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## **MAIN ASPECTS OF RESEARCH OF MARKETING POTENTIAL OF THE MILK MARKET OF THE EAST KAZAKHSTAN REGION**

### **Abstract**

The current situation in the milk market is characterized by the continuous increasing pressure of globalization, increased competition, the introduction of a wide variety and assortment of product offers, the increasing influence of the media, the rapid development of new technologies, and support for the free exchange of information and knowledge. The consumption of milk products in Kazakhstan is very low compared to the countries of the European Union and the world, which leads to a negative impact on business in this sector. Therefore, it is important to study the factors that encourage and influence consumers to buy milk products in order to increase their consumption, as well as to study the factors that prevent consumers from buying and consuming milk products, and if possible eliminate them. The purpose of this work is to analyze the influence of individual psychological and personal factors on the consumption and purchase of milk. We check and identify relationships that can be practically used as segmentation criteria by marketing managers when developing a marketing strategy. The survey was conducted on the territory of the East Kazakhstan region using a structured questionnaire. Data collection methods included direct interview, online survey using Survio software, informal discussion, and review of saved records.

Key words: milk market, marketing potential, consumer preferences, demand factors, competition, product offers, assortment.

The functioning of the marketing system in small and medium-sized businesses allows for the development of a full-fledged domestic market and the formation of a class of domestic producers, which is an important source of ensuring the food security of the Republic.

Using marketing analysis in the dairy market allows us to find the most effective combination of traditional and new positions for promoting products on the market. Marketing is the basis for deciding whether to expand or discontinue production of certain elements, contribute to the development and implementation of product development plans, enhances the culture of entrepreneurial activity, and allows enterprises to efficiently link resources with goals and goals with customer requests. Currently, marketing research as part of the marketing mix has become one of the most effective tools in the competition [1].

The word «potential» (from the Latin «potential», which means «power»), according to the explanatory dictionary has two meanings. The first value refers to the field of physics and characterizes the value of potential energy at a certain point in space. The second value reflects the totality of means, conditions that are necessary for maintaining, maintaining and maintaining something. It is the latter value that we will use when speaking about the marketing potential. By «marketing», we mean its classical definition (Ph. Kotler) as a type of human activity that is aimed at satisfying needs and requirements through an exchange. Combine these two concepts. We get that the marketing potential is a set of means, conditions that are necessary for the conduct, maintenance, and preservation of human activity aimed at meeting the needs and requirements through the exchange.

Therefore, marketing potential is an important component of the entire economic potential of the enterprise. The inclusion of marketing potential in the structure of the economic potential of an enterprise is primarily associated with the development and improvement of marketing and the use of various marketing tools in the activities of enterprises.

The content of the concept of “Marketing potential of the enterprise” in the context of the above approaches is reflected in the following Figure 1 (p. 224).

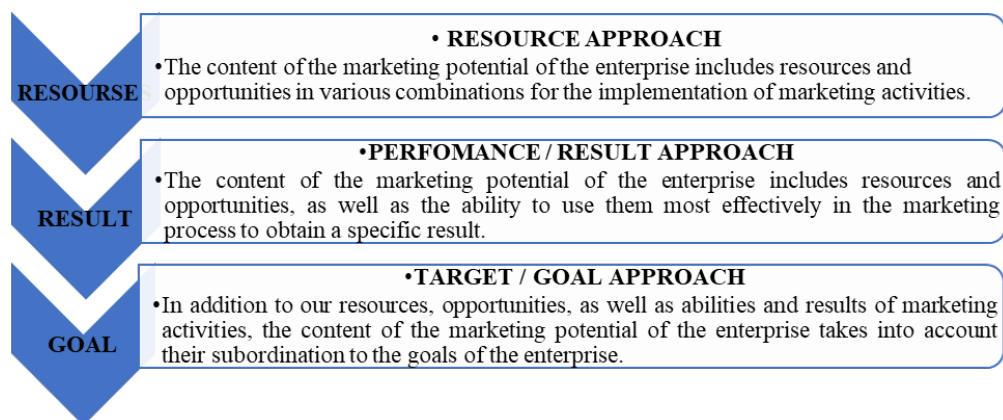


Figure 1 – The content of the “Marketing potential of the enterprise” concept in the context of the stated approaches

Note – Compiled by the author.

We can say that the complexity and diversity of the concept of “marketing potential of the enterprise” were reflected in the variety of approaches to the definition of this concept, its main elements and evaluation. In this regard, when assessing the marketing potential for a particular enterprise, one should adhere to a certain approach to the definition of this concept and take into account the specifics of the industry in which the enterprise operates. Thus, the definition of «marketing potential», in our opinion, should be based on the following points: marketing potential is an important component of the economic potential of an enterprise; the marketing potential reflects the presence and balance of resources, the level of development of which is sufficient to carry out effective marketing activities; it is assumed that reflection of hidden resources that can be brought into action to implement a marketing strategy is appropriate; the marketing potential is a specific characteristic of the ability of the marketing department to change, improve, progress based on the transformation of existing resources into a new qualitative state, that is, to obtain a certain result and achieve goals.

The analysis allows us to state that the key characteristics of the marketing potential are the resources underlying it, as well as the opportunities and abilities to use these resources. Based on the above provisions, the marketing potential of an enterprise will be understood as the totality of resources, capabilities, and abilities of their use to achieve marketing goals [2, 3].

For Kazakhstan dairy producers, activities in the market turned out to be fraught with serious problems and considerable risks [4]. Despite the fact that the agricultural sector has traditionally been given a significant role in the development of the national economy, which means that, at first glance, at least a decent raw material base should be brought under the development of the dairy industry, manufacturers and analysts themselves have noted a decrease in the industry’s growth rate and anxious talk about the onset of imports [5]. At the same time, the prices of dairy products can hardly be called affordable, and some consumers who are not classified as wealthy, today far from every day can treat themselves to buying cottage cheese or, for example, sour cream. Meanwhile, the consumption of dairy products directly affects the state of health of the nation and reflects the level of well-being of society. If in the first half of the prosperous 1980s, our citizens consumed up to 600 tons of dairy products daily, then during the crisis of the 1990s this figure dropped to 125 tons per day. The actual global crisis, of course, affected the state of the dairy products market, but in the coming years, analysts believe that their consumption will not only not decline, but will increase [6]. In East Kazakhstan, the dairy market is currently growing and developing. But to successfully compete in this market, it is necessary to know exactly the preferences and views of their consumers. If the activities of manufacturing companies are not primarily aimed at meeting the needs of the population, the manufactured products are simply not sold in the volumes in which they could be sold. Now, most manufacturers work based on their intuition and experience. As a result of this, most of the dairy products are not sold efficiently. In this connection, a study of the market of local producers was conducted.

The survey was conducted on the territory of the East Kazakhstan region using a questionnaire. Data collection methods included Survio online survey. The survey was conducted from September to December 2018. Survio helps create, distribute and modify polls on all mobile devices, and also helps every person respond effectively. And a prerequisite for the selection of respondents is that they must be a direct consumer who buys milk for the family.

The aim of the study was to determine the position of dairy producers on the regional market, as well as to identify typical characteristics of the main groups of dairy consumers in the region, to analyze the market potential of companies by identifying information about dairy producers, frequency and volume of purchases, relative to fat content and assortment. The survey revealed the preferences of the population regarding dairy producers, the frequency and volume of purchases, the desired packaging and acquisition time. The positioning of such types of dairy products as milk, kefir, butter, sour cream, yogurt and cheese, i.e. the most purchased types of dairy products produced in the city of Ust-Kamenogorsk and East Kazakhstan region. The findings can be used by dairy producers to formulate an effective sales strategy in percentage.

In a consumer survey, we turned to 1,068 respondents. For example, with a population of more than 713,00 people (for example, living in East Kazakhstan oblast 15 years and older), the sample will be 384 people with a confidence level of 95% and an error of 5%. Confidence is a measure of accuracy. A confidence error is a possible error of the research results. And we got a representative sample with a minimal probability of statistical error. Of all the respondents, 70.79% of the respondents are women, and 29.21% are men. Regarding the age structure of respondents, 8.59% of respondents ranged from 18 to 25 years old, 27.33% from 26 to 35 years old, 29.17% from 36 to 45 years old, 18.01% from 46 to 55 years old, 10.26% – from 56 to 65 years and 6.64% from 66 years and older.

Concerning the education of respondents, 9.49% of respondents received primary education, 40.66% – secondary education and 49.85% higher education. Finally, the respondent’s monthly income amounted to 4.55% to 40 thousand KZT, 12.39% to 40–60 thousand KZT, 41.63% to 60–100 thousand KZT, 27.88% to 100–150 thousand KZT and 13, 55% more than 150 thousand KZT.

The respondents’ answers to the question “Please write the name of which company will first come to mind to you, if you say “the milk and dairy products industry in East Kazakhstan region?” was arranged as follows: “Emil” – 45.8%; “Vostok-moloko” – 38.5%; “Bagration Ulan” – 8.2%; other – 7.5%.

Comparing the percentage ratio of types of dairy products purchased by respondents (Figure 2), we can note that among the provided types of dairy products, it is milk that is an integral part of the diet of the majority of respondents – it is bought by 96.4% of the population of the city of Ust-Kamenogorsk.

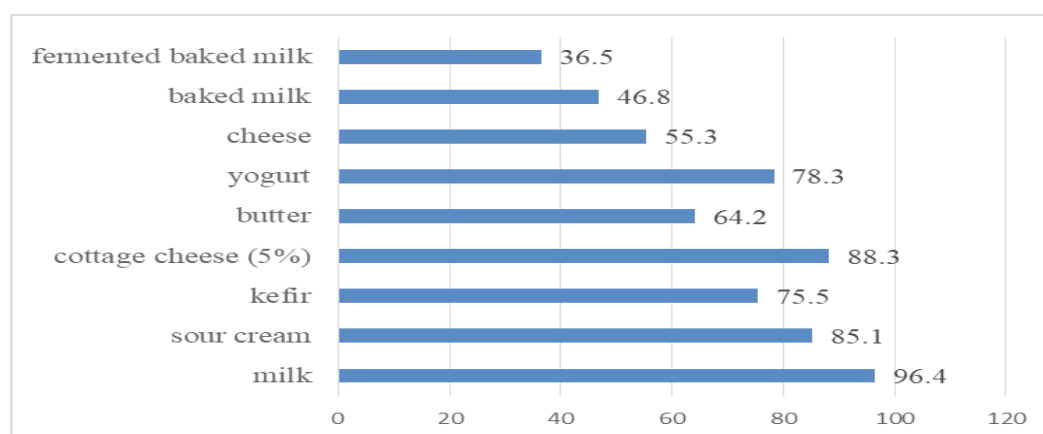


Figure 2 – Volumes of acquisition of dairy products by the population of East Kazakhstan region

Note – Compiled by the author based on marketing research.

As it turned out, consumers of milk buy it mainly for cooking – 78.3% and eating it as a drink (due to its taste) – 58%. The beneficial properties of milk and the ability to support a diet with milk are practically not of interest to consumers. Only 11.8% of all respondents spoke for this type.

Therefore, basing an advertising campaign only on the beneficial properties of milk to attract a buyer, it will not be possible to significantly increase sales. Nevertheless, perhaps there is a category of people who would consume milk because of its beneficial qualities if these qualities were emphasized.

Table 1 – Reasons why consumers of East Kazakhstan region buy milk

Type of reason	Percentage, %
1. I like the taste of milk	41,5
2. I believe that milk is good for my health	74,5
3. I like to add milk to my tea (coffee, cocoa)	35,8
4. I like to cook using different dairy products	68,9
5. I buy milk for the children	58,6
6. This is some kind of tradition in my family	35,9
7. Buying milk is like a habit for me	21,8
8. I follow the recommendations of different specialists (like doctors or nutritionists)	19,5
9. Because of the dissemination of news (articles, reviews, studies) about the benefits of the dairy products motivates me to buy milk	11,9
10. Other	15,6
Note – Compiled by the author based on marketing research.	

Respondents were asked questions about what time they buy milk and what time it would be convenient for them to do it. Comparing the ratio of purchase time and a convenient time for consumers, we note that the vast majority of survey participants buy milk exactly when it is convenient for them. An interesting fact is that from 10 to 15 hours only 11.5% of consumers prefer to buy milk. Therefore, by adjusting the working time, it is possible to achieve a more efficient distribution of the working hours of outlets. Properties such as freshness and fat content in milk are very important for the consumer: for example, 31.6% of those who buy milk pay attention to the fat content of milk and 70.3% to the shelf life. In other Kazakhstani studies, the purchase of milk with a high-fat content was in the first positions, and today, on the contrary, the purchase of low-fat milk is 56.8%. This may be on the recommendation of the above experts (doctors, nutritionists) about the usefulness of consuming low-calorie foods.

The result of our survey was that, depending on age, this was the case: 81.3% of respondents under the age of 45 wanted to buy low-fat milk in shopping centers or stores, while 68.35% of respondents in aged 55 years and older, it is most convenient for them to buy draft milk from private traders who trade illegally – they are closest to the consumer.

In the first age groups – up to 45 years old – the milk producer is in first place in importance. For older customers, the place of milk production is of less interest; only a third of them specify when buying. But this group of consumers is primarily interested in the price of milk, while for young people the price factor of milk does not play an important role. Consequently, the campaign for additional benefits and lower prices should be aimed at a group of buyers above middle age, and advertising related to body shape or beauty should be aimed at the younger generation.

The next block of the study studied the consumption of sour cream and cottage cheese by the population of the region. Sour cream and cottage cheese are sold both by weight (from private traders and in stores) and in packaged form.

More than half of all respondents (69.8%) prefer to buy sour cream and cottage cheese in a store, kiosks, in departments on the market (this answer option provided for the allocation of the purchase of a pre-packaged product). Perhaps the preference given to this place of purchase is related to the confidence of customers in good storage conditions of sour cream, ensuring the quality of the purchased product.

Every fifth respondent prefers to buy sour cream and cottage cheese from private sellers in the market, where the product is analyzed for fat and quality, but the cleanliness and sanitary standards

are still inferior to the store ones. About 18.2% buy sour cream from illegal private traders. Perhaps most of the consumers in this group have a regular seller, in the quality and taste of the product of which consumers are confident. More affluent families where income from 150,000 KZT prefer in most cases (77.2%) to buy sour cream and cottage cheese already packaged. And 65% of married women with 2 or more children in the family said that they buy sour cream and cottage cheese more than twice a week.

In every fifth family, they don't get oil at all. This is primarily due to the high price of the product, as well as the fact that at present there are quite a lot of butter substitutes – different types of margarine from vegetable oils, which have a similar taste, without cholesterol and lower in price. Most consumers, or rather, almost a third of all respondents surveyed, buy oil once a month or less. This is associated with the ability to maintain the freshness of the product in the refrigerator for a long time. Besides, not everyone can afford to buy oil more often, due to a lack of cash.

A one-time purchase volume of butter for almost half of consumers is less than a kilogram. This fact is directly related to the fact that butter is a rather expensive product and is used in large quantities in food and for cooking. And only in every fourth family, they prefer to buy butter for 2–3 kilograms or more. Many families may live in these families; moreover, their financial situation allows them to consume oil without saving it.

No wonder they say that yogurt is a favorite product of youth. 85.6% of the respondents who have one or more children in the family noted that they buy yogurt 3–4 times a week. Note: in the questionnaire, the yogurt category included all possible types of this product. In the past few years, yogurt producers have focused on avoiding artificial additives and preservatives from foods. However, a relatively new task was recently set for this category – to reduce the sugar content in the composition. For example, the British market seeks to reduce sugar by 20% by 2020. A blank label is also increasingly being seen as evidence that the product is suitable for a healthy diet. A Mintel study shows that more than half of UK yogurt consumers would prefer a product with a shortlist of ingredients rather than a long one.

Therefore, now more than ever the consumer is oriented towards a healthy diet and refusal of sugar, yogurt producers need to position themselves as sellers of healthy snacks for conscious buyers who care about their nutrition.

To increase sales of dairy products in the regional market, it is necessary to stimulate the following processes:

- ♦ creation of marketing services in processing enterprises and development of a system of information support for agricultural producers and potential buyers;
- ♦ increasing the volume of deep milk processing, it is necessary to provide concessional lending to create new production capacities. Moreover, for the development of competition, it is necessary to support precisely the newly created industries;
- ♦ development of a scientifically based strategy for the development of the market for milk and dairy products, monitoring of economic indicators of the industry and at least an annual analysis of the state of the market are necessary. It is necessary to introduce the responsibilities of management structures to prepare annual reports or reports on the state of the industry and development prospects and conduct systematic marketing research.

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#### **Аннотация**

Сложившаяся на рынке молока ситуация характеризуется непрерывным усиливающимся давлением глобализации, усилением конкуренции введением широкого разнообразия и ассортимента товарных предложений, увеличением влияния средств массовой информации, быстрым развитием новых технологий, поддержкой свободного обмена информацией и знаниями. Потребление молочных продуктов в Казахстане очень низкое по сравнению со странами Европейского союза и мира, что приводит к негативному влиянию на бизнес в этом секторе. Поэтому важно изучить факторы, стимулирующие и влияющие на потребителей при покупке молочных продуктов, чтобы увеличить их потребление, а также изучить факторы, которые мешают потребителям покупать и потреблять молочные продукты, и по возможности устранить их. Целью данной работы является анализ влияния отдельных психологических и личностных факторов на потребление и покупку молока. Мы проверяем и выявляем взаимосвязи, которые могут быть практически использованы в качестве критериев сегментации менеджерами по маркетингу при разработке маркетинговой стратегии. Опрос был проведен на территории Восточно-Казахстанской области с использованием структурированной анкеты. Методы сбора данных включали прямой опрос, опрос с помощью программного обеспечения Survio-онлайн, неформальное обсуждение и обзор сохраненных записей.

Ключевые слова: рынок молока, маркетинговый потенциал, потребительские предпочтения, факторы спроса, конкуренция, товарные предложения, ассортимент.

#### **Abstract**

Сүт нарығындағы ахуал жаһанданудың ұдайы өсіп келе жатқан қысымымен, бәсекелестіктің артуымен, тауар ұсынысының әртүрлілігі мен кең ассортиментін енгізумен, бұқаралық ақпарат құралдары әсерінің күшейтумен, жаңа технологиялардың қарқынды дамуымен немесе ақпарат пен білімнің еркін алмасуын қолдайтын жаңа технологиялардың қарқынды дамуымен сипатталады. Еліміздегі сүт өнімдерін тұтыну Еуропалық Одаққа мүше елдерімен және жалпы әлеммен салыстырғанда өте төмен, ал мұндай жағдай осы саладағы бизнеске теріс әсер етеді. Сондықтан, сүт өнімдерін тұтынуды қолдау мақсатында сүт өнімдерін сатып алу кезінде тұтынушыларды ынталандыратын және тұтынуға әсер ететін факторларды, сондай-ақ тұтынушылардың оларды сатып алуына кедергі келтіретін факторларын зерттеу, олармен күресу және мүмкін болса оларды жою маңызды. Бұл мақаланың мақсаты – сүтті тұтыну мен сатып алуға жекелеген психологиялық және жеке тұлғалық факторлардың әсерін талдау. Маркетингтік стратегияны әзірлеуде, анықталған және тексерілген олардың өзара байланысын маркетинг менеджерлері сегменттеу критерийі ретінде іс жүзінде қолдануға болады. Сауалнама Шығыс Қазақстан облысының аумағында құрылымдалған сауалнаманы қолдану арқылы жүргізілді. Деректерді жинау тікелей сауалнама, Survio-онлайн сауалнамасы, бейресми талқылау және сақталған жазбаларды қолдану әдістерімен жүргізілді.

Тірек сөздер: сүт нарығы, маркетингтік әлеует, тұтынушылардың қалауы, сұраныс факторлары, бәсекелестік, тауар ұсынысы, ассортимент.