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Heritage Marketing of the Babaevsky Confectionery Concern

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Abstract

The thesis reconstructs the history of the Babaevsky Confectionary Concern, one of the most important Russian companies in the food sector, from its origins, at the end of the Nineteenth Century, to recent days. The aim of the work is 1) to understand how the corporate history is used by the Russian company for its marketing strategies and 2) to understand if and how the use of its heritage has been critical in allowing Babaevsky to remain competitive in the course of the last twenty years.

The first chapter presents the detailed history of the Babaevsky Confectionary Concern from its foundation during the Russian Empire, through the Soviet times until the privatization following the collapse of the Soviet Union in 1991. The last part of the chapter analyses the current production and the positioning of the Babaevsky concern in the Russian Federation.

The second chapter is devoted to the analysis of Babaevsky's brand and its internal and external corporate image. The same is done for one of the company's main competitors - JSC Rossiya Confectionary. The last part of the chapter provides the readers with a comparison between Babayevsky's image and its rival's image. Moreover, within the chapter, the organizations' use of brand heritage in their marketing activities has been highlighted.

The third and final chapter illustrates the methodology and the results of the field research performed for the Babaevsky concern. I created an online questionnaire with the aim of finding out which brand perception, and brand recognition the audience has toward the Babaevsky company. Another goal was to check the innovativeness of the organization's communications and understand if the concern uses its heritage for marketing its goods.

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Introduction

For many years, marketing has served as one of the key tools for successful brand development and promotion in various business sectors. In today's world, where globalization and economic variables create difficult conditions for entrepreneurs and large corporate players, marketing strategies become especially important for strengthening market positions and attracting customers. For huge corporations in the market, it is crucial to highlight the brand heritage, as a part of its communication strategy.

Brand heritage is an emerging concept within the marketing discipline, which suggests that the consumer appeal of products and services offered by older companies may be enhanced by the historical characteristics of their brands (Hudson,2011, p. 1538). It plays a crucial role in marketing as it has several advantages. Firstly, brand heritage carries a significant amount of value and meaning for consumers. It helps to establish trust and credibility with consumers. When a brand has successfully stood the test of time, it implies that it has consistently delivered quality products or services, which enhances consumer confidence and loyalty. Another advantage of brand heritage is the possibility to create Unique Selling Proposition (USP). It creates a distinct identity and offers a story that resonates with consumers, making the brand more memorable and compelling. In addition, brand heritage evokes emotions and nostalgia in consumers. It taps into their personal experiences, memories, and cultural references, creating a sense of belonging and emotional connection. This emotional bond strengthens brand loyalty and increases the likelihood of repeat purchases. Not last but the final advantage to be mentioned is the fact that brand heritage contributes to long-term brand equity. By leveraging a strong heritage, a brand can create a solid foundation for future growth, maintaining relevance across generations and adapting to changing market dynamics.

The Russian market is rich in historical brands with unique brand heritage. Especially, in the confectionery market, as most of the large productions started their activity in the Russian Empire. The history of such manufacturers is important to analyze as most of them started as small shops opened by young entrepreneurs and later, they turned up to be the biggest factories in the country. One of the leading companies playing a key role in the development of the chocolate market is Babaevsky Confectionery Concern. The history of Babaevsky dates to the year 1804 when the first Abrikosovi's family workshop

was opened in Moscow. Over time, the store has gained popularity due to the high quality of products and the unique taste of chocolate, and unusual confectionery, such as candies, desserts, and sweets.

During the Soviet Union, Babaevsky maintained its leadership in the chocolate market. Notwithstanding the war years and post-war reconstruction, the company played an important role in providing the population with high-quality sweets and other types of edible products. During the USSR period, Babaevsky's confectionery became a symbol of long-awaited holidays and pleasant moments in the lives of Soviet citizens.

With the beginning of the modern times of the Russian Federation and the expansion of market relations of the country, Babaevsky successfully adapted to the new requirements and challenges. The company introduced modern production technologies, expanded its product range, and actively worked to strengthen its brand in the market. In addition, the firm was united with other large manufacturers under United Confectioners (UC) Holding. Thanks to that, Babaevsky continued to be the leading producer and the preferred choice of consumers.

Today, Babaevsky Confectionery Concern is one of the largest and most recognizable companies in Russia, specializing in the production and sale of a wide range of confectionery and chocolate products. It is marketed under a variety of brands, including Babaevsky, Belochka, Inspiration, Visit, and others. Currently, Babaevsky has a high value in the chocolate market, despite large competition from foreign market players.

The Russian market is now relevant to be analyzed as significant changes are now happening there. Recently, many foreign companies decided to withdraw from the Russian Federation due to the military conflict, which has had a significant impact on the economic and political environment. In such a context, the historical legacy of the Babaevsky brand acquires particular relevance. Babaevsky Confectionery Concern is one of the few remaining Russian companies, which continues to successfully operate and develop on the Russian market. The study of historical heritage and the use of this brand in marketing will allow us to evaluate the effectiveness of its strategies and principles, as well as to identify factors contributing to its stability and success in a difficult economic situation.

Babaevsky Confectionery Concern is a very noteworthy research object in the field of marketing. This brand with a deep history has existed since the times of Imperial Russia and continues to be successful today. Babaevsky's historical path has passed through different eras and challenges, from the Russian Empire to the Soviet Union and modern

Russia. Because of this heritage, Babaevsky has unique values that can be used in marketing strategies to create recognition and loyalty with consumers.

Due to all these factors, in this thesis, the focus would be on the study of the brand heritage of the Babaevsky brand and its use in marketing. Below the subject, object, research question, and goal are identified.

The subject of the paper is LLC Babaevsky Confectionary Concern.

The object of this work is brand heritage marketing.

The research question is to find out if Babevsky is effectively using its brand heritage in its marketing communication strategy.

The goal of this thesis is to provide Babaevsky Confectionary Concern with a clear and detailed list of actions on how it is possible to develop its brand heritage promotion, especially on the Internet.

To achieve this goal such sub-goals were determined:

- Analysis of the literature, legislative materials, and direct sources on the topic of brand heritage, Babevsky's development history, Russian economics, and governmental structural changes.
- Research and analysis of secondary sources-studying the opinions of experts, professors, and journalists by researching various resources on the Internet.
- Analysis of Babevsky's brand image and its marketing communication strategy.
- Analysis of its competitor Russia Generous Soul and its corporate image in the Russian Market.
- Conducting Marketing research (online survey), with the aim to understand the weaknesses of Babevsky's heritage communication.
- To consult and provide recommendations to the company on how to boost its activities by changing and boosting its brand heritage promotion.

This work consists of an abstract, table of contents, acknowledgments, list of graphs, list of tables, list of illustrations, introduction, methodology, three chapters of the main body, conclusions, bibliography, references, and appendix. The main attention is paid to assessing and analyzing the effectiveness of communication channels Babaevsky and how a company promotes its heritage.

The first chapter is dedicated to the analysis of the history of Babaevsky's Confectionary Concern. Specific literature about Russian governmental, economic, and social changes during the Russian Empire, USSR, and modern Russian Federation times have been

used to write this chapter. As well as online sources, such as the official website of United Confectioners, social media channels of Alenka, online journals, and articles. In addition, the magazines and historical literature about confectionary products and the Russian food sector were studied in detail. The chapter starts with a description of the process of the company's creation during the Russian Empire times. The life story of its founder Stepan Nokolaev Abrikosov, and his kids who managed the company after him is presented. Secondly, the radical changes during the Soviet Period are provided. The reasons for the political changes are described as well as the challenges which the confectionery producer had to overcome. In addition, it will be explained why the company got the name of Peter Babaev. Finally, it would be reported how the company overcame the end of the USSR and survived in the modern Russian Federation. In the course of the chapter, it is described which type of products the manufacturer was producing (accompanied with visual examples) and which innovations it was using.

In the second chapter, the Babevsky Confectionary Concern is compared with another chocolate producer Russia - Generous Soul (RGS). The comparative analysis is of interest because it shows the differences between the marketing communication strategies of an old confectionary producer Babesvky and another experienced manufacturer which is sponsored by a foreign corporate giant – Nestle. In this chapter, it is stated which problems Babaevsky has with the promotion of its brand heritage. Therefore, RGS's marketing activities have been studied, as Nestle is well known for its effective communication strategies. Plus, it built a great heritage storyline for RGS. To perform the comparative analysis of both brands, historical literature about Babaevsky and RGS companies, scientific books about brand heritage, and open sources such as the official websites of both companies a historical and modern online journals were used. Moreover, the advertising materials such as tv commercials, and social media channels were examined Firstly, in the second chapter, the paragraph about Babaevsky's analysis is presented. Secondly, RGS's marketing strategy is analyzed. Finally, the comparative analysis was performed in the third paragraph and the recommendations to the Babaevsky Concern have been made.

The last chapter presents the performed qualitative research, which examined the influence of Babevsky's heritage on consumers and potential buyers. The respondents have been selected by the method of simple random selection, have been asked general questions about them, and were requested to describe their feelings about the Babaevsky brand, its history, and commercial activities. In the first half of the chapter, the results of

the online questionnaire are detailly described. In the second part, the recommendations for Babesvky were performed.

The Methodology that was used for the work included both primary and secondary research. Within the framework of primary research, the marking analysis (online questionnaire) was performed as well as information obtained during the pre-degree internship and direct involvement in Nestle Russia's corporate communication. As a part of the secondary research, the literature on marketing, brand heritage, corporate communication, branding, digital marketing, Babaevsky's and RGS's activities, Russian history, economics, and entrepreneurship was studied. In addition, the external resources of Babevsky and its main competitor were analyzed with the aim to draw their clear brand images and describe the brands' heritages.

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Chapter 1. Analysis of the History of the Babaevsky Confectionery Concern

1.1 The creation of the company and its activities during the Russian Empire

A large number of candies like: "northern bear", "Swallow", "Squirrel". "Petrel", chocolate "Inspiration", caramel "Swallow", "Goose foot" and of course "Orange", "Apple", "Cherry" – are very familiar to post-soviet citizens. All these confectionery products have been produced by Babaevsky Confectionery Concern for many centuries. This company Concern is one of Moscow's oldest enterprises, celebrating its 210th anniversary in 2014. Since 2003, it has been part of the United Confectioners Holding and is one of the largest confectionery companies in Moscow and Russia¹.

Currently, the company produces more than 129 original and popular confectionery products. Chocolate, candies, caramel, gift sets, as well as Christmas gifts for children and adults. Confectionery products are sold not only in the Russian Federation but also in many countries around the world. The quality of Babaevsky Confectionery Concern's products is guaranteed by careful observance of all regulations and GOSTs of the Russian Federation as well as European conditions and standards of production².

In this chapter, the history of the firm and its analysis will be performed. In this paragraph, the history of the company in the period of the Russian Empire is going to be described. With the aim to follow up better the historical timeline it is recommended to consult table 13:

¹ Fomenko S., *"The Abrikosovs. A Confectionary Dynasty with a 200-year History"* (Moscow: Action-MCFER, 2011), 20-24

² *"Babaevsky Confectionery Concern – about the company,"* Babaevsky Confectionery Concern, Accessed 17 January, 2022, <https://www.babaev.ru/about/holding.html>

³ *"Babaevsky Confectionery Concern - Historical Fact Sheet,"* Babaevsky Confectionery Concern, Accessed 15 January 2022, <http://www.alius.ru/old/babaev/history.htm#010>

The A. I. Abrikosov Sons Partnership		The Babaevsky Confectionery Concern ⁴	
Date	Event/Period	Date	Event/Period
1804	The opening of Abrikosovi's family workshop.	1917-1921	The collapse of the Russian Empire.
1814	The business got the name "The workshop of S. N. Abrikosov".	1918	The tsar Nikolai II was killed with his family.
1830	The transfer of the business from S.N. Abrikosov to his son I.S. Abrikosov.	1918	Formation of "military communism".
1850	The transfer of the business from I.S. Abrikosov to his son A.I. Abrikosov.. The workshop was named "The partnership of A.I. Abrikosov and Sons".	1918	The factory was nationalized and called "State Confectionery Factory No 2". The new 5 members of the production commission have been elected after the general meeting.
1850-1872	Mechanization of the workshop, increase in assortment and turnover.	1921	The "New Economic Policy" (NEP) is implemented. the "State Confectionary Factory №2" was leased to German businessmen Gelzer D. and Schmitman T.
1873	Installation of the first steam engine and organization of a factory on the basis of the workshop.	1922	Formation of USSR. All the rights to manage the State Confectionary factory #2 are given to MosSelProm.
1874	A.I. Abrikosov passes the confectionery factory to his sons Nikolai and Ivan.	1922	The organization got the name "P.H. Babayev".
1875	Acquisition of a tea factory "K. and S. Popovs".	1928	The factory concentrates only on the production of caramel by order of the Moscow authorities.
1880	Establishment of the factory and trade partnership "A.I. Abrikosov Sons" on shares.	1933	The company was privatized and renamed Joint Stock Company Babaevsky.
1880-1890	The company became a nationwide manufacturer. It supplies about 50% of all confectionary products in the Russian Empire.	1941-1945	The Second World War. 1942 the movement of production facilities to Kazakhstan. 1941-1945 In Moscow the army food facilities are produced.
1882, 1896	the company gets the highest awards at the All-Russia art-industrial exhibition in Moscow.	1944	The return of chocolate production to the firm in Moscow with new German facilities.

⁴ Bykovskays G.A., "Russia and the World from Ancient Times to the Beginning of the 21st Century, History Textbook for Universities" (Moscow, Authors collective, 2017), 349-362, Available at: https://files.mai.ru/site/conf/cotohist/libexpo/4_RMDV.pdf

		1845 - 1990	Stable years for Babayev production.
1899	the company received the title of supplier of His Majesty's court.	1991	The collapse of the USSR.
1914–1918	World War I	1993	The company is privatized and called JSC “Babayvskoye”. Ratnikov V. becomes the General Director.
1917-1921	Dissolution of the Russian Empire.	1996	Nosenko S. becomes the General Director
1917	Russia becomes a Republic.	1998	The Babaevsky factory merged several regional factories into a single concern. The new merger became known as JSC "Confectionery Concern Babaevsky".
1917	the October Revolution	2003	The company becomes a part of the United Confectioners Holding.
		2014	210 th anniversary of the company.

Table 1. Important historical Dates of the Babaevsky Confectionery Concern

The organization got the name “Babayev” only in 1922. Before it was called "The partnership of A.I. Abrikosov and Sons". Petr Akimovich Babayev, after whom the confectionery company is currently named, is not connected to the production of sweets. His work is in another professional field. In the early 1900s, Babayev worked as a locksmith in the Sokolniki tram workshops (Sokolniki is a district in the Eastern Administrative District of Moscow and the municipal district of the same name), where he was engaged in political work, and took an active part in the 1905 Revolution, the 1917 February Revolution. He participated in the July speeches and the October Revolution of 1917, establishing himself as an active agitator and organizer. In 1918 Babayev was appointed secretary of the Sokolniki District Executive Committee, later became a member of the Moscow Party committee and a member of the Mossovet Executive Committee, and since 1919 headed the Moscow Sokolnik District Executive Committee. After the death of P.A. Babayev, his name was given to a confectionery factory located next to the former tramway workshops, where he began his revolutionary activities.⁵ The detailed story of P.A. Babayev, his exciting and challenging life, and his merit to society

⁵ Brothers' grave: Biogr. dictionary of deceased members of Moscow org. RCP, 1923, «*Babaev Pyotr Akimovich – History*», Issue 2, 20

Available at: <http://elib.shpl.ru/ru/nodes/11854-babaev-petr-akimovich>

will also be presented later in paragraph 1.2 “The radical changes during the Soviet period”.

Until 1922, the factory bore the surname of its founder – Stepan Nikolaev Abrikosov (1737-1812), or rather the founders - the "confectionery kings" Abrikosovi (in translation from Russian to English “abrikos” means “an apricot). It was called the factory "The partnership of A.I. Abrikosov and Sons". A.I. are the initials of S.N. Abrikosov's grandson, whose story is described in a few paragraphs.

It all started in the early 19th century. The founder of the future chocolate empire and the founder of the famous dynasty of industrialists Stepan Nikolaev (according to modern times - Nikolaevich) had the surname Palkin. After years of hard work and dedication, Stepan finally saved enough money to open his own confectionery shop in the Russian Empire. He was a serf and asked his mistress (in Russian it is called "boyarina") to go to another city. On condition that he would pay her money or goods (in Russian this kind of deal is called “obrok”).⁶ She gave him permission and he went to Moscow to set up a confectionery shop. Thanks to that on 3 August 1804, Stepan Nikolaev in the last years of his life and his family finally moved to Moscow and started a familiar business. They worked together: Stepan himself, his wife Fekla Ivanovna, his sons Ivan and Vasily, and his daughter Daria. They quickly acquired their own clientele. They attended court parties, and weddings of merchants and officials and especially pleased the abbot of New Saviour monastery. The family reputation grew, and soon Stepan opened a grocery store with fruit and confectionery products and enrolled as a merchant in the Semenovskaya Sloboda.⁷

As a child, Stepan would often help his mother in the kitchen, making simple sweets and baked goods. As he grew older, he became more interested in confectionery and began experimenting with different recipes and techniques. To produce the goods, he used the old recipes of his family, but later he also started to use foreign technologies – glazed fruits. It was the "most important feature" of his confectionery production, especially glazed apricots. Due to that, Stepan Nikolaev received the surname Abrikosov in October

⁶ D. Abrikosov, *"The Main Secrets of the Abrikosov Family,"* (Kuchkovo Pole, 2021, Moscow), 13-17

⁷ Vasilyeva E. K., Pernatiev Yu. S, (2004), *"50 famous businessmen of the XIXth - the beginning of the XXth century"*, 7-13

1814 "for the fruit trade", and his business got the name "The workshop of S. N. Abrikosov".

How did he reveal the secret of foreign glazed fruits? Until then, only foreign confectioners knew this recipe. Stepan set up a special laboratory at his workshop and hired the best specialists to find out the secret of foreign glazed fruits. After several months the secret was revealed. Since then, the monopoly of foreign glazed products in Moscow was destroyed. Stepan started to produce a large variety of glazed fruits, like apricots, watermelons, plums, and chocolate-covered cherries.⁸

After Stepan Nikolayevich's death in 1830, his eldest son, Ivan Stepanovich (1790-1848), took over the business. In the 1830s, wishing to expand production and set up a confectionery shop, Ivan Abrikosov invited his cousins from the home village to live in Moscow, again his relatives had to ask their mistress for permission to move away and she gave it. Ivan Stepanovich managed to significantly increase the production of confectionery products and expand its range. His year profit was equal to 8.000 roubles, which was indicated in the book of declared capital of the Semyonovskaya Sloboda.

After Ivan Stepanovich's death, the business passed into the hands of his son in 1850, Alexei Ivanovich (1824-1904). The family's income grows and expands. The workshop was named "The partnership of A.I. Abrikosov and Sons".⁹ During his leadership, the company has passed through several steps of growth. The most significant one happened in 1850-1872. It may be called the period of "mechanization of the workshop, increase in assortment, and turnover". In this period the production was partially mechanized: machines for grating almonds and pressing monopensieres were bought. The business already had 24 employees. Aleksei Ivanovitsch's family is also growing, the kids are helping in production, which also helps to grow. In 1871 the annual production of the workshop was 445 tons worth 275.000 roubles, and in 1872 it was already 512 tons worth 325.000 roubles. Later in 1873, A.I. requested the installation of a 12 h.p. steam engine in the workshop and the transfer of the production to a factory was granted. Thanks to

⁸ Fomenko S., "The Abrikosovs. A Confectionary Dynasty with a 200-year History" (Moscow: Action-MCFER, 2011), 51-67

⁹ D. Abrikosov, "The Main Secrets of the Abrikosov Family," (Kuchkovo Pole, 2021, Moscow), 26

that, A.I. Abrikosov's confectionery enterprise was among those confectionery producers who were the first to use steam engines in Russia.¹⁰ More than 120 people worked already at the factory, producing sweets, jams, spice cakes and other confectionery products.

Alexei Abrikosov is a successful businessman, but in the course of his career, he has faced various challenges, such as competition, economic crises, regulatory restrictions, etc.¹¹ Some of his difficulties were also connected to the fact that entrepreneurship in the Russian Empire at those times was quite a new thing. Entrepreneurship in the Russian Empire (1721-1917) was shaped by a complex set of political, social, and economic factors. During this period, Russia was undergoing a significant transformation, from a largely agricultural and feudal society to a more industrialized and modern state. Despite numerous challenges, many entrepreneurs were able to find opportunities to start and grow their businesses.¹²

In 1874 Alexey passes the confectionery factory to his sons Nikolai and Ivan. The 80s of the XIX century marked a new frontier that the firm reached in its development. The Partnership becomes the largest producer of chocolate, sweets, caramel, and biscuits in Moscow, and ranks among the five leading firms supplying about 50% of all confectionery products in Russia – becoming a nationwide manufacturer. Its annual turnover reaches 1.800.400 roubles. In 1882, and 1896 – the company gets the highest awards at the All-Russia art-industrial exhibition in Moscow. And in 1899, for numerous services and excellent product quality, the company received the title of supplier of His Majesty's court. Such a title in those days was considered a sign of the quality of the highest category.¹³

¹⁰ Numerova L., *"Kings of Confectionery"* (United Confectioners Holding, 2007 Moscow), 34-36

¹¹ Yatsenko A., *"Dolce vita of Moscow Confectioners: Three Famous Confectionery Dynasties of Moscow,"* (Gazeta. ru,2017), 4

Available at: <https://www.gazeta.ru/social/2017/06/30/10755965.shtml>

¹² Fomenko S., Hankou, 2022, *"The entrepreneurs Abrikosovs and Popovs' business activity in Moscow"*, London, 2-4

Available at: <https://cyberleninka.ru/article/n/delovaya-aktivnost-predprinimateley-abrikosovyh-i-popovyh-moskva-hankou-tavricheskaya-guberniya-london/viewer>

¹³ Numerova L., *"Kings of Confectionery"* (United Confectioners Holding, 2007 Moscow), 75-77

What, apart from the excellent quality of the goods, is the secret of such success? Firstly, the advertising! It seemed that Abrikosovs reigned supreme everywhere. Advertisements in newspapers and magazines, posters, and signs in shop windows and on the facades of houses. The company was in addition concentrated on details.¹⁴ The examples could be seen in illustration 1 below.



Illustration 1. Advertisement posters of “The partnership of A.I. Abrikosov and Sons”.^{15 16}

Consumers, while making purchases, always got a calendar to identify all important events. Of course, such calendars had the advertisement of the firm. Also, special well-designed paper price lists were a sort of modern advertising brochures. An example of it could be seen below in illustration 2.¹⁷

¹⁴ Abrikosov H., “Family Chronicle – Memoiries”. (1940, Moscow, ORR RGB.), 63-67

¹⁵ Cultural Studies, 2018, “How Abrikosovi serfs became the confectionary kings of pre-revolutionary Russia”, 3

Available at: <https://kulturologia.ru/blogs/130619/43384/>

¹⁶ Kydryavzev V., “Private collection of artifacts, confectionary wraps”, online collection, last modified 11.04.2011, available at: <https://humus.livejournal.com/1950236.html>

¹⁷ A. Berezov, “Historical events in the wrappers” of the United Confectioners holding company», (United Confectioners, 2016, Moscow), 24

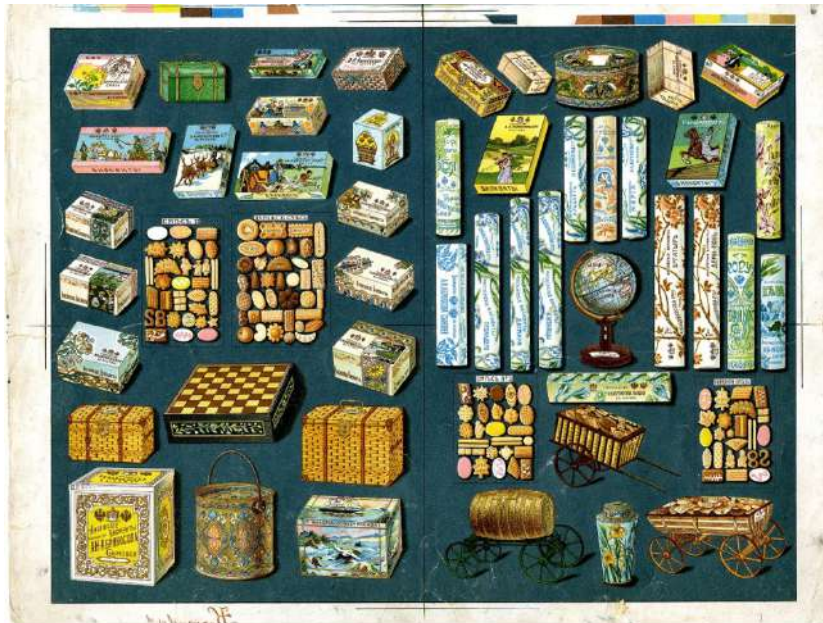


Illustration 2. Product brochure of “The partnership of A.I. Abrikosov and Sons”.

In addition, customers used confectionery wraps as a decoration for their homes and boxes out of candies as a place of storage for many years. Confectionery packaging of all kinds and forms has become a popular and accessible platform for mass advertising, including socio-political advertising. Quite often confectionery boxes of limited edition were produced for specific political events and citizens liked them. All boxes of Abrikosovs were made with attention to any small details. Abrikosovs invited professional painters to his packing shop - the artel of 30 people was headed by the then-famous artist Fyodor Shemyakin.¹⁸ Speaking about design of wraps, the firm followed all the trends of these times. For example, all competitors were used to produce candies with the illustration of the empire’s cities. And Abrikosovs were not an exception. The example could be seen in illustration 3, where the wraps of Abrikosovs and its competitors’ factories “Tiflysa” and “Nyan-Zy” are indicated.

¹⁸ Bykovskaya S., “Tasteful Propaganda. Brand history of the confectionary producers”, (St.Petersbourg, Small stories), 3-5

Available at: <https://little-histories.org/2016/02/03/s-chetkim-privkusom-vlasti/>



Illustration 3. Wrappers with the view of the Moscow series from various pre-revolutionary manufacturers (Abrikosovs are on the left).¹⁹

Secondly, the company organized charity events. A free kindergarten and school were opened for the children of 150 female workers of the factory. There was a free women's maternity hospital with permanent beds. It was considered one of the best in Russia - the mortality rate in the medical institution was less than 1%, which is an extraordinarily small figure for those times.²⁰ The Abrikosovs' factory was always known for good behavior with various social groups, not only with clients but also with employees. For instance, the corporate workers had great discounts on the company's products. While consumers were paying 1.4 roubles for a candy, an employee could buy it only for 0.14 roubles. It helped a lot to prevent the thefts performed by confectionery workers and improve sales. Finally, Abrikosovs' exquisitely decorated shops were also known for their high culture and the excellent training of salesmen and clerks.²¹

Overall, at the beginning of the 20th century, the Abrikosovs' production was constantly being improved as the competition on the confectionery market was high. At the beginning of the 1900s, the factory underwent a major reconstruction. The ground floor of a three-story brick building housed a chocolate shop and an apple shop. The second floor housed a pastry shop, the third a candy shop, and a caramel shop. The loading and packing hall,

¹⁹ Kydryavzev V., "Private collection of artifacts, confectionary wraps", online collection, last modified 11.04.2011, available at: <https://humus.livejournal.com/1950236.html>

²⁰ D. Abrikosov, "The Main Secrets of the Abrikosov Family," (Kuchkovo Pole, 2021, Moscow), 47

²¹ Belostotzkaya N., "Abrikosov's managerial genius: visionary, humanist, marketer: How did Alexei Abrikosov build the country's largest confectionery company?", (2020, Moscow, ProQuality), 1-3
Available at:

<https://drive.google.com/file/d/1FuapZNRcP3vQnNtLZ6LxbIH0mgU1mjZ/view?usp=sharing>

as well as the workers' dormitory, were located near the building. In all the workshops and outbuildings about 2000 workers were employed in the factory and a 156 hp power plant was in operation²².

In 1913 the reconstruction works were finished. The reconstruction of production facilities contributed to an increase in the output of confectionery products. Thus, while in 1900 the factory's annual output was 2.526.240 roubles, in 1913 it reached 3.880.000 roubles. It is also important to notice, that the main competitors of the company at that time were Einem (which later become the famous "Red October" producer) and Sioux (which later in the period of USSR was named "Bolshevik").²³ These firms were recruiting a bunch of foreign specialists and were focused on mass production. At the same time, Abrikosovs concentrated more on the elite premium market. The partnership of A.I. Abrikosov and Sons was producing at that moment 2 times fewer products than its main competitors, which was not a cause for a small profit. By the beginning of the October Revolution (1917), the organization was still one of the three biggest confectionery factories in Russia.²⁴

Above a detailed history of the partnership of A.I. Abrikosov and Sons in the years of the Russian empire was described. But what about the overall market situation during these years? How hard it was to be an entrepreneur in the Russian empire? The answers on these questions could be found below.

The 19th century has a special place in the history of Russian entrepreneurship. In this century, Russia gradually becomes a capitalist country. Machines are replacing manual labor, and manufacturing based on manual labor is disappearing, giving way to factories. In the 1890s the industrial revolution comes to an end.²⁵ The country is experiencing rapid

²² Confectionery Industry Information and Analysis Centre, Inform Konditer, 2007, "*The Third Century of Quality Assurance, Babaevsky*", 2

Available at: <http://bit.ly/3IYFV0C>

²³ Yatsenko A, "*Dolce vita of Moscow Confectioners: Three Famous Confectionery Dynasties of Moscow*," (Gazeta. ru,2017), 1-3

Available at: <https://www.gazeta.ru/social/2017/06/30/10755965.shtml>

²⁴ Avilova I., Byvalets O., "*History of Confectionary Production Development in Russia*," (Vector TK, 2014, Kursk), 96

²⁵ Gladkov I., Zorina I., Pages of History, Regional Economy, "*Development of Russian Industry in the nineteenth and twentieth centuries*",(2019, Moscow, REU of economics), 72-74

economic growth and is rapidly catching up with other industrialized countries. What has brought about these tremendous changes?

Firstly, in the 1st half of the 19th century, during the crisis of the feudal system, thousands of serfs left their landlords under the condition to pay them money or goods for their freedom (a type of deal called "obrok", as was mentioned before). The same was done by S.N. Abrikosov (the founder of the Abrikosovs company). At the same time, the lands and allotments of boyars decreased twice. And the income from liberated servants became the main type of income for boyars. The fee which serfs were obliged to pay depending on the type of monetary activity he/she was planning to perform. By the end of the 1850s the serfs who were very under "obrok" were about 28.5% out of the total amount. This amount shows how much the Russian Empire's entrepreneurship changed comparing the 18th and 19th centuries. Practically all the serfs were very encouraged by the fact of their freedom and took pains to develop their businesses rapidly. Most of them were opening some workshops, others were general sellers on the markets.²⁶

Secondly, the state was legislating to create favorable conditions for the development of the economy. A number of new reforms and laws allowed the development of entrepreneurship activities in the Russian Empire during the 19th century. This led to the growth of small and medium-sized enterprises in industries such as textiles, machinery, and food production. A good example of a reform could be the peasant reform which was performed in 1861. It allowed peasants to buy out themselves, and not have any obligations to pay any fees to their former owners. Of course, a great number of people used this opportunity, and it gave a big boost to the development of entrepreneurship. It is worthily to mention, that even if serfs at that time could become businessmen, still they were not precepted as other entrepreneurs with more elite roots.²⁷ Another example of a useful change in the law is a reform of business taxation which was made in 1898. It established an enterprise as the object of taxation, rather than the individual entrepreneur,

²⁶ Pershikov, A. N., «*History of Russian Entrepreneurship*», (2020: Tomsk, Tomsk Polytechnic University), 54-76

²⁷ Rieber A., "*Businessmen and Business Culture in Imperial Russia*", (Proceedings of the American Philosophical Society, Vol. 128, No. 3, 1984), pp.238-239

Available at: <http://www.jstor.org/stable/986883>

as it had been before. Increased competition in trade caused businesspeople to turn to industrial production.²⁸

Finally, as the shareholding business was introduced, a new possibility for people of different estates to participate in commercial enterprises appeared.

Overall, the changes made some new businessmen from different sectors come to the market. For example, many peasants, bourgeois, noblemen, foreigners, and civil servants decided to buy shares in other companies. Thanks to entrepreneurship, about 1.5 million people living in the country by the beginning of the 20th century.²⁹

However, the period was not without challenges for entrepreneurs. The Russian Empire was a vast and diverse country, with significant regional and cultural differences, which made it difficult to establish a uniform legal framework for business. In addition, there were restrictions on the movements of people and goods, making it difficult for entrepreneurs to access markets and resources.

Despite all these challenges, many entrepreneurs were able to build successful businesses, often through sheer determination and ingenuity. Some entrepreneurs, such as the Morozovi family³⁰, established extensive international networks and became major players in the global economy³¹. Others, such as the Abrikosovi, Vtorovi or Vogay³² families, built vast industrial empires within Russia and contributed significantly to the country's economic growth.

²⁸ Alekseev A., Zubareva V., "Analysis of the state protectionist policies influence on the Business development in the Russian Empire", (SurSU Bulletin, 2017, Issue. 2), 4

²⁹ Gladkov I., Zorina I., Pages of History, Regional Economy, "Development of Russian Industry in the nineteenth and twentieth centuries", (2019, Moscow, REU of economics), 78

³⁰ James L. West, Petrov A., "Merchant Moscow - Images Of Russia's Vanished Bourgeoisie" (1998, London), 3

³¹ Bowman L., "Moral Economies and Management at the Morozov Mills, 1885-1905", (Taylor & Francis, Social History, Vol. 28, No. 3, 2003), 322-345

Available at: <http://www.jstor.org/stable/4287010>

³² Vasilyeva E. K., Pernatiev Yu. S., "50 famous businessmen of the XIXth - the beginning of the XXth century" (2004, Moscow), 35-37, 44, 46

³² Gatrell P., review by: Spechler M., "The Tsarist Economy 1850-1917", (Association for Slavic, East European, and Eurasian Studies, Slavic Review, Vol. 47, No. 1, 1988), 121

Available at: <http://www.jstor.org/stable/2498851>

To sum it up, entrepreneurship in the Russian Empire was shaped by a complex interplay of political, economic, and cultural factors. Despite numerous challenges, many entrepreneurs found opportunities to start and grow their businesses and significantly contribute to the country's economic development.³³

1.2 The radical changes during the Soviet Period

At the beginning of the XX century, the Russian Empire stopped its existence, due to a number of reasons: weak leader, slow industrialization tendencies compared with other developed nations, demographic overpopulation, late abolition, and its consequences. The country was not developing as fast as its European neighbors. The empires' workers mostly worked in the Ural area in the metallurgical or mining areas. In the 1890s thanks to the industrial revolution new factories opened in Moscow or St. Petersburg areas, but still, about 40% worked in Ural, not using modern technologies, and working a grueling job.³⁴ The serves and usual employees were exhausted by the social difference and hard work.

The leader Nikolai II of the Empire lost its power. Later the tsar and his family were killed on the night of the 17th of July 1918. Due to the lack of a leader, the Provisional Government was formed. At that moment the collapse of the Russian Empire started (1917-1921).³⁵

All this process affected the military, economic, social, political, and production spheres. The large empire was divided into small countries, which were separating from each other quite quickly by being authorized to do so thanks to the Provisional Government. Which in fact, did not have such authority, as it was a permanent one. At the end of 1917, Soviet

³⁵ Kluchevsky V., *"Russian History. Full course in four parts. Part 4. Textbook for Universities"*, (2016, Yurright), 386-389

power became stronger in the central parts of the country, but still, this fact did not manage to lose such countries as Poland, Ukraine, Finland, and Belarus.³⁶

The first economic change which happened at that time was the establishment of the policy of “military communism”. The soviet government believed that this policy may stabilize the market during the Civil War, while this party is trying to totally gain power in the country. The main goal of such policy was to concentrate all resources (people and material) under the control of the government, with the aim to meet all needs to win the war (food, army uniforms and etc.).³⁷ It included the nationalization of all manufactures, and fabrics, monopolization of agriculture, and total management of all economic policies of the country. Due to that, in 1918 Abrikosovs family’s factory was nationalized, the same happened with any other firm which had more than 5-10 employees.³⁸ “Plants were supplied with raw materials and foodstuffs for their workers free of charge, and similarly handed over to the state the finished product they turned out as ordered. The results for the large-scale industry in that period were disastrous: by 1920, output was down to one-seventh of the 1913 level” (Yudanov. A, 397-398). Speaking about the confectionary business, only 10 huge confectionary producers remained in the country by 1918, initially before the Revolution there were 145.³⁹

By looking at the concrete example of the same tendency, the ongoing war with Germany, the October revolution, and the policy of the country made Abrikosovs’ factory lose around 3/4th of its production capacity. For instance, in 1915 the company produced 4146 tons of products, and in 1918 only 1286 tons. One of the main reasons for such a decline was the lack of raw materials. The stocks of sugar finished quite rapidly, and the main sugar suppliers were cut off from the capital. Some small manufacturers placed in Moscow

³⁶ Bykovskays G.A., “*Russia and the World from Ancient Times to the Beginning of the 21st Century, History Textbook for Universities*”(Moscow, Authors collective, 2017), 265-278

Available at: https://files.mai.ru/site/conf/cotohist/libexpo/4_RMDV.pdf

³⁷ Yudanov Y. A. Chandler A., Amatori F., Hikino T., “*Big Business and the wealth of Nations - USSR: Large enterprises in the USSR the functional disorder*”, (Cambridge University Press, 1997) 397-399

³⁸ D. Abrikosov, “*The Main Secrets of the Abrikosov Family*,” (Kuchkovo Pole, 2021, Moscow), 78

³⁹ Belostotzkaya N., “*Peter Babaev Factory: Soviet candy with "apricot" filling, The history of Abrikosovi business in the Soviet period*”, (2020, Moscow, ProQuality), 1-6

Available at:

<https://drive.google.com/file/d/19uXCFhmm0DpT88pPJS4kJCJGoZrtQSRv/view?usp=sharing>

donated their ingredients for confectionery production to Abrikosovs, as most of them were closed due to not meeting the sanitary norms of the new government.⁴⁰

By the time nationalization started in November 1918, the Abrikosovs' production was the leader of the Russian confectionery market. This could be proved by the fact that the company purchased L.F. Tide's Steam Factory in 1917. Abrikosovs did not even think that their family business may be nationalized and come to an end. But anyway, it happened.⁴¹ After the nationalization of the firm, it had to change its name. So, in 1918 the factory was named "State Confectionary Factory №2". Its former owners had to free their management positions and on the 2nd of December 1918, a general meeting of workers has chosen 5 members for its industrial commission.⁴²

Also, it is important to mention what happened with foreign firms during the Revolution. Most of the firms owned by foreigners were privatized. As it is well known numerous businesses were founded by emigrants in The Russian Empire, giving the resulting enterprise a hybrid feels. A large-scale example could be the Nobel oil business in pre-Revolutionary Russia. "Members of Sweden's Nobel family settled in Russia in the 1870s and transformed the Russian oil industry by introducing modern technology. The resulting company was managed by members of the Swedish family, but its headquarters and decision-making were located in Russia and there was no control from a Swedish parent company⁴³." (Geoffrey G. Jones, 11–12) The management of such companies had to escape from the country at that time.⁴⁴ Later Nobel Oil returned to Russia only in 2000.

⁴⁰ Avilova I., Byvalets O., "History of Confectionary Production Development in Russia," (Vector TK, 2014, Kursk), 103-105

⁴¹ Belostotzkaya N., "Peter Babaev Factory: Soviet candy with "apricot" filling, The history of Abrikosovi business in the Soviet period", (2020, Moscow, ProQuality), 1-2

Available

at:

<https://drive.google.com/file/d/19uXCFhmm0DpT88pPJS4kJCJGoZrtQSRv/view?usp=sharing>

⁴² Fomenko S., "The Abrikosovs. A Confectionary Dynasty with a 200-year History" (Moscow: Action-MCFER, 2011), 97-100

⁴³ Geoffrey G. Jones, "Nationality and Multinationals in Historical Perspective", (2005, Harvard Business school), 12-14

⁴⁴ McKay J., "Pioneers for Profit, Foreign Entrepreneurs and Russian Industrialization", 1885-1913, (Chicago, 1970), 76-78

Such experience of course affected the development of the country from a bad perspective.

Another good example of unfortunate foreigners who were in the Empire during the revolution is the family of Maurice Conradi, a manufacturer with Swiss origins. His grandfather moved to Russia as early as 1853 and founded one of the largest confectioneries in St. Petersburg. When the First World War broke out, Maurice volunteered to go to the front, for which he renounced his Swiss citizenship. At that time, foreigners could not serve in the Russian army. After that, Maurice was enlisted by the Imperial command of Nicholas II. The status of a front-line soldier, an order bearer, and a nobleman, of course, did not help to save his family business from expropriation. Maurice lost everything: his confectionary production, millions, and his family members. In 1919 Maurice's father was arrested, and he died in hospital after being beaten during questioning by Bolsheviks' representatives. His uncle and older brother were shot as "agents of the world bourgeoisie" and his aunt was killed during a robbery. Maurice himself, an active member of the White movement, was made to escape Russia with the last stronghold of the Wrangel forces in 1920.⁴⁵

Overall, the policy of "military communism" had a destructive effect on the country, so in 1921 as Lenin V. suggested, the New Economic Policy (NEP) was implemented. The main idea of it was to return to the country the elements of a market economy, but with mandatory regulation from the side of the Soviet government. Thanks to that, sharply expanded the economic independence of state enterprises. They became legal entities and the subjects of market relations. The sphere of private property relations was enlarged significantly. It was once again allowed to be used in the industry of trade (up to 83% of retail turnover was controlled by private owners). Important also to highlight that private owners were allowed to use hired labor. This NEP period was the beginning of the history of large enterprises as autonomous subjects of the socialist economy. This time, of course, was one of the most successful periods of the Soviet economy.⁴⁶ The emergence of a consumer culture entails the mass production of standardized goods for

⁴⁵ Bykovskaya S., *"Tasteful Propaganda. Brand history of the confectionary producers"*, (St.Petersbourg, Small stories), 15-18

Available at: <https://little-histories.org/2016/02/03/s-chetkim-privkusom-vlasti/>

⁴⁶ V.T. Chintulov, *"Economic History of the USSR"*, (Moscow, Higher School University, 1987), 118

widespread purchase, the development of mass forms well as the establishment of promotional techniques and attitudes to the acquisition of consumer goods to achieve happiness and identity.⁴⁷

Thanks to these changes of Bolsheviks in Sep.1921 the "State Confectionery Factory №2" was leased to German businessmen Gelzer D. and Schmitman T. In a short period of time, the production of candies, cookies, monpensieres, caramels, and cakes were established. Nevertheless, the technical base of the factory was still at the pre-revolutionary level. After the lease expired after one year it was decided not to prolongate it (even businessmen got great results during their 1-year management) and to give all the rights to manage the factory to MosSelProm (Moscow Province Association of Enterprises for Processing of Agricultural Products). The same happened with all other pre-revolutionary competitors of the factory, they also changed their names. "Einem" became known as "State Confectionery Factory № 1", the factory "Siu and K" got the name "State Confectionery Factory № 3"⁴⁸. Vinogradov. I. was chosen as the general director of "State Confectionery Factory № 2". In the same year, 1922, the company was named "P. H. Babayev Factory".⁴⁹

The fact that the factory got the name Peter Babayev surprises nowadays a lot of people, as Peter was not connected to the confectionary sector anyhow. There are several reasons why it happened. Firstly, his life story was a perfect example of behavior for the Soviet government. Secondly, he was a revolutionist, which came from the national minority. In the times of the Russian Empire, the government had worked hard on Russification (imposition of Russian culture) to the outskirts of the Empire. which did not please the indigenous inhabitants of these places. As a result, among those who carried out the revolution were many natives of the Caucasus - Armenians, Georgians, Azerbaijanis, etc. After the revolution, many squares and streets in the country were named after these heroes. This included the Babayev Concern. Finally, he performed a

⁴⁷ Avilova I., Byvalets O., *"History of Confectionary Production Development in Russia,"* (Vector TK, 2014, Kursk), 113

⁴⁸ Privalov M., *"Confectionary Products,"* (1968, State Publishing House ETechnika, Sofia), 46

⁴⁹ *"Babaevsky Confectionery Concern - Historical Fact Sheet,"* Babaevsky Confectionery Concern, Accessed 20 february, 2022, <http://www.alius.ru/old/babaev/history.htm#010>

great social life in the Sokolniki district of Moscow, the Moscow area where “the State Confectionary Factory №2” was placed. Due to that, his name was used to rename the factory.⁵⁰

The story life of Peter Babayev should be told starting with the story of his father. At the end of the 19th century, in the Russian Empire (especially in its small edge areas) there were a huge number of strikes organized by workers. The Nukha area (Azerbaijan) was no exception. The organizer and ardent participant in one of the strikes were Hakim Babayev, the father of Peter Babayev. The activism and pressure of the worker caused the county authorities to get rid of him. He was simply exiled to the small town called Kasimovo, which is placed near St. Peterburg. He was alone there and did not know the Russian language, but he managed to get a position as a laborer. In this place, Hakim met a Russian lady whose name was Lubov. They got 8 children, and all of them got Russian names, as at that time in the Russian Empire it was allowed only to bare Russian names. That's how Peter Babayev, the eldest son, appeared in 1883. Hakim wanted his children to get an education, by the time Peter become 5 they moved to the Ryazan region, where children had the possibility to go to a school. Peter, on the contrary, did not like to study and at the age of 13 decided to leave school and started his career at the local mechanical plant. As his father, he was always full of revolutionary dreams, and at the plant, he got a new wave of inspiration for this idea.⁵¹

At the age of 18, a young man decided to start an independent life in the North Caucasus and find a good job. In this Volga region, he got a position as a stocker on a steamboat. Having shown himself to be a hard worker and a man who was eager to learn new things, Peter was promoted to the position of assistant machinist. His work experience and young age already allowed him to go to Baltic Fleet in the role of a sailor. In this position, he and

⁵⁰ Memory Code, "*Babaevsky: after whom the factory was named*", (Moscow, 2023), accessed 21.01.2023. Available at: <http://bit.ly/3EGst8l>

⁵¹ Brothers' grave: Biogr. dictionary of deceased members of Moscow org. RCP, 1923, «*Babaev Pyotr Akimovich – History*», Issue 2
Available at: <http://elib.shpl.ru/ru/nodes/11854-babaev-petr-akimovich>

other sailors actively started to create and promote propaganda contrary to the Tsar. In addition, Petr enrolled in the Social Democrats association.⁵²

Unfortunately, such activity was impossible not to be noted by police and authorities. That is why a young Peter was put to a harsh prison, the place where he got tuberculosis (the illness which later caused a lot of issues in his life). As the disease was strong, and for Babayev it was hard to heal, the authorities decided to release him. But after a short period of time, he was sent to the Russian war with Japan. During that war, he just got more confidence that the Russian Empire should stop its existence as the whole system of government system was badly organized. One of the approvals of that was the fact that Russia was defeated by Japan.⁵³

In 1912 Peter moved to Moscow, got married, and got a job as a locksmith in a tram workshop. He was working again on the propaganda of his colleagues against the Russian Empire. The authorities already know that this might happen, so they were ready to send him to jail. But, at that moment the First World War started, and Peter was sent there as one of the first. During the war, he showed his courage and got the "George Cross" military award.

As Babayev was a high-qualified specialist with awards and experience in 2 wars he was sent from the battlefields to the military factory which was placed near St. Petersburg. While he was working in the factory, he still remembered all his revolutionary ideas. Again, he decided to promote them through the plant's employees. The result of his propaganda was strikes and demonstrations of workers, he was their leader. Unfortunately, this active way of living periodically was quite often paused by tuberculosis, the illness which remains untreated for many years becomes a more serious problem for his body. Babayev did not pay attention to this problem, as he is waiting for the October revolution which was just about to happen. "Continuing to fight for workers' rights in factories, businesses, and workshops, Babaev often visited the factories and held collective talks. Especially close friendly relations Peter developed with the workers of the Abrikosovs'

⁵² Ivanov A., *"Deities of the USSR and the Revolutionary Movement in Russia"* ("Granat", Moscow 1989, Lenin Marxism University), 41

⁵³ Ivanov A., *"Deities of the USSR and the Revolutionary Movement in Russia"* ("Granat", Moscow 1989, Lenin Marxism University), 41

factory. Illness did not allow Babayev to fully engage in his work, but as soon as he felt better, the chairman of Sokolniki council went to his post.” (Memory Code, 2023) Thanks to that he earned the respect of many workers during his lifetime. Peter died because of the disease when he was 37 years old in 1920.⁵⁴ And the factory became Babaevskaya in 1922.

Nevertheless, the old trademark “ex Abrikosovs” still was written on the packaging after the new name “Babayevsky”. In this way, the company managed to save consumers’ loyalty and guarantee quality.⁵⁵

In 1928 Moscow authorities decides to make each confectionary factory produce only one type of product. The Babayevsky factory started to produce only caramel goods, as another Factory Red October (in Russian the name sounds like “Kraskiy Oktotyabr”) was producing chocolate already at that moment. The ex-servants did not know any taste of confectionery products. That is why even the taste of sweet caramel was perceived as a masterpiece. Due to these changes, specialists of Babayevsky factory who specialized in marmalade, chocolate, and glazed fruits were transferred to other confectionary facilities in Moscow.

“In those years, the range of products was limited to cheap caramel. The candies were wrapped in coarse paper with a dull, monochrome design. The label turned from a work of art into a pathetic parody of packaging. There are several reasons for this. First, the skilled artists and printers had either left the country or scattered. Second, the equipment was worn out. Third, there was no quality paper and ink in the country, nor was there any money to buy them abroad.” (Belostotzkaya N, 2020).

For the Soviet government, it immediately became clear that a bright wrapper with a catchy name is a great propaganda tool. With the endless love of Russians for sweets, the political titles worked perfectly. The idea is quite easy and effective - the advertisement goes directly to the consumer (the target audience of the political party). Due to that, leaders of the radical movements were painted on the wrappers of caramel.

⁵⁴ Ivanov A., *"Deities of the USSR and the Revolutionary Movement in Russia"* ("Granat", Moscow 1989, Lenin Marxism University), 42

⁵⁵ *"Babaevsky Confectionery Concern - Historical Fact Sheet,"* Babaevsky Confectionery Concern, Accessed 20 february, 2022, <http://www.alius.ru/old/babaev/history.htm#010>

Also, when the company decided to produce caramel candies, they used an aggressive, soviet style design. At that time the government believed that any communication to consumers should be clear and strict, which would stimulate sales. The example could be seen below in illustration 4⁵⁶.



Illustration 4. The wraps of caramels and caramel candies were produced by The Babayevsky factory in 1926.

The main elements of the Soviet-style used in advertising were color, fonts, constructivist design elements, and slogans. Red is the most significant color symbol of the Soviet era. Red and its shades are an integral part of the symbols of the country: the soviets and communism in particular (flag, coat of arms, etc.). Accordingly, it was used in many attributes of Soviet times (badges, pioneer signs). In the design of advertising with elements of the Soviet-style, red performs two functions at once: the function of attracting attention and the function of associating the object of advertising with the Soviet era. Fonts. The style of writing was similar in execution to the handwritten fonts of the Soviet posters, banners, and standardized fonts of the Soviet printing industry. Constructivism is one of the main elements of design in the art of the Soviet Union in the first half of the

⁵⁶ A. Berezov, "Historical events in the wrappers" of the United Confectioners holding company», (United Confectioners, 2016, Moscow), 56

20th century. This style was most vividly expressed in the Soviet poster, which is still a source of inspiration for modern designers of advertising.⁵⁷

Good to mention, and quite often the candy wraps were solving the social problems or the future perspectives of the country. For instance, in the top left angle of illustration 4 of the Babayev caramel candy “Internazional” wrap the future dream of the Soviets was presented – the world power achieved by promoting communist ideas. So, in the image German, French, and Russian nations are united as they all follow the new communist policy.⁵⁸ Also, quite often the candy wraps were trying to solve the problem of uneducated citizens, which were quite recently liberalized. Therefore, the alphabet letters with word examples (the names of the objects) were stamped on the candies’ papers. And not just usual items or objects were drawn on confectionary, the candy factories illustrated machines, places that represented the scientific and technological progress the USSR was trying to achieve: the letter "A" for Aeroplane, "M" for Metro, "T" for Tramway, "Z" for Zeppelin.⁵⁹

As the main goal of the State factory № 2 was changed, there was a need to transform the factory and make the re-equipment. The 2 directors of the plant were focused on the production of clear caramel without any fillings, like berries or chocolate. The 5 tons of caramel syrup were soon produced easily per shift thanks to the newly ordered German caramel boiling machines.⁶⁰ Also, the central syrup-filling station was designed and built at the factory. Henceforth, for the first time in the confectionery industry, ready syrup and toppings began to be fed centrally to the shops by pumping.⁶¹

In the period of the Second World war (1941-1945), a large number of workers went to the front, and some of them became famous thanks to their valiant acts in war, for

⁵⁷ Sokolnikova N., Sokolnikova E., “*Design in Russia*”, (The Bloomsbury Encyclopedia of Design, MoscPr, 2015, Moscow), 42

⁵⁸ Vasnetsova A., “*History of sweet treats*,” (2019, ROSMAN, Moscow), 54

⁵⁹ Bykovskaya S., “*Tasteful Propaganda. Brand history of the confectionary producers*”, (St.Petersbourg, Small stories), 25-27

Available at: <https://little-histories.org/2016/02/03/s-chetkim-privkusom-vlasti/>

⁶⁰ Avilova I., Byvalets O., “*History of Confectionary Production Development in Russia*,” (Vector TK, 2014, Kursk), 156

⁶¹ “*Babaevsky Confectionery Concern - Historical Fact Sheet*,” Babaevsky Confectionery Concern, Accessed 20 February, 2022, <http://www.alius.ru/old/babaev/history.htm#010>

example, M. Samoilov M., Gordeev V., Kolganov M. When the German armies got closer to Moscow, the factory equipment was transferred to Alma-Aty in Kazakhstan. In a short period of time, they were placed in a new building in January of 1942 and already in one month about 20 thousand tons of goods could be produced per year.

And at this time in Moscow the Babaev factory sharply rebuilt its work, adapting to the needs of the front. Already in September 1941, the food concentrates workshop started to work. It served exclusively the army. The manufacturer

made concentrates in briquettes with various types of porridge (rice, millet, buckwheat). In December 1944 Babayev's workers received a medal of the All-Union Central Council of Professional Unions.

In 1944 chocolate production was returned at the end of the war. For 2 decades the plant was focused on the production only of 1 product – caramel, but the end of military activities and the movement of a great amount of confectionary German machines to the Russian territories stimulated the company to change. In a short period of time, a small chocolate production workshop was made.

The period from 1945 to 1990 could be named as stable years for Babayev production. In 1946 the Babaev factory was the first in the Soviet Union to produce chocolate bars and chocolate figurines in colored foil. For a long time, these products become the trademark of the confectionery giant. Moreover, already 2 years after the chocolate production recovery, Babyevsky chocolate was considered one of the best in the USSR.⁶²



Illustration 6. The wraps of “Alenka” chocolate.

⁶² Bykovskaya S., “Tasteful Propaganda. Brand history of the confectionary producers”, (St.Petersbourg, Small stories), 39-45

Available at: <https://little-histories.org/2016/02/03/s-chetkim-privkusom-vlasti/>

Further development of the factory urged to increase its chocolate production capacity. If in 1946 the processing of cocoa beans was 500 tons, in 1950 already 2000 tons, by the end of the 1960s already 9000 tons were used annually. This far exceeded the design capacity of the workshop. Many processes were still performed manually, as their mechanization required completely new technical solutions and high-performance equipment. In addition, a new production reformation program started, and one of her goals was to produce more inexpensive chocolate.

Therefore, at the end of the 60s – the beginning of the 70s the new reconstruction of the chocolate equipment was performed, and the new complex of machines started to work in 1972. Babayev production becomes one of the best high-quality manufacturers. Thanks to new production facilities, the factory starts to produce new products. The first one, which is still very popular is the chocolate “Vdohnovenye” (which could be translated into English as “inspiration”). This chocolate bar became the first sliced chocolate. The wrap of which is presented in illustration 5.⁶³

The second product with large-scale production is “Alenka” chocolate. The Babayev factory, along with "Red October" and "Rot Front", began the first mass production of "Alenka" chocolate in 1965. Interesting to mention that at that time there were no proper rights, so the branded chocolate of the factory “Red October” was produced by other manufacturers. Anyway, the wrap design was a little different. “Alenka” was considered a perfect inexpensive chocolate, the wrap of which represented a perfect healthy peasant child. So, the usual citizens liked it a lot. The illustration 6 presents the wrap of Babyev’s “Alenka” chocolate on the left and “Red October” factory’s wrap on the right.⁶⁴ Nowadays, the right version could be met on the shelves.

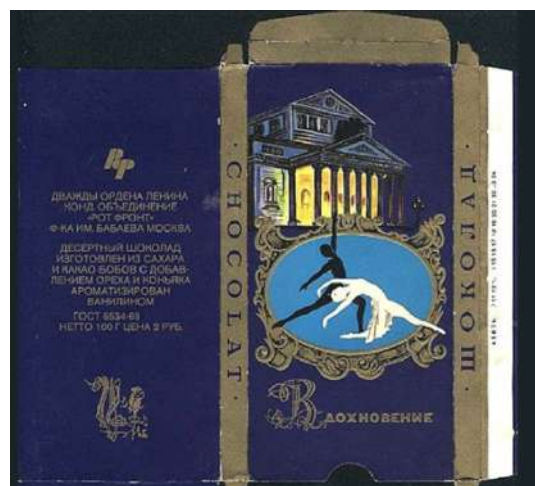


Illustration 5. The wrap of “Vdohnovenye” chocolate.

⁶³ Afonin A., (2009) "Antiques, Art and Collectibles", № 65 (March 2009), p.94

⁶⁴ Union of Museums of Russia, Museum of the History of Chocolate and Cocoa "Mishka", *Collection of Babaev factory wrappers*, 7, Malaya Krasnoselskaya str.

Finally, starting from the 1950s, the assortment of candies produced at the factory has been growing. New candies such as "Belochka", "Bear in the North", "Chelnochka", "Kara-Kum", "Golden Plight", "Orange Flavor", "Pilot", "Spring", "Burevestnik", "Sea", "Chamomile", "Truffles", and others came to the market thanks to Babayevsky factory. Some of their packages are presented in illustration 7.⁶⁵



Illustration 7. The wraps of "Bear in the North", "Kara-Kum" and "Belochka".

As it could be seen the packaging of candies become more colorful and detailed. Nevertheless, unfortunately, the tradition of Abrikosovs to produce very detailed, long-lasting packaging was not applicable anymore. The wrap got not aesthetic but more a sanitary practical value. At the same time, the tradition of Abrikosovi to candies to produce limited edition items for holidays and anniversaries continued. The packaging of Babaevsky sweets often reminded Soviet citizens of space achievements, congresses of the Communist Party, and significant events. An example could be seen in illustration 8.⁶⁶

⁶⁵ Belostotzkaya N., "Peter Babaev Factory: Soviet candy with "apricot" filling, *The history of Abrikosovi business in the Soviet period*", (2020, Moscow, ProQuality), 5-7

Available

at:

<https://drive.google.com/file/d/19uXCFhmm0DpT88pPJS4kJCJGoZrtQSRv/view?usp=sharing>

⁶⁶ A. Berezov, "Historical events in the wrappers" of the United Confectioners holding company», (United Confectioners, 2016, Moscow), 79

1.3 The development of the company after the collapse of the USSR and the formation of the Russian Federation

The USSR, also known as the Soviet Union, was a federal socialist state that existed from 1922 to 1991. Its dissolution in 1991 marked the end of the Cold War and the beginning of a new era in global politics. The USSR's collapse was a complex process that involved a combination of internal and external factors. Speaking about internal factors economic problems, political instability, and nationalism could be named: ⁶⁷

-Economic problems: The USSR's economy had been in decline for many years. The centrally planned economy was inefficient and could not keep up with the demands of a modern, globalized world. The Soviet leadership had tried to reform the economy through perestroika and glasnost policies, but these reforms were too little and performed too late.

- Political instability: The Soviet political system was characterized by a lack of political freedoms and a rigid, top-down structure. This led to widespread corruption and a lack of public trust in the government. The Communist Party's monopoly on power also created a disconnect between the ruling elite and the public.

- Nationalism: The USSR was a multi-ethnic state with many different languages, cultures, and religions. Nationalist movements began to emerge in many of the republics, fueled by the perception that the Soviet government favored ethnic Russians at the expense of other nationalities.

Also, several external factors make the USSR era end: the cold war, the collapse of the Eastern Bloc, and international pressure: ⁶⁸



Illustration 8. The packaging of "Children's chocolate" designed on the space topic.

⁶⁷ Kluchevsky V., "Russian History. Full course in four parts. Part 4. Textbook for Universities", (2016, Yurright), 98-101

⁶⁸ Kluchevsky V., "Russian History. Full course in four parts. Part 4. Textbook for Universities", (2016, Yurright), 102-104

- The Cold War: The USSR was engaged in a decades-long struggle with the United States for global dominance. This rivalry led to a massive arms race and a network of alliances and proxy wars around the world. The Soviet Union's economic and military resources were strained by these efforts.
- The collapse of the Eastern Bloc: In the late 1980s, communist regimes in Eastern Europe began to collapse. The fall of the Berlin Wall in 1989 marked the beginning of the end of Soviet influence in the region. This put pressure on the Soviet leadership to reform and open up the political system.
- International pressure: The Soviet Union faced increasing pressure from the international community to improve its human rights record and allow greater political freedoms. The Helsinki Accords of 1975 had committed the Soviet Union to respect human rights, but it had failed to fulfill this commitment.⁶⁹

The collapse of the USSR began in August 1991 with a failed coup attempt by hardline communists against Soviet leader Mikhail Gorbachev. The coup was quickly defeated, but it signaled the end of the Soviet Union as a functioning state. Many of the Soviet republics began to declare their independence, and the central government in Moscow was powerless to stop them. On December 25, 1991, Gorbachev resigned as president, and the Soviet Union officially ceased to exist.

At the beginning of the 1990s large and small producers had catastrophically large changes and the crisis, as the economic connections with ex-USSR republics were destroyed. The collapse of the Soviet Union caused issues in the supply chain, finding the raw resources, and the whole business planning for the whole agro-industrial enterprises. The main confectionary recourses, such as sugar, cocoa, vanilla, wrapping paper, nuts, and other key ingredients were not supplied to the Babayev factory by the government. This caused drastic changes in the business structure and strategy.⁷⁰

According to the president's decree called "Organizational Measures for Transforming State-Owned Enterprises into Joint-Stock Companies" issued in July of 1992, the

⁶⁹ Bykovskays G.A., *"Russia and the World from Ancient Times to the Beginning of the 21st Century, History Textbook for Universities"* (Moscow, Authors collective, 2017), 187

Available at: https://files.mai.ru/site/conf/cotohist/libexpo/4_RMDV.pdf

⁷⁰ Avilova I., Byvalets O., *"History of Confectionary Production Development in Russia,"* (Vector TK, 2014, Kursk), 136

business was privatized the next year. It was called JSC “Babayvskoye”. After the privatization, Ratnikov V. became its General Director. During the next years, the company was working on the renewal of fixed assets and supplies. That practice allowed the company to modernize mechanical production equipment and increase in a steady manner the amount of annually produced goods.⁷¹

In 1996 the new General Director was chosen – Nosenko S. He was not a big expert in the confectionery business. By that time, he just had finished the Food Institute. He found several like-minded people and performed large changes in the factory. For instance, in 1996 new structural departments appeared: the trading and marketing & advertisement departments were opened. The situation in the country was critical, the confectionery sector was continuously declining as well as its production volume. The goal of Nosenko S. was to respond to the changing tendencies of the country. It was needed to increase the work shifts, get high specialists in the market, increase the qualifications of the employees, and enlarge the production effectiveness and capacity. By 1996-1999 the company enlarged its product catalog and started to use more natural ingredients (for example, coconut pieces) and organic packaging materials. In 1997 the company finally returns to its enterprise level as it was before the collapse of the USSR. The result of this progress was the “Golden Cup Prize” obtained in Geneva, Switzerland, and a victory at the Russian exhibition fair of Nizhny Novgorod, which proved the quality of Babayev company.⁷²

Already in 1998, the products of the confectionery concern differ significantly from its competitors not only by their exquisite taste but also by their peculiarly designed packaging. Packaging of candies and chocolates of Concern not only contributes to the recognizability of the product in commercial enterprises but also serves as an authorized representative of the team, demonstrating its ability to work in the market. The design department has developed an original corporate design. Now the product packaging, as a sign of quality, bears the concern's logo. Examples of new packaging could be seen in illustration 9.

⁷¹ "Babaevsky Confectionery Concern - Historical Fact Sheet," Babaevsky Confectionery Concern, Accessed 15 January, 2022, <http://www.alius.ru/old/babaev/history.htm#010>

⁷² "Babaevsky Confectionery Concern - Historical Fact Sheet," Babaevsky Confectionery Concern, Accessed 15 January, 2022, <http://www.alius.ru/old/babaev/history.htm#010>



Illustration 9. The packaging of “Vdochnovenye” and Babayevsky chocolate products.

The company is winning contests for product design and high-quality packaging. Indicating the numbers, in 1998 the company had a 14\$ share of the whole Russian confectionary market, had around 8000 employees, and produced 150 thousand tons of products per year. Also in 1998, The Babaevsky factory merged several regional factories into a single concern. The new merger became known as JSC "Confectionary Concern Babaevsky".⁷³

In the period from 2002 to 2023, the company did not have any large changes. In 2003 Babayevsky company becomes a part of the United Confectioners (UC) Holding Concern and in the same year receives the “Russian National Olympus 2003” award in the Agro-Industrial Complex category for its outstanding contribution to the historical development of Russia. In 2005 the corporate style was rebranded. In 2008 new types of products were made, such as cream candies, various mixes of chocolates, and “Vdochnovenie” chocolate truffles. In 2009 the United Confectioners Holding Company opened the first Chocolate and Cocoa History Museum (MISHKA) in Russia, based on the rich heritage of the Red October, Rot Front, and Babaevsky Confectioneries. In 2014 the Babayevsky Concern was celebrating its 210 anniversary and in 2021 the company won the “Our Legends” prize for being the top 50 legendary brands in Russia.⁷⁴

⁷³ Vasnetsova A., "History of sweet treats," (2019, ROSMAN, Moscow), 78

⁷⁴ "Babayevsky Confectionery Concern – Our history (2000-2022)," Babayevsky Confectionery Concern, Accessed 28February, 2023, <https://www.uniconf.ru/about/history/>

Chapter 2. Comparative Analysis of the brand identity and marketing activities of Babaevsky and its Competitor Russia - Generous Soul in the Russian Context

2.1 Analysis of the Babaevsky Confectionery Concern

As seen in the first chapter, when it comes to brand communication, promotion, and marketing, the Babaevsky company has always used the most innovative methods throughout its history. To better analyze the current organization's activities, a number of additional marketing analyses will have to be conducted.

It is hoped to better understand the company by presenting the following points in this chapter: a deep analysis of the brand Babaevsky, a description of the current chocolate sector in Russia, and an analysis of Babaevsky's competitor - a young Russia - Generous Soul (RGS) company. Moreover, their overall comparison would be provided. With the aim to meet these goals, secondary research would be performed.

As a beginning, a general internal and external analysis of Babaevsky's Confectionery Concern will be presented in the first paragraph of this report. This part of the thesis will include a list of all general information and statistics pertaining to the firm's production, and sales, talk about the marketing activities, and the brand identity. Also, the description of the confectionery sector would be indicated. Secondly, the second paragraph would indicate the same research for JSC Russia Confectionery Association, which is also known in society as Russia - Generous Soul (RGS) brand. Finally, in the last paragraph, we will conduct a comparative analysis of these two companies to evaluate the true result of all the marketing activities of Babaevsky Concern and offer some suggestions for how they could be improved. As this thesis work focuses on heritage marketing, this point would also be described in each paragraph.

Nowadays JSC Babaevsky Confectionary Concern has 1700 employees, produces around 22,000 tons of finished products per year⁷⁵, develops several new products every year, takes care of the Mishka (in translation to English means “a little bear”) museum of chocolate and cocoa history, organizes excursions there.⁷⁶ Good to mention that the museum bears such a name as the sister company of Babayev (Red October) was producing the “Mishka Kosolapyi” candies (translated as “lapwing bear”) starting from the Russian Empire times. Due to that, the museum got the name “Mishka”. Nowadays, the Red October famous factory, which is placed in front of Red Square in Moscow, has been closed. The brand name remained, but all the production moved to the Babayevsky manufacturing facilities. Still, Babayevsky uses the same candy wrap design which was used by Red October in Imperial times.⁷⁷ At the present time, the Red October factory building is used as a center for young people with many modern offices, clubs, and restaurants.

Returning to the Babayev organization, it could be mentioned, that at present, the position of the concern is stable. Employees of all the enterprises included in the concern receive a significant increase in their labor remuneration.⁷⁸

It was decided to start the paragraph with the SWOT table, as it can illustrate quite clearly and briefly the internal and external situation of the organization. SWOT analysis could be found below (table 2):

⁷⁵ Moscow Online, “*An excursion at the Babayevsky Confectionary Concern*”, Interview by Djdanova M., September 9, 2021, 35:06, Available at: <https://www.youtube.com/watch?v=cld6WsuBQcU>

⁷⁶ “*Information about united Confectionaries Holding, Babaevsky Concern*”, United Confectionaries, Accessed 16 April 2023, Available at: <https://www.uniconf.ru/about/>

⁷⁷ Moscow Online, “*An excursion at the Babayevsky Confectionary Concern*”, Interview by Djdanova M., September 9, 2021, 4:02, Available at: <https://www.youtube.com/watch?v=cld6WsuBQcU>

⁷⁸ “*Babaevsky Confectionery Concern – Description of the company*,” Babaevsky Confectionery Concern, Accessed 6 April, 2023, Available at: <https://www.uniconf.ru/factories/babaevsky/>

Strength ⁷⁹	Opportunities
<ul style="list-style-type: none"> - High-quality products - A good relationship with employees directs the company and employee's loyalty - The possibility to sell the products in the mother's United Confectioners company shops "Alenka" - Product innovation, development of new products - Great brand heritage 	<ul style="list-style-type: none"> - Changing the needs of the population in the direction of a healthy diet⁸⁰ - Improvement of technological equipment and production technology - Increase in confectionery consumption in Russia - Chocolate market growth⁸¹ - No possible appearance of large new competitors because of the high barriers to entry in the industry - Limitation to import foreign confectionery products to Russia
Weaknesses ⁸²	Threats ⁸³
<ul style="list-style-type: none"> - Most of the sales are performed only in one region (Moscow and its neighborhoods) - Weak promotional support for products, absence of the brand's own channels of communication on the Internet - Inefficient pricing policy - Underutilization of new production facilities 	<ul style="list-style-type: none"> - Increase of customs tariffs on cocoa imports - Raised inflation - Difficulties to import modern foreign machines for the production - Fluctuating seasonal demand for chocolate - Reduction in the number of people of working age

⁷⁹ "Babaevsky Confectionery Concern – Description of the company," Babaevsky Confectionery Concern, Accessed 16 April, 2023, Available at: <https://www.uniconf.ru/factories/babaevsky/>

⁸⁰ Vlasova R., "Tried ZOZH: the trend of healthy eating has reached the regions. The demand for healthy food in Russia in the summer of 2020 has tripled compared to last year", Gazeta.ru, September 30, 2020, Available at: <https://www.gazeta.ru/business/2020/09/30/13274215.shtml>

⁸¹ Perlova M., "Modern realities of the chocolate market in Russia. Focus of domestic producers on the export of chocolate products to China, and what can we expect in the near future from the Russian market?", SMARTCONSULT Rbc.ru, 24 October, 2022, Available at: <https://marketing.rbc.ru/articles/13796/>

⁸² "Information for shareholders", Babaevsky Confectionery Concern, Accessed 7 April, 2023, Available at: <https://www.uniconf.ru/factories/babaevsky/>

⁸³ Sharifurin S., Kuragina A., "Factors of Confectionery Success", Perm State National Research University, no. 15 (Spring 2017), Available at: <https://cyberleninka.ru/article/n/factory-uspeshnosti-konditerskogo-dela>

	<ul style="list-style-type: none"> - Increase in prices for imported raw materials from suppliers - Difficulties in importing ingredients (cocoa beans, cocoa powder, nuts, etc.) - A large number of substitute products
--	--

Table 2. SWOT analysis of the Babaevsky Confectionary Concern.

All the main points of the SWOT table are going to be described in detail in the external and internal analyses below.

The external study of the environment of the organization consists of finding out the factors affecting the company in the whole term and also its individual parts, Specifically, an analysis of the general environment and the general situation in the industry will be produced. The investigation of the general environment of Babaevsky Concern was performed using the PEST scheme, to identify favorable and unfavorable factors for the company in the confectionary environment:

- **Political-legal aspect:**

A big number of strikes nowadays happen in Côte d'Ivoire, which is one of the biggest importers of cocoa beans to the Russian Federation (17,9%). The main reasons for the conflicts are unfavorable work conditions for Côte d'Ivoire's farmers and workers and the constant annual increase of cocoa bean cost (by 3 %/year). Economists predict that the global crisis can cause a 22% increase in cocoa bean prices.⁸⁴

Speaking about legal terms, it is important to mention that in 2008 "Technical Regulation on confectionery products" rule was approved by the Russian Government, concretely by The State Duma of the Russian Federation. This regulation defines the terms and conditions of how confectionary companies must confirm that all the requirements of the production are respected. There are two options for evaluation, The first is to check all the met conditions in the manufacturer's laboratory and provide the results to the governmental institutions.

⁸⁴ Chandrasekhar A., "Africa wants a share of Europe's chocolate pie - a big one," Swissinfo.ch, March 6, 2023, Available at: <https://bit.ly/3A3otvR>

The second one is to be checked by them.⁸⁵ Babaevsky Concern has its own technological facilities, so there are fewer fines and monitoring from the state. Another positive external factor for the firm is the Ascond non-profit association. Which expresses the general manufacturers' interests to the politicians in the sector of confectionery production. For instance, thanks to this association, the cancelation of cancellation of import duties on technological and packaging equipment for confectionery production was achieved. This fact of course stimulates the development of the industry.⁸⁶

- **Economic aspect:**

The inflation rate in Russia is calculated based on an index of consumer prices for goods and services, including all taxes and fees. In February 2023, the inflation rate in Russia was 11.77% (annualized over the last 12 months), which is 0.78 less than a month earlier.⁸⁷ This is clearly a negative factor for Babaevsky, which buys raw materials from abroad. Customers' consumption power is also declining, especially in the Moscow region (the main buyers of the company's products).⁸⁸ As the numbers show, cash expenditures of the population in the first half of 2022 amounted to 34.5 trillion rubles and in 2023 increased by 11.5% compared with the previous year.

- **Social aspect:**

At present, there is a general decline in the population in Russia, including the working-age population.⁸⁹ The working-age population is the main buyer of Babaevsky products.

⁸⁵ Kulik G., Sysoev M., "Technical Regulation on confectionery products", Project N 469750-4, State Duma, Russian Federation, Federal Law, Available at: <https://docs.cntd.ru/document/1200051215>

⁸⁶ "About us"- Association of Confectionery Industry Enterprises "ASCOND" (non-profit organization), Accessed 11 April, 2023, Available at: <https://ascond.ru/o-nas/>

⁸⁷ Kukushkin T., "Annual inflation in Russia slowed to 11.77% in January 2023", Tass.ru, February 10, updated Feb. 10, Available at: <https://tass.ru/ekonomika/17023943>

⁸⁸ "Information for shareholders", Babaevsky Confectionery Concern, Accessed 11 April, 2023, Available at: <https://www.uniconf.ru/factories/babaevsky/>

⁸⁹ Belinkika E., "Rosstat: the number of Russia's residents in 2022 decreased by 555 thousand to 146.4 million people", Rbk.ru, February 01, Available at: <https://www.rbk.ru/economics/01/02/2023/63da428b9a7947e741363c53>

In the coming years, Russia will see an increase in the output of healthy products produced without artificial additives and using special ingredients that increase the nutrition and usefulness of these products without increasing their caloric content. Since the population is becoming more and more concerned about healthy eating, chocolate manufacturers may have to change their marketing strategy for many companies.⁹⁰ By now, UC are having some brands which produce such type of products. At the same time, Babaevky still does not do it.

- **Technological aspect:**

Manufacturing companies must keep up with the latest technology in order to stay competitive. This means upgrading their machines and production processes to meet the changing needs of consumers. This helps the company to expand its product line, which in turn leads to increased sales and profits. At the moment, Babaevsky has upgraded its machines with German-made technology.⁹¹ They are a bit more advanced than the technology they were using before, but it's possible that things could get difficult in the future, because of the current economic climate.

The following is an analysis of the situation in the confectionery sector. It includes more than 14 different industries, and one of the leading sectors is chocolate. It includes, for example: chocolate dragees, sweets (packed in boxes and loose ones), and chocolate bars. It can be said that customer preferences in consumption of specific type of goods can change periodically.

The chocolate market is divided by price into a premium, high-priced, medium-priced, low-priced, and cheap segments. The premium segment starts at 320 rubles per kilogram. Until 2008, the majority of buyers preferred the premium and super-premium segments. For them, several factors were critically important: the originality of formulation, quality, unusual functional design packaging, and innovativeness, speaking about new goods. Later, from 2009 to 2015, on the contrary, a large number of customers preferred to buy

⁹⁰ Vlasova R., "Tried ZOZH: the trend of healthy eating has reached the regions. The demand for healthy food in Russia in the summer of 2020 has tripled compared to last year", Gazeta.ru, September 30, 2020, Available at: <https://www.gazeta.ru/business/2020/09/30/13274215.shtml>

⁹¹ Confectionery Industry Information and Analysis Centre, Inform Konditer, (2007) "The Third Century of Quality Assurance, Babaevsky", Accessed 12 April, Available at: <http://bit.ly/3IYFV0C>

weighted inexpensive candies. This is definitely due to the general crisis in the world, as well as the crisis tensions in Russia after the conflict that occurred over the Crimean Peninsula. In those years, society especially liked the Soviet candies: "Romashka" («Chamomile» in translation to English), "Moskovsky", "Belochka" («Squirrel» in translation to English), and others. In recent years, people again began to prefer expensive chocolate, but not forgetting about inexpensive products.⁹²

Presenting the internal analysis of the firm could be first mentioned that the main activities of the concern are:

- **Production of confectionery and other consumer goods:**

the main goal of Babaevsky is to produce healthy products with high-quality ingredients and provide them to its consumers⁹³. Due to that the firm claims to pay great attention to the raw materials, and sterility of production. To have the best quality of goods, Babayevsky is buying most of its ingredients, which is about 60%, in foreign countries, which makes the whole production cost depend on the dollar-changing exchange rate, fluctuating cost of cocoa beans, custom tariffs, and the whole international position of Russia in the world.⁹⁴

- **Implementation of applicable scientific modern approaches in the fields of the economy:**

Plans have been developed for the technical reconstruction of the enterprises of the Concern. Also, there is a large, full-scale work to search for new, modern forms of activity, improvement of organization of production, starting from procurement of raw materials and finishing with the sale of ready products. The concern tries to

⁹² Kurgan I., "Analysis of the Russian market of chocolate and chocolate products - Actual issues of sectoral markets and international commerce", MGIMO MFA Russia, Electronic scientific student journal, October 17, 2019, Available at: <https://tiiec.mgimo.ru/2019/2019-01/russian-chocolate-market-analysis>

⁹³ "Babaevsky Confectionery Concern – Description of the company," Babaevsky Confectionery Concern, Accessed 16 April, 2023, Available at: <https://www.uniconf.ru/factories/babaevsky/>

⁹⁴ Kurgan I., "Analysis of the Russian market of chocolate and chocolate products - Actual issues of sectoral markets and international commerce", MGIMO MFA Russia, Electronic scientific student journal, October 17, 2019, Available at: <https://tiiec.mgimo.ru/2019/2019-01/russian-chocolate-market-analysis>

concentrate all technological chains in its own hands: from sugar production and other constituents of confectionery production to product sales. Thus, in 2007, the concern acquired a sugar beet growing and processing enterprise, and two dairy plants that cover half of its milk needs, thus making it possible to retain the bulk of its products in the mid-price segment.⁹⁵

- **Manufacture and development of new types of confectionaries to meet demand and keep a competitive position in the market:**

Babaevsky Confectionery Concern JSC is constantly expanding its product range, trying to accommodate the varied tastes of its audience. The company's main volume of sales is made in Moscow and the Moscow Region, but its products are sold throughout Russia and neighboring countries. Most of the sales are performed in grocery stores, large supermarkets, and the firm's branded confectionary boutiques.⁹⁶

The management structure of Babaevsky's Confectionary Concern is a linear-functional model, with the president at the head and five vice presidents. The Board of Directors works actively, and the company has created marketing and sales services that are successfully operating in today's market conditions. These services significantly impact how the company implements its most important functions. The main activities of marketing are to study demand, adapt production to meet market demands, and actively influence it. Marketing also plays a leading role in determining the company's technical and production policies, style, and management approach. In addition, marketing specialists establish what consumers want to see in new products, what prices they are willing to pay for them, and where and when these products are needed.⁹⁷

With the aim to study the brand image of Babayevsky, it is needed to find out what are the Brand strategy & actions and how people feel about this brand. The brand Identity

⁹⁵ Moscow Online, "An excursion at the Babayevsky Confectionary Concern", Interview by Djdanova M., September 9, 2021, 15:02, Available at: <https://www.youtube.com/watch?v=cld6WsuBQcU>

⁹⁶ "Babaevsky Confectionery Concern – Description of the company," Babaevsky Confectionery Concern, Accessed 16 April 2023, Available at: <https://www.uniconf.ru/factories/babaevsky/>

⁹⁷ Moscow Online, "An excursion at the Babayevsky Confectionary Concern", Interview by Djdanova M., September 9, 2021, 26:30, Available at: <https://www.youtube.com/watch?v=cld6WsuBQcU>

and communication standards are going to be described in this paragraph and the consumers' opinions would be found by means of an online questionnaire, presented in the third chapter.

After the detailed examination of the information presented by Babayevsky, it could be said that it is quite complicated to clearly understand what its mission, values, and vision are. Directly these basic brand identity components are not clarified on any communication channels. But still, probably, they may be understood thanks to the communication channels of the firm. It would not be a problem, as the company mentioned on its website: "At present Babaevsky is a modern Russian brand with significant marketing support. Promotion of the brand is supported by annual national advertising campaigns, including the placement of commercials on the leading TV channels, outdoor advertising in the largest cities of the country, and the design of outlets with advertising materials".⁹⁸ So, probably, all these promotion activities would not be made without clear brand Identity and communication strategies.

One of the basic communication channels is the Internet. The official information about Babaevsky company is placed in the domain of United Confectioners: <https://www.uniconf.ru/assortment/brands/babaevskiy/>. So, basically, the brand does not have its own website to communicate B2C. On the contrary, the brand has a separate website <https://www.babaev.ru/about/report.html> for B2B type of communication. Here the company publishes its reports and financial, and production achievements. In addition, by means of this website, it communicates also with shareholders.

After an examination of these sources, it was found that the mission of the brand is providing consumers with qualified and useful products. At the same time, the mission of the UC is "Our mission is to believe in ourselves, to see the purpose, to be a leader", which is well accompanied by Babaevsky's goal. The vision of the company is the focus on confectionary traditions, nostalgia, and the high quality of the product: "Babaevsky is the sincere choice of those who appreciate the connection of generations, the nobility of taste and classic style."⁹⁹ In addition, the future goal of the firm is to make a huge

⁹⁸ "Our brands – Babaevsky", United Confectionaries, Official website, Accessed on 16 April 2023, Available at: <https://www.uniconf.ru/assortment/brands/babaevskiy/>

⁹⁹ "Time-tested traditions continue", United Confectionaries, home page, Accessed on April 16, 2023, Available at: <https://www.uniconf.ru/>

contribution not only to the development of the company but also to the confectionery industry as a whole via the work of professional and responsible employees.¹⁰⁰ The United Confectionaries states that the Babaevsky brand is the pride of the concern: “Babaevsky brand is high-quality dark chocolate created using selected cocoa products”.¹⁰¹

Also, the brand tells how it helps societies. The company annually provides sponsorship support and becomes a partner in cultural events and charity actions. All these actions are listed in detail on the Babaevsky page. For example, it was communicated:

- “Babaevsky Confectionary Concern continues traditions of goodness, it revived the Church in honor of the icon of the Recovery of the Fallen in the village of Solovyevo (Smolensk region), as a tribute to the memory and respect for the Russian soldiers-heroes of the First World War and the Great Patriotic War.”
- “Concern participated in the restoration of the Cathedral of Christ the Savior in Moscow. 10 million rubles were allocated for this purpose.”
- “In 2001, a humanitarian train was sent to Chechnya, and, of course, Concern was not left out of the events in Beslan. Humanitarian aid to Beslan was sent through the Red Cross. In 2012, the factory's confectionery products were sent to victims of the flood in Krymsk.”¹⁰²

Babaevsky brand heritage is highly valued, and the whole history of the brand is communicated on the website of UC. Moreover, as a PR activity, the prepared texts with interesting historical facts are sent to various media companies. They are used by them to publish historical articles about the Russian confectionary industry.

Speaking about social media, it could be mentioned that the company is not presented on social media. It does not have its own pages and accounts. Like other brands of United

¹⁰⁰ *Our brands – Babaevsky*, United Confectionaries, Official website, Accessed on 16 April 2023, Available at: <https://www.uniconf.ru/assortment/brands/babaevskiy/>

¹⁰¹ *“Time-tested traditions continue”*, United Confectionaries, home page, Accessed on April 16, 2023, Available at: <https://www.uniconf.ru/>

¹⁰² *Our brands – Babaevsky*, United Confectionaries, Official website, Accessed on April 16, 2023, Available at: <https://www.uniconf.ru/assortment/brands/babaevskiy/>

Confectionaries, some of Babaevky's products are periodically promoted on Instagram¹⁰³, Youtube¹⁰⁴, and VKontakte¹⁰⁵ pages of Alenka shops. The promotion on social media has quite an advertising nature. The brand practically does not mention its history. On Instagram the goods are usually described: their ingredients, taste, and smell. The audience shows high interest in the promoted Babaevsky's good, which shows the audience's loyalty. Many individuals mention that even their grandparents were buying these products when they were young. In Vkontakte, the shop is publishing promo codes for online shopping. Most of the posts on both social media networks are related to the coming holidays and advertising new products.

To sum up all the above-presented information, the company has definitely a basic share value model. Which is mostly concentrated on individuals and society. Focus on individuals is shown by family posts, descriptions of following traditions, and using high-quality ingredients. The society orientation is shown by investment and charity activities. The focus on the ecological topic was not detected. But still, it is good to mention that UC is oriented on that in some sense. Starting in 2022 several new United Confectionaries ecological products were presented at the confectionary festival¹⁰⁶.

Initially when the Babaevsky organization merged several regional factories into a single concern in 1998 and the new merger became known as JSC Confectionary Concern Babaevsky appeared, and the brand started the slogan – “Babaevsky is real chocolate.”¹⁰⁷. On the official page of Babaevsky the slogan is not indicated. But in the

¹⁰³ Official Instagram account of Alenka store, United Confectionaries, Available at: <https://www.instagram.com/alenka.ru/>

¹⁰⁴ Official Youtube account of Alenka store, United Confectionaries, Available at: <https://www.youtube.com/@user-gd6ds5ou4i/videos>

¹⁰⁵ Official Vkontakte account of Alenka store, United Confectionaries, Available at: <https://vk.com/shopalenka>

¹⁰⁶ Nabelin B., “Alenka” and “Babaevsky” successfully performed at the world's largest “review” of confectionery brands in Germany”, Bakery News, February 2, 2022, Accessed at April 16 2023, Available at: <https://bakery.news/2022/02/alenka-i-babaevskij-uspeshno-vystupili-na-krupnejshem-mirovom-smotre-konditerskih-brendov-v-germanii/>

¹⁰⁷ M. Lavrov, “Concern Babaevsky, OJSC “Confectionery Concern Babaevsky - Russian Confectionery Enterprise 219th Anniversary”, Events Calendar, Accessed on April 16, 2023, Available at: <https://bit.ly/418IXiC>

multiple video ads which have been produced starting from 2011 till the current times, the phrase "Dark Chocolate Expert" is repeated making an accent on it. So, it is guest that it is the new slogan of the Babayevsky company.

Analyzing the brand identity, it could be said that the brand is focusing on its traditions. For example, the main building of a manufacturer, which was owned by the Abrikosovs family and is still used by the company, is present on the logo and confectionery products. Also, the brand heritage is expressed in the foundation year (1804), indicated on the logo. In addition, the brand is focusing on luxury in all its promotional activities. The company represents the “sophistication” type of brand personality. In its video ads, advertising posters, posts, website, and packaging the brand uses a rich shining gold font which is written in cursive. In addition, other golden details, deep dark brown of dark chocolate, and elite ingredients could be mentioned (could be seen in illustration 10). In video advertising the firm always uses a smooth transition of shots and a calm and low voice of the presenter describing the product. All these factors show that the brand is luxurious, glamorous, and charming as any other “sophistication” brand.



Illustration 10. The Babayevsky logo and its use on confectionery wraps.¹⁰⁸

¹⁰⁸ "Babayevsky Confectionery Concern – Our goods," Babayevsky Confectionery Concern, Accessed 16 April, 2023, Available at: <https://www.uniconf.ru/assortment/brands/babayevskiy/>

The brand is using a special type of tone of voice. On the one hand, all the communications are clear, serious, formal, respectful, and on the other side, enthusiastic. In the video ads, calm jazz is used as the background music. All advertising materials are short, they highlight the age of the company and its value. Also, they make accents on the ingredients and soft texture of the chocolate. Good to mention, that Babaevsky is using practically only dark chocolate o better fit the premium segment.

Not all products of the concern are using the same style. It is quite a popular practice for confectionery production. Vdochnovenye, and Belochka, are well-known old confectionery products, which have their own brand identity. For instance, the Vdochnovenye is using the same luxurious style as Babaevsky, but on its production and communication assets, even the Babayev logo is not illustrated. Plus, the advertising is more focused on blue, and white colors and romantic themes. Not counting these facts, all other brand identity elements are the same as for the Babaevsky brand. All of that could be seen in illustration 11.



Illustration 11. The Babaevsky logo and its use on confectionery wraps.¹⁰⁹

The main consumers of Babaevsky Confectionery Concern's products are people aged 25 to 55, who live in the Russian Federation. Also, the focus is made on the tourists who visit Alenka stores, but probably now with the current political situation their number has decreased. Many of customers have families with children. They often prefer high-quality domestic products. Others live alone or with a partner. This audience is younger and leads an active lifestyle. Also, quite often people, who want to emphasize their status, often buy Babaevsky chocolate. As well as people who can often make impulse purchases.

¹⁰⁹ Video advertisement of chocolate Vdochnovenye, Accessed 21 April, 2023, Available at: https://www.youtube.com/watch?v=tJE_t-18NJK

2.2 Analysis of Babaevsky's Competitor Russia - Generous Soul

The analysis of the Babayeovsky's rival RGS was decided to start by presenting the general confectionary market players. Russia has a thriving confectionery industry, with several major producers dominating the market. These companies have built up a reputation for producing high-quality products and are recognized both domestically and internationally. Nevertheless, the political situation has caused several sanctions to appear against Russia. It is not surprising that the activities of multiple international market players have been stopped or partially limited. The main producers of confectionery products in Russia (not including UC as it was in detail presented in the first and second chapters) before the military conflicts are indicated below, in addition, the current update on companies' activities is presented:

- **Nestle Russia:**

Nestle is a Swiss multinational company and one of the largest producers of confectionery products worldwide. In Russia, Nestle has a significant presence and operates several factories. The company produces a wide range of products, including chocolates, sweets, and biscuits. Nestle's popular brands in Russia include KitKat, Nesquik, and Nestle Desserts.¹¹⁰

In the last two years, due to the conflict with Ukraine, Nestle decided to stop selling the products of some of its brands in Russia.¹¹¹ But this decision is changed periodically. For instance, initially, Nestle was planning to stop selling all its confectionary products and leave only the essential products on the shelves. But nowadays, only KitKat and Nesquik stopped their selling activities in the Russian Federation. All other brands, they could be found in the stores and online shopping websites. Speaking about Russia – Generous Soul, it is presented currently only in small stores and online marketplaces. The biggest sellers are avoided by the brand.

¹¹⁰ "Nestlé Russia - About us", Official website of Nestlé Russia, Accessed on 5 April 2023, Available at: <https://www.nestle.ru/aboutus>

¹¹¹ Vasnezov T., "Nestle products are leaving Russia", AgroTrend.ru, December 19, 2022, Accessed 21 April, 2023, Available at: <https://agrotrend.ru/news/33457-produktsiya-nestle-uhodit-iz-rossii>

- **Mars Russia:**

Mars is another multinational company that has a strong presence in the Russian market. The company produces a variety of confectionery products, including chocolates, gums, and mints. Some of Mars' popular brands in Russia include Mars, Snickers, and Orbit.¹¹²

In March 2022 US-based Mars informed that it was planning to stop investments in Russia. It wanted to stop importing or exporting its products to and from the country. The decision came against the backdrop of the Russian military operation in Ukraine, which started on 24 February. Currently, the company stopped importing its chocolate and other confectionery goods into the Russian Federation. Still, some Mars products could be bought by consumers via online stores, as the company has factories in Russia that are still working. But slowly the company is trying to exit the Russian market, as all sanctions and a limited amount of imported raw materials do not let the corporation gain a proper amount of income. The company is looking for buyers of its production factories, which probably would not be found soon, as the plants' cost is extremely high. For example, the factory placed in the Moscow region is put up for sale at a price of 370 million dollars.¹¹³

- **Mondelez International:**

Mondelez International is an American multinational company that is a major player in the global confectionery market. The company has a presence in Russia and operates several factories in the country. Mondelez produces a wide range of products, including chocolates, biscuits, and gum. Some of Mondelez's popular brands in Russia include Milka, Alpen Gold, and Trident. "As a food company, we will continue to help maintain the continuity of the food supply during the challenging times ahead," the company said in 2022, represented by its CEO, Dirk

¹¹² "Everything about Mars", Mars Russia official website, Accessed on 21 April 2023, Available at: <https://rus.mars.com/vse-o-mars>

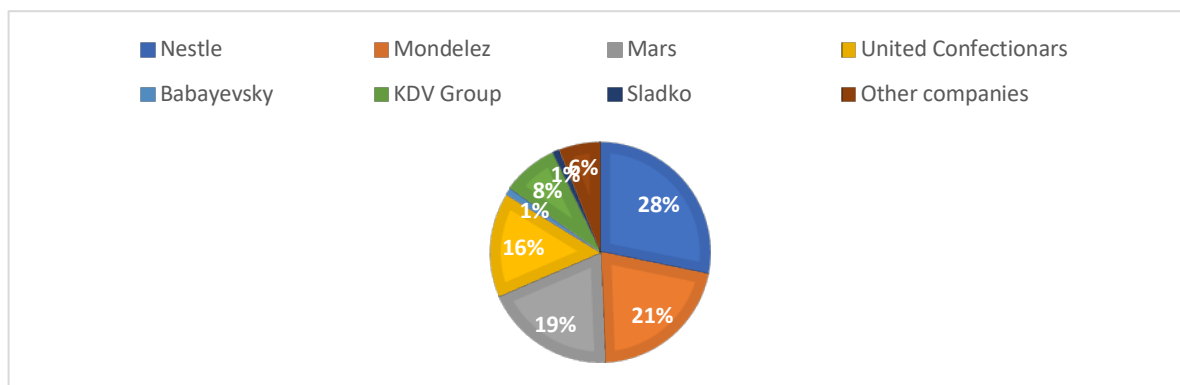
¹¹³ Petrov A., "Mars will stop delivering products to Russia", Komersant, March 3, 2022, Available at: <https://www.kommersant.ru/doc/5251358>

van de Put. At the same time, Mondelez promised to stop all investments in the Russian market and advertising activities.¹¹⁴

- **KDV Group:**

KDV Group (KVD is an abbreviation of “Konditersky Vostok Dom” translated as “Confectionery East House”) is a Russian confectionery company that operates several factories in the country. The company produces a variety of confectionery products, including chocolates, biscuits, and waffles. KDV's popular brands in Russia include “Zebra”, “Yachkino”, “Tondi” and “SladCo”.¹¹⁵

The Russian confectionery market has practically always been dominated by multinational companies such as Nestle, Mars, and Mondelez (which could be confirmed by Graph 1).¹¹⁶



Graph 1. The market share of the confectionery industry in Russia in 2014

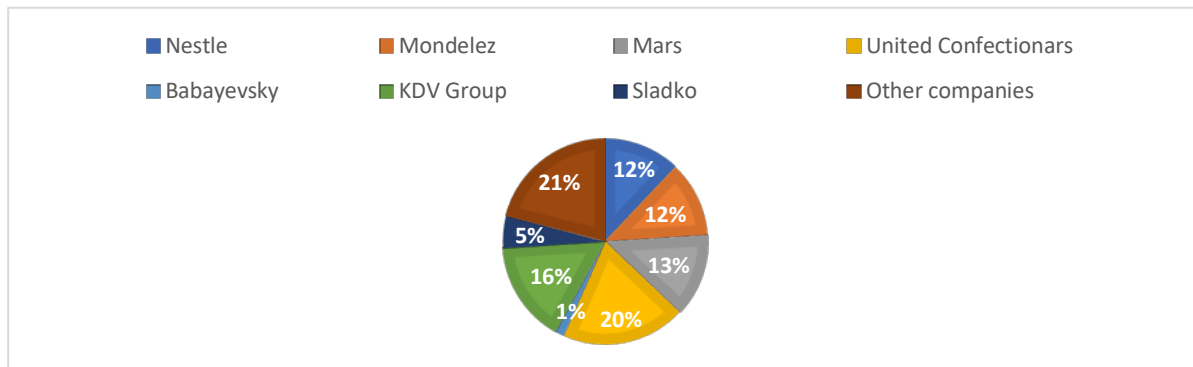
But, currently according to the Center for Strategic Research (CSR), as of early September 2022, 34% of the largest foreign companies limited their activities in Russia, 15% decided to leave the country through the transfer of a local division to a new owner,

¹¹⁴ Orlov P., "Mondelez International will reduce activities in Russia, but does not close production", Liga.Business, March 10, 2022, available at: <https://biz.liga.net/all/prodovolstvie/novosti/mondelez-international-sokratit-deyatelnost-v-rossii-no-proizvodstvo-ne-zakryvaet>

¹¹⁵ "KVD - Company Description", Official website of KVD, Accessed April 17, 2023, Available at: <https://kdv-group.com/ru/company>

¹¹⁶ Petrova N., "Marketing research of the market of confectionery", MGIMO MFA Russia, Electronic scientific student journal, October 17, 2019, Available at: <https://tiiec.mgimo.ru/2019/2019-01/russian-chocolate-market-analysis>

and 7% announced a complete exit from the market without selling the business. The current market share of confectionary companies could be seen in Graph 2.¹¹⁷



Graph 2. The market share of the confectionary industry in Russia in 2022

Indeed, all these radical changes in the market share, which happened due to political reasons, are positive for Russian producers like Babayevsky. United Confectioners is the largest Russian producer: the more its share grows - the better for Babayevsky. At least because Babayevsky produces compose 1/15 of the whole UC's goods.¹¹⁸

Still, for Babayevsky, it is better not to just Relax and go with the flow. Of course, now most international brands stopped their investment in the Russian market, hence their marketing spending has also been cut off and now they are not able to boost their market share. But the new players just entered. All small and medium Russian producers which were unable to compete with large corporations in the past now take their places. Most of them even just shamelessly copy the products of the gone multinational organizations, slightly changing recipes, and naming. Others are focusing on the specific tastes of Russian citizens and produce USSR-style classic confectionary, which well resonates with customers. That is why Babayevsky should focus more than ever and be able to carve out the biggest share with the right promotion. One way to do this could be to study previous international leaders. Understand how, as foreign companies, they were able to

¹¹⁷ Bely N., "Economists estimated the share of Western companies that left Russia - Swiss economists: 9% of Western companies left Russia - at the beginning of hostilities in Ukraine, 2.4 thousand" subsidiaries "of 1.4 thousand firms from countries", rbc.ru, January 20, 2023, available at: <https://www.rbc.ru/business/20/01/2023/63ca017e9a7947d74aaa11bf>

¹¹⁸ Moscow Online, "An excursion at the Babayevsky Confectionary Concern", Interview by Djdanova M., September 9, 2021, 35:00, Available at: <https://www.youtube.com/watch?v=cld6WsuBQcU>

take up a place in Russia so successfully. It is proposed to study in detail the company Russia - Generous Soul, which is a subsidiary of Nestle Russia, in order to understand its success story.

The analysis of RGS would be logical to start with a description of its history. A confectionery factory in Samara appeared long before the revolution. It is considered the great-grandmother of the factory "Russia" which is producing Russia - Generous Soul products. In 1889, Alexander Savinov, a merchant of the second guild, and Ivan Kargin, a peasant, opened a steam confectionery near Samara city. They began to produce chocolate, candy, and cookies. Their most popular products were "candies" with the names "Sherlock Holmes", "Seven Blisses of Bachelors", "Robinson Crusoe", "Mermaid", and "Parisienne".¹¹⁹ The production made wide use of the labor of women - homemakers, whose profession was called "pastry spit" - they wrapped candy wrappers. In 1918 a decree on the nationalization of the confectionery industry was issued, and starting from that time it was in hands of the Soviet Union. By that time the company was already producing around 5 thousand various candies per month.¹²⁰

In the time of the Second World War, the Soviet army was lacking the number of produced chocolates for soldiers, as most of the regions were conquered by Germans. Due to that, there were issues with sugar supplies and chocolate production. The government decided to move a big percentage of the production to the western part of Russia and the Samara factory got new equipment. Thanks to that it boosted its production from 1 ton to 4 tons per day.¹²¹

After the war, the products of the Samara factory were a hit in Russia. People considered it to have the same quality as famous Moscow factories. In the 60s, the Soviet government made a deal with Italy and decided to install new Italian confectionery machines in Samara. As the new plant building needed to be built for them, the management decided to change the branding. In this way, the Samara factory got the

¹¹⁹ Shpakova E., "*Chocolate Lady*", (Samara Paper Production, 2020, Samara), p. 13-16

¹²⁰ Knor. A, "*BEZIMYANKA. SECOND CITY. Russia Chocolate Factory: history and vintage photos*," Other City Editorial, May 07, 2020, accessed April 6, 2023, available at: https://drugoigorod.ru/factory_russia/

¹²¹ Avilova I., Byvalets O., "*History of Confectionary Production Development in Russia*," (Vector TK, 2014, Kursk, p. 87

name "Russia" in 1970, when it was opened. In the 80s the factory was already producing 100 tons of confectionary per day.¹²²

In 1992 the company was privatized after the end of the USSR. It had serious economic issues, but still it managed to keep its trademark. In the post-soviet years, many foreign companies decided to pay attention to Russian high-potential companies. So, in 1995 a Swiss company Nestle decided to buy a Russian factory.¹²³ The Swiss colleagues respected the history and glory of the enterprise. Popular brands continued to be produced and new varieties began to be developed. Thus, the chocolate bars «Sudarushka» (it is an old Russian word which could be translated as a "courtesy lady"), "Journey", "Perfection", elite line "Zolotaya Marka" (translated as "Golden mark"), premium "Komilfo" candies appeared.¹²⁴

Below the brand image analysis of RGS is going to be performed. The whole brand strategy of RGS is made professionally. All-important brand identity components could be easily found on the website of Russia - Generous Soul and its promotional communications. It is surely an indicator that Nestle Russia has strict control over this brand. The External Communication Manager of the Corporate Communication Office of Nestle Russia is always controlling all media communications performed by Russia - Generous Soul with the aim to apply the standard communication rules of Nestle to its subsidiary. Thanks to that, the RGS company is a rare example of a Russian old brand that is correctly following all the rules of a proper brand identity-building strategy.

Interesting to mention, that all values of RGS are partially copied from the **Shared Values** (SV) model of Nestle Global. To clarify, Nestle Russia has the same SV model as Nestle Global, and all Nestle corporate offices are following it. This model consists of three parts: "Help Individuals", "Help the Society" and "Help the Planet".¹²⁵ As Nestle is a large

¹²² Avilova I., Byvalets O., "History of Confectionary Production Development in Russia," (Vector TK, 2014, Kursk), p. 86-89

¹²³ Shpakova E., "Chocolate Lady", (Samara Paper Production, 2020, Samara), p. 45-47

¹²⁴ "Russia - Generous Soul – about us", Russia - Generous Soul Official website, accessed 17 April, 2023, Available at: <https://www.ruchoco.ru/>

¹²⁵ "Nestlé Russia – Shared Values", Official website of Nestlé Russia, Accessed on 5 April 2023, Available at: <https://www.nestle.ru/sharedvalues>

multinational organization it has the resources to help all groups of society. All Nestle communications and activities are based on providing positive results to one of the shared value model's orientations. The "Help individuals" part is focused on providing high-quality goods to families and individuals, giving them useful content on how to have a healthy family, etc. The "Help the Society" section is oriented toward helping Nestle's workers, providing jobs to young specialists, organizing volunteer activities, and giving donations. The last section "Help the Planet" emphasizes environmental disasters and their prevention of them. The organization is trying to reduce plastic packaging and make it recyclable to help the planet.

Returning to RGB, one of the main values of this firm is keeping orientation to individuals & families, which would be seen in their mission: "For many years we have been creating chocolate Russia - Generous Soul for your special moments! Following the traditions and original recipe, we are constantly improving the range of confectionery products and strive to ensure that you can please yourself and your loved ones with your favorite chocolate".¹²⁶

Another value is to help the planet, as the firm is actively trying to reduce its negative effect on the Earth. Finally, the company is caring about the societies as it is helping its work community to have better work, life, and education conditions. In addition, on the official website the brand identifies that 2 values of sincerity and generosity are important for them: "two main values - sincerity and generosity, which have been familiar to all people of our country since childhood. In Russia, it is customary to sincerely thank and make gifts. Chocolate Russia - Generous Soul was created to make even the smallest surprise truly heartfelt!".¹²⁷

¹²⁶ "Russia - Generous Soul – about us", Russia - Generous Soul Official website, accessed 17 April 2023, Available at: <https://www.ruchoco.ru/>

¹²⁷ "Russia - Generous Soul – about us", Russia - Generous Soul Official website, accessed 17 April 2023, Available at: <https://www.ruchoco.ru/>

The slogan of the company is “Russia – generous soul!”. The RGS and other international payers on the market paid a lot of attention to this important part of the brand identity. It could be heard/seen practically in every video or photo advertisement. The name of the company is identical, which let the brand promote itself more effectively. As it is indicated in the report of Dmitrieva I., RGS has one of the most successful slogans on the Russian market of confectionary (table 3):

Brand	Slogans	Percentage of sympathy for the slogan	Percentage of brand credibility
Twix	Take a break - eat Twix!	78%	73%
KitKat	There's a break - there's a KitKat!	51%	65%
RGS	Russia - generous soul!	75%	67%
Snickers	Don't slow down - Spinnersny!	45%	66%
Alpen Gold	Don't try to resist!	48%	61%
Nuts	Charge your brain!	51%	58%
Milka	Fabulously delicate chocolate!	61%	70%
Ritter Sport	Square. Practical. Tasty	58%	79%

Table 3. The ratio of sympathy for advertising slogan to brand credibility Slogan¹²⁸

The slogan “Russia - generous soul!” represents the most effective type of slogan – a free-style slogan. It is more persuasive than a direct type (which has on average only the 48% of sympathy). The RGS brand positioning is an emotional one. Its brand positioning statement is: “Russia – is a spiritual chocolate for Russian tea drinking”. The company is associated with the Russian mentality and Russian character. Its products are a good option to use as a snack for tea evenings with family.¹²⁹

The emotionality of the brand could be also proved by its TV advertisement. In them, the company is always using heartwarming music and positive social (especially family) relationship examples. The ability to share the best of what a person owns is shown. Moreover, the company always makes accent on Russian attributes (old churches, serfs,

¹²⁸ Dmitrieva I., 2015, "The Role of the Advertising Slogan in Brand Positioning Strategy", Research paper, Perm National Research University of Economics, accessed 19 April 2023, available at: <https://drive.google.com/file/d/1vEST0byfpk3E5LKjkqSohDDWwZ7aXThA/view?usp=sharing>

¹²⁹ Dmitrieva I., 2015, "The Role of the Advertising Slogan in Brand Positioning Strategy", Research paper, Perm National Research University of Economics, accessed 19 April 2023, available at: <https://drive.google.com/file/d/1vEST0byfpk3E5LKjkqSohDDWwZ7aXThA/view?usp=sharing>

art, music), which connects the brand with its Brand heritage. An example of video cuts of RGS’s advertisement could be seen in illustration 12. In addition, the company uses



Illustration 12. TV advertisement of Russia - Generous Soul ¹³⁰

old Russian words to name its products (like “Sudarushka”) and connects the names of its goods with romantic stories. For instance, the “Journey” chocolate was developed, as the firm claims, after one talented Russian chocolatier decided to make a large journey among Russia. He collected the best ingredients from the whole county to create this chocolate bar.

Another favorite way of RGS to sell the product is to show the connection between the old and young generations. For instance, the most popular video ad of Russia - Generous Soul was presenting a young boy who saved his money to buy a chocolate bar for his grandparent. It shows the emotional appeal and the attachment to the brand not only from the younger generation side but also from the older generation part. The brand wanted to show that grandparents probably also loved chocolate when they were children. The company used a serious, formal, respectful, and enthusiastic tone of voice.

Important to mention that RGS is trying to hide the fact that it is owned by a foreign company – Nestle. On their official website, only one small paragraph tells that the brand

¹³⁰ "Advertising Catalogue. Palitra TV commercial, brand: Russia - Generous Soul, agency: Adventa Lowe (LOWE&Partners)", ADVERTek, Accessed 18 April 2023, Available on: <http://www.advertology.ru/index.php?name=Media&op=MediaShow&id=22>

was bought by the Swiss corporation. As the company claims it was done only due to the economic crisis of the RGS company in the 90s. But, in reality, Nestle has a great influence on this brand. If anybody (a reporter or a buyer) wants to talk to an RGS representative, he/she would definitely have to talk firstly with Nestle Russia's External Communication office's workers. All RGS advertising activities are performed thanks to Nestle Russia's investments. Of course, they are also controlled by international organizations.

Practically in every communication the brand talks about saving the traditions of the past in confectionery production. For instance, on the official webpage of RGS, it is written that the company has 50 years of chocolate mastery and rich traditions. After a detailed analysis of the brand's product mix, it was revealed that they do not produce any of the products that they did before Nestlé joined the company. All goods, like "Journey", "Perfection", the elite line "Zolotaya Marka", and premium "Komilfo" appeared after Nestle bought the firm. Probably the same ancient chocolate production techniques are still used to make chocolates, but as the recipe for the most popular type of products (candies) has changed, perhaps not many old Russian factory production recipes are still utilized.

The brand is presented only in one social media network – Vkontakte¹³¹. This is quite obvious as Nestle deleted most of its accounts on Instagram. The main reason for that is the fact that now this social media network is blocked in the Russian Federation. In VKontakte the company is quite successfully attracting an audience via online contests. The main prizes are the brand's confectionary products. This is a good example of organic promotion, which does not need high investments.

Many brand identity elements were changed after an updated program in 2014. A large-scale redesign project was initiated by Nestlé Russia in order to attract the attention of a younger audience to the brand Russia - Generous Soul. Before its usual target audience was people older than 30 years old. A creative agency's task was to update the brand, making it more modern, but at the same time retaining recognizable features that reflect the strong national character of the brand.¹³²

¹³¹Official Vkontakte account of RGS brand, Nestle Russia, Available at: <https://vk.com/rgsgolden>

¹³² "Redesign of the chocolate "RUSSIA - GENEROUS SOUL!", WhatThePack, November 11, 2015, Accessed 19 April 2023, Available at: <http://www.advschool.ru/articles/article6636.htm>

As part of the project, the RGS logo was updated. Research showed that the previous version of the logo had been perceived by consumers as old-fashioned and did not fit the nature of the brand. The new version was recognized as more modern, friendly, and symbolic. Colorful domes remind us of the beauty of Russian architecture, cheerful holidays, and bright positive emotions. In the packaging of the chocolate bars, it was decided to abandon the frames: this made the packaging design more “open”. New elements have appeared in the design, which creates a feeling of warmth and homeliness. Dark chocolate is distinguished by its mature, stylish design with golden elements. The milk chocolate design is united by a milk wave and a jug with mouthwatering “milk splashes”. All visual examples could be seen in illustration 13.¹³³



Illustration 13. Changes in Russia - Generous Soul

Making conclusions from what was written in paragraph 2.2, Russia – Generous Soul was initially a not-very-known brand that always had the issues to compete with Moscow confectionary producers, like Babaevsky and Red Oktober. Thanks to Nestle Russia, RGS got new power for its brand. The main success was achieved, firstly, thanks to its innovative detailly created brand positioning and promotion strategy. The brand is hiding its foreign financial resources and trying to mention the Russian soul in each of its advertising activities. In addition, the brand is using its brand heritage, historical hints, and connection between generations in its external communications. Secondly, the well-designed brand identity components let the brand achieve a younger target audience, which was not familiar anyhow with the Russia Samara factory during USSR. Finally, the change in product assortment let the brand to fits with modern tastes and perfectly fit the values and strategies designed by Nestle Russia

¹³³ "Redesign of the "Russia - Generous Soul!" brand, [Adv]SchoolRuRSS, December 23, 2015, Accessed 19 April 2023, Available at: <http://www.advschool.ru/articles/article6636.htm>

2.3 Comparative analysis of two companies and providing recommendations to the Babaevsky Concern

In this paragraph, a comparison of 2 companies Babaevsky Confectionary Concern and Russia – Generous Soul would be presented. Firstly, the main similarities and differences between them, and their communication strategies would be analyzed. Secondly, the main advantages of RGS over Babaevsky would be indicated. Finally, the practical recommendations for the Babaevsky brand, based on the comparison of the two companies, are going to be written.

Comparing the two companies, it could be mentioned that both of them have a long story. But, on the one hand, the Russia - Generous Soul brand, perhaps to his regret, was not initially created in 1889. Its story consists of many various production centers built in the same territory in different centuries. Due to that, its traditions and achievements starting from 1889 are not promoted. The brand positioners itself as a 50-year company. Babaevsky, on the other hand, was always the same confectionary manufacturer. The name changed only once, because of Soviet privatization. So, the concern is indicating itself as a more mature company with the 1804 year of foundation.

Nevertheless, before the political crisis occurred because of conflicts with Ukraine, RGS was one of the main leaders of the market and in most of the years had a great market share, as well as Babaevsky. RGS is owned by a foreign investor, this fact is quite ironic, as the brand represents a real “Russian Soul”. How did such a brand manage to survive and become a decent player in the chocolate market just as well as Babaevsky? The answer is correct brand positioning, preparation of proper brand identity, high investments in promotion, and “creation” of brand heritage connected to the Russian culture.

Of course, the Russia confectionery factory placed in Samara has its own heritage, as the first confectionary production place was opened in 1889 on its territory. But still, Nestle Russia does not use its history a lot in RGS advertisements. One of the reasons for that is the unpopularity of the factory compared to its Moscow rivals. Secondly, the current product line is significantly different from the goods produced before Nestle bought RGS. Finally, the Russia - Generous Soul brand is more focused on the promotion of the “idea” that a real Russian citizen would be happy to share a nice talk with his/her relatives or friends while eating chocolate. The brand recently uses the heritage of the Russia factory, but only by showing that RGS is using 50-year recipes, which is quite doubtful.

Due to all the above factors, the RGS goods are produced in a colorful design. The chocolate candies and bars look picturistic, charming, and quaint in appearance. They are a beautiful addition to the tea table. The historical factors are not indicated on the packaging, but the Russian soul and history are transmitted via the authentic design of the logo.

The Babaevsky brand is more focused on elite product production. The brand's goods are supposed to be elite confectionery presents. That is why, it could be said that Babaevsky and Russia – Generous Soul are not direct competitors in the Russian market, as their brand positioning strategies are a little bit different. Babaevsky is oriented more toward the premium sector with high prices and elegant classic style. RGS is also quite close to the premium segment, but still, its prices are lower by about 30%.

Russia – Generous Soul is more of a creative, edgy company. It could be proved by the variety of its product line and its singularity. For instance, RGS is manufacturing white, milk, and dark chocolates with multiple classic decoration ingredients (like cocoa or strawberry), which let significantly distinguish any product from the other. Babaevsky is, on the contrary, focusing more on dark chocolate. The concern is also using multiple additional ingredients, but they are more elite and rarely presented in the confectionery production lines of other companies. Plus, all of them are not the main “actors” in the product. Even if one chocolate bar is with mango and the other one with grapefruit, they still look the same – a bar of dark chocolate with hidden ingredients in it. The design of the packaging is the same, not counting the small illustrations of the additional ingredient and the background color. All of that shows that Babaevsky is more of a conservative brand, with strong traditions.

The consumers are highlighting some differences in the chocolate quality and packaging between these 2 brands. For instance, in some reviews the consumers highlight the lack of versatility of taste in RGS chocolate, plus the texture sometimes reminds plastic. The packaging of a usual chocolate product (not the “Gold Mark” collection) performed just out of one layer of plastic, which cannot resist some of the delivery activities, and the chocolate breaks inside. Babaevsky's taste is always reviewed as one of the best in the market. The texture of the chocolate is tough, which could be also explained by the high percentage of dark chocolate in each bar. The packaging is performed out of one foil layer and one layer of a thick piece of paper with a print. The design is always pompous, and

some customers highlight that “there is no shame in giving this chocolate as a gift or bringing it to a tea party». ¹³⁴

Nowadays, Nestle has stopped delivering chocolate goods of RGS to the biggest stores and stopped supplies to the largest online marketplaces. Plus, its marketing investments were reduced. As the company does not want to sponsor governmental media resources. The only media activities which are currently performed are a small percentage of bill board advertisements and promotion via contests on VK. Its market share started to decrease coastally.

The same thing is now happening practically to any foreign firm presented in Russia. But it is not a reason to forget about these market players. Babaevsky is now growing in quantities of sales. The support from the side of its mother company (United Confectioners) is also a decisive factor for the brand’s growth. But the brand should not lose its ground in the advertisement field. It must use this chance to succeed and not let smaller concerns and small businesses take the market share. By the way, currently, the number of self-employed confectioners (entrepreneurs) is growing, and due to that a new threat to concessionary producers appears. Based on all these factors, Babaevsky should renovate its brand positioning and identity and return its innovativeness to its promotional activities, as it was before.

Russia – Generous Soul is a good example of Babaevsky. The brand managed to develop its unique brand identity and brand heritage, despite its controversial nonpositive factors, and gain a good pie of the industry. Below the recommendations for Babaevsky, based on the experience of RGS, are presented.

In the first place, Babaevsky should work on its brand identity and strategy, as currently, this aspect of the firm is quite weak. It is logical, as before the brand was keeping the consumers just by the fact of the audience’s awareness about the brand and its quality. Babaevsky has never invested as much as RGS in its advertisements. But why not change this strategy, especially in a new free from foreign companies Russian market?

The mission “to provide consumers with qualified and useful products” and vision “to remain the sincere choice of those who appreciate the connection of generations, the

¹³⁴ “Chocolate Russia - Generous Soul or Babaevsky Chocolat - which is better? Product reviews”, Reviews on the products and services, quality and price comparison, Accessed 20 April 2023, Available at: <https://idatop.ru/produkty/shokolad-rossiya-shhedraya-dusha-ili-shokolad-babaevskij-chto-luchshe/>

nobility of taste and classic style” could be remained, as they well represent the brand heritage and the personality of the brand. The future goal of the brand “is to make a huge contribution not only to the development of the company but also to the confectionery industry as a whole via the work of professional and responsible employees” is decent. But it should also contain the fact, that the company sets as one of its goals to preserve and carry through traditions throughout generations.

Definitely, a slogan should be changed and at least presented to the target audience via various channels. The slogan “Babaevsky is real chocolate” is quite outdated. It does not highlight anyhow the heritage and qualities of the product. The phrase which is sometimes used in the advertising of Babaevsky “Dark Chocolate Expert“ is a good option for a new slogan. Also, “Traditional Russian Chocolate” may be a good variant.

In addition, Babaevsky, should develop its shared value model and correctly communicate on the website. The brand may talk more often about its help to society (employees and communities). And it would be great to develop ecological values. For instance, the company may work on ecological packaging and economization of resources during production. Of course, as practically any piece of good is packaged in an individual box or wrapped on the Babaevsky production lines, it is recommended to think about the recyclability. Probably, the brand may propose consumers to exchange collected wraps (to be recycled) on some prizes, as it was done by Nespresso brand¹³⁵. Or it can assure that the packaging components represent easily to recycled materials, which could be used repeatedly. This type of actions would also show that the brand cares about the Russian country, which is the mother land of the brand.

Secondly, Babaevsky should focus on making its communication more innovative. The company was always well known for its innovative ways of promotion. But currently, as the brand does not spend big sums of money for communication activities, and this innovative trend is declined. It is proposed to think about the potential of the packaging design. For instance, extra-premium candies of the firm may be packed in decorated branded durable boxes. Thanks to that, the concern will resurrect its old tradition, which was used in Imperial times. The consumers would keep such boxes and use them in

¹³⁵ Aulich S., «Nespresso launches pens and bicycles made from recycled aluminium capsules» *In cooperation with Caran d'Ache and Vélosophy*», A-club Selection, August 5, 2018, Accessed 20 April 2023, Available at: <https://www.buro247.ru/news/life/5-aug-2019-nespresso-capsules-recycle-projects.html>

everyday life as storage facilities. Mulino Bianco also used this technique, by giving away dishes and trinkets with the company's logo and slogan. After some years, practically any Italian family had a dish for cookies made by Mulino Bianco¹³⁶. Moreover, the brand may write some communications on its chocolate bars, for instance on the back side of the chocolate. The historical facts about the Babaevsky business, and the terms and conditions of the contests could be indicated there.

It is crucial for Babaevsky also to create its own website and social media accounts, so the attention of consumers would not be distracted by other United Confectioners brands. The website and SM creative materials should be performed in Babaevsky's brand identity style and include its elements (like the slogan, values and etc). In social media, Babaevsky could organize contests, just like its RGS company.

Finally, the firm should focus on its Brand Heritage. The consumers know that the brand is following its traditions and was founded many centuries ago. But they do not know the details. The history of the brand may be divided into parts and promoted as individual exciting facts. As there is a big number of Babaevsky fans in Russia, it is proposed to let people create the content. For example, people may share their collections of Abrikosovi or Babaevsky wraps. They may tell their old family stories connected to the brand. The motivation to do that may be boosted by giveaways or free tickets to Mishka United Confectioners' Museum placed in the Babayev factory building. The strong side of this museum is the possibility to see the Babaevsky production lines and to try the freshest products. The museum is currently not promoted by any brand of UC, due to that Babaevsky may take this role and get its advantages out of these promotional activities in terms of gaining more respect from the society.

¹³⁶ " *Mulino Bianco 'Live Whole' point collection*", Dimmicosacerchi, 7 Maggio 2019, Accessed 21 April 2023, Available at: <https://www.dimmicosacerchi.it/raccolta-punti-vivi-integrale-mulino-bianco.html>

Chapter 3. Qualitative research: the influence of the firm's heritage on the consumers and potential buyers

3.1 Field research of the audience: results of a questionnaire

The recommendations for the Babaevsky company on the basic brand image and brand identity elements were made in the previous chapter. In this third chapter, field research would be performed with the aim to find the best communication and promotion tools for the firm. As was mentioned before, the company was always well-known thanks to its innovativeness, but presumably this trend declined in recent decades. This theory would be checked by the research.

First of all, it is needed to decide which kind of field research should be performed. While there are many ways to conduct research, most businesses use one or more of the basic methods: surveys, focus groups, personal interviews, observation, and field trials. One technique should be chosen after a determination of marketing and management problems, hypothesis, primary objects, the purpose of the research, and objectives of the research.

The management problem: The Babaevsky concern fails to promote its brand heritage to the audience.

The marketing research problem of the work consists of several questions:

- Which social network is used more frequently by Russian citizens?
- Do the publications of Alenka's store about Babevsky's products are viewed a lot by the followers and usual users of the social networks? Do they pay attention to it?
- Does the audience see Babaevsky's video commercials? Do they pay attention to it?
- Do marketing communications of Babaevsky well promote the brand heritage? Do people know Babaevsky's rich history?
- Do people find the brand's communications innovative?
- Do people visit the United Confectioners's website and did they have problems finding information about Babaevsky on the website or in search engines?

The first hypothesis: different target audiences may be reached through various types of corporate communication tools.

The second hypothesis: by creating a brand website and accounts on social media, improving promotion, generating more digital campaigns, and boosting SEO the Babaevsky Concern would make its corporate communication work more effectively.

The third hypothesis: by making the promotion strategy more innovative and communicating brand heritage, the brand may acquire a higher market share,

Primary objects: 3 types of target audiences (all groups are listed in descending order of importance):

- Target audience №1: Young people in the age group of 18 to 38, considered to be the most numerous consumers of chocolate products. A great amount of them belong to the academic world, they study as students. Others try to build their career in the professional world. They are active. Usually live alone or with a partner. Closer to the limit of the age group, persons have already 1–2 children of a young age. Usually have low or middle incomes.
- Target audience №2: businessmen or businesswomen aged between 39 and 58. They have a middle or upper income. Tend to have already adult children, who probably already do not live with them. Most of them have heard about the brand from their grandparents and tried its products during their childhood.
- Target audience № 3: old generation aged between 59 and 78. Most of them are at the end of their careers and some are already retired. Often, they already have grandchildren. They remember the brand from their early childhood. Appreciate the confectionery products because previously they had no access to them at all.

Purpose of the research: to increase market share, design new promotional campaigns, get better costumers' loyalty, and develop social media and internet promotion.

Objectives of the research:

- To understand if Babaevsky has problems with its representation in the digital world: social media and search engines.
- To find out which social networks are currently used more frequently in the Russian Federation after the beginning of the military conflict with Ukraine.
- To decide if the brand needs to promote better its Brand Heritage.
- To verify if more marketing campaigns for Babaevsky should be developed.

After the determination of all basic elements, it is allowed to do primary research. With the aim to make a clear marketing analysis and get primary data, it was decided to choose one of the marketing research methods. While there are many ways to perform market research, as it was mentioned before, most businesses use one or more of five basic methods: surveys, focus groups, personal interviews, observation, and field trials. With the aim to meet the objectives of this analysis, the quantified data needed to be collected. For this research, an online survey was chosen, as it is a relevant, modern, and suitable method. It helps to prevent research costs and saves time, as all answers would be automatically processed and accessible at any time.

In the future, for a detailed understanding of consumers' attitudes toward the brand, and to collect qualitative data, it is recommended to organize focus groups. In addition, to choose the best commercials it would be perfect to make an A/B test.

There are several types of random sampling: simple random sampling, systematic, stratified sampling, and cluster sampling. The most convenient for field research is simple random sampling. This kind of sampling selects samples by methods that allow each possible sample to have an equal probability of being picked and each item in the entire population to have an equal chance of being included in the sample.¹³⁷ There are reasons why in this research random sampling has been chosen. Firstly, it would allow to survey all target audiences of the brand, as in sum the age gap among all groups is quite wide. Secondly, thanks to random sampling the research results would be free from bias. Finally, it would help to generalize about a population.

With the aim to calculate the sample size it is needed to use the s:

$$n = \frac{Z^2 pq}{e^2}$$

Where:

- p is the (estimated) proportion of the population which has the attribute in question.
- e is the desired level of precision; in other words, it is the margin of error.
- q is equal to $1 - p$.

¹³⁷ Richard Levin, Davis Rubin, "Statistics for management", (London: Prentice-Hall International Inc., 2016), p. 302

With the aim to calculate the sample size for the online questionnaire, it was decided that a sample question would be “Do you have a Vkontakte account?”. In the Russian Federation, there are about 146.1 million inhabitants¹³⁸, due to the statistics of 2023, about 107.1 million are using Vkontakte, which is about 54% of the population¹³⁹. As one of the aims of the research is to give recommendations on how to boost Babaevsky’s corporate digital communication on the Internet, it would be very effective to focus on the statistics of the biggest regions’ as the main consumers of Babaevsky are mostly from the largest cities of the Russian Federation, such as Moscow, St. Petersburg, Novosibirsk, Krasnoyarsk, Ekaterinburg, Kazan, Nizhny Novgorod. Due to statistics about 75% percent have a Vkontakte account¹⁴⁰. This means that p would be equal to 0.75% and q is equal to $1 - p = 1 - 0.75 = 0.25$. As 95% confidence is needed for the survey, the margin of error (e) would be equal to 0.05. The 95% confidence level gives Z value of 1.96.

$$n = \frac{(1.96^2) (0.75)(0.25)}{(0.05^2)} = 288.12$$

To sum it up, 288 participants should take part in the online questionnaire.

In the questionnaire one of the standard constructions of a questionnaire, that builds logic in the order of the questions, was used. The full questionnaire with its results may be found in Appendix 1. It was decided to move from general questions to specific ones:

- How old are you? What is your gender?
- Are you employed? What is your profession?
- Where do you live?
- Do you know the Babaevsky brand? Have you ever bought its products? Did you like it? How often do you buy Babaevsky goods? Which Babaevsky marks are you

¹³⁸ “Country Meters, Population counter of the Russian Federation”, Country Meters, Accessed 8 May 2023, Available at: https://countrymeters.info/ru/Russian_Federation

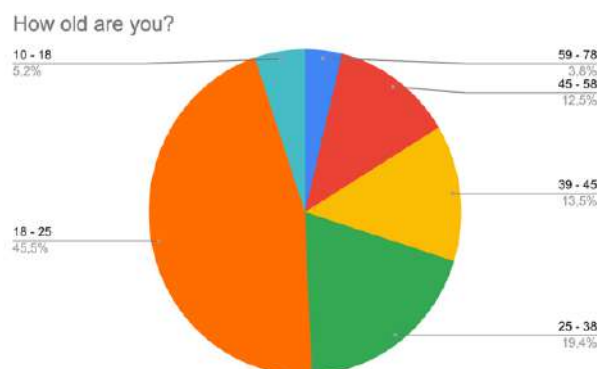
¹³⁹ Begin A., "VKontakte statistics in 2023", April 9, 2023, Inclient, Accessed 12 May 2023, Available at <https://inclient.ru/vk-stats/>

¹⁴⁰ Begin A., "VKontakte statistics in 2023", April 9, 2023, Inclient, Accessed 12 May 2023, Available at <https://inclient.ru/vk-stats/>

familiar with? What are the main reasons why you chose Babaevsky chocolate products and not its competitors'?

- What is your perception of the Babaevsky brand? Is It a premium segment? Why do you think so?
- Do you know the history of Babaevsky? How much are you familiar with its brand heritage?
- Which social media do you use more frequently? Which social media do you use the most? Do you like checking the news on social media? Do you follow brand groups?
- Do you follow Alenka's accounts on the social media networks: VKontakte, Instagram, and Youtube? Are you interested in the content about Babaevsky which is posted on Alenka's social media accounts? If not, may you explain why?
- Have you ever visited United Confectioner's website? If yes, did you ever read information about Babaevsky on it?
- Have you searched for any information about Babevsky or its products/brands on the internet? If yes, did you have any difficulties finding the information?
- Have you ever seen Babevsky's video commercials on TV? On which channels did you see them? Which impression did you get after watching them?

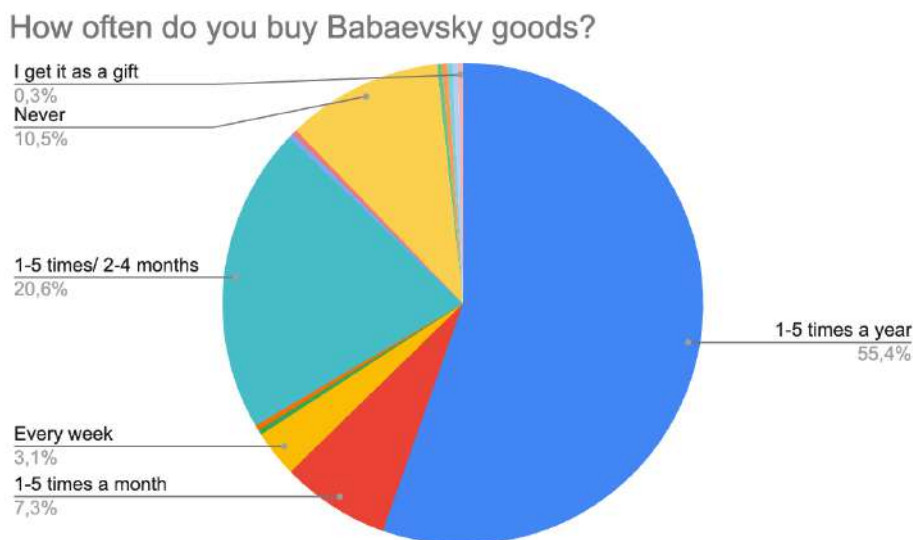
After the conduction of the questionnaire and collection of 288 respondents' answers, a detailed analysis was performed. Most of the respondents of a simple random sample turned out to be in the 18-25 age group (45.5%). However, also other age groups turned out to be included: 10-18 (5.2%), 25-38 (9.4%), 39-45 (13.5%), 45-58 (12.5%), and 59-78 (3.8%). In total, 69.9% of participants have the age of 3 main target groups of Babaevsky. The main age groups of the respondents could be found in Graph 3 below:



Graph 3. Questionnaire Question 1: How old are you?

The second question illustrated the percentage of gender proportion. A significant majority represent women (85.1%), a small fraction is dedicated to men (14.6%), and a small minority shows the identified representatives (0.3%). The majority do not have kids (63.2%), and one-third (36.6%) - yes.

About 200 people are employed and about 90 are not currently working. Also, some individuals are already retired (5 individuals) or are on maturity leave (3 respondents). Practically all non-working participants are currently studying. Most of the employed respondents of the questionnaire work in the construction, sale, marketing, and education fields. In addition, a great number of respondents work as managers in various spheres. Most of the respondents (80.6%) are coming from the Russian Federation, 16% from Europe, and 1.7% from Kazakhstan. Also, several people are living in North America and Africa. As the questionnaire was conducted in the Russian language, and it was automatically finished for all participants who do not know the Babaevsky brand, presumably all respondents are Russian and have previously lived in the Russian Federation or other post-soviet countries. Due to that, 99% of respondents claimed that they know the Babaevsky brand in the 7th question. And about 95% said that they have bought the Babaevsky goods at least one time during their life. As could be seen in graph 4, the most of participants prefer to buy Babaevsky 1-5 times per year (55.4%), 51 persons buy it 1-5 times per 2-4 months, 7.3% buys 1-5 times a month and only 10% never buy it.



Graph 4. Questionnaire Question 10: How often do you buy Babaevsky goods?

As could be seen in the results of the 12th question (which may be found in the appendix), the most of clients (around 180 respondents) appreciate the age of the brand and its traditions. Moreover, 140 people highlighted that the quality of Babaevsky products is also an important factor in choosing this brand. Finally, the buttons “wide range of high-quality ingredients” and that “the final product itself is a good present” each got about 40 clicks during the vote for the main advantages of Babaevsky.

A great number of respondents associate the Babaevsky brand with bitter chocolate, childhood, their relatives, nostalgia, history, and the “Inspiration” brand. Only a few of them also recalled the Babaevsky original factory, someone mixed up it with the Red Oktober plant. The answers to the 12th question also illustrate that many people, while hearing the “Babaevsky” word, immediately think that it is a good gift idea.

It was a surprise to find out that the half of respondents do not consider Baabevsky as a premium brand. Due to their answers (the frequency of which could be seen in graph 5), the reason is that the price does not refer to the premium one, more to the average price range. In addition, the brand is presented in a wide range of supermarkets, so some consumers consider it to be a medium-segment product that is made in mass production.



Graph 5. Questionnaire Question 14: Do you think Babaevsky is a premium brand?

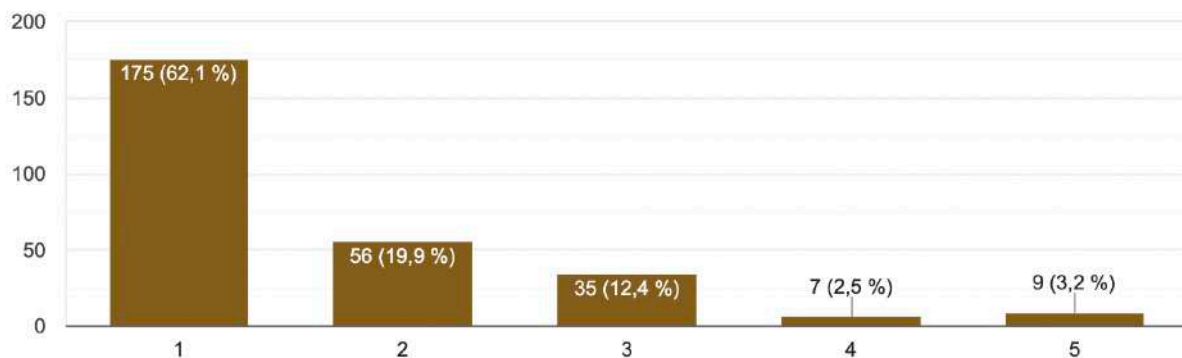
Why do you think so? The most popular answer of respondents who said “No”.

Many people were confused when they tried to give a reason why they thought so. The participants who have chosen the answer “Yes”, have mostly highlighted that

Babaevsky is a premium segment that's to its quality, price, beautiful appearance, packaging, aesthetics, and long presence on the market.

A large portion of individuals are sure that the brand is not innovative (60.4%) and others are not sure if it is innovative or not (28.5%). The main reasons for believing so are: Babaevsky does not clearly provide information on its innovativeness, the company is following traditions, the advertising is quite outdated, and chocolate products are not supposed to be changed as they are perfect already.

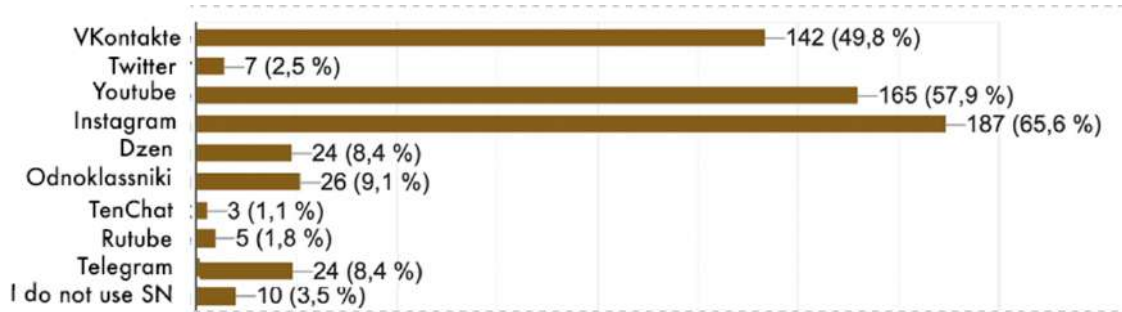
About 91% of all respondents know that Babaevsky is an old company, but only 16 respondents know its history practically in every detail (people who choose answers "4" and "5" on Graph 6). The majority (175 persons – 62.1%) have never ever heard about its history. The answers could be seen on Graph 6 below:



Graph 6. Questionnaire Question 18: Do you know Babaevsky history? How much are you familiar with its brand heritage? 1 – I do not know it at all, 5 – I know all the history in detail.

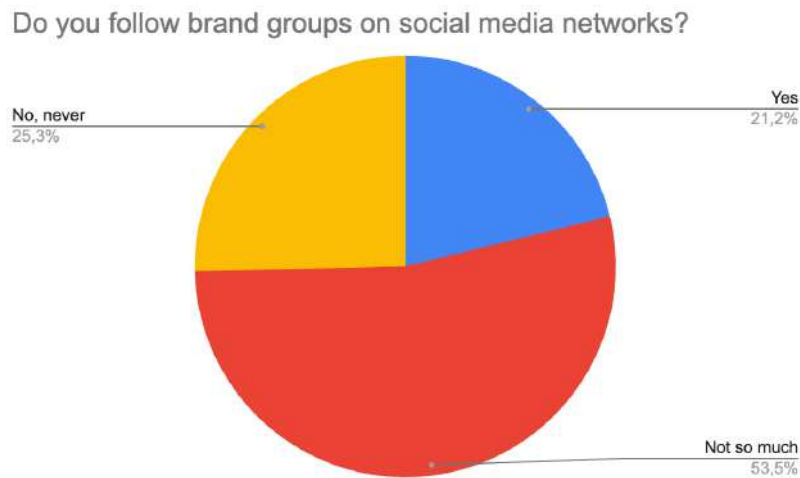
On the one hand, the information about Babaevsky is not seen very well on the Internet. A large fraction claimed that they have never visited the United Confectioners website (83.7%), and they did not look for information about Babaevsky on the Internet (89.6%). The half of individuals (56.5%) who answered positively to the question "Have you ever visited United Confectioner's website?", have looked for information about the Babaevsky Confectionary Concern. It shows that the brand is a treasure of the UC collection. On the other hand, the TV ads of Babaevsky were seen at least by 35% of the respondents, which is quite a significant amount. Still, probably the numbers are not that high, as the majority of respondents are more interested in Youtube and social media sources of entertainment (the confirmation could be seen in Graph 7). About 187 individuals choose Instagram as their preferred social media network. 142 prefer

Vkontakte, 165 persons choose Youtube and the rest use Odnoklassnity, telegram, Dzen, and Rutube.



Graph 7: Questionnaire Question 25. Which social media networks do you use more frequently?

Speaking about users' activity on social networks, it was clarified that 60% of respondents enjoy spending time on social networks scrolling news. But only 21% usually follow band groups (Graph 8). Therefore, about 97% of participants in the online research do not follow Alenka stores' SM accounts, only 6 individuals do.



Graph 8. Questionnaire Question 27: Do you follow brand groups on social media networks?

Nevertheless, one-third of respondents would love to participate in the Babaevsky product raffle contest. Another third is not sure, which also makes them potential participants.

3.2 Recommendations for boosting the corporate image of the Babaevsky Confectionery Concern

Which recommendation could be made based on the conducted research? In this paragraph, this question would be answered. Several results of the questionnaire have proved the previously stated theories.

Below the final detailed description of recommendations is presented:

- **Innovation for the Babaevsky brand**

The Babaevsky brand is known for its rich heritage and tradition in the production of high-quality products. However, there is an increasing need for innovation and diversity in today's food industry. There is now a trend towards product innovation, such as reducing calories, creating product lines without certain ingredients, and other developments to meet the needs of modern consumers. The online questionnaire has proven that Babaevsky is not preserved as an innovative brand by its consumers. There are several reasons why the Babaevsky brand should become more innovative, despite its recognizable traditions.

First of all, today's consumers are becoming increasingly aware of the nutritional value of products, their composition, and their impact on health. The trend towards healthy lifestyles and good nutrition is pushing food manufacturers to develop innovative solutions. Babaevsky, with its tradition and wealth of experience, can make a significant contribution to creating products that meet the requirements of today's consumers, such as reducing calories, adding functional ingredients, and creating alternatives for various dietary restrictions. There is no need to radically change the recipe of the original classical chocolate bars. But the creation of new lines, for example, lines for vegetarians or lactose intolerant people would be a great way to gain more consumer loyalty.

Secondly, in the food sector, competition is fiercer than ever before. Numerous brands are striving to meet the growing needs of consumers and offer innovative products. The development of new formulas, manufacturing, and packaging techniques can be a key success factor for the Babaevsky brand. Innovation enables them to stand out in the market, attract the attention of new customers and retain the loyalty of existing customers. Finally, innovative products are often highly cost-effective and contribute to profit growth. Babaevsky, using its tradition and experience, can develop new products that meet market demands and occupy a niche in which it will have a competitive advantage.

Investment in research and development of innovative solutions can lead to increased revenues and business expansion.

- **The usage of the rich history of the Babaevsky brand to attract customers and increase market share**

The Babaevsky brand has a rich history, which is a key asset of the company. However, even though this story is widely known, its details and interesting facts often go unnoticed by ordinary people. The tips on how Babaevsky's company can better promote its story in order not only to increase interest in the brand but also to increase market share could be found below.

Firstly, one of the keyways to promote the history of the Babaevsky brand is to create content that tells historical facts, as well as interesting aspects of the brand. The company can develop a series of videos or articles where Babaevsky's story will be told in detail. This content can be distributed on the official website, social networks, and other platforms to ensure the availability of information to a wide audience.

Secondly, for a deeper immersion in the history of the Babaevsky brand, the company can promote excursions on the territory of the production and the Mishka Museum. Not many consumers know about its existence, and excursions are also rarely held. But Mishka has the potential to become one of the main tourist attractions in Moscow. The museum excursions will allow visitors to see historical artifacts, learn more details, and ask questions to experts. In addition, another good idea may be the organization of thematic events related to the history of the brand, for instance, festivals or fairs where traditional confectionery products will be presented.

Thirdly, to promote the history of the Babaevsky brand more widely, a strategy of collaborations and partnerships with other brands or organizations related to the historical heritage can be used. For example, Babaevsky can collaborate with culinary experts, other historical Moscow confectionery brands of the United Confectioners, famous chefs, or popular pastry schools to create joint events or special releases of products reflecting the historical traditions of the brand.

In conclusion, to activate interest in the history of the Babaevsky brand, the company can hold contests and quizzes related to historical facts and achievements. For example, the contest "Guess a historical candy" or "Time Travel with Babaevsky" can attract attention and allow participants to get better acquainted with the history of the brand. The winners

of the contests can receive prizes in the form of Babaevsky products or excursions to the Babaevsky production.

- **The importance of a website and social media presence for the Babaevsky brand**

The Babaevsky brand has a rich history and tradition. However, in the present digital age, it is important not only to maintain its recognition but also to actively engage and interact with the target audience. It is recommended that the brand create its own website and open pages on popular social networks (Vkontakte, Instagram, YouTube).

The results of the questionnaire show that people are interested in the company's story. Therefore, it is worth thinking about improving the accessibility and visibility of information. Being an old and recognizable brand, Babaevsky has a wide audience and fans. However, limiting brand representation to the resources of the United Confectioners Holding Company may make it difficult for consumers to receive up-to-date and complete information about the brand's products and news. The creation of Babaevsky's own website and social media presence will make it easier for the company to communicate information about its products, promotions, new developments, and events to a wider audience. Users will be able to receive information directly from the brand itself, simplifying the search process and increasing the availability of information.

These activities will also help the brand to focus its target audience on social media. Social media is now a popular and widely used communication channel for all age groups. They provide an opportunity for brands to engage and interact with target audiences of different ages and interests, from younger to older generations. Vkontakte, Instagram, and YouTube are the platforms on which the majority of Babaevsky's target audiences is concentrated. On these platforms, people actively seek out and discuss news, products, and brands. Babaevsky's presence on these social networks will allow the brand to better understand its audience, establish personal interaction, and actively participate in discussions and communities related to confectionery products.

Each social network has its own characteristics and advantages that can be useful for promoting the Babaevsky brand. Vkontakte, with its wide user base, provides the opportunity to create an official brand page, publish news, promotions, and contests, and interact with the audience through comments and posts. Instagram, a popular visual content format, will allow Babaevsky to showcase beautiful photos of its products, use hashtags to attract new followers, and collaborate with influential personalities and

bloggers. YouTube will allow the brand to create video content, including cooking recipes, creative videos, and interviews, which will help strengthen engagement with audiences and increase brand visibility.

Plus, as currently, people are spending less time watching video commercials, the brand may increase the coverage of its TV advertisements by adapting them to social media formats and promoting them there.

- **Innovative marketing campaigns in social media**

Social media marketing campaigns provide the Babaevsky brand with unique opportunities to engage and interact with its audience. Below are the different types of marketing campaigns that Babaevsky can conduct in popular social networks such as Vkontakte, YouTube and Instagram. Particular attention will be paid to contests with product drawings, which will help increase audience engagement and expand brand awareness. Since the results of the questionnaire, it was clear that many people would like to participate.

Vkontakte, with its wide post-soviet countries user base and the ability to create an official brand page, offers various contest formats to attract the audience's attention. Babaevsky can hold contests where participants would have the possibility to upload photos of Babaevsky products and use hashtags related to the brand. It's also possible to organize a contest with tasks where participants can answer questions about the brand or create their own original recipe based on Babaevsky products. Drawing prizes, such as gift baskets with a range of confectionery products or invitations to a factory tour, would help attract attention and increase audience participation in the contests.

YouTube is an ideal platform for creating video content and engaging audiences. Babaevsky can hold contests where participants must create a video recipe using Babaevsky products. This will not only demonstrate to consumers how to cook delicious and original dishes with the brand's products but also create a community of people who are passionate about cooking. A raffle of grocery gifts or the opportunity to be a guest on the next video shoot with a professional pastry chef. This can encourage participation and motivate viewers to become active participants.

Instagram, known for its focus on visual content, gives Babaevsky the opportunity to showcase its products in the most appealing light. The brand can hold contests organized in collaboration with bloggers. The contest may propose participants have to post photos of themselves with Babaevsky products, using certain hashtags and tagging the brand's

official account. Another contest idea can also be: to share the most extraordinary and tasty recipe using Babaevsky products, where participants can publish a photo of their dish and share the recipe in the description. Or it could be proposed the participants share their nostalgia stories connected to Babaevsky. People already do that quite often under Alenka stores' posts, which speak about the Babaevsky goods. Drawing confectionery kits or invitations to special events will help attract attention and motivate participation.

- **Effective promotion of Babaevsky's small brands: Value and Opportunities**

The Babaevsky brand is one of the leading producers of high-quality products in the confectionery industry. Within its portfolio, the company represents several small brands such as Visit, Assortment, and Mishka. As the online questionnaire results have shown, not everyone knows that these brands belong to the Babaevsky Confectionery Concern. The fame of its mother company may definitely help the brand to gain a larger market share. In order to maximize the potential of these small brands, effective promotion strategies need to be developed and implemented.

Babaevsky may focus on ways how to strengthen its daughter companies' market position. Small brands such as Visit, Assorti, and Mishka have limited awareness and distribution compared to the main Babaevsky brand. However, these brands can present unique products and attractive features that may appeal to a wide audience. Through the effective promotion of smaller brands, Babaevsky can strengthen its market position, expand its customer base, and capture new market segments. For Babaevsky it is recommended to promote its small brands on the official Internet communication channels. Each small brand can have its own unique concept, taste, or target audience. This creates the opportunity to differentiate and diversify Babaevsky's products, which is important in a competitive environment. Consumers may have different preferences and demands, and Babaevsky's small brands make it possible to better meet these needs by offering a variety of products and choices. These unique features should be promoted.

- **Restoring the prestige of the Babaevsky brand: A marketing strategy to change consumer perceptions**

It seems to some survey participants that the Babaevsky brand has lost its former appeal. However, with an effective marketing strategy, the Babaevsky brand has the opportunity to change consumer perception and restore its prestige. There are several strategies that will help prove otherwise and restore the Babaevsky brand to its former prestige.

The first step in developing a strategy is a thorough analysis of the market and audience. It is necessary to understand exactly why some consumers feel the brand has deteriorated. This could be due to changes in market preferences and demands, a competitive environment, a limited amount of imported ingredients, or insufficient communication with the audience. It is important to determine which aspects of the brand are causing consumer doubt or frustration. It is recommended to conduct qualitative research, for instance, a focus group analysis, to find out in more detail what displeases consumers.

Second, based on the market and audience analysis, the Babaevsky brand can begin repositioning itself to change consumer perceptions. This could include reviewing and improving the product portfolio, improving quality and ingredients, and creating innovative products that meet today's market demands. It is important to demonstrate that Babaevsky is a modern brand capable of offering high-quality and innovative confectionery products. At the same time remaining an old traditional company with a long history.

In the end, also the development of an effective communication strategy plays a key role in changing the perception of the Babaevsky brand. It is important to actively use various communication channels, including the website, social networks (as was mentioned before), and traditional media. Babaevsky should emphasize its strengths, such as its rich heritage, traditional recipes, product quality, and its innovative developments. The final designs for external brand communication could be checked on an A/B qualitative test.

- **Using the theme of nostalgia and the connection of generations to promote the Babaevsky brand**

The Babaevsky brand has a strong emotional connection with different generations of consumers. For the older generation, this is associated with childhood and pleasant memories, and for young people - with gifts of Babaevsky products from close relatives (which was proven also by the online questionnaire). Below are the ways Babaevsky company can organize marketing campaigns to promote the theme of nostalgia and strengthen the link between generations, arousing greater interest and loyalty to the brand.

Firstly, Babaevsky can create advertising materials that actively use elements of nostalgia and generational connections. For example, the brand can create videos or print ads showing scenes from typical children's childhood, when parents or grandmothers gave

Babaevsky products as a present. This will cause an emotional response from the audience, associating the brand with pleasant memories and family traditions.

Secondly, organizing contests and promotions with the participation of different generations can help. Babaevsky can hold contests and promotions that will attract the participation of different generations. For instance, the contest "Sharing Memories" may encourage users to tell stories about their childhood memories related to Babaevsky products. The company can also organize promotions where discounts or gifts are provided when buying products for yourself and for close relatives to emphasize the importance of the connection of generations and family traditions.

Thirdly, to promote the theme of nostalgia and the connection of generations, Babaevsky can collaborate with popular bloggers, YouTube channel hosts, and influencers who have an active audience of different generations. Bloggers can tell stories, conduct interviews with representatives of different generations, and demonstrate culinary recipes related to Babaevsky products. Such cooperation will help strengthen the link between generations and attract a new audience that will warm up to the brand.

In the latter, Babaevsky can organize events and exhibitions dedicated to the history and heritage of the brand. For example, Babaevsky can organize an exhibition of retro packages, photographs, and artifacts related to the history of the manufacture. This will allow visitors to personally experience the historical value of the brand and better understand its significance in culture.

- **Reinstating the Babaevsky's tradition in packaging: an innovative approach to marketing**

Product packaging is important in creating an impression and attracting consumers' attention. The Babaevsky brand is already famous for its elite-design packaging, which gives the chocolate a special charm and makes it a great gift. Below are suggested ways to revive the old Babaevsky traditions of packaging design. It is proposed to produce chocolate goods in durable designer-painted packages and also in wraps decorated specifically for certain holidays and occasions. These ideas will be used as an innovative marketing tool to strengthen the connection with consumers and increase interest in the brand.

Babaevsky could return to its roots by reintroducing chocolate products in durable designer-painted packs. Such packaging, such as caskets, wooden boxes, or chests, can become useful storage items for consumers in their everyday life. In addition, the

aesthetic design would make consumers keep it. This would create additional value and uniqueness for Babaevsky's product, attract the attention of others and expand the reach of the brand's marketing messages.

An additional marketing ploy could be the production of chocolate products in special packs created for specific holidays. For example, Cosmonautics Day or Teacher's Day. Such chocolate wraps would emphasize the special nature of the holiday and become an attractive gift that reflects the consumer's care and attention to their loved ones. This will help to strengthen the connection between generations and create a positive perception of the Babaevsky brand. It is also possible to use old packaging designs, which were produced by the Babaevsky brand during the Russian Empire or the USSR.

Using long-lasting designer packs and holiday-themed packaging will provide Babaevsky with a number of marketing advantages. Firstly, it will reinforce the perception of the brand as elite and luxurious, highlighting its vintage traditions and attention to detail. Secondly, the gift packs will stimulate frequent purchases and the use of Babaevskiy chocolate products as gifts for various holidays. Thirdly, it contributes to forming positive emotional ties with the brand and strengthening consumer loyalty.

- **Lifting Babaevsky to the premium segment: Marketing Strategies for Success**

The Babaevsky brand aims to position itself in the premium segment of the chocolate industry. However, survey results have shown that not all consumers perceive Babaevsky as a premium brand. Below are some actions Babaevsky can take to elevate itself to the premium segment. Such marketing strategies will be useful in strengthening the brand, attracting new consumers, and increasing sales.

Firstly, one important aspect of the premium segment is high-quality products. Babaevsky should focus on improving the quality of its chocolate products. This may include using elite high-quality ingredients, improving production processes, and adhering to strict quality standards. Improving the quality of products will help Babaevsky achieve premium status and convince consumers of its superiority. If the brand is already using all these techniques in production, it is advised to get more qualifications to prove quality. And it is also advisable to better promote the results of these inspections.

Secondly, it is important to say that aesthetics and visual impression play an important role in the premium segment. Babaevsky can develop a unique and attractive package design that reflects the luxury and premium nature of the brand. The use of high-quality

materials, elegant shapes, and innovative elements in the packaging will create a prestigious image and attract the attention of the target audience. The unique package design will serve as a visual symbol of Babaevsky's premium status. As previously suggested, Babaevsky can develop durable well-designed packaging. These products will definitely be suitable for the premium segment.

Thirdly, Babaevsky could undertake marketing campaigns that emphasize its premium status. This can include participation in prestigious competitions and awards, advertising campaigns using elite associations, and partnerships with celebrities. Such actions will help reinforce the perception of Babaevsky as a premium brand and increase its credibility among consumers. Television advertising of this kind would be particularly advantageous.

Fourthly, the company could also focus on collaboration with famous Russian restaurants. As they could include desserts made with Babaevsky chocolate on their menu cards. This will undoubtedly attract the attention of wealthy people visiting the restaurants.

Fifthly, it is recommended that the brand open its own premium segment shops. It is well known that the premium segment is all about attention to detail. The interior and meticulous customer service will help to create a special atmosphere of luxury in a Babaevsky shop.

- **The impact of brand age on product quality: The Russian market context**

There is a particular mentality in the Russian context, where brand heritage is not always associated with higher quality of products. The same was confirmed by the survey. Below are some tips on how the Babaevsky brand, can prove that the company's age has a positive impact on the quality of its products not the other way round. Examples from the context of the Swiss market, where the prestige of vintage brands is firmly entrenched, will be considered. Based on them the strategies for Babaevsky in the Russian market segment will be suggested.

First, consider the cultural aspects and perception of the vintage brand. The Russian mentality and its attitude towards vintage brands have their own peculiarities. In the Russian context, it is important to understand that consumers may have doubts that a company's age guarantees high-quality products. This is usually caused by the fact that most Russian production facilities were built many years ago during the Soviet Union and have not been extensively renovated since. However, a look at the cultural sensitivities

of the Swiss market reveals that brands with great heritage are trusted and respected by consumers in this country. Studying such examples will help Babaevsky develop a strategy that fits the Russian context.

Babaevsky has a long and rich history, which can be used as an advantage to prove the link between the age of the company and the quality of its products. Telling the story of a tradition of production, characterized by continuity and the pursuit of excellence, can create a positive impression on consumers and build their trust in the brand. Using Babaevsky's historical heritage will help position the brand as reliable and of high quality. It is important for Babaevsky to demonstrate that the company's age does not prevent it from striving for innovation and modernity. Examples of successful implementation of new technologies in the production process, adherence to sanitary inspection instructions, development of unique recipes, and the use of modern materials for product packaging can be used to confirm Babaevsky's high quality. Communication channels, such as social media and online resources, will allow the company to reach a wider audience and present the innovative aspects of the brand.

Babaevsky should actively participate in various certifications and competitions, where the age of the brand and its contribution to product quality can be assessed and confirmed. Acquiring quality certificates and receiving prestigious awards will provide additional arguments in favor of Babaevsky and its premium positioning in the market.

- **Boosting the TV commercials of Babaevsky**

It is important for today's television audience to create promotional material that is engaging and interesting. Unfortunately, the conducted online survey has shown that the TV commercials of Babaevsky seems to be outdated. Below presented some ways in which Babaevsky can refresh its commercials and capture the attention of viewers.

First of all, developing original and unusual ideas will help stand out from other commercials. Babaevsky can use innovative visuals, non-standard scripts, or modern effects to attract and retain viewers' attention.

Secondly, humour is a powerful tool in advertising that helps to create a positive impression and memorability. Babaevsky can incorporate humorous elements or funny situations in their commercials to bring a smile and positive emotions to viewers.

Thirdly, telling stories that transport viewers into emotional moments can be an effective way to capture attention and create a connection with the audience. Babaevsky can use stories related to nostalgia, holiday context, family values, or special moments to evoke

an emotional response and strengthen brand attachment. A good example of such a commercial could be seen in the Russia Generous Soul advertisement.

Fourthly, inviting viewers to actively participate in the advertising campaign can stimulate their engagement and interest. Babaevsky can create competitions that provoke interaction with viewers, such as inviting them to submit their stories or photos related to the brand, with the opportunity to win prizes.

Fifthly, choosing the right music can have a big impact on the mood and perception of the commercial. Babaevsky can use familiar and popular music that will blend with the brand image and evoke positive emotions in viewers.

Finally, in today's world, where the audience's attention span is limited, short and compact commercials can be more effective. Babaevsky can create short commercials that quickly and vividly convey the core benefits and values of the brand.

Applying the above strategies will allow Babaevsky to update its advertising and make it more engaging and interesting for viewers. Constant variety, creativity, and attention to the needs of today's audiences will help to strengthen Babaevsky's position and increase its appeal in the market.

Conclusions

The Babaevsky Confectionary Concern is a great example of how a company can live through various radical changes, economic crises, political regimes, and multiple centuries. As was seen in Chapter 1, from the early beginning, the manufacture of confectionary products has been applying unique solutions for its goods. The company was a leader thanks to unique ingredients, preparation techniques, high-quality goods, innovation, unusual packaging design, and outstanding reputation. The history of Babaevsky branding started even in the Russian Empire times when the company was named Abrikosovi. It all proves the fact that if the firm has the right positioning, marketing, and branding strategy, it would be kept well-known for decades and even centuries. Notwithstanding, the company has changed its production line and positioning strategy, due to the changes in the political regime and privatization by the government, after the end of the Soviet period, the brand managed to return to its premium sector and keep its heritage. The company has always paid attention to its heritage. Due to that, the company practically always had the year of its foundation on the logo and kept recording its historical facts. But only after the end of the USSR, did the brand start actively using its brand heritage in marketing activities.

As it was found out in the second chapter thanks to the comparative analysis, not only such old brands as Babaevsky can promote its brand heritage. Its younger competitor Russia – Generous Soul started its existence much later than Babaevsky, and still, it promotes itself as an iconic ancient Russian brand, which honors old Russian traditions and keeps the same recipes for decades. Even though not everything is truly followed as the brand claims, consumers are truly into the brand and consider it to be totally Russian with great heritage. Only a small percentage know that the brand was acquired by the foreign company Nestle, anyway, it keeps being “Russian” for its consumers thanks to a well-planned brand communication strategy which includes the usage of effective innovative communication channels. Babaevsky, on the contrary, is not that much focused on external promotion strategies. The brand is already known as an age-old one and it does not invest such large sums of money as RGS on values promotion. Due to that, answering the main research question of the work, Babaevsky currently fails to promote its brand heritage effectively. Nowadays the brand has a chance of getting a bigger market share, as many competitors exit the Russian Federation market or stop their

investment in Russian communication channels. The specific requirements for upgrading Babaevsky brand identity elements have been provided at the end of Chapter 2. In addition, specific recommendations on using innovative promotion communication techniques on the internet have been made.

In the third chapter, thanks to the online questionnaire, the conclusions and recommendations made in the second chapter have been proven. The most of respondents are aware that the brand is old. But they even do not closely know the details of Babaevsky's history. Many respondents do not even consider that the age of the Babaevsky brand can guarantee a high quality of goods. It all signalizes that the company needs to work on brand heritage marketing. A number of recommendations have been provided at the end of the third chapter. For instance, it was proposed to work on innovativeness, it was recommended to bring back the old traditions, include more historical facts in the communication activities, use modern online promotion channels (such as the company's own website and social media), and create innovative SM campaigns.

To sum it up, the Babevsky brand has a huge potential for development. The main advantage of this company is its rich history which creates the brand heritage. By using the methods of its competitors and following the recommendations made based on the results of the online questionnaire, the brand can easily become an iconic company, which would be known as well as Molino Bianco or Coca-Cola.

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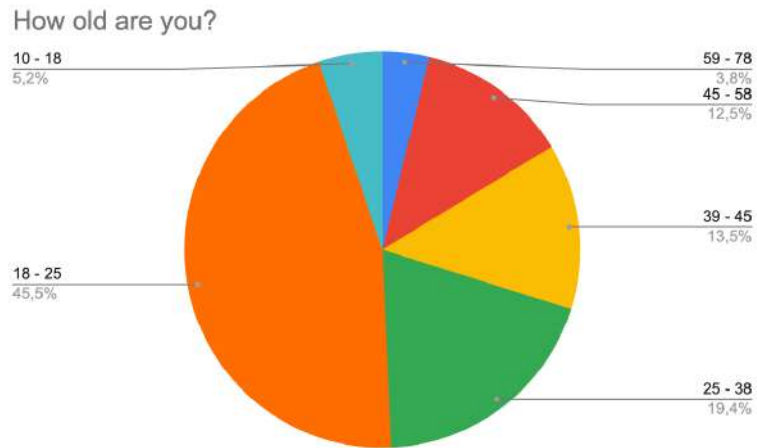
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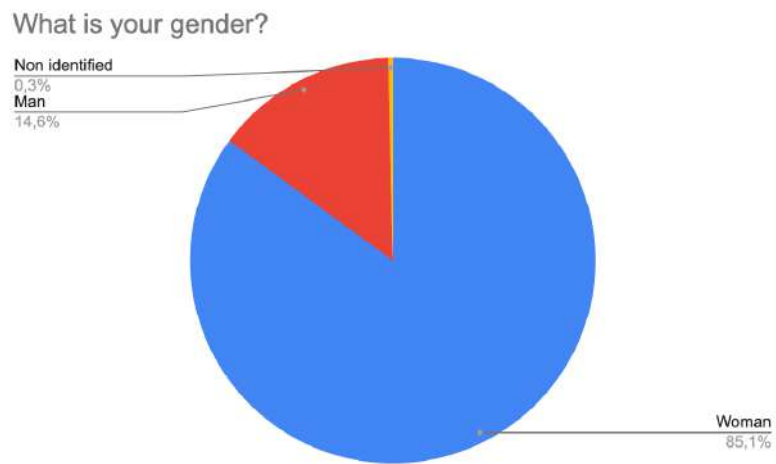
Appendix

Appendix 1. The online questionnaire results.

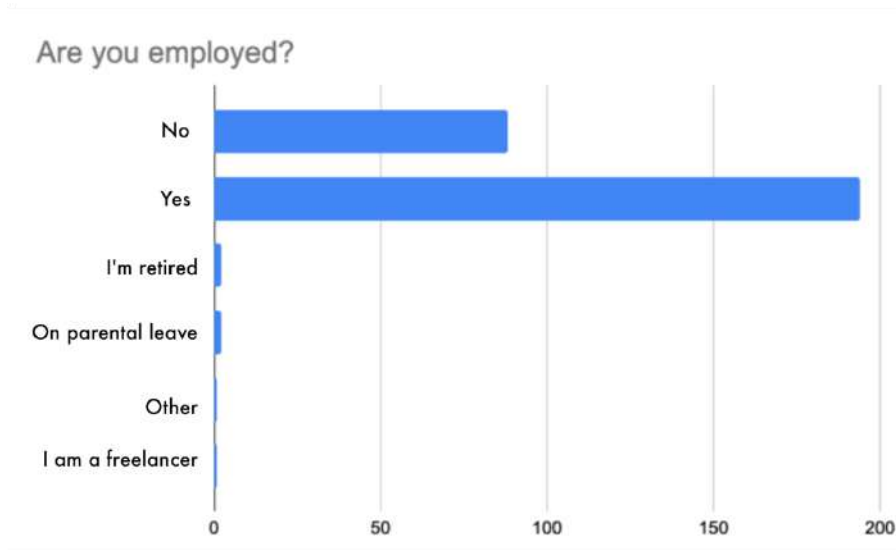
Question 1. How old are you?



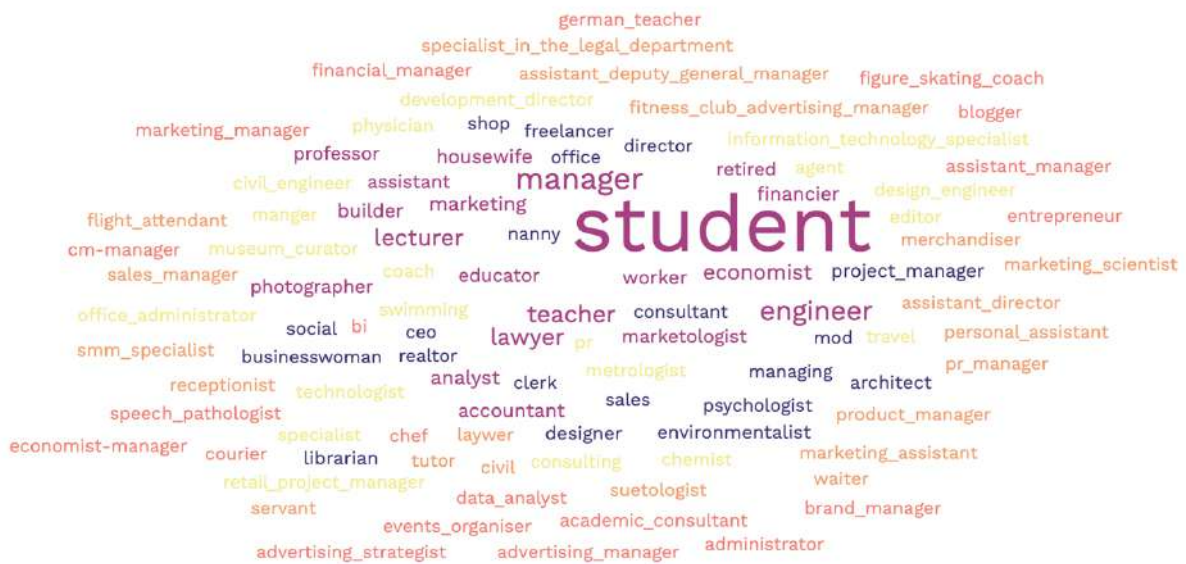
Question 2. What is your gender?



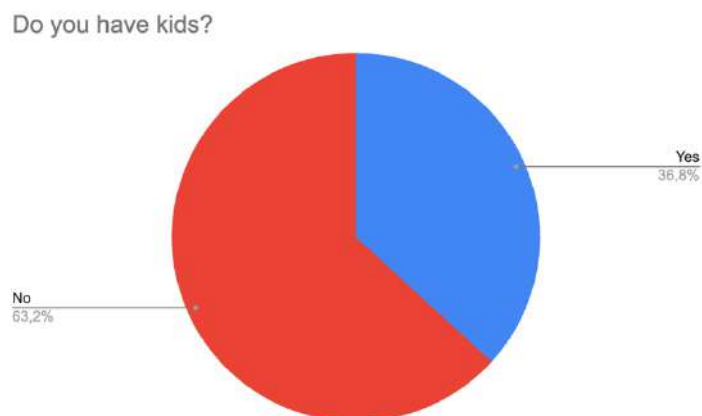
Question 3. Are you employed?



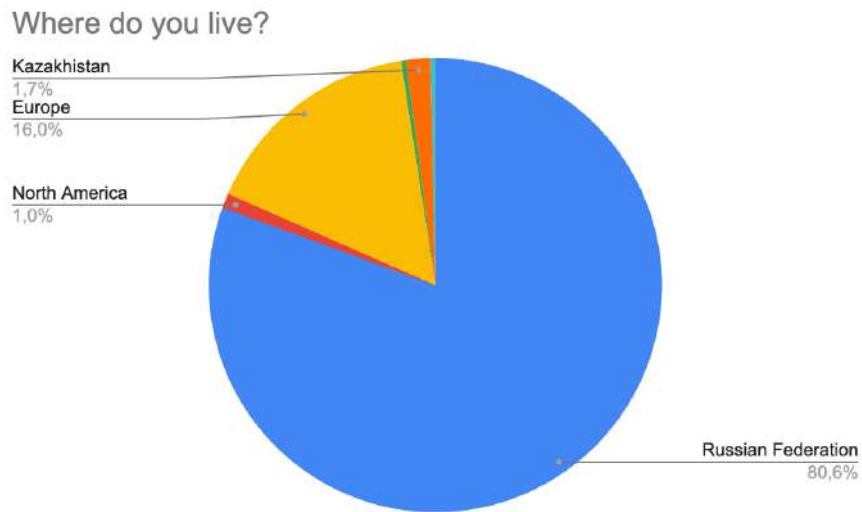
Question 4. What is your profession?



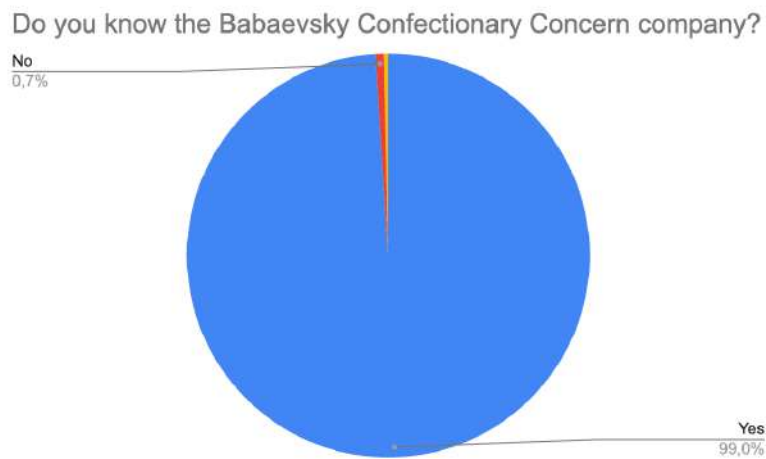
Question 5. Do you have kids?



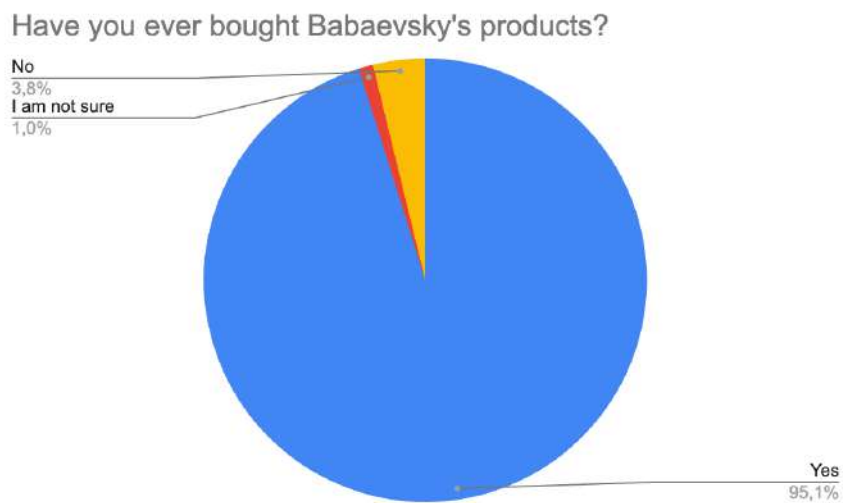
Question 6. Where do you live?



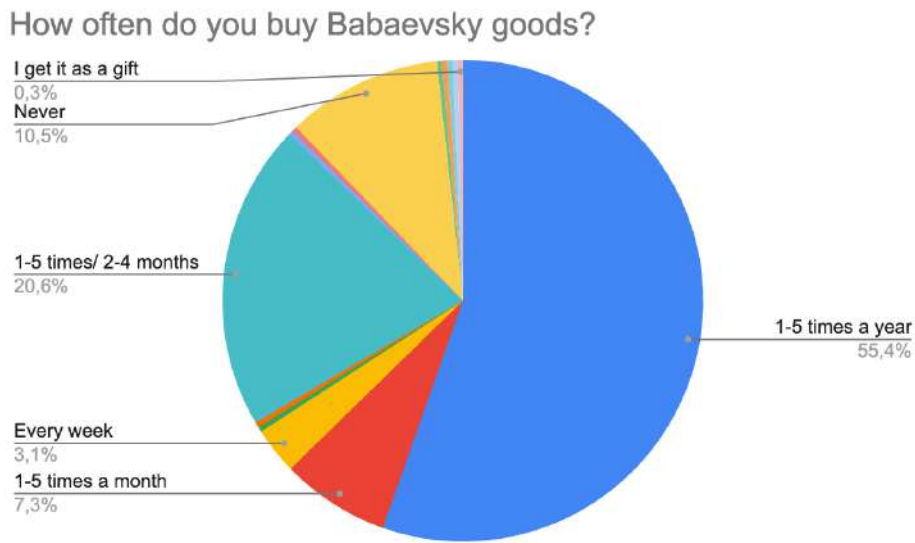
Question 7. Do you know the Babaevsky Confectionery Concern company?



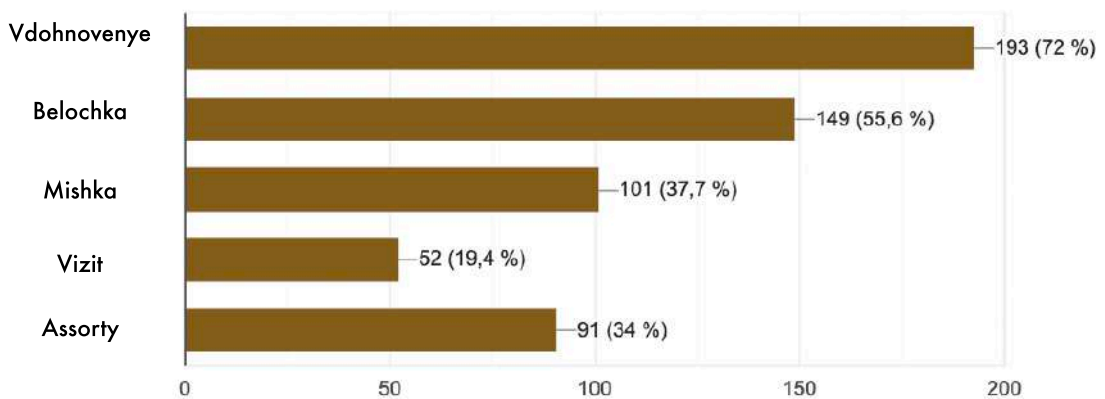
Question 8. Have you ever bought Babaevsky's products?



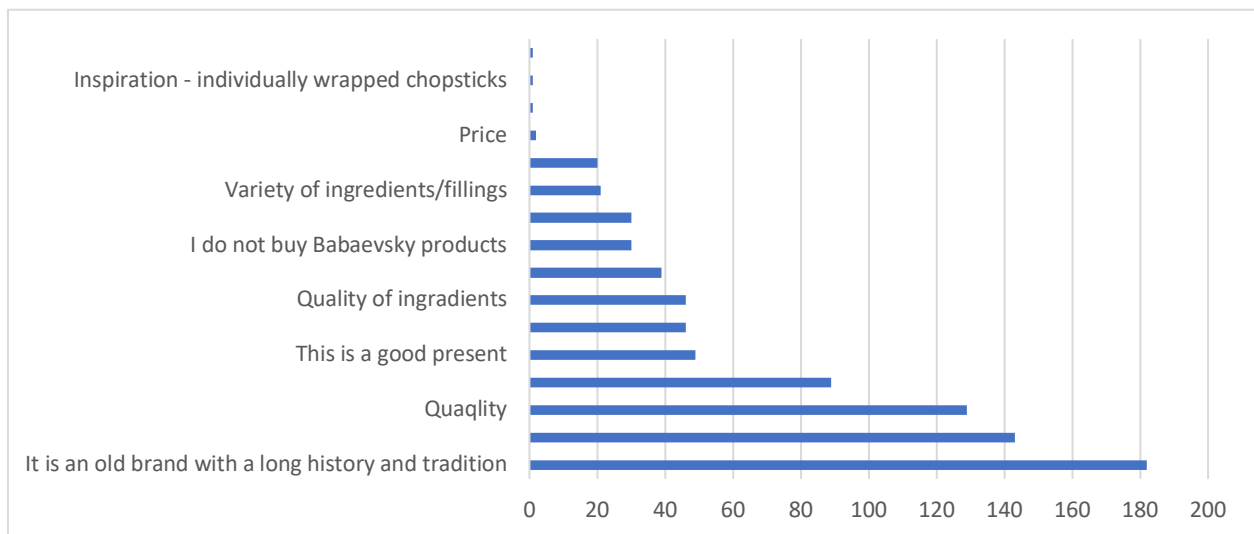
Question 9. How often do you buy Babaevsky goods?



Question 10. Did you know which of the following brands Babaevsky produces?



Question 11. What are the main advantages of Babaevsky chocolate products?



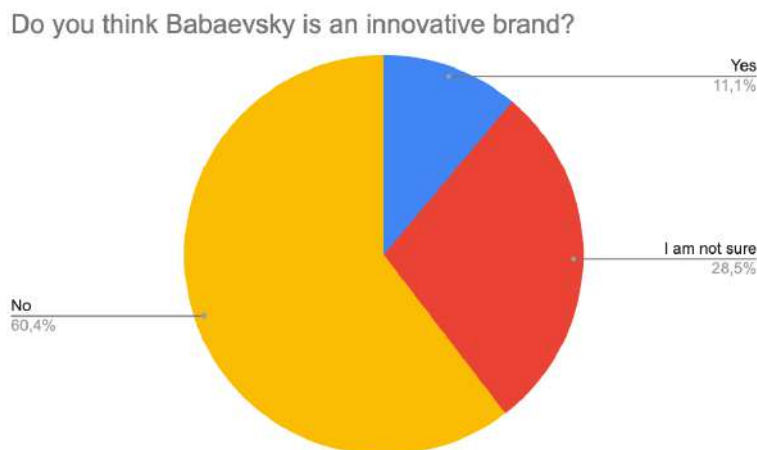
Answers of the respondents who said “No”



Answers of the respondents who said “I am not sure”



Question 15. Do you think Babaevsky is an innovative brand?



Question 16. May you explain why you think so?

The most interesting answers of the respondents who said “Yes”:

- It's always on-trend, it has a great future

- Got a novelty
- Keeping up the old traditions, keeping up with the times
- Pretty packaging, fragrance, taste
- Always in demand
- It's always improving
- Quality at all times
- Always high quality
- Taste for all times
- Keeping up the old traditions, breaking new ground
- Convenience
- Never stopping, always evolving
- Lots of new products.
- Developing, and changing packaging. Variety in taste. Variety in choice - large, minibars.
- Tasty
- Adapts to today's world and is updated.
- Many products in the line
- Products are being updated.
- There is a history of the brand. In my opinion, its middle class, maybe a little bit higher, but so far there are no flavor chips, development is going on with standard fillings, usually nuts. But there is room for improvement, such as Lindtt.
- Extensive range of products.
- A large number of sales in various shops.
- Keeping with tradition with updated technology and design
- Keeps up with the times.
- Don't know

The most interesting answers of the respondents who said “No”:

- I don't see any new products.
- Traditional old brand.
- No information
- It's a factory with an old tradition.
- It's not an innovation, it's a classic, it's a tradition.

- Chocolate is what it is.
- It has more associations with tradition (something old).
- I don't know of any new products, only products that were there a couple of decades ago.
- Everything is always the same, over the years
- I only know one type of their products (chocolate tiles)
- It's nothing new.
- I repeat because this brand is old in a good way.
- Well, it's standard.
- It's a brand with a long tradition.
- All of their video ads are severely outdated.
- No marketing communications that translate innovation
- Too far behind the competition.
- I think Babaevsky is a historical brand.
- I do not observe any innovations in chocolate.
- I think it is traditional. But I don't know about the peculiarities of production, maybe it's innovative
- The brand has not introduced any innovations during the last 30 years. It maintains quality. But it's not innovation
- It's the usual, I haven't seen innovation as a consumer.
- It's a good old fashioned product.
- Because the old brand
- More about the tradition of the classic.
- I haven't noticed any innovative products, eco packs, or unusual flavors
- I have not seen any mention of anything innovative in the product types, advertising or packaging.
- Chocolate in different flavors, everyone does that
- It's an old candy brand, what's innovative about it I don't know.
- I got this impression.
- I do not know the history, but it seems that this is an old brand of chocolate.
- And they position themselves as a company with an old tradition.
- I don't know anything about the connection between Babaevsky and innovation.

- An old brand that doesn't aspire to do something new.
- Because if Babaevsky chocolate is an innovation, then a Zhiguli is the best car.
- Not a lot of advertising, they promote chocolate traditions.
- I haven't seen any changes in the brand in recent years.
- Don't know about new lines, new products, I keep thinking about chocolates in separate wrappers, it was fun
- All the ingredients are fairly affordable
- I think because of years of technology, the brand is not innovating
- I don't think this brand is special or unusual. In my opinion, it's pretty ordinary and of average quality.
- I think that since Soviet times, every confectionery concern that has existed since then has had common standards and tastes
- A relic of the past, what innovation? Young people hardly buy it at all
- I don't know anything about it.
- The brand combines timeless classics - good quality dark chocolate
- Old technology and recipes.
- The stereotype that Babaevsky is classic, old chocolate for the older generation, innovative doesn't come to mind
- I haven't noticed anything new from them.
- It's an ancient brand.
- They cook according to traditional recipes, as far as I know.
- The name itself is already verboten old, there's 0 innovation there.
- It's a pretty old brand, it's been on the market for a long time
- Because it's no different from any other brand of chocolate and it's been around for years
- It's just chocolate.
- Old name, outdated design.
- Products give the impression of being unchanged for many years, traditional and conservative.
- Don't know if there are changes in the variety of toppings, recipes that are new on the market in general
- Not an area of tangible innovation for the consumer. Maybe they have innovative production lines or quality laboratories, but we don't really care.

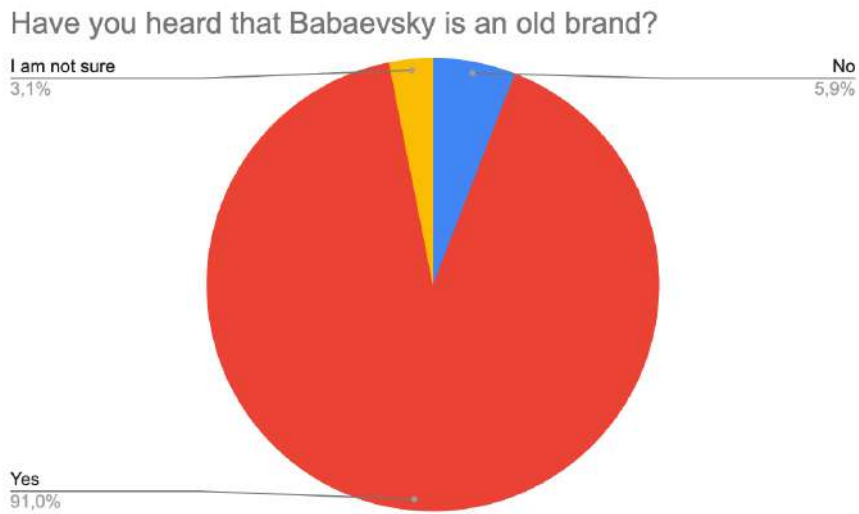
- It seems that on the contrary, it's more of an "old" brand.
- It is an old brand, I don't see innovation in it.
- The packaging of the chocolate is the same as 15 years ago, there is no innovative smell.
- As I haven't seen any modern innovations (a good example of innovation in the market is Alpen gold max fun)
- what's the point of innovation? doing something well (chocolate) is not innovation.
- it seems that the brand itself has not been renewed for a long time (I don't remember any new unusual tastes), or I don't follow
- Has a preference for tradition.
- No obvious changes. Everything in the style of tradition.
- Nothing supernatural or new the company does
- What innovative has this brand done?
- I haven't heard any arguments against it.
- since this brand has been on the market for a long time.
- What is their innovation?
- the quality of goods is not getting any better, in my opinion.
- Tradition plays a bigger role here than innovation
- nothing new
- I don't think they're using anything new.
- It's traditional, the range is standard
- Innovation is bad for candy
- I've known it since I was a kid.
- Not familiar with the Brand evolution
- Old technologies
- Not particularly innovative
- There's no marketing that's innovative, it's traditional.
- They stick to the traditions
- Does not have these characteristics.
- For me the brand is more about tradition than innovation

- It's a brand that doesn't go with the times, it doesn't do anything to improve it. It's the opposite of a brand that takes a step backward. Associations with the 19th and 20th century

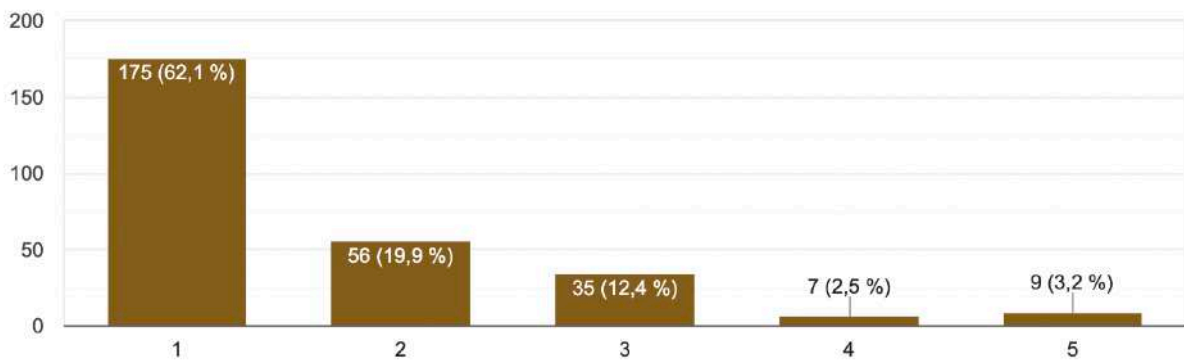
The most interesting answers of the respondents who said "I am not sure"

- Something innovative needs to be invented.
- It's more like a good and long tradition, I don't see anything innovative yet.
- I have a limit on the amount of information
- I'm struggling
- I buy products I've known since childhood
- Don't know about the production method
- Haven't tasted it for a long time
- I prefer the classics
- Too many chocolate manufacturers on the market. And everyone is inventing something new. Yes, it is certainly innovative. But what is meant by that? A lot of novelties with different flavors or production technology? I'm at a loss for an answer.
- because it was invented a long time ago.
- I cannot say that the brand is innovative. Because mainly this brand produces old candies popular throughout the CIS, but I have not heard anything about its novelties, and I do not think that many have heard.
- I do not know enough about the brand to answer the previous question.
- Adding new flavors or improving the quality of the formulation are not innovations for me as a buyer
- Don't think I know all the ranges
- it makes chocolate, I don't think it's easy to surprise anyone in this industry
- Not familiar with new products.
- I don't eat sweets so I don't know
- don't understand what is innovative

Question 17. Have you heard that Babaevsky is an old brand?



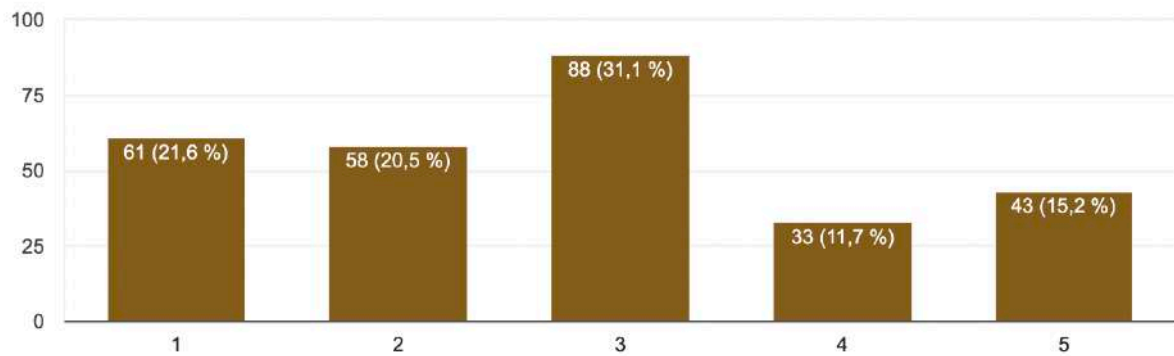
Question 18. Do you know Babaevsky history? How much are you familiar with its brand heritage?



1 – I do not know it at all

5 – I know all the history in detail

Question 19. Do you think an older brand of chocolate produces better products?

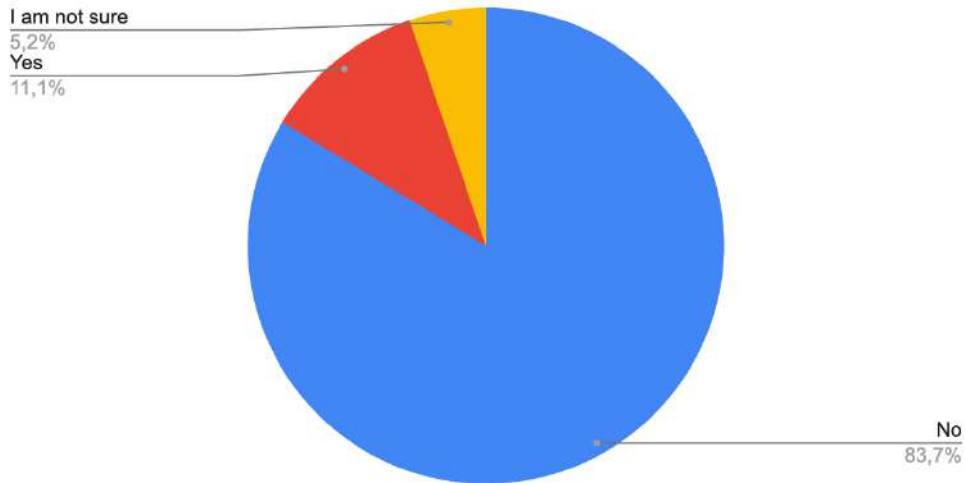


1 – No

5 – Absolutely yes

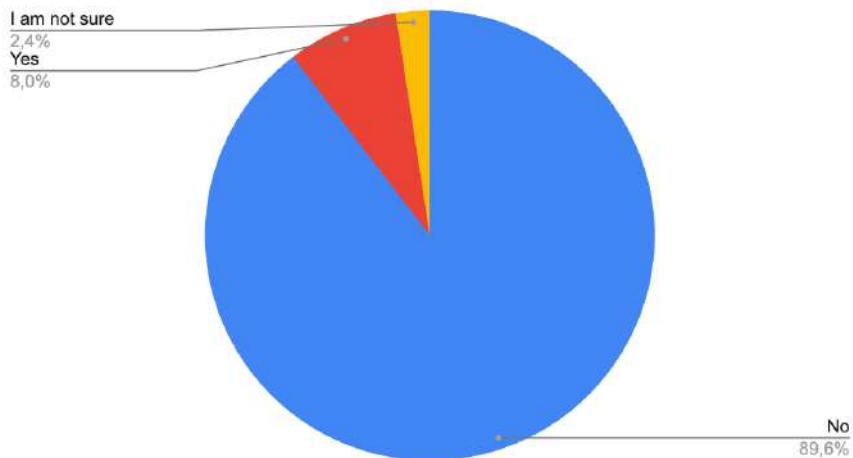
Question 20. Have you searched for any information about Babevsky or its products/brands on the Internet?

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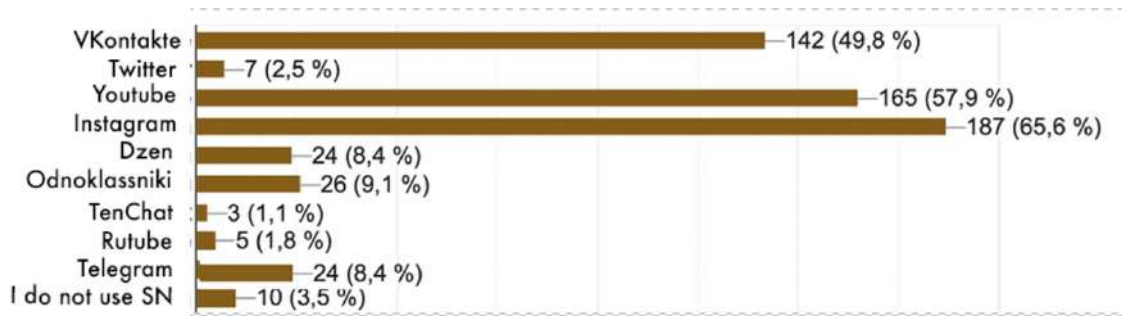
Question 21. Have you ever visited United Confectioner's website?

Have you ever visited United Confectioner's website?

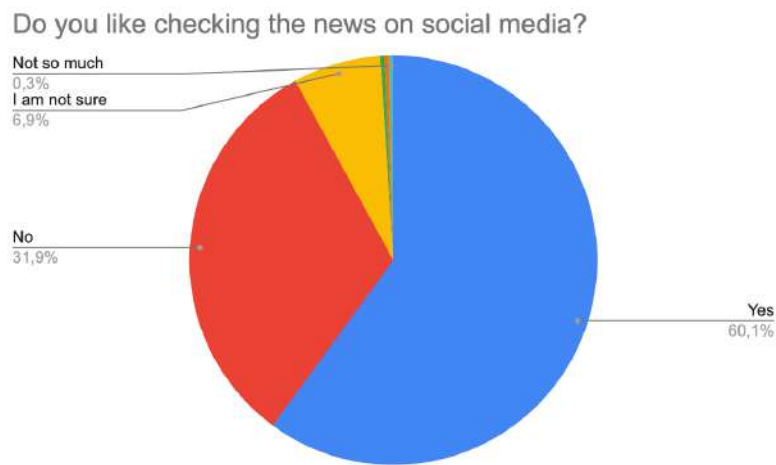


Question 22. If yes, did you ever read information about Babaevsky on it?
The answers of people who answered "yes" on the previous question:

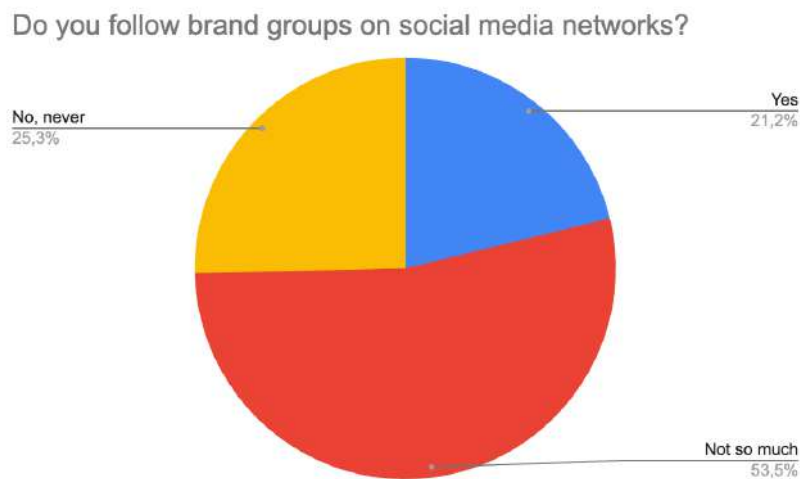
Question 25. Which social media networks do you use more frequently?



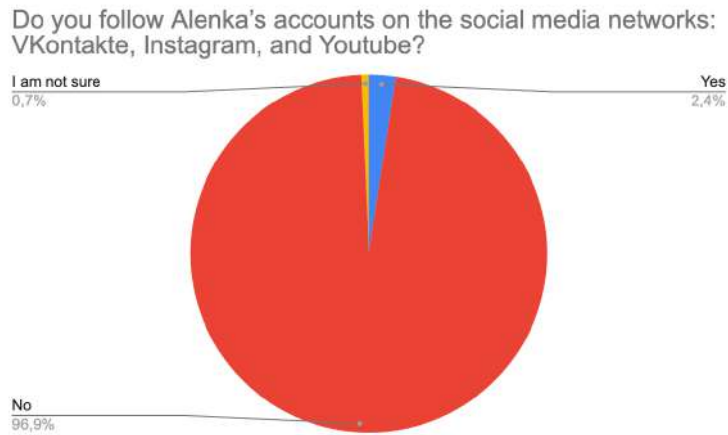
Question 26. Do you like checking the news on social media?



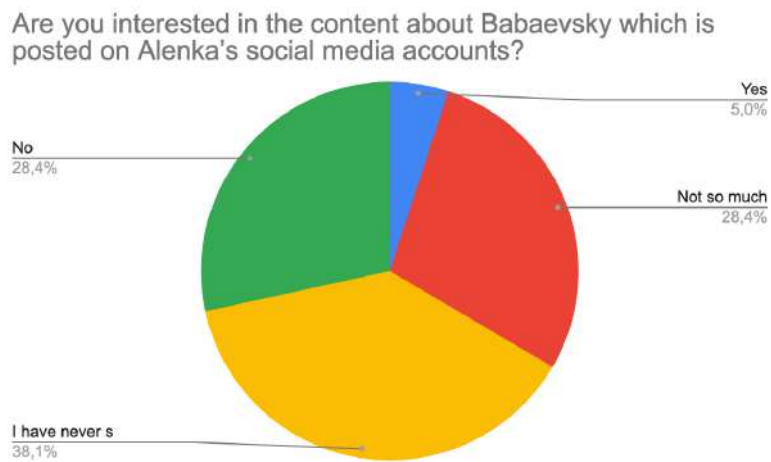
Question 27. Do you follow brand groups on social media networks?



Question 28. Do you follow Alenka's accounts on the social media networks: VKontakte, Instagram, and Youtube?



Question 29. Are you interested in the content about Babaevsky which is posted on Alenka's social media accounts?



Question 30. If you saw a Babaevsky product raffle post would you enter the competition?

