



## Marketing problems of kosher production in Ukraine

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Ukrainian producers, selecting a segment of consumers on the basis of religion, should estimate its capacity and growth prospects. Nowadays, the consumption of kosher products in the countries of the world continues to grow. However, the study of domestic market of kosher products in Ukraine raises the problem of its prospect for domestic producers.

The analysis of articles dedicated to the kosher production in Ukraine allows us to identify a number of problems in this area. Based on data, collected in the process of secondary marketing research, the author has come to the conclusion that the number of Jews in Ukraine is decreasing, in the same time the tradition of purchasing kosher products by non-Jews has not been formed. The complexity of the requirements for the production technology, the problem of promotion of kosher products, the low purchasing power of the population of Ukraine allows the author to make the following conclusion: the domestic market of kosher products in Ukraine in the next decade will not be perspective. In this industry, producers should use local micromarketing focused on Jewish religious communities, Jewish educational institutions and Hasidic pilgrim groups. At the same time, the author believes that in the marketing activity the supporters of healthy eating are the most perspective group. The author also supports the thesis that the Ukrainian agrarian sector has natural competitive advantages and a large export potential in the production of kosher products.

*Keywords: religious demand; Judaism; consumption.*

### Introduction

The kosher market in Ukraine began to grow with the development of market economy that can be proved by the fact of creation of Ukrainian Committee on Kashrut in 1994. The market really had prospects – on the one hand, a large amount of Jews, on the other – the lack of kosher products (given the impossibility of supplying kashrus from abroad in Soviet time and the factual absence of own domestic production). The rapid creation of network of Jewish communities, Jewish schools and kindergartens, and the arrival of rabbis with their families in Ukraine only increased consumer demands.

However, the real development of market for kosher products is rather slow. In addition, the recent events in Donbas, where were a large Jewish community and was concentrated a large part of kosher production, as well as the annexation of the Crimea (kosher wine was produced on factory "Masandra") resulted only in damages in production. Although in other regions of Ukraine there are enough food

industries that could make such losses less noticeable, the issue still remains relevant. This was proved in particular in articles that appeared in 2015-2017 in publications such as "Forbes Ukraine" and "All Retail". For example, the authors of the article "Kosher Ukraine: How to Overcome the Deficit" M.Ormosadze and Sh. Brimangive the point of view of the chief rabbi of Kyiv and Ukraine (Hasidim) Moshe Reuven Asman about the shortage of kosher products in market and they also determine the prospects of this market (Ormosadze & Berman, 2015).

There are good studies devoted to the issue of religious consumption, its place in the modern consumption relations (A. Kudinova), the influence of religion on entrepreneurial activity in non-secular states (I. Vovk), the influence of system of values on the country's economy (I.Mareh) and others. But the question: how promising the Ukrainian market for kosher products is and how commercially advantageous such production is for Ukrainian producers – remains unexplored.

### Goals of article

The purpose of study is to determine the prospects of the domestic market of kosher products in Ukraine. Objectives of study:

- to identify the contradictory of development of kosher production in Ukraine;
- to outline the marketing problems of growth of domestic market of kosher products;
- to determine the directions of marketing activity, which is advisable to conduct for Ukrainian producers of kosher products.

### Materials and Methods

To achieve the author's goal, a secondary marketing research was used. The analysis of publications in the media ("Forbes Ukraine", "All Retail", "Latifundist.com", "Kommersant") made it possible to determine the relevance of the article's issue. The review of scientific publications showed the degree and directions of this study. The statistic materials of the State Statistics Committee, Department of Religious Affairs and Nationalities of the Ministry of Culture of Ukraine supplied the necessary information on the number of Jews and Tatars who lived on the territory of Ukraine for the period of censuses in 1989 and 2001. Information platform Ukrinform provides the number of Hasids-pilgrims in Uman (2017) and in Bukovina (2018).

The results of the sociological survey conducted by the "Open Cages" animal protection organization and the Kyiv International Institute of Sociology showed the number of vegetarians.

Analysis of materials at the websites of the Ukrainian Committee on Kashrut, Departments of Kashrut Jewish communities of Kyiv, Odessa, Dnipro, as well as the consulting company "Izi Standard" make it possible to determine the core of food bans, the procedure for obtaining a certificate of kosher and also the consumer groups, on which the production may be orientated. Materials from the sites of the online stores Kosher.in.ua and Organic & Natural provided information about the producers of kosher products, their assortment and prices.

The application of methods of systematization and synthesis of facts allowed to outline the marketing problems of kosher production and to determine directions of the implementation of initial marketing research in future studies.

### Results

With a detailed examination, the problem of the prospects of Ukrainian kosher production is quite controversial. Analysis of secondary marketing information allowed identifying a number of issues associated with the allocation of the target group of consumers, price policy, sales and the promotion of goods.

The first problem is to identify the target audience and the capacity of the kosher consumer segment in Ukraine. Consumers of kosher products could be: 1) Jews, 2) Muslims (in the absence of products halal), 3) supporters of a healthy lifestyle, 4) vegetarians, which, in particular, will be attracted by the careful separation of meat products from

others. The prospects of each group are controversial. For example, in the first group of consumers – comparing the data of the census in Ukraine in 2001 and of the Ukrainian Soviet Socialist Republic in 1989, one can see a decrease in the number of Jews from 486,326 people (0.9% of the total population) to 103.6 thousand (0.2%) (State Committee of Statistics of Ukraine, 2001). The number of Jews in Ukraine continues to decrease due to their departure abroad, which has increased since 2014. Thus, the planned census of 2020 will probably show a much lower number of Jews.

However, another fact that should also be considered – until 1990s, Jews were not so knowledge able in the rules of kosher food and thus did not have the opportunity to adhere to them. During the last years of independent Ukraine, religious life has revived; the number of Jewish communities, in which the rules of food are likely to be studied, has grown – according to the Department of Religious Affairs and Nationalities of the Ministry of Culture of Ukraine, as of 01.01.2018 the number of Jewish communities amounted to 284. Additionally, Jewish schools (as of 01.01.2018 there were 64 in Ukraine), kindergartens and camps for recreation, which require the provision of kosher products, continue to form (Religious Information Service of Ukraine, 2018).

It is also necessary to pay attention to groups of Hasidic pilgrims who visit Ukraine. The geography of the pilgrimage is quite wide – Khmelnytsky region (Medzhybiz, Hannopil), Zhytomyr region (Berdychev), Cherkaska region (Uman), Poltava region (Gadyach), Chernivtsi region (Vyzhnytsia, Sadgor), Lviv region (Belz). The largest number of pilgrims annually arrives in Uman. For instance, in 2017, more than 33 thousand Hasidic pilgrims from 16 countries of the world visited this city in the Jewish New Year's Eve ("На Пору-ха-Шана в Умань," 2017) About 600 pilgrims from Canada, the United Kingdom, Israel and the United States arrived in Chernivtsi in 2018 ("На Буковину прибули," 2018). No information is available on the number of pilgrims in other cities, but their total number can also be significant. Focusing on this group, it should be taken into account that pilgrims stay in holy places only for a short period of time – from one to three days (except for a pilgrimage to Uman, which can last more than a week).

As for the second group of consumers – the number of Muslims has not changed so much as of Jews. One can follow this statistic on example of Tatars. According to the census of 1989, 86 875 Tatars lived in Ukraine (0,17%), as of 2001 – 73,3 thousand (0,2%) (State Committee of Statistics of Ukraine, 2001). The number of religious communities of Muslims as of 01.01.2018 was 254 (Religious Information Service of Ukraine, 2018). Considering the lack of production of Halal products in Ukraine (Myts, 2016), it is worth to count this group to the number of consumers of kosher products.

The number of third and fourth groups – supporters of healthy nutrition and vegetarians - is constantly growing. Sociological surveys in September-October 2017 showed that two million people (5.2% of population of Ukraine) are vegetarians. Among those who also consume animal products, more than three million people deliberately reduce the amount of meat ("В Україні два мільйона", 2017). Consequently, these groups can be considered perspective; especially since they are at the growth stage –

most of those who refuse to consume animal products – people aged 18 to 29.

However, in the process of marketing measures development, in particular, in the period of advertising the product, one more factor should be taken into account. Some consumers are not familiar with the rules of making kosher products and associate it only with Jewish, and not with ecologically clean. As a result, the attitude toward the kosher products may be: 1) indifferent – if consumers are not aware of the notion of kosher; 2) negative – if consumers are aware but intolerant of the representatives of Jewish nationality; 3) positive – if the consumer adheres to religious food restrictions or takes kosher products as high quality and environmentally friendly. To overcome indifference and negative attitudes, it would be a good idea to consider using promotional measures that would emphasize the environmental friendliness of kosher products.

For supporters of healthy eating, are attractive:

1) the consumption of meat and milk of healthy animals, which were not treated with antibiotics, were not fed with hormonal drug or artificial constituents. In the production of sausages, kosher producers use only chilled meat and not a frozen one;

2) the vegetables and fruits, grown without artificial fertilizers and not damaged by rot and worms; 3) the products, checked for the absence of GMOs and harmful artificial impurities (the list of prohibited impurities is posted on the website of the Department of Kosher); 4) compliance with the high level of purity in the production, requirements for separate storage of meat and dairy products.

However, advertising kosher products to non-Jews consumers is still problematic. In addition, there are restrictions on the promotion of kosher products. For example, under the terms of obtaining a certificate, it is mandatory to coordinate the design of the label, which is affixed by the stamp of kashrut. It is also forbidden to arrange promotional actions, in which kosher and similar products are present. There is also a small number of shops where kosher products can be purchased (Myts, 2016). Consumers, who are purposefully looking for it can make an order through the Internet, turn to stores located at synagogues. However, products still do not have enough advertising either for religious consumers or for secular ones.

The problems with the range of Ukrainian products are also significant. Company-distributor of kosher products Ukr-kosher notes on its website that it cooperates with the enterprises such as TM "Nizhynsky", "Farm", "Royal taste", "Zhmenka", etc. However, foreign companies, which are powerful competitions for domestic producers in the positions of the assortment, operate on the Ukrainian market, making situation more difficult.

The absence of such events in Ukraine as Kosher Fest, during which the global kosher industry is represented, is another evidence of the lack of development of kosher production.

In general, in the promotion of kosher products in Ukraine, one can currently witness a local micromarketing - adapting to the needs of local groups – members of the religious community, visitors to certain shops, etc. In this

context, it is worth paying more attention to the provision of kosher products to Hasids, by organizing a system of supplying it during periods of their pilgrimage activation.

## Discussions

The production of kosher products for Ukrainian producers in the analytical materials of the media is considered perspective. To confirm this statement, they give the following arguments:

- the amount of kosher products market and its growth rate in the countries of the European Union and USA;
- the possibility to focus not only on religious consumers, but also on supporters of healthy eating;
- the possibility to disturb the products to the markets of Europe, USA, Canada and other countries, as the producer benefits from the agreements with foreign partners.

We can not simply reject these arguments. According to the information provided by M. Palanyca, USA annually produces kosher products on \$ 130 million, with a constant tendency to grow by 15% each year. The demand for kosher products is increasing in Brazil, New Zealand, South Africa, Japan, Mexico, Chile, Costa Rica and Spain (Palanitsa, 2016). But the secondary marketing research of external factors in the Ukrainian kosher market revealed:

- reduction of number of Jews in Ukraine;
- the complexity of requirements for the production technology (given that all suppliers of raw materials, semi-finished products and even equipment (for example, ovens, mixers, etc.) should also have licenses of kashrut (and, accordingly, suppliers of suppliers);
- complication of the promotion of kosher products for secular consumers;
- crisis phenomena in the Ukrainian economy, which negatively affect the purchasing power of local population (kosher products, like any ecologically pure, are in higher price category).

These arguments allow concluding that the kosher market in Ukraine today has no great prospects. Certain opportunities the orientation to Hasidic pilgrims can provide, but in the same time the general problem of underdeveloped infrastructure that can provide Hasids with comfortable accommodation conditions in Ukraine still remains. This is the reason for the relatively small (compared to the potential) number of pilgrims and their short stay in Ukraine. Therefore, in the coming years, the promotion of kosher products in Ukraine can only use local micromarketing - adaptation to the needs of local groups: members of the religious community, visitors to certain shops (for example, at synagogues), etc. Of course, it would be beneficial to create enterprises, focused on the export of kosher products (by the type of Brazilian company *Independencia Alimentos*).

European integration processes and trade preferences, received by Ukrainian producers, are favorable for the development of foreign markets of kashrut. Moreover, the Ukrainian agrarian sector has natural competitive advantages and great export potential (it is obligatory to pay attention that the same potential have USA, Brazil, Argentina, and, as a result, their kosher products have long successfully been on the world market).

The directions of the future studies in development of kosher production in Ukraine can be:

- 1) prospects for such an area of agro-industrial complex as plant growing, animal husbandry and fishing;
- 2) prospects for food industry enterprises;
- 3) Prospects for retailers.

### Conclusions

1. Considering, that the religious segment in Ukraine is not sufficiently large, the domestic market for Ukrainian producers is not really perspective. The bigger prospects it

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can find in the production of environmentally friendly products, aimed at secular consumers-supporters of healthy food, who still do not have a habit of buying kosher products.

2. There are also a number of marketing problems associated with sales (insufficient network of store for kosher products), price policy (high price category) and limited promotional activities.

3. In the domestic market of kosher products, it is worth using local micromarketing, targeting Jewish religious communities, Jewish educational institutions, groups of Hasidic pilgrims, etc.

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