




# “Ukrainian organic products market: state and prospects of development”

<b>AUTHORS</b>	Olena Dobrovolska  <a href="https://orcid.org/0000-0002-4159-8446">https://orcid.org/0000-0002-4159-8446</a>  <a href="https://www.webofscience.com/wos/author/record/ABG-3563-2021">https://www.webofscience.com/wos/author/record/ABG-3563-2021</a> José Manuel Recio Espejo
<b>ARTICLE INFO</b>	Olena Dobrovolska and José Manuel Recio Espejo (2018). Ukrainian organic products market: state and prospects of development. <i>Innovative Marketing</i> , 14(2), 16-25. doi: <a href="https://doi.org/10.21511/im.14(2).2018.02">10.21511/im.14(2).2018.02</a>
<b>DOI</b>	<a href="http://dx.doi.org/10.21511/im.14(2).2018.02">http://dx.doi.org/10.21511/im.14(2).2018.02</a>
<b>RELEASED ON</b>	Monday, 06 August 2018
<b>RECEIVED ON</b>	Wednesday, 27 June 2018
<b>ACCEPTED ON</b>	Friday, 03 August 2018
<b>LICENSE</b>	 This work is licensed under a <a href="https://creativecommons.org/licenses/by/4.0/">Creative Commons Attribution 4.0 International License</a>
<b>JOURNAL</b>	"Innovative Marketing "
<b>ISSN PRINT</b>	1814-2427
<b>ISSN ONLINE</b>	1816-6326
<b>PUBLISHER</b>	LLC “Consulting Publishing Company “Business Perspectives”
<b>FOUNDER</b>	LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

**15**



NUMBER OF FIGURES

**3**



NUMBER OF TABLES

**1**

© The author(s) 2024. This publication is an open access article.

Olena Dobrovolska (Ukraine), José Manuel Recio Espejo (Spain)

## Ukrainian organic products market: state and prospects of development

### Abstract

The development of the organic market in the world requires conducting a research on the problems that accompany this process. Such studies are becoming more popular and apply not only to organic products market at the global level, but also at the local level. In order to identify global problems, the state and trends of the organic products markets in the USA, Germany, France, Britain as the biggest national markets were analyzed on the basis of the data characterizing the state of organic products market in Ukraine and in the world, provided by the Research Institute of Organic Agriculture (FIBL) and the International Federation of Organic Agricultural Movements (IFOAM). The research of the state and trends of the Ukrainian organic market and agricultural production development was conducted, and using the SWOT analysis methodology and the principles laid out in the PEST analysis, its strengths and weaknesses, opportunities and threats were identified. Within each element, social, environmental, economic and financial constituents have been grouped, providing a possibility to understand which factor is determining in terms of sustainable development. It enabled to make a conclusion that the Ukrainian market remains small in size, entailing significant risks, first of all, for producers, as its further development requires a significant all-round support from the state both from the financial point of view and from the point of view of active promotion of sustainable development ideas and education of the population on the importance of consuming quality products, taking care about their health and, as a result, contributing to the improvement of the environment.

**Keywords:** organic food and farming, development, sustainability, organic market, consumer, SWOT analysis.

**JEL Classification:** M30, M31, Q15, Q56, Q57.

**Received on:** 27<sup>th</sup> of June, 2018.

**Accepted on:** 3<sup>rd</sup> of August, 2018.

### Introduction

The dynamic development of the organic products market has led to a lively discussion of the problems of its development, as since the beginning of the 21st century, the market is increasing year by year, but its share in the world remains minimal. Therefore, the question arises whether this market can be stable and maintain the pace of its further development. Taking into account the current world market situation, as well as the fact that almost half of this market belongs to the USA, the question of its further consolidation arises. At the same time, the development of the market directly depends on the development of organic agricultural production, which also develops quite intensively, but the share of lands that are involved in the process of organic agricultural production is only about 1% in the world on average of the total area of agricultural land. Organic farming is one of the main conditions for sustainable development, as it contributes to the improvement of the environment, especially the quality of soils, water resources, health of the population, etc.

At present, a significant number of scientists are engaged in research on the problems of the

development of organic products market both at the global level and at the local level. At the same time, based on the analysis of these studies, it can be stated that there are a number of problems that are typical for the development of the market in general, irrespective of its local location, insignificant size, it is the problem of the transition from traditional to organic production, which slows the growth of organic products volumes, as well as low level of understanding of the importance of consumption of organic products by the population and its importance for sustainable development, including for future generations. At the same time, a considerable number of studies are devoted to local problems that are rather specific and depend on internal factors that are formed within the country, in particular, the legislative framework, structure and level of income of the population, level of infrastructure development, support from the state, etc. In connection with this, there is a need for a comprehensive analysis of the state and trends of the Ukrainian market development and identification of its strengths and weaknesses.

### 1. Literature review

The current state of the organic products market is attracting more and more attention and requires the research on the existing advantages and disadvantages, as well as prospects for its further development. In this context, attention is paid to the study of Valéria Da Veiga Dias, Glauco Schultz, Marcelo Da Silva Schuster, Edson Talamini, Jean

---

© Limited Liability Company "Consulting Publishing Company "Business Perspectives", 2018.

Olena Dobrovolska, Ph.D., Associate Professor the Department of Finance and Banking, Dnipro State Agrarian and Economics University, Dnipro, Ukraine.

José Manuel Recio Espejo, Ph.D., Professor, The Department of Botany, Ecology and Plant Physiology, University of Cordoba, Spain.

Philippe Révillion (2015), which analyzed the publications in the Web Of Science database, and 196 articles dealing with the problem of the functioning of the organic products market were identified, which the authors tried to analyze. The authors came to the conclusion that, despite almost 20 years of existence of the market, it is still unconsolidated. They also point out that the studies focus on the low level of understanding of the importance of organic products consumption and its benefits over traditional (inorganic) products by the consumers. It should be also noted that we agree that, unfortunately, at present, there is no strong statistical base that allows to perform quite in-depth analytical studies, some data from different countries of the world, including high-income countries and large, in comparison to other countries, market for organic products, are partially absent or were not updated within certain periods of time. Nevertheless, the development of the organic products market is one of the basic conditions for the implementation of the concept of sustainable development, which is substantiated in the work of Kireeva (2018).

Torres-Ruiz, Vega-Zamora, Parras-Rosa (2018) stated that the process of purchasing organic products is complex, and includes a number of stages, therefore, marketing communication strategies must play a key role. In addition, when conducting the research for the Spanish organic products market, they also point out that some problems are the distrust to the certification of such products, as well as certain barriers to its purchasing.

Marianne Eisinger-Watzl, Friederike Wittig, Thorsten Heuer, and Ingrid Hoffmann (2015) presented the results of the researches on organic products consumers and made a conclusion about close relationship between health and consumption of organic products. At the same time, this market is insignificant in its volume, and therefore does not have yet fully developed infrastructure and developed effective marketing strategy for its further development, as indicated in the work of Kozlova (2011), Gavaza (2014). In addition, taking into account that the market is very dynamic and grows every year according to practically all the indicators, the integration of the domestic goods producers into the European market and, more importantly, into the US market, which is near 50% of the total volume of the world organic products market, is gaining an importance. Currently, there are also some problems in this issue, particularly taking into account the strengthening of the requirements to the organic products for the exporters in 2016, which was studied in the works of Shevchuk (2016), Hranovska (2017).

The market development is based on the organic farming, as the traditional methods of agrarian production led to, on the one hand, the decreased quality of the food products, on the other hand, the environmental degradation due to the use of mineral fertilizers, pesticides, herbicides, as well as genetically modified foods, in large volumes. Such an approach contradicts the modern sustainable development paradigm. So Todoruk and Kutarenko (2016) state that the social, ecological and economic development of Ukraine should be based on the principles of taking into account the possibilities of natural complexed and gradual reduction of the negative anthropogenic influence on the environment. The effective mechanism for transition to the sustainable development model is the implementation of organic farming. Organic farming plays an important role from the point of view of creating the conditions for achieving the sustainable development goals, particularly in the human health sphere, quality food, state of soils, water bodies, etc. In this context, the work of Bazylevych, Kupalova, Goncharenko, Murovana, and Grynchuk should be noted, which concerns the problems of implementing the natural farming in Ukraine, as well as its key advantages for implementing the sustainable development concept in Ukraine. In addition, D. Semenda and O. Semenda (2018) state that the agricultural sector of the economy ensures the formation of the significant share of GDP of Ukraine, but the question concerning the cost of its achievement remains important here, and it is noted that traditional farming, trying to increase the effectiveness of production, causes a significant harm for the environment, that's why it is important to increase the organic farming volumes.

Brzezina, Biely, Helfgott, Kopainsky, Vervoort, Mathijs note in their work that organic farming in the EU is very complex and dynamic system and is not sufficiently stable, and the problem is not the increase of the subsidies, but its dynamics and consumers' internal motivation, and if this issue is not studied holistically, it can lead to lost stability and formation of dependence from organic products manufacturers from other countries. Thus, the organic products market development requires serious studies and development of complex system of measures for its support and enlarging the organic farming.

## 2. Methodology

The data of the Research Institute of Organic Agricultural (FIBL) and International Federation of Organic Agricultural Movements (IFOAM), which characterize the state of organic products market in Ukraine and in the world, were used for performing the research.

In order to reveal the strengths and weaknesses, opportunities and threats, which characterize the organic farming and organic products market development, this research is based on using the traditional method – SWOT analysis. In addition, for a more complete picture, the principle laid out in the PEST analysis was used. The essence of the latter is that the situation is being assessed under the influence of 4 factors – political, economic, social, technological factors.

Unlike the PEST analysis, we will use 4 factors, which stem from the sustainable development paradigm, namely ecological (ensuring the integrity of the natural systems functioning, their viability for future generations, global stability of the biosphere), social (ensuring the social and cultural systems stability, fair distribution of the benefits, reducing the number of destructive conflict between people), economic (optimal use of limited natural resources, use of energy-, resource-saving technologies, environmentally friendly technologies of waste management and recycling) and financial (elimination of global financial imbalances, formation of stable global and national financial systems, “greening” of the financial systems. Formation of the sustainable development paradigm involved three basic elements – three spheres, which needed regulation – ecological, social and economic. At the same time, the recent events in the global economy, constant financial crises bring the problem of the financial provision of the development as it is, including the sustainable development. Currently, in the conditions of financialization of the economic processes, the financial resources availability and ability to use them effectively in order to achieve the established aims of sustainable development come to the fore. In this regard, in our opinion, it is necessary to define and add a financial constituent as an

independent element to the three basic elements of the sustainable development paradigm, thus, the concept of five capitals is more entirely consistent with financial capital defined in it. This position is described in detail in the work “Contemporary paradigm of sustainable development: the evolution of formation and development” (2018). Thus, the strengths and weaknesses, as well as opportunities and threats, are defined taking into account the mentioned four factors.

### 3. Results

Organic products market grows at a very fast pace, in particular in the period 2000–2016, the sales volume increased 5.5 times, in addition, during this period, its growth pace was sufficiently uniform on average by 11% per year (Fig. 1). It should be noted that against the background of such growth of the market, the size of lands with the use of agrarian technologies grew, but by 3.9 times, and now it is only 1% on average in the world of the total areas of agricultural lands. At the same time, the number of producers of organic products grew more than 10 times, herewith, the largest number of the producers are registered in India (835,000), Uganda (210,352) and Mexico (210,000). Such growth is due to the fact that, first of all, farms and agricultural cooperatives, which refer to small business, are as a rule involved in the sphere of organic farming.

Against the background of the growth of organic products sales in the world, the dynamics of indicators of involving the lands into organic farming and the number of the organic products manufacturers has the downward trend, which is confirmed by the linear trends, built for the world indicators. Such situation does not favor the organic products market development.

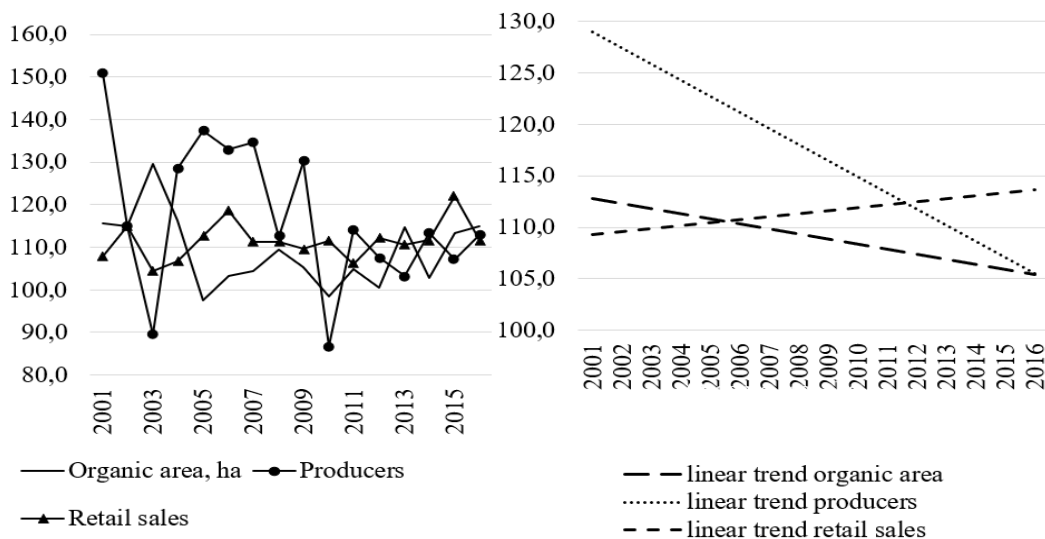


Fig. 1. Growth pace and trends of main indicators of organic products market development in the world

Source: Compiled by the author based on the FIBL data.

In the context of the countries, the market develops very unevenly. The biggest share of the market is concentrated in the USA – almost EUR 39 billion as of 2016 and is almost 50% of the global volume, herewith, both in terms of the number of goods producers and number of organic lands, the USA are far from being the first in the world rating. The next two powerful markets with a substantial margin from the USA are the German market with the

volume of more than EUR 11 billion as of 2016 and the French market with the volume of almost EUR 8 billion. Quite powerful and intensively developing one is the British market with the volume of almost EUR 2,5 billion. It means the organic products market is concentrated in 4 countries – the USA, Germany, France and Great Britain, as the share of these countries in the world organic products market is 68% (Fig. 2).

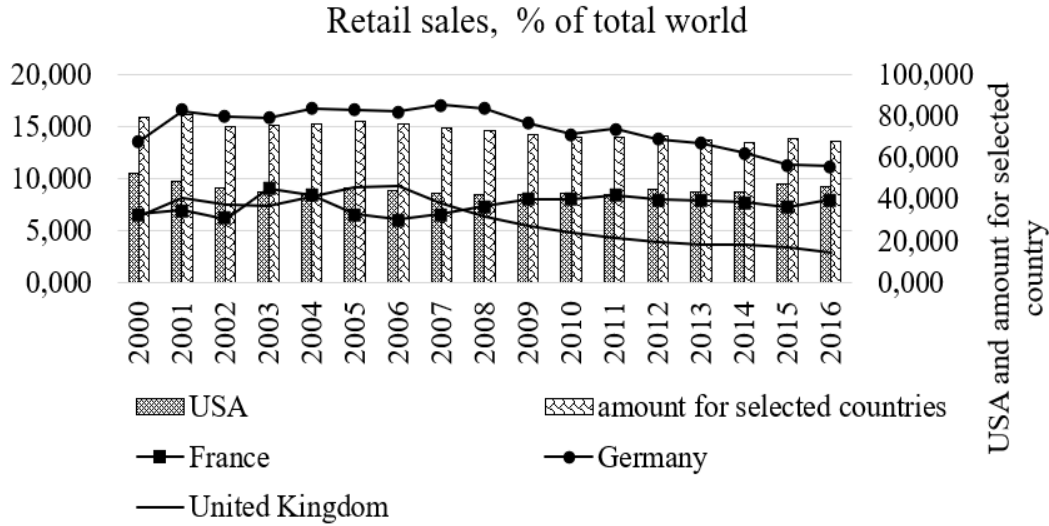


Fig. 2. Specific weight of the market of separate countries in the world organic products market

Source: Compiled by the author based on the FIBL data.

Concerning Ukraine, it should be noted that this market is insignificant, although it develops at quite a fast pace. So, as of 2016, the volume of the market is EUR 21 million. As the statistical data are available only from 2007, it can be noted that during the last 10 years, the market volume grew by 20 times. For comparison, the Polish organic products market began to form practically simultaneously with the Ukrainian one, as of 2000, Poland had 2,000 hectares of organic lands, as of 2016, the area is 536,579 hectares, the output indicators in Ukraine were, respectively, as of 2000 – 164,449 hectares, as of 2016 – 381,173 hectares, it means in Poland, during this period, there was an increase by more than 260 times, in Ukraine – by 2.3 times. However, the climatic conditions for organic farming are approximately the same.

A positive trend of organic products market development is the growth of organic products consumption by the population. So, in the contest of the biggest market outlets, there is observed an upward trend concerning the organic products consumption per capita (Fig. 3). With the exception of Great Britain, all other countries witness a significant growth of this indicator, in particular, the biggest indicator is for the USA of 120.85 euros per capita in 2016, compared with 28.3 euros in 2000. Herewith, the USA, Great Britain, Germany and France, based on the data of 2000, had practically the same consumption level, but Great Britain significantly falls short from other three countries. Concerning Ukraine, the level of organic products consumption is very insignificant, although it grows at a quite fast pace.

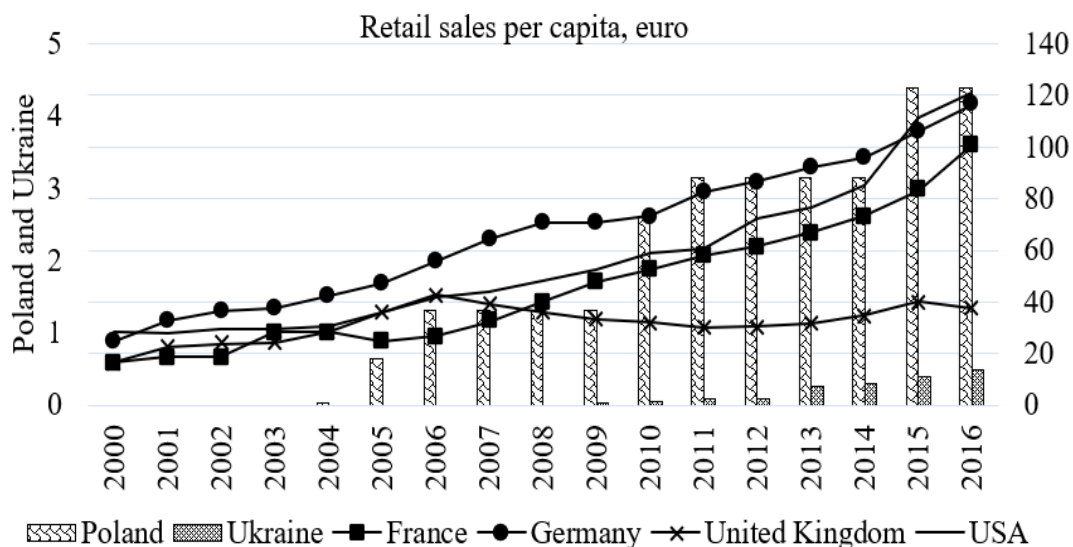


Fig. 3. Organic products consumption per capita, euros

Source: Compiled by the author based on the FIBL data.

The mass physical culture, in particular active development of sports industry, promotion of healthy lifestyle, as well as level of population’s income, as a rule organic products cost more than traditional ones, play a manifold key role in the growth of this indicator. In addition, the organic products market is to a large extent determined by the development of the organic farming itself, which in turn is under the influence of many factors, among which financial supports from the state, particularly at the stage of transition from traditional production to the organic one, plays an important role. The majority of experts agree that for the technological transition from traditional to organic farming, needs on average from

two to four years depending on the farm’s organization, quality of lands, etc. In this very period, the yield significantly decreases, and, correspondingly, the farms’ profitability. From the point of view of natural and climatic conditions for agricultural production, Ukraine witnesses the favorable indicators, at the same time, traditional production leads to sharp degradation of soils and water bodies, which stipulates the need for transition to organic farming. In order to understand all the strengths and weaknesses, to defined opportunities and threats for the Ukrainian organic products market development, SWOT analysis was made, the results of which are grouped in Table 1.

Table 1. Results of the SWOT analysis of the Ukrainian organic products market development

STRENGTHS	WEAKNESSES
<p><b>Social:</b>                      Presence of target groups of consumers                      Promotion of healthy lifestyle                      Development of rural territories</p> <p><b>Ecological:</b>                      Good climatic conditions for organic farming                      Achievement of sustainable development goals</p> <p><b>Economic:</b>                      Fast pace of market development                      Globalization of the supply chain                      Small and medium business development                      Use of organic marketing concept 5P and 7P                      Organic products branding                      Marketing based on direct sales</p> <p><b>Financial:</b>                      Growth of products sales volumes                      High level of profitability</p>	<p><b>Social:</b>                      Low level of population’s awareness                      Low level of products quality control</p> <p><b>Ecological:</b>                      Low percent of the lands involved                      Organic sector does not promote the sustainable development idea</p> <p><b>Economic:</b>                      Absence of market development concept                      Not attractive for large agribusiness                      Absence of the developed infrastructure                      Necessity of continuous transition period from traditional agricultural production                      Low level of promotion via supermarkets’ networks                      Absence of organic storage technologies, package                      Limited opportunities of the marketing season</p> <p><b>Financial:</b>                      Absence of state financial support</p>

Table 1 (cont.). Results of the SWOT analysis of the Ukrainian organic products market development

<p><b>Social:</b> Formation of public opinion concerning the importance of organic products consumption Formation of socially responsible business Growth of population's trust towards organic producers owing to quality certification and control</p> <p><b>Ecological:</b> Improvement of soil quality Reducing the carbon emissions Recovery of the ecosystems' impaired balance Promotion of sustainable development ideas to a wide range of population</p> <p><b>Economic:</b> Expanding the market outlets Impetus for related industries development Creation of new workplaces Use of environmental marketing concept Reducing the costs of cleaning up the environment from pollution due to the use of traditional technologies utilizing the pesticides, herbicides, etc.</p> <p><b>Financial:</b> Attraction of financial resources from alternative sources (crowdfunding)</p>	<p><b>Social:</b> Unawareness of the organic products usefulness Impossibility to provide for the sufficient organic products volume A lack of confidence in domestic certification agencies</p> <p><b>Ecological:</b> Return to traditional technologies and environmental degradation</p> <p><b>Economic:</b> In the majority of the countries, the market share is minimal, which does not give a possibility to seriously compete with the food products of traditional production State support of traditional products via the public procurements system Slow integration into the retail trade networks Complexity in persuading the traditional producers on the necessity of transition to organic technologies Low quality of producers' knowledge Low level of scientific researches Marketing of imported organic products is more competitive than the domestic one</p> <p><b>Financial:</b> Decreased profitability because of the market saturation Absence of financial support, especially at the transition stage</p>
<b>OPPORTUNITIES</b>	<b>THREATS</b>

Source: Compiled by the author.

The Ukrainian organic products market has a set of strengths. From the point of view of social constituent, the target groups of consumers are already formed in the country, as a rule, these are the groups of consumers who lead an active lifestyle, stick to a healthy diet. The research by Shtyrkhun (2016) defines the three target groups: first, potentially promising – young people aged 18-30 years who are ambitious, lead a healthy lifestyle, are interested in world trends, but are not financially solvent; second, promising adults aged from 31 to 49 years who pay attention to their diet, aiming to achieve career growth and/or achieved some success, and are financially solvent and ready to buy the food products at a cost higher than that of traditional products. This group can be defined as a basic market segment and the one having the prospects for growth. In addition, it can affect the promotion of healthy food consumption in a family with children involved. Third, mature people older than 50 years. In our opinion, in Ukraine, the third group is minimal and this segment is insignificant.

Taking into account the mentioned above, the promotion of the healthy lifestyle is becoming of great importance, which can significantly enlarge the first and second target segments, as well as will contribute to the achievement of sustainable development goals. In addition, increased demand for organic products will contribute to the growth of organic agricultural production, which in turn will contribute to rural territories' development.

From the ecological point of view, the strengths are the good climatic conditions for organic agricultural production. At first glance, the achievement of

sustainable development goals should not be defined as a strength, but their achievement can be the impetus for organic agricultural production and organic products market development.

From the economic point of view, the significant advantage of the organic products market is the fast pace of its development, so, compared to 2000, the world market grew by more than 5.5 times. The US market, which is the largest market and occupies more than 50% of the world market, grew by 4.8 times, the domestic market demonstrates fast pace of development, on average, the growth rate is 47%, for the last two years, it grew evenly by 20% every year. Herewith, the sum of costs on organic products consumption per capita grows as well. Correspondingly, for the last years, this indicator grows by 25% every year. It should be noted that the growing number of producers both in the world and in Ukraine leads to the formation of global supply chain networks for such products. So the number of exporters and importers of organic products in the world is constantly increasing, although not at an even pace, in particular, the growth rate of the number of exporters in 2016 compared to 2015 is 4%, and the importers – 22%, although in the earlier period, this indicator was sharply fluctuating and had the values of 40% and 13%, respectively. Herewith, the ratio between the importers and the exporters is in favor of the latter – from 5,171 to 6,400 as of 2016. On the other hand, this situation shows that it is quite a young market and still is at its formation stage, including in terms of the global supply chain network. In particular, only three years ago Germany became an exporter of the products, instead, the products are imported

already for a long time and the number of exporters constantly increases, herewith, the number of importers is two times larger than the number of exporters – 1,598 and 787, respectively, in 2016. Ukraine is also both an exporter and importer of organic products, in addition, according to the FIBL data in 2015, the number of importers (50 companies) exceeds the number of exporters (30 companies). Organic products are exported mainly to the USA, Canada, Australia, herewith, are imported from 11 European countries such as Austria, Bulgaria, Belgium, Great Britain, Italy, the Netherlands, Germany, Poland, Hungary, Czech Republic, Switzerland.

The strength is also the small and medium business development, as first of all the farms deal with organic agricultural production. The domestic agriholdings, notwithstanding the fact that they position themselves as socially responsible business and the one being environmentally friendly, do not produce or only partially produce according to the principles of organic one, as they actively use mineral fertilizers, pesticides and herbicides. In addition, they are not ready for losing their income during the transition from traditional to organic agrarian production during the period from 2 to 4 years, as their goal is to use at most all the opportunities in order to get an income by reducing the products' cost price and stimulating the growth of crops yield.

Organic products branding, namely the presence of a logo, which is known in the world and adopted in the USA, European countries and Ukraine, contributes to organic products market development. The presence of a logo in the form of the green leaf proves that the products are certified, were tested not only from the point of view of their quality, but also it means that the production process, which was performed in compliance with the global organic agricultural production principles – health, ecology, fairness and care, was actually certified. So, according to FIBL data, “The majority of the organic operators in Ukraine are certified according to the EU Organic Regulation, which is equivalent to the EU Directives 834/2007 and 889/2008 and is used both for organic products export and in the domestic market. Ukrainian organic operators are also often certified according to the US National Organic Program (NOP). Other Organic Regulations used in Ukraine are: Bio Suisse (Switzerland), Bioland (Germany), Naturland (Germany), COR (Canada), Soil Association (Great Britain) and KRAV (Sweden)” (2018). Currently organic products market is developing via the marketing, based on direct sales, i.e. from the point of view of the consumers

of such products, it has a range of advantages, including the opportunity to try the products, opportunity to talk with the seller and obtain the detailed information about the product itself, its producer, etc., in addition, door-to-door delivery of such products can be ordered. On the other hand, it can also be a weakness of organic products sales, as such type of sales is not peculiar for supermarkets, being able to buy the products in large wholesale quantities, which significantly constricts the opportunities of products sales.

From the financial point of view, the significant advantages are the constant growth of organic products sales volumes in the world and in separate countries, enlargement of market outlets, annual increase in the number of countries, which deal with organic agricultural production and enlarging the organic products market. So, as of 2007, the number of countries, which dealt with organic agricultural production was only 140, and as of 2016, there were 178 countries and these growth rates are quite stable. In addition, as a rule, the cost for organic products is higher than the traditional one, which enables to increase the profitability level, moreover, not at the account of using the substances being harmful both for the human's health and the environment.

As for the market's weaknesses, including that this market is at an early stage of its development and has an insignificant specific weight in the context of separate countries, it is quite vulnerable. From the point of view of a social constituent, notwithstanding the presence of target groups of consumers, their share is insignificant, the significant part of the population is not aware of the necessity of consuming organic products, or is not financially solvent to spend a larger sum of money on food products. In addition, in social terms, in Ukraine, there is a low level of trust to the quality of such products, as the quality control process is opaque, there is no trust to the regulatory authorities. The population can partially trust the certificates, if such certification is performed by the foreign companies, herewith, low level of awareness in this sphere still has a negative impact. Currently, there are 17 certification authorities in Ukraine, which are accredited according to the EU requirements. In addition, unfortunately, in Ukraine, the sustainable development principles are not promulgated, which does not create the conditions for complex vision of the advantages of the organic products development by the population, which stimulates the organic agricultural production development, contributing in such a way to the creation of additional workplaces in the rural territories, ensures the improvement of the



environment, promotes the development of other industries of production, including the packing, cosmetic and pharmaceutical ones.

From the ecological point of view, the weakness is a small percent of lands – only 1% of lands involved in the organic production, in addition, Ukraine has significant water resources, but, herewith, does not consider the opportunity of using them for organic aquaculture, which could contribute to the improvement of water bodies state and again to ensure the achievement of sustainable development goals. Nearly 50% of organic agricultural production lands are occupied for growing the crops, more than 18% - for legumes, near 2% for vegetables and fruits. It should be noted that Ukraine also has 550 thousands of hectares of certified wild harvest.

The biggest number of weaknesses are in the economic plane. Currently, in Ukraine, there is no clear strategy of organic products market development. The solution of economic problems, transformation of weak positions into the strong ones to a significant extent depends on the formation of domestic legislative framework, but this issue is being elaborated by both the producers and the government, in addition, a significant support from international and European organizations such as FAO and FIBL. So, in Ukraine, the Law “On Production and Turnover of Organic Agricultural Products and Raw Materials” was adopted in 2013 and now it practically does not work. A significant step towards the legislative support of the organic products market development has become the adoption of the Law of Ukraine "On Basic Principles and Requirements for Organic Production, Distribution and Labeling of Organic Products” on July 10, 2018, which is a basis for both agricultural production development and organic products certification, turnover and sales and currently is awaiting the signature of the President of Ukraine. This Law is basic for the formation of organic market, defines the organic production structure, its actors and objects, as well as creates the opportunities for financial support from the state and can give considerable impetus for the market development, and will enable the Law of 2013 to work.

A significant problem for organic products market is the absence of organic storage, as well as packing technologies, for such products, the result of which is the limited duration of marketing season. Taking into account that for separate farmers, it is impossible to form such financial resources, this problem can be solved by creating the cooperatives of organic products manufacturers, which will enable to form the corresponding money funds for

building the stores for organic products, packing lines and infrastructure development, which will contribute to the promotion of such products both at the domestic and international markets.

Every weak position, provided the elaboration of further development strategy, can be transformed into the growth opportunities and gradual transformation of the weak position into the strong one. So, from the point of view of a social constituent, the involvement of the mass media in order to promote the idea of the enforcement of sustainable development principles from the state can directly affect the organic products market development by increasing the number of healthy lifestyle supporters, explaining the harmfulness of the environmental pollution for every separate citizen, including by using the traditional technologies in the agrarian sector of the economy, which, as a result, will lead to the growing demand for organic products. In addition, more aggressive advertising from the organic products manufacturers, which would focus on how safe these products are for human’s health and such way of farming, would promote the growth of demand from the population and growth of adequate supply from the producers. Strengthening the requirements from the state and via promoting the ideas concerning the socially responsible business implementation can stimulate the powerful producers, including the agriholdings, in order to decrease the level of harmful substances use and to improve the quality of the products manufactured.

Implementing such measures in a complex will enable to significantly enhance the ecological opportunities, as wells as improve soils quality, reduce the carbon emissions, which occur as a result of traditional agricultural production, and to restore the ecosystems balance as a whole.

In Ukraine, there is a range of perspective directions of organic production development, which currently are the stage of their formation. If we analyze the structure of the sold organic products, we can make a conclusion that we have the untapped potential in terms of medicinal herbs, using the wild harvest, as well as aquaculture development. In addition, the opportunities for market development, which consist in changing the structure of the sold products for export, namely reducing the share of raw products sales in favor of drinks, canned products, increasing the share of finished and semi-finished products, are significant. In its turn, enlarging market outlets will require increasing the organic products volumes, which will lead to the need in additional labor force and will contribute to the creation of new workplaces.

Not less important is the implementation of the environmental marketing concept into practice, the essence of which is described in the work of Prokopenko (2007): “the environmental marketing concept consists in the production and outlet oriented towards meeting the environmentally-oriented needs and requests of consumers, creation and stimulation of demand for environmental goods (products or services) – cost-effective and environmentally safe in production and consumption taking into account the multidirectional interests of the market actors. According to the environmental marketing concept, all the aspects of the economic activity of a modern enterprise must be planned and performed taking into account the needs and requirements of the market (including the environmental ones), based on the principles of environmental safety”.

It should be noted that from the financial point of view, organic products manufacturing has a range of unused opportunities, first, it is an opportunity of financial support of the producers from the state, which is declared in new Law, second, it is the use of alternative sources of funding such as crowdfunding, moreover, in its different forms. These can be the projects on crowdlending, crowdfunding and the projects with non-financial reward. It should be noted that the technological conditions for implementing such projects in Ukraine are created, as there is a range of crowdfunding platforms such as “Spilnokosht”, “Ukrainian Philanthropic Marketplace”, “Na-starte”. Herewith, the organic products manufacturers can quite actively use the projects with non-financial reward, which are popular in the world. These projects do not form the reverse cash flows, the so-called conditionally reverse project, however, they can provide for the gifts in the form of products or services, or products or services with a significant discount. Such projects can also be of business nature, which can be used as one the methods of the natural farming financial support, taking into account the growing popularity of eco-friendly and organic food products. A producer who accumulated the money for his project with the help of crowdfunding platform can offer his products as a reward at a price lower than in the market. Such an approach is mutually beneficial and quite efficient, taking into account price positions for the mentioned food products. In addition, such projects will contribute to the enlargement of a range of products consumers. On the other hand, for promoting their products in the supermarkets network, and, which can be more profitable, for promoting such products in the hotels and restaurants networks, crowdlending, as well as

crowdfunding, can be used. In this case, financial support can be provided according to peer-to-peer lending models such as “P-2-P” (private to private), “P-2-B” (private to business), “B-2-B” (business to business), each of this models will enable to accumulate the significant amounts of financial resources, which is important for producers. In addition, in order to implement such projects, the public-private partnership mechanism can also be used, which is one of the main ones in the sustainable development concept, including via the participation financing, especially if there are opportunities for it in the local budgets.

Finally, further market development is under threat of its decline, taking into account that currently there is no awareness of the organic products usefulness. In order to avoid or eliminate this threat, it is necessary to involve the higher education institutions in order to organize the increase the level of knowledge in the sphere of population’s environmental education. On the other hand, the significant threat can be the abovementioned strengths, namely fast pace of growth of the demand for organic products for the last time, which will require the adequate increase of products manufacturing volumes, as if the demand for products will not met, it can lead to increased price of the products, thus, the high probability of losing some part of buyers. In addition, formation of the population’s trust in terms of the products and their certification is of great importance, in this aspect, social advertising, as well as clarification to the population of the logo confirming the compliance of the products with organic market requirements, also gain importance. So, according to the adopted Law, an obligatory element of organic products marking is the code number, which is placed under the state logo for organic products and consists of an acronym, which identifies the country of origin, inscription “organic” and registration code of the certification authority, which certified the organic production.

Absence of financial support from the state for the producers, which are at the stage of transition from traditional production to organic one, and, correspondingly have no right to use the marking of their products as organic during this period, thus, are forced to sell it at a lower price, can lead to poor financial performance and, as a result, return to traditional forms. In addition, a significant threat is the state support via the mechanism of traditional products public procurements, at the same time, it can be transformed into significant opportunities for organic market development, if the state will put the requirements concerning the food products, namely organic products, procurement, which can

significantly increase the demand for such products and will stimulate the producers' transition to the organic sector. Some threats can be eliminated by involving the higher agrarian education institutions in increasing the level of producers' knowledge, as well as by making the scientific researches at the high level, which is possible owing to clear interaction with organic products market participants.

Thus, the development of measures for eliminating the threats can transform them into the opportunities of further organic products market development, the available complex system, which will be aimed at dealing with the social, ecological, economic and financial constituents, will enable to make the weaknesses the significant advantages of domestic organic products market development.

### Conclusion

Thus, as a result of the research, it can be concluded that organic products market is a dynamically

developing market, still, it remains unconsolidated. The leading market actors are the USA, Germany, France, and an important place is occupied by Great Britain. The USA actually form the part of the global market. Ukrainian market is also quite dynamic in its development, but notwithstanding the significant growth rates, it still remains small in its size, therefore, entails the significant risks, first of all, for producers, and its further development requires the significant support from the state not only from the financial point of view, but also from the point of view of active promotion of sustainable development ideas and increasing the population's awareness of the importance of consuming the quality products in order to improve their health and, at the same time, to contribute to improving the environment. In addition, the analysis made enabled to make a conclusion that ecological constituent is subordinate to social, economic and financial ones, because only the changes in the latter can change the environmental situation in the country and in the world.

### References

1. Bazylevych, V., Kupalova, G., Goncharenko, N., Murovana, T., & Grynchuk, Y. (2017). Improvement of the effectiveness of organic farming in Ukraine. *Problems and Perspectives in Management*, 15(3), 64-75. [http://dx.doi.org/10.21511/ppm.15\(3\).2017.06](http://dx.doi.org/10.21511/ppm.15(3).2017.06)
2. Brzezina, N., Biely, K., Helfgott, A., Kopainsky, B., Vervoort, J., Mathijs, E. (2017). Development of Organic Farming in Europe at the Crossroad: Looking for the Way Forward through System Archetypes Lenses. *Sustainability*, 9(5), 821. <http://dx.doi.org/10.3390/su9050821>
3. Dias, V. Da, V., Schultz, G., Schuster, M., Da, S., Talamini, E., Révillion, J. P. (2015). The organic food market: a quantitative and qualitative overview of international publication. *Ambiente & Sociedade n São Paulo, XVIII*, 155-174.
4. Eisinger-Watzl, M., Wittig, F., Heuer, T., Hoffmann, I. (2015). Customers Purchasing Organic Food – Do they live healthier? Results of the German National Nutrition Survey II. *European Journal of Nutrition & Food Safety*, 5(1), 59-71.
5. Granovska, V. G. (2017). Prospects of the development of the organic market in Ukraine. *The Economy of Agro-Industrial Complex*, 4, 31-32.
6. Kirieieva, E. (2018). The Priorities of Development of the Agrarian sector of Economy of Ukraine: Organic products and its Certification. *Business-Inform*, 3, 196-201.
7. Kozlova, O. A. (2011). Formation of marketing strategies for organic market development based on life-cycle theory. *Practical marketing*, 5(171), 10-17.
8. On the basic principles and requirements for organic production, circulation and labeling of organic products. Draft Law date 24.11.2016. Retrieved from [http://w1.c1.rada.gov.ua/pls/zweb2/webproc4\\_1?pf3511=60576](http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=60576)
9. Prokopenko, O. V. (2007). The Concept of Environmental Marketing in the Context of Sustainable Development. Ecological Management in the Common Control System. In *Abstracts of the Seventh Annual Scientific Conference, Sumy State University* (pp. 90-93).
10. Semenda, D., Semenda, O. (2018). Assessment of ecological and economic efficiency of agricultural lands preservation. *Environmental Economics*, 9(1), 47-56. [http://dx.doi.org/10.21511/ee.09\(1\).2018.04](http://dx.doi.org/10.21511/ee.09(1).2018.04)
11. Shevchuk, I. V. (2016). Specializing in the development of the regional market of organic food in the context of the European integration. *Economical forum*, 1, 53-59.
12. Shtyrhun, K. (2016). Scientific and methodical approach to determination of level of efficiency of functioning of the organic market. *Problems and prospects of economy and management*, 2(6), 180-186.
13. Todoryuk, S. I. (2016). Determinants of Sustainable Development in Organic Agriculture of Ukraine. *Agrosvit*, 8, 34-39.
14. Torres-Ruiz, F. J., Vega-Zamora, M., Parras-Rosa, M. (2018). Sustainable Consumption: Proposal of a Multistage Model to Analyse Consumer Behaviour for Organic Foods. *Business Strategy and the Environment*, 27(4), 588-602.
15. Trofimtseva, O., Procopchuk, N. (2018). Organic in Ukraine. In *FIBL & IFOAM – Organic International: The world of Organic Agriculture* (pp. 256-260).