P) < 700 units, which means that the potential of the enterprise is medium, so it has such opportunities in which the penetration of goods into the new market will be slow and all measures should be developed, taking into account the market concentration of manufacturers. The marketing potential of the enterprise and the financial potential are problematic. Therefore, in the process of entering a new market, it is worth paying particular attention to these aspects.

It is advisable to use the methodology presented in the first section and determine the market competition coefficient and market competition index. The results of the calculations are presented in Table 8.

Table 8

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2020</th>
<th>2021*</th>
<th>2022*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qi – total volume of sales of substitute products</td>
<td>7,8</td>
<td>8,1</td>
<td>8,7</td>
</tr>
<tr>
<td>Qv – volume of sales of goods-substitutes by type b enterprises</td>
<td>6,63</td>
<td>6,89</td>
<td>7,40</td>
</tr>
<tr>
<td>b – large (major) enterprises of the industry</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Ck – competitive position</td>
<td>117,65</td>
<td>127,06</td>
<td>134,68</td>
</tr>
<tr>
<td>hj – the market share of competitors</td>
<td>85</td>
<td>80</td>
<td>75</td>
</tr>
<tr>
<td>Market Concentration index</td>
<td>7225</td>
<td>6400</td>
<td>5625</td>
</tr>
</tbody>
</table>

* future trends predictions

Source: compiled by the authors based on (Entering new markets, 2020; Notes by the marketer, 2020; Analysis of the coffee market in Ukraine, 2020; Top 10 coffee-producing countries in 2015 according to ICO data, 2015; Okhrimenko, Skorobogatov, Manaenko, Yaresko, 2018).

From this it follows that according to the results of calculations of the level of competition and the index of market competition, as well as the results of the estimation of the square of potentials of “Blue Bottle Coffee”, the condition Krk > 70% is fulfilled; Irk > 2000 (Table 2), i.e. the market is highly concentrated. An enterprise should use a broad penetration strategy and a passive marketing strategy.

5. Discussion

As a result of a survey of potential consumers, in order to determine the subjective opinion on the feasibility of promoting “Blue Bottle Coffee” in the Ukrainian market. According to the results of the research, it is established that of all the answers received, most Ukrainians support the idea of launching “Blue Bottle Coffee” on the Ukrainian market. Because the quick brewing of high-quality coffee will be cost-effective and appropriate.

Estimation of potential demand and consumer segment of “Blue Bottle Coffee” in the market of Ukraine showed that the level of potential demand for products and services of “Blue Bottle Coffee” in the market of Ukraine was 45 437 people in 2020, prediction in 2021 –
97,517 people, and in 2022 – 193,001 people, but under the condition that the company will develop and expand points of sale, to carry out an effective marketing communication policy. It was worth emphasising that “Blue Bottle Coffee” specialises in quality coffee making, so the maximum life of the products produced is 12 hours. This means that products and services cannot be cheap, given the prices for resources and goods in the domestic market. However, according to the results of the attitude of Ukrainians to the “Blue Bottle Coffee” pricing policy, in the next years, potential consumers will become acquainted with the activity of “Blue Bottle Coffee” in the Ukrainian market, will be convinced of the feasibility of their activity and will adopt the pricing policy of the enterprise, inclining to advantages of “Blue Bottle Coffee” activity in the Ukrainian market than the disadvantages.

6. Conclusion

The last stage of the study was to evaluate the economic feasibility of promoting “Blue Bottle Coffee” in the Ukrainian market, which showed that the process of promoting “Blue Bottle Coffee” to the Ukrainian market is quite time-consuming. The largest share is the cost of construction of retail outlets and advertising in retail outlets. Marketing and internet and print advertising costs are the least needed. The total cost of promoting “Blue Bottle Coffee” in the Ukrainian market was 5904.05 thousand UAH in 2020, and this figure will increase over the years.

Based on the calculations of the investment profitability of the product, the following conclusions could be drawn: 1) the project is expedient for implementation by the present value index; 2) by the criterion of profitability, the project should appear effective, this figure is 27.691%; 3) payback period is almost 2 years; 4) an internal rate of return allowed us to determine a break-even threshold (Cd) at which Net present value (NPV) would be 0. Thus, the project is appropriate for implementation.

References


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