**INTRODUCTION**

Dreamz is an ice cream selling company based on the Netherlands. Dreamz aims to increase its spread of places and countries where it wishes to operate and sell its ice cream in. We have looked into Dreamz possibly reaching into the Ukrainian market and all the possible opportunities and risks that may pose themselves with this decision. First of all, we performed an internal analysis where we assessed Dreamz’s strength’s and weaknesses. Next, we performed the External analysis where we took a look at and established Dreamz’s Threats and Opportunities. We used the PESTLE analysis and Porter’s 5 forces analysis model to identify these opportunities and weaknesses. After this, we started looking at and formulating our objectives and strategies. We identified our segments, who our target audience was and our Growth strategy. The main thing we took from that was the fact that we had to ensure that the ice cream Dreamz produced suited the target market. The fact that Dreamz is producing biological ice cream can therefore be used as an advantage considering health is something the Ukrainian population are becoming increasingly keen on. We did all this based on what we found out and came up with on our SWOT. After that, we made our supply chain structure where we identified our first and second tier customers and how our ice cream was going to get distributed before getting to the final end consumer. We then established the flavors of ice cream we were going to sell and the cost of each flavor at each size. With every assignment, we tackled it by reading the assignments where necessary before class. During class, we sometimes divided the tasks before starting to work but other times, we thought which meant that during class we could afford to not delegate the tasks between ourselves but instead, we work together on every assignment so that we could help each other by giving our inputs and opinions based on every point that or idea that someone came up with.

**EXECUTIVE SUMMARY**

First and foremost, we took all our decision’s and choices with Dreamz’s best interest at hand. All our decisions had to make sense and be beneficial from the Dreamz perspective or it just wouldn’t make sense to take them. Our first decision was to include the fair-trade logo on our products which we have authorization to do for the next 2 years as we’re certified by the FLO. This decision was simply taken to ensure our customers that we are a reliable company that doesn’t take any unlawful actions that may cause disputes about our legitimacy and ethicality. In addition to this, it may also give our customers a sense of pride that they are purchasing from a company that moral and honorable.

The first decision we took was to take advantage of the fact that Dreamz sold biological ice cream. This choice was taken because we recognized that there was a growing demand for nutritional products in the new market we wanted to get established in, Ukraine.

We decided that our only first tier customer would be Metro Cash and Carry which is one of the leading retail company’s in not only the Netherlands but the whole of Europe including Ukraine. We chose Metro Cash and Carry because it is a reliable retailing company with a very respectable brand image similarly to us, Dreamz. In addition to this, Metro Cash and Carry is also very cost effective for the fantastic quality retail services they offer. The financial cost of using Metro Cash and Carry for Dreamz is more than fair.

Next, we decided to sell all our products in supermarkets and hypermarkets in the 3 most populated cities in Ukraine, Kiev, Odessa and Kharviv as we’ll show on the Supply chain structure. We made this decision because Supermarkets and Hypermarkets are the leading distribution channel in the food retail industry in Ukraine with almost 2/3 of the food that is disseminated coming from them. We pondered using convenience stores and other retailers however we decided on supermarkets and hypermarkets as they would give us the greatest reach when it comes to the accessibility and availability of our ice-cream to all our consumers and potential customers. We also only chose the 3 most populated cities in Ukraine because we were aware that trying to reach the entire Ukrainian population would not have been easy and the financial bearing of that would’ve been pretty substantial. By choosing Odessa, Kiev and Kharviv, we have chosen three places that gives Dreamz the best opportunity to maximize ice-cream sales as the ice cream is made more available to a larger amount of people. In addition to this, these 3 cities are all urban and have many supermarkets and hypermarkets which kind of diminishes the effect of not being able to sell our ice cream in all the Cities in Ukraine. In addition, being in the 3 most populated cities gives Dreamz the most exposure which opens up expansion opportunities. The supermarkets we chose to supply our ice-cream to were ATB, Slibo and Oopa. The lone hypermarket we chose was Auchan. The decision to choose these super and hypermarkets was mainly influenced by the fact that those were for of the most popular and visited supermarkets in not only Ukraine but more specifically the 3 cities we chose to sell our ice cream in. It didn’t make sense for us to include other supermarkets because the discrepancy in the amount of people that visited them in comparison to these 4 super and hypermarkets was too large to account for the financial implications of including them.

Moving on, we also decided that another second-tier customer we’d include was putting various Dreamz street vendors in Kiev, Odessa and Kharviv. We chose 10 street vendors specifically, all spread out around the cities. The decision to add Dreamz street vendors firstly came from the fact that we weren’t selling our ice cream in all the supermarkets and hypermarkets in the cities. By including the street vendors, it still made it possible for the small section people who didn’t shop in the cities to be exposed to Dreamz and it’s ice-cream. In addition to this, the street vendors make it more convenient for people to purchase Ice-cream from Dreamz specifically without having to go to the super or hypermarket for this. We also came by the decision to employ 10 vendors specifically based on our research we found that 10 was the perfect amount of street vendors as it wasn’t too little nor too much. 10 street vendors along with our supermarkets and hypermarkets meant that we would be selling our ice cream in nearly the whole vicinity of the 3 cities. Accessibility will not be an issue. The street vendors also benefit Dreamz immensely as even if people don’t purchase from them, just walking past and recognizing a Dreamz street vendor often makes it a form of advertisement. It makes more people aware of Dreamz as a company which then helps in exposing Dreamz as a company to a wider population of people. It is also because of this we chose that the street vendors be Dreamz street vendors specifically opposed to selling ice cream to random street vendors. This will cost more however it’s worth it because of the added intangible advantage of displaying and revealing Dreamz’s brand to the population.

**INTERNAL ANALYSIS**

Dreamz strengths

* Biological tasty ice cream:

Dreamz is providing its customers with delicious ice cream based on natural and healthy ingredients, namely deep-frozen fruits.

* Exceptional ability of responding to changing demands quickly:

This is due to their dependable supply chain: they produce the ice cream one month in advance, to make sure that it is delivered on time. The delivery usually takes 2 days after the order has been placed.

* Experience and knowledge about customers' needs and the ice cream market:

The employee who works in the R&D department has 32 years of experience in the ice cream business. Hence, he is aware of the needs and wants of the customers, and the market demand. This is something that the company can take advantage of, in order to grow their market share.

* Certified by FLO (Fair-trade Labelling Organizations International):

Dreamz can use the fair-trade logo on their products for the coming 2 years.

**WEAKNESSES**

* Outdated business strategy:

The mission of Dreamz, although outdated, is still used as a starting point for all major strategic decisions. It was formulated in 1994 by the former director who was known for his product-driven view.

* Lack of investment in machines:

Consequences of these old machines are that around 20% of the production is not suitable for consumption.

* Expensive, unexperienced, non-committed flex workers:

Although somewhat motivated, these flex-workers do not have the attitude, knowledge and experience to make the perfect ice-cream and therefore waste levels peak at 35% in these summer months.

* Lack of rules for discounts and bonuses for customers:

There is no agreement about the rules for bonuses, roughly the more you buy, the larger the discount.

* Lack of employment and digitalization strategy:

The R&D department consists of one person, working for almost 32 years in the ice-cream business. He is now 62 years old and his retirement date is near. All his work is handwritten and not accessible by other employees.

Euromonitor international passport

<file:///C:/Users/Vartotojas/Downloads/Ice_Cream_and_Frozen_Desserts_in_Ukraine.pdf>

Unic. (n.d.). Metro Cash & Carry Ukraine. Retrieved from: https://unic.org.ua/en/members/38/

**Pestel Analysis (Marco Environment)**

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| **Political**  Favorable:  - 2020, the country launched a formal bid to join NATO.  - On January 1, 2016, Ukraine acceded to the Deep and Comprehensive Free Trade Agreement (DCFTA), which was actually signed with the EU in 2014 but was delayed for a year under Russian pressure.  Unfavorable:  - Ukraine was ranked in the 8.57 percentile on political stability and absence of violence in 2019. Political stability and absence of violence measures the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism. Ukraine was ranked significantly lower than Romania, which was placed in the 65.24 percentile.  - Ukraine was ranked in the 26.44 percentile on the control of corruption parameter in 2019. Control of corruption measures the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as the appropriation of the state by elite and private interests. Ukraine was placed lower than Romania, which was ranked in the 51.44 percentile uncertainty revolving around the political scenario, with the new president and prime minister not having significant political experience. | **Economic**  Favorable  - According to the IMF, growth in the country’s import and export figures in 2021 are expected to be 12.4% and 5.5%, respectively.  - The NBU maintains price stability as defined in monetary policy, and adopts a direct inflation targeting strategy to counter the effects of inflation.  - According to MarketLine forecasts, the growth rate is set to increase to 4.68% in 2021.  The country has a high position in terms of market size due to the considerable number of potential consumers (47th in the world).  Unfavorable  - The economy posted a growth rate of 3.41% in 2018 and the same slowed down marginally to 3.20% in 2019, due to uncertain political outcomes. The economy’s growth reduced to -7.13%in 2020 due to the impact of the COVID-19 pandemic.  - According to the IMF, Ukraine had a current account balance of -3.27% of GDP as of 2018, which improved to -2.7% in 2019, and further increased to 4.03% of GDP in 2020. The deficit is forecast to be 3% in 2021.  - According to the WEF (2018), the main obstacles to doing business in Ukraine are inflation, corruption, political instability, the level of taxation and fiscal policy, governmental instability, low availability of financing, inefficient government bureaucracy, etc. | **Social**  Favorable:  - According to the United Nations Development Programme’s ‘2020 Human Development Report’, the country was ranked 74th out of 189 nations in the high human development category, with a score of 0.78 for 2019 on a scale of 0–1, 1 being the highest.  - Supermarkets / hypermarkets form the leading distribution channel in the Ukrainian food retail industry, accounting for a 64.3% share of the total industry's value. Convenience Stores accounts for a further 18.2% of the industry  - There are several factors that affect a consumer’s choice. Price and convenience are two central concerns. However, a rise in health consciousness has driven a growing demand for nutritional quality in food products.  - According to MarketLine, 16.13% of the population were or under 14 years and 17.02% of the population were or above 65 years of age in 2020. The median age as of 2020 was 41.2, according to MarketLine.  The male to female ratio averages 0.85. Under the age of 15, the number of boys is slightly higher than the number of girls. Over 65, the number of women is twice the number of men.  Unfavorable:  - In September 2018, the World Bank highlighted the unsustainability of the outdated teaching methodologies in Ukraine. Furthermore, the low pay and social status discouraged new teachers from entering the profession.  - Urbanisation is only 69.61%  -  Lactose intolerance in the country is 61% |
| **Technological**  Favorable:  - Recently, Ukraine slightly improved its rating related to technological readiness. The Global Competitiveness Report 2016-2017 places Ukraine at 93rd out 138 countries for availability of latest technologies, and 74th out of 138 for firm-level technological absorption.  - Ukraine joins Horizon 2020 to work with EU in science and research. Researchers, businesses and innovators from Ukraine will now be able to fully participate in Horizon 2020, the European Union's research and innovation funding programme, on equal terms with EU Member States and other associated countries.  - According to MarketLine, the mobile penetration rate grew from 105.28 per 100 people in 2006, to 127.5 per 100 people in 2020, and the number of mobile users totaled 56.32 million in 2020. The government has also started spreading the reach of the latest 4G technology throughout Ukraine and bringing internet to the country’s most rural areas, which currently have no internet at all.  Unfavorable:  - Insufficient protection of property rights and low expenditures on R&D hamper innovations in Ukraine. Financing of R&D measured as a share of GDP has been less than 1% of GDP.  - Ukraine is in a low position in Digital Competitiveness Ranking – 58th out of 63 countries  - The lack of funding sources, weak logistic and scientific base, high economic risk, lack of demand for products, equipment and outdated technology, low scientific and technological potential. Along with technological development, the associated risks are also increasing. Over the past 10 years, technological risks were among the five largest threats of modernity in 2012, 2014, 2017 and 2018 (WEF, 2018b). All of them are caused by cyber security problems | **Legal**  Favorable:  - The most significant developments are observed in intellectual property protection, freedom of the press, conflict of interest regulation and judicial independence. Budget transparency holds the highest position for Ukraine (49th out of 140 countries).  - Ukraine is currently making a new attempt to revise the outdated Labour law. The UN in Ukraine, supported by the ILO, published last month a Position Paper on the ongoing Labour Law reform which was presented to Government and social partners in an online debate.The new Law is expected to reflect the current social and labour market relations and create an environment where businesses can thrive, and workers find decent job opportunities with social protection and labour rights safeguarded.  - Thanks to the Association Agreement between Ukraine and the EU, significant changes will be made to the national food legislation, including the regulation of providing information to consumers, in accordance with the Regulation (EU) No 1169/2011 of the European Parliament and Council of 25 October 2011 on the provision of food information to consumers. Adoption of this Regulation will ensure a high level of protection of health and consumer interests by providing all the necessary information, which will help them to make informed choices about food products and to determine the duties of market operators, responsible for food information, for misleading consumers.  Unfavorable:  - According to Transparency International, Ukraine ranks 144out of 177 countries in terms of perceptions of corruption -- has led to the public’s dismally low trust in the courts.  -Insufficient protection of property rights.  - Judges have been penalized for independent decision-making, and there is evidence that the Government interference in judicial decisions. | **Environmental**  Favorable:  - In 2016, Ukraine was ranked 44th out of 180 countries in the Environmental Performance Index (EPI). Its score was 79.69. This is a considerable improvement over the previous ranking.  - To the extent of the creation of interstate highways the value of vehicles is steadily growing in the implementation of inter-state relations, in particular with countries of Europe.  The environmental policy in the period up to 2030 will primarily be stimulating and proceed from the real possibilities of the implementation of measures for greening the economy.  - Last year was the hottest on record in the Ukrainian capital, according to data released in January 2021 by Ukraine’s [Central Observatory](http://cgo-sreznevskyi.kyiv.ua/index.php?lang=uk&fn=news_full&p=1&f=news-cgo&val=2021-01-05-08-12-59-25&ko=0). Overall, 36 different temperature records were broken in Kyiv during 2020, including 12 in March alone.  Unfavorable:  -Winter is cold in much of Ukraine: the average temperatures are below freezing (0 °C or 32 °F), except in the most sheltered areas of Crimea. Going south, the temperature increases a little, but remains below freezing in inland areas.  -Ukrainian environmental legislation is declaratory in nature, and it lacks adequate subordinate legislation (regulations, guidelines, bylaws, etc.).  - One of the main kinds of freight and passenger transportations is the road transport. With an average annual increase of vehicles in Ukraine by 4-5%, the volume of traffic on the main trunk roads in recent years is increasing to 20% annually. |

**PORTER’s Five Forces analyses**

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| **Bargaining Power of Buyers**  **Favorable:**  **- A range of products can weaken buyer power to some extent.**  **- Predicted tentative recovery in retail volume growth in 2021**  **- Brand loyalty**  **Unfavorable:**  **- Ice cream is not a remarkable part among food retailers**  **- Negative effects of COVID-19 and the lockdown on impulse ice cream**  **- Price sensitivity**  ***All-embracing, the power of the buyers could be considered medium.*** | **Bargaining Power of Suppliers**  **Favorable:**  **- Low cost of switching suppliers**  **- Control over prices of packaging**  **- Ensured quality of materials.**  **Unfavorable:**   -**Little control over prices of supplies**  **- No substitutes for major ingredients**  ***Overall, supplier power is assessed as moderate.*** | **Threat of Substitutes**  **Unfavorable:**  **- Retailers will stock all kinds of substitutes**.  **- Wide range of substitutes for consumers**  **- Many choices from leadership company**  **- Increasing demand for dairy free treats**    ***Threat of substitutes is high*** |