

**Strategies for sustainable  
socio-economic development  
and mechanisms their  
implementation in the global  
dimension**

**Collective monograph edited by  
M. Bezpartochnyi**

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VUZF University of Finance, Business and  
Entrepreneurship (Sofia, Bulgaria) 2019

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**Strategies for sustainable socio-economic development and mechanisms their implementation in the global dimension: collective monograph / edited by M. Bezpartochnyi, in 3 Vol. // VUZF University of Finance, Business and Entrepreneurship. – Sofia: VUZF Publishing House “St. Grigorii Bogoslov”, 2019. – Vol. 3. – 355 p.**

The authors of the book have come to the conclusion that it is necessary to effectively use modern approaches to developing and implementation strategies of sustainable socio-economic development in order to increase efficiency and competitiveness of economic entities. Basic research focuses on analysis of formation and development of entrepreneurial activity, logistics management, environmental and economic management of the enterprise, formation of competitive advantages, study the nature of digitalization. The research results have been implemented in the different models and strategies of economic development of the national and world economy, improving the strategic management system, development labor potential, the public finance system, managing the enterprise's competitive behavior, social and digital marketing, improving the educational process. The results of the study can be used in decision-making at the level the economic entities in different areas of activity and organizational-legal forms of ownership, ministries and departments that promote of development the economic entities on the basis of models and strategies for sustainable socio-economic development. The results can also be used by students and young scientists in modern concepts and mechanisms for management of sustainable socio-economic development of economic entities in the condition of global economic transformations and challenges.

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**ISBN 978-954-8590-64-8**

<b>Odrekhivskyy M., Kohut U., Horbal N.</b>	
Research of ecosystems and problems of environmental innovation systems design .....	152
<b>Us M., Kozlova K.</b>	
Managing integrated marketing channels and communication policy in the market of services for accumulated pension provision .....	165
<b>Chapter 4</b>	
<b>STRATEGIES OF COMPETITIVENESS IN ENSURING SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT .....</b>	<b>174</b>
<b>Bilorus T., Firsova S.</b>	
The attribution model of the employer brand as a strategic factor of increasing competitiveness .....	174
<b>Chernikova I., Chernikova G., Naumova T., Korobkina I., Hladii I.</b>	
Diversification strategy in management information systems of the competitive behavior of the enterprise on the market .....	182
<b>Rynkevich N.</b>	
Evaluation of enterprises' organizational culture development level .....	207
<b>Sedliar Yu., Stadnichenko O.</b>	
Instruments and communication strategies of foreign policy in international relations theory .....	214
<b>Chapter 5</b>	
<b>PRACTICAL ASPECTS FOR IMPLEMENTING STRATEGIES OF SUSTAINABLE SOCIO-ECONOMIC DEVELOPMENT AT THE LEVEL OF SECTORAL ECONOMIC STRUCTURES .....</b>	<b>226</b>
<b>Dyskina A., Filippov V., Malin O.</b>	
Plan and scheme of measures to improve tariff and compensation policies to reduce the risk of confrontation by route taxi owners .....	226

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**MANAGING  
INTEGRATED  
MARKETING CHANNELS  
AND COMMUNICATION  
POLICY IN THE MARKET  
OF SERVICES FOR  
ACCUMULATED  
PENSION PROVISION**

Nowadays is characterized by increased marketing of components which increases the role of marketing communications.

Marketing communication is bilateral process. On the one hand, the expected impact on the target audience, on the other – is receiving information counter reaction of the audience carried on companies and organizations influence. Both of these components are equally important; their unity suggests that the marketing communications as a system. It is understood that no company is unable to act immediately in all markets, while meeting the needs of all consumers. Instead, the organization will be successful only if it focuses on the market, where customers with the most likely to be interested in its marketing program [1].

When marketing distribution of goods is understood the organization to plan, implement and control the movement of their products to end consumers in order to meet its needs and profit.

Integrated marketing communications are the concept of marketing communications planning that involves the search for the optimal combination of certain areas by integrating several separate facilities to ensure maximum impact on the target audience [1].

Marketing distribution channel is the method or way organizational and economic substantiation goods from the manufacturer to the end user [1]. The main marketing channels and their strengths and weaknesses are summarized in Table 3.3.

The main objectives of marketing communications are]:

– information (providing information that prevails during the withdrawal of goods on the market, when challenged to create primary demand);

– persuasion (necessary during growth when the task of forming selective demand) – formation of benefits to the brand / product /



company, encouraging the switch to another brand, changing the perception of the consumer goods properties etc.;

– reminder (used at the stage of maturity to make consumers remember the product).

*Table 3.3*

**Advantages and disadvantages of some marketing distribution channels**

Channel type	Benefits	Disadvantages
1. Direct sales model “manufacturer-final consumer”	1) high price controls, the possibility of differentiation by region; 2) management of the entire process of goods movement; 3) access to information about the market and the consumer; 4) lack of margin; 5) the ability to form a stable group of customers and rapid response to changing requirements of the buyer	1) the high cost of implementation, organizing transportation and warehousing; 2) is unprofitable, subject to the existence of small consumers scattered on territory
2. Selling through an intermediary	1) moderate implementation costs 2) increasing professionalism in the packing and sorting; 3) providing firms guarantees producers in bringing their products to the retailer through his connections, experience and specialization	1) high margins mediator and as a result - a relatively high price for the buyer constraining demand; 2) limited control of the territorial coverage
3. Sale through a tiered system of intermediaries	1) relatively low cost; 2) no need for research and market forecasting; 3) there is no need to solve problems of logistics (warehousing, transportation, etc.)	1) low price controls; 2) isolation from the consumer and the lack of information about it; 3) the need to establish close contacts with intermediaries; 4) the need to organize their information and training

*Source: developed based on source [1]*

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Marketing communication policy reflects the company prospective course of action aimed at ensuring cooperation with all subjects marketing system to meet the needs of consumers and profit [1].

Marketing communications, respectively, and marketing communications policy objectives can be divided into two groups:

- communications to create a product that will be in demand in the market (including communication links with customers, intermediaries, other participants of the business process market, aimed at searching new product ideas, concepts inspection, testing new products, removing it on the market, ensure commercial success);

- communication for product promotion (for this use traditional tools and synthetical marketing communications).

The main means of promotion (a complex of marketing communications or a system of marketing communications are: advertising, sales promotion, organization of public relations, personal selling, direct marketing, online marketing, sponsorship, branding, exhibitions and fairs. The numeral of different communication existing tools indicates their prevalence in all markets for goods and services. There is no exception for the pension services market.

In the world distinguishes three levels of pensions. The first level is represented by the state pension. The second level it is mandatory funded pension. The third level includes voluntary funded pensions.

Currently, Ukraine has first and third levels of pensions.

According to the Law of Ukraine “On private pension provision” [3] Non-state funded pension provision is made:

- pension funds;
- banks (opening the pension deposit account);
- insurance companies (life pension and insurance risk of disability or death).

There is the concept of “life annuities” (life annuity) – pensions, insurance company are carried out under the contract lifetime pension for life of an individual periodically after attaining retirement age under the legislation on insurance [3].

Payment made life annuities insurance company. In case of death of the insured the right to a pension is transferred to heirs.

According to the Law of Ukraine “On Compulsory State Pension Insurance”. There are three kinds of lifetime pensions, life pension of a specified period, due lifelong pension, life pension of spouses [4].

Lifetime pension with a set monthly payment period is exercised over the life of the pensioner. In case of death of a pensioner entitled to

receive a lifetime pension appointed for a specified period heirs are specified in the insurance contract or a lifetime pension determined pursuant to laws [4].

Lifetime conditioned pension – a monthly payment that is made during the life of the pensioner [4].

Lifetime pension of spouses – monthly payment that is made during the life of the pensioner, and after his death – his/her spouse (s) who have reached retirement age, during their life [4].

Banks made pensions savings by opening the pension deposit account.

Retirement savings accounts – deposit accounts (deposit) of individuals opened banking institutions subject to the conditions set by law, to savings for the payment of pensions [3].

The market offers many suggestions to open a retirement account. They offer different interest rates is on average 12-16% per annum and different conditions of storage resources. One advantage of the deposit is the Deposit Guarantee Fund Deposit Guarantee.

Consider the third level funded pensions with private pension funds.

At present the world's great demand for non-state (private) pension funds (NPF), but in our country they are fairly new financial institutions for the vast majority.

Pension Fund - legal entity that has the status of non-profit (non-commercial partnership) operates and carries out activities solely to the accumulation of pension contributions for the pension fund participants, followed by management of pension assets, and provides pension benefits to participants mentioned fund within the law of Ukraine order [3].

NPF created for people who are retired and can get additional payments to principal (state) pension payments. Currently in the financial market there are many private pension funds. Therefore, to convey to consumers the services they need high-quality advertising. The use of marketing channels and communication policy NPF help keep in touch with their customers.

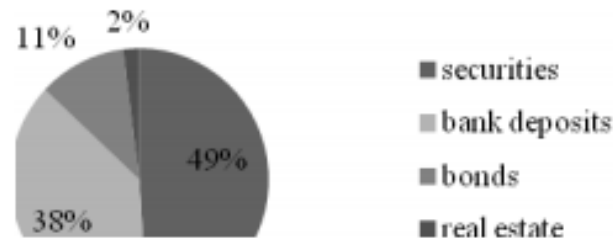
According Natskomfinposluh [5] of private pension funds in 2018 was the largest amount of assets in the corporate NPF National Bank (1.33 bln. UAH), NPF Ukreximbank (238 mln. UAH), NPF “Emeritus-Ukraine” (162 mln. UAH), pension fund “PryvatFond” (144 mln. UAH) fund “OTP Pension” (133 mln. UAH).

According Finbalance on 31/12/2018 there were 62 pension funds and 22 pension fund administrators (on 31.12.2017 – respectively 64



and 22 administrators NPF) [5]. Thus, in 2018 compared to 2017 year, the number decreased by 2 NPF institutions. However, it should be noted that in 2018 NPF assets increased by 11.3% to 2.75 bln. UAH [5].

According Natskomfinposluh state pension funds invested pension assets (Fig. 3.6) in securities, bank deposits, bonds resident enterprises of Ukraine, the real estate.



**Figure 3.6 Structure of invested pension assets of NPF**

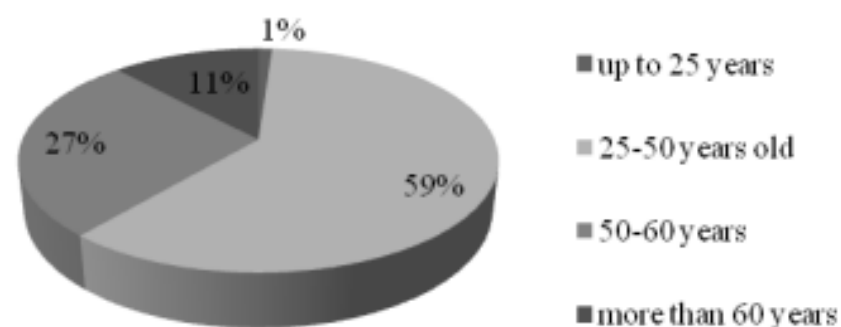
It can be noted that most of the NPF invest in securities because it brings a stable and high profits. There is growing and stable banking sector and banks offering high interest on deposits.

The amount of pension contributions in 2018 increased by 5,4% to 2 bln. UAH, and the amount of pension payments – by 16.3% to 809,9 million. UAH [4]. Since the amount of pension contribution increases, which means that NPF establish communication with the consumer segment, inform the public about existing services. As a result, more people will learn about the possibility of private pensions and its benefits.

According Natskomfinposluh, geographically the largest number of private pension funds is concentrated in Kyiv (nearly 44 establishments with 62 or almost 71%). In Kharkiv, Ivano-Frankivsk, Lviv region 2 state pension funds. Others are located in Donetsk, Dnipropetrovsk, Kherson and Odessa regions [6].

As of 2018 the greatest demand services NPF according Natskomfinposluh (Fig. 3.7) used the people in the age group from 25 to 50 years is about 513,5 thousand people. From 50 to 60 years – 229 thousand people. Least of all persons who use the NPF under 25 years almost 10 thousand. And people aged over 60 years – 93,7 thousand. People. Total of NPF as at 30.06.2018 – 846,2 thousand people [6]. We also know that in every age group most participants are men.





**Figure 3.7 Distribution of participants of NPF by age groups**

Using a marketing approach to analysis, this is a testament to the fact that most young people today are beginning to care about their future and use the services of NPFs. Advertising and other means of communication with consumers NPF should be directed to information on services for people aged from 25 to 60 years. This can be done using communication tools such as social media advertising, outdoor advertising, advertising in the media and on television.

Analyzing the dynamics of pension benefits for the period from 2016 to 2018, one could argue that the pension benefits to participants NPF increased. So in 2017 compared to the year 2016 pension payments increased by 78 mln. UAH. In our opinion this influence to increase the number of NPF and increased pension contributions. And in 2018 compared to the year 2017 pension payments increased by 68.2 mln. UAH [6]

Furthermore, it should be noted that in 2017 compared to 2016 year pension contributions increased by 97.8 mln. UAH., in 2018 – on the contrary decreased by 7,9 mln. UAH. In our opinion, this is due to a decrease in pension contracts signed (in 2016 – 60,7 thousand pieces, in 2017 – 66,5 thousand pieces in 2018 – 63,7 thousand pieces).

The amount of pension assets in the period 2016-2018 years increased. In 2017 one can observe an increase of 248,4 million. UAH, and in 2018 compared to 2017 year – 288 mln. UAH.

Consider the use of marketing channels for example top 5 in terms of private pension funds.

Most scientists in research on marketing identify three channels of marketing-communication, distribution channels and sales channels.

Communication with customers is the most important factor for the

further work of any financial institutions including private pension fund. Unfortunately not all NPF use monologue and dialogue channels to work with the consumer.

For example, the official web site with corporate pension fund of the National Bank of Ukraine, the NPF “OTP Pension” and OPF “PryvatFond”. They use interactive channel with customers with telephone hotline, email, feedback forms submitted on the official site.

“AMC-ACE” Upinvest, is among the ICU, provides asset management services to institutional investors (private pension funds, collective investment institutions and insurance companies) [7].

Almost all NPF use monologue channels – is advertising in the media, television, outdoor advertising and more.

Consider the possibility of introducing in Ukraine the second pillar pensions.

According to the Pension Fund of Ukraine of average monthly pension payments as of 01.10.2019 is 3,01962 UAH, and the total number of pensioners 11,349187 people [8].

At the beginning of 2018 officially employed 12 retired 11 Ukrainian pensioners provided. Thus, every year the situation is only getting worse, as the birth rate in Ukraine is critically low while relatively large-scale emigration has become today. The second level of pensions is needed, which would provide an opportunity to receive additional benefits and most people take care of their future.

Currently NCSSMA developed a draft law “On mandatory funded pension provision” under which Ukraine will take effect in the second pillar pensions. The second level of pension perfectly the third – a mandatory funded pension. Under this bill, every citizen will be required to make payments to a personal pension account. In case of death of the account holder, all savings will be inherited by his descendants [9].

There are three types of private pension funds, corporate, professional and open [10].

Corporate NPF employer creates one or more participants this fund may only be persons who are employed by the founders. NPF is the largest corporate NPF National Bank and Ukreximbank.

Professional NPF established employers’ associations including trade unions.

Open NPF created by any entity. Participants in such fund could be anyone.

In the professional pension fund such change individual job does not affect the right to be a member of the NPF, but the employee has to deal

only with the type of professional activity, which is set by the charter fund [10].

Among the factors that encourage businesses to create a system for its refinery workers are: social improve the attractiveness of the institution; increase investment opportunities – now allowed to use up to 5% of funds from one pension fund as an investment because of its own securities; reduction of the tax base – deductions enterprise in the NPF in favor of employees enrolled in the gross expenditure, they do not reduce workers' wages are not included in the payroll, and thus are not made contributions to the Pension Fund of Ukraine, social insurance and so on. The introduction of the company NPF will enhance workers, increase prestige and a positive image of the company, development of social partnership between workers and management institutions [3].

Under the law, NPF can not fail, it can not be eliminated. In the event of a crisis (such as "bankopad") depositors funds are transferred to another fund.

The introduction of the second pillar pension provision is necessary for Ukraine. This will provide an opportunity to improve living standards and welfare in the future. Increase social assistance for people of retirement age.

**Conclusions.** Thus, a study by major marketing channels and the role of communication policy in funded pensions. In Ukraine, the first level and third level pensions, public and voluntary funded pensions respectively.

According to the analysis, the amount of pension payments in Ukraine first level of pension is not enough to ensure a decent retirement. Therefore is essential introduction of a second mandatory funded pension.

In developing the non-state pension system, one must take into account the desire of the population to insure their future. It is necessary to provide increase of incomes of citizens, stability in the country. It is necessary to develop techniques for obtaining more income from operations, and concern for the reliability of funds. After all, one of the main problems with securing an additional pension is the reliability of the fund. It is necessary to create such a climate in the country so that the funds seek to have the best reputation and regular clients, and clients knew that the invested funds are nowhere to go and their income will be stable and guaranteed under all conditions. Clear control over the activities and transparency of non-state pension fund operations is also needed.



Through the implementation of the proposed measures can improve the activity of pension funds, public interest in the further development of non-bank financial institutions and solve a number of problems related to social protection.

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