



EthnoProduct: A family need turned into business

Background



When Oleg Zhukovsyi and his wife were expecting their third child in 2006, they were faced with the difficulty of finding safe and healthy food for their growing family. Oleg saw an opportunity to start a small farm in order to grow healthy, organic food for his family and friends. However, as he learnt more of organic production he recognized a potential business opportunity. As a result, Oleg founded EthnoProduct in 2008 by purchasing 7'000 hectares of land, intended for organic crops.

Today EthnoProduct is a Ukrainian-Swiss organically certified agricultural company, with field to consumer-ready food products, including organic cereals, dairy and meat products. The company's production unit is located in the north of Chernihiv region, while its processing infrastructure is located in the Kyiv region. EthnoProduct currently exports to German and Swiss markets, with goals to expand further.

Challenges

Initially, the company focused on simple milk and meat production, however they found it difficult to yield a viable return on their land investment within local markets. EthnoProduct saw a breakthrough when they sold nearly half of their original 7'000 hectare organic farm, allowing them to produce faster. After a currency devaluation in 2014 the company decided to export a portion of their organic crops (mainly wheat and legumes) in order to supplement their domestic dairy product sales.

EthoProduct's first export buyers were traders who operated in Ukraine. After taking part in several different international exhibitions, and extensive networking the company expanded their buyer contacts to Germany, Switzerland, the Netherlands and several Scandinavian countries. Personal relations were built with each new client, allowing for trust and transparency. They opened their doors to the buyers, giving them first hand access to production locations, allowing them to view their practices first hand. General Director Andriy, advises Ukrainian producers to choose their trading partners carefully, and to check their previous cooperation history in advance in order to increase chances of success.

A challenge that the pioneering company faced in its early years was the fact that consumers simply did not know what organic produce was, nor did they recognize the extensive efforts taken to ensure the produce's organic status. Fortunately, throughout the past several years the dialogue around organic food has grown, and continues to grow throughout the region. EthnoProduct has benefited from strategic partners who improved marketing techniques, allowing the company to reinvest all income into the healthy development of the company.

The local authorities are perceived as having a positive attitude towards organic production at EthnoProduct. They appreciate the sustainable efforts that the company is engaged in and maintain a good relationship. Subsidies are available for organic certification within the Chernihiv region, however the company has yet to receive any, despite efforts from local authorities, due to lack of funding. EthnoProduct encourages other organic farmers to communicate effectively and respectfully with authorities, and to not be afraid to stand up for their rights as business owners.

The way ahead

Looking towards the future the company has plans to build a new grain elevator in order to modernize and increase efficiency in production. EthnoProduct will continue to capitalize on the health and sustainable benefits of organic produce, along with the increase in consumer demand.