Trends in the modern market of alcoholic beverages

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Distillery production is a branch of the processing industry. It is one of the most dynamic among other industries. Enterprises engaged in the production and sale of alcoholic beverages play an important role in shaping the country’s commodity market. The development of this industry has been going on for more than 5 centuries, and with each passing year the products are being improved, becoming more qualitative, changing the assortment that promotes the level of satisfaction of consumers. However, the acute competition between manufacturers of alcoholic beverages and the increase of tax pressure by the state highlights the need for continuous monitoring of trends in the market of alcoholic beverages.

The production of alcoholic beverages in Ukraine over the past fifty years has been gradually increasing until 2012, despite periods of strict alcohol policy of the state. In 2012, compared with 1960, production increased by 11 million dal or by 67%. This contributed to the growing demand for alcohol products on the domestic market and increased the export policy of the industry.

However, analyzing the dynamics of production of vodka and spirits in 2012-2017, it should be noted that in 2017 there was a significant reduction in the volumes of production of vodka and spirits by 55.8% compared with 2012 and by 8.7% compared to 2016.

Negative factor was the increase in product prices as a result of higher excise tax rates. In total, for 6 years, excise duties on alcohol have increased by 300%. At the same time, the increase was gradual, but in the last three years of 2014-2017 the rates increased by 110% – from UAH 56.42 to UAH 126.96 per liter of alcohol.

Moreover, it should be noted that the decrease in production leads to negative consequences in the industry, such as the reduction of revenues from excise taxes, value added tax, income tax, and also the reduction of the number of employees. At the same time, the reduction of employees not only reduces budget revenues from the taxation of wages, but also creates additional social tensions, as well as reduces the purchasing power of the population, which in turn leads to negative trends throughout the economy.

Consequently, the lack of comprehensive measures to regulate the alcohol market does not allow to fully assess the effect of raising the excise tax rate. This issue should be widely discussed by representatives of the government, market participants and experts. To develop a strategy for the development of the alcohol market, the main tasks should be: control over the safety of alcoholic beverages; reducing the shadow market of alcohol; increasing competition in the alcohol market; increase in revenues to excise tax budgets.