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Modern tendencies of internal consumer market development in Ukraine

Modern tendencies of internal consumer market development in Ukraine are defined taking into account the financial and economic crisis (2008-2009), unstable social and political situation in the country (2013-2014), swift national currency devaluation and strong dependence on imports. The retail turnover volume indices of Ukrainian enterprises and the dynamics of retail turnover are analyzed, in particular for food and non-food items. The ways to promote activation of internal consumer market development in Ukraine are suggested.

Keywords: *internal consumer market, non-food items, food items, goods turnover, financial and economic crisis.*

Problem statement. Research of laws, tendencies and controversies of consumer market development in Ukraine is the task of utmost importance for modern economic policy. It is stipulated by the fact that the market is the platform of intertwined key interests of population and producers of final goods. By its designation it performs multifaceted functions of the residents' life support; it is the mechanism of reverse stimulating influence on the whole complex of economic branches, and their advanced development is the precondition of economic growth paces' acceleration. However, disproportions and structural deformations of the mechanism of consumer market functioning lead to the reduction of national economy's competitive ability and cause the deceleration of economic development and deterioration of population welfare.

Nowadays the internal consumer market functions under significant impact of globalization processes. Its consequences became especially visible in global financial and economic crisis. In several countries, the reduction of consumer expenditures has caused the significant reduction of consumer goods' production and consumption volumes and the fall of export-import operations volumes, leading to slower paces of national economy growth.

Analysis of recent research. The range of domestic scientists examined the peculiarities of internal consumer market development in Ukraine: O. M. Azaryan, V. H. Andriychuk, V. V. Apopiy, V. D. Lahutin, L. O. Lihonenko, A. A. Mazaraki, T. M. Popovych, O. V. Pustovoit, H. M. Rustamova, O. O. Shkolyarenko, Yu. M. Umantsiv, etc.

The paper purpose is to analyze modern tendencies of internal consumer market development and to substantiate the recommendations directed at activation of the process on this basis.

Major research findings. Specific economic relations function in the sphere of internal trade. On their basis, the special market form of relations between production and consumption is established and goods sales are maintained. Usually a goods sale on the market is the logical conclusion of goods production process. Therefore, the problem of selling produced goods comes to the fore in conditions of developed production [1, p. 18].

The problems of improvement of consumer market functioning efficiency gain special scientific, theoretical and practical importance in Ukraine. Almost 87 % of cash income in the country is realized at this market. Its role in GDP forming (almost 65 %), in increase of domestic production volumes and in improvement of investment activity increases as well. Meanwhile, inconsistency of the level of domestic consumer market with global standards negatively affects the social and economic motivation of residents, fails to completely meet the residents' needs for consumer goods and services, causes macroeconomic instability and strengthens social tension in society.

In 2005–2017, the dynamics of retail turnover in Ukraine was characterized by rather unstable development tendencies related to the range of objective factors. This is particularly true with regard to global financial and economic crisis (2008-2009), unstable social and political situation in the country (2013-2014), swift national currency devaluation and strong economy dependence on imports, etc (Fig. 1).

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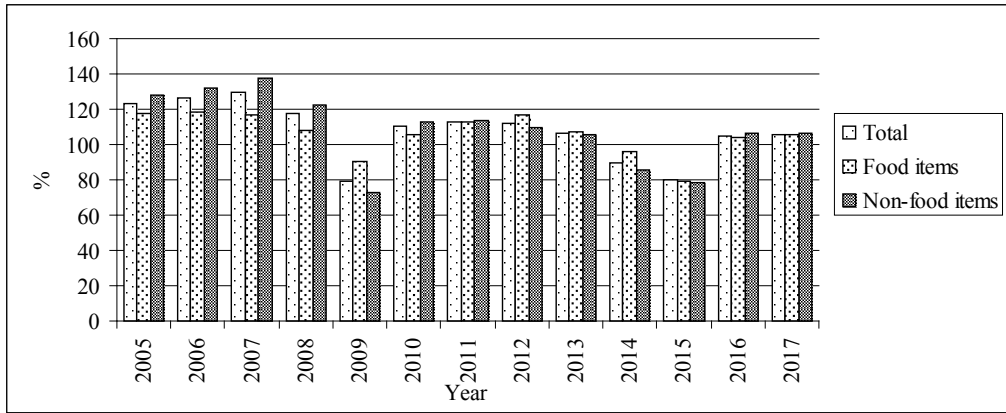


Fig. 1. Retail turnover volume indices of Ukrainian enterprises (in percents to previous year; in comparable prices)

Developed based on the reference [2].

At the same time, it is worth mentioning that retail turnover volume indices in Ukraine should be examined also through the prism of inflation processes in order to evaluate real dynamics of trade turnover. Let us look at retail turnover of Ukraine through the analysis of consumer price indices (Fig. 2).

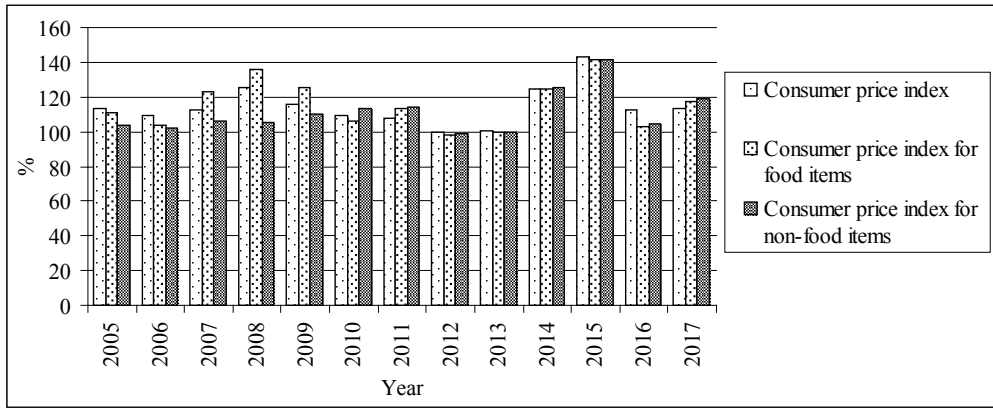


Fig. 2. Dynamics of consumer price indices in Ukraine in 2005-2017

Developed based on the reference [3].

In 2005–2017 the paces of inflation were characterized by the following dynamics: in 2005 – 13,5%, in 2006 – 9,1%, in 2007 – 12,8% in 2008 – 25,2%, in 2009 – 15,9%, in 2010 – 9,4%, in 2011 – 8%, in 2012 – 0,6%, in 2013 – 0,5%, in 2014 – 24,9%, in 2015 – 43,3%, in 2016 – 12,4% and 2017 – 13,7%. Therefore, we can affirm that real goods turnover in Ukraine in the post-crisis period in fact grew only in 2012–2013. Moreover, it is worth mentioning that consumer price indices for the groups of food and non-food items were almost the same, except for 2007-2009. In this period, non-food items slightly grew in price (by 13% in average) compared to the food ones (by 7% in average). However, in 2005-2006 and 2010-2017 the tendency was the opposite – the prices for food items grew faster than for non-food ones or were almost the same.

After the 2008-2009 economic crisis, the tendency of reduction of domestic consumer goods sales volumes was suspended under the influence of global economic crisis. In particular, in 2010 the share of domestic consumer goods in the enterprises' trade network grew from 63,1% to 67,4%, and in 2017 it reached 80%, mainly due to non-food items. The growth of price competitive ability of domestic consumer goods was the major factor that contributed to growth of demand for them both after 2009 and in 2014, which became possible due to hryvnya devaluation and relevant growth of prices for imported goods.

Such economic tendency is possibly the only positive result of the impact of global economic crisis on the development of national economy. Special attention should be paid to it as far as growth of domestic consumer goods' sales volumes is one of the major foundations of transferring the economy of Ukraine to the new source of economic growth – increase of natural resources' exploitation efficiency in the process of goods production.

The tendencies of households' demand changes at domestic market of consumer goods show that consumers' demand is the major condition of business activity stimulation at domestic market of consumer goods. The retail turnover rate shows its volumes. Households' income did not decrease in Ukraine. This means that the dynamics of demand at consumer goods market is defined by non-price factors, which change the structure of households' expenditures. The following of them are examined in the first place: consumers' expectations about the changes of income in future, their debts for purchases made in the previous periods, changes of tax volumes, etc. [4, p. 184]

Instead, the tendencies of supply change at internal market of domestic consumer goods show that the ability to gain profit is the major condition of entrepreneurship activity stimulation at domestic consumer goods market. Profit growth usually takes place due to two events on the market: price growth for domestic consumer goods or reduction of domestic producers' expenditures on production of a product unit. In both cases, the producers have increasing incentives to expand production and improve its supply at internal market.

Therefore, in order to analyze the internal consumer goods market in Ukraine we should analyze it in terms of retail trade. The approach will contribute to clearer defining of major factors and specific tendencies of internal market development in Ukraine under current conditions.

In the first place it is important to emphasize that the relations between producers-suppliers and large trade enterprises is an urgent institutional problem of retail trade in Ukraine. Large trade networks gain an increasing market power and put increasingly strict requirements of symmetric nature to their partners – producers and suppliers.

Prices, remuneration terms, positioning of an item and products range are the major areas of common interests of retail enterprises and suppliers. Retail trade networks quite often require deferring payments in order to use the received resources for development. Furthermore, there are often the problems of unsold goods' return to suppliers and exchange of defective products [5, p. 152].

The volume of retail goods turnover is the parameter that shows the readiness of population to buy certain types of goods and services and consequently forms the internal market of consumer goods. The recent years are characterized by clear tendency towards the growth of goods turnover in general and food and non-food items in particular. The goods turnover reduction took place only in 2009 – down to 230,96 billion hrn. It is related in the first place to the impact of global financial and economic crisis (Fig. 3).

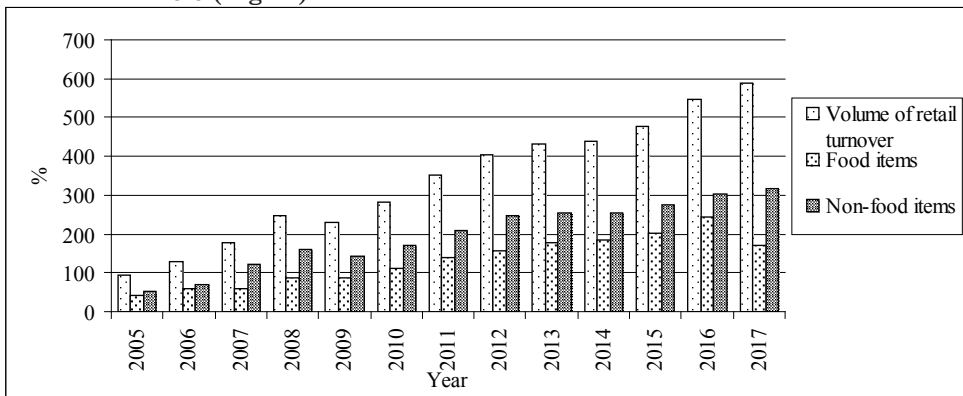


Fig. 3. Dynamics of retail turnover in Ukraine in 2005-2017

Developed based on the reference [6].

The relevant decrease took place mainly due to reduction of non-food items' turnover, which have more elastic demand compared to the non-food ones, and reduction of the paces of food items turnover growth. The fall of this parameter can't testify to the swift change of consumer goods internal market. The major role in the process is played by reduction of households' purchasing power.

At the same time, the process can be seen as the consequence of problems that have emerged in financial sector, therefore the crisis phenomena have increased in the economy in general.

The relevant processes are caused by significant reduction of the volumes of business lending, which is the negative factor in the development of consumer goods internal market.

Conclusions. Economic and political transformations that have recently affected Ukraine, have led to a certain fall in business activity, causing the hryvnya devaluation with regard to main world currencies. In consequence, production of domestic enterprises has gained price advantages over the foreign analogues, and devaluation reserve has created new powerful incentives to increase the volumes of production at domestic and external markets. It gave Ukraine a chance to change the structure of goods production towards the finished products with high value added. In order to use the chance it is important to not only promote business activity, but also to achieve high paces of its improvement in the first place at internal markets of domestic consumer goods, which in its turn form the derivative demand for capital goods. Furthermore, domestic market should be seen as the «platform» for economic expansion towards the market of consumer and capital goods and services of other countries.

Accomplishment of such a large-scale task stipulates that goods sector of Ukrainian economy will grow in the medium-term perspective mainly due to the largest internal markets of domestic technology-intensive final production. Its priorities should be clearly defined in state programs directed at production of consumer goods, which form the competitive advantages of Ukraine, in particular organic agricultural commodities, food products, etc, and at production of capital goods: passenger and transport planes, city buses, trams, trolleybuses, machinery and equipment, electronics, software, etc. Moreover, these programs have to create a powerful motivation mechanism of expansion of the abovementioned types of economic activity. It is possible to prolong the period necessary for changes of goods production structure towards the domestic consumer and capital goods through improvement of the level of their non-price advantages. This direction of state policy is related to stimulation of high quality and safe production. It is important due to the fact that the expansion of domestic consumer and capital goods to the external markets is possible only under one condition — high quality of production and reliable safety of its consumption. Moreover, through increased requirements to domestic production a state will not only create additional incentives to improve its qualitative characteristics, but will also make it impossible to import the low-quality cheap goods to the domestic market, which hamper the growth of business activity. Selection of this route requires acknowledgment of the priority of technical regulation policy and strengthening of the food products safety. Nowadays the policy directions do not correspond to these requirements, despite certain attention of authorities to them.

However, these measures are only some elements, which should be the basis for creating of conceptual foundations of Ukrainian economic policy.

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Попадинець Н. М. Сучасні тенденції розвитку внутрішнього споживчого ринку України.

На сучасному етапі розвитку суспільства внутрішній споживчий ринок став одним з перших індикаторів багатьох трансформаційних процесів, що відбуваються в державі, регіоні, місті чи селі. Проблеми розвитку споживчого ринку набувають особливого значення, оскільки він є невід'ємною частиною відтворювальної системи країни, забезпечує взаємозв'язок виробництва і споживання, реалізацію товарів і послуг споживання і істотно впливає на якість і рівень життя населення. Цей процес потребує логічної послідовності дій, що роблять з урахуванням діючих напрямів і критеріїв розвитку споживчого ринку, постійного обміну інформацією, зіставлення отриманих на певних етапах результатів з бажаними. Усе це дозволить якісно і своєчасно коригувати напрями його розвитку. Споживчий ринок складається з таких основних сегментів, як ринок продовольчих товарів і непродовольчих товарів. Взаємодіючи один з одним, вони забезпечують потреби населення і створюють можливості для успішного функціонування економіки. Реформування його сегментів і поява конкуренції привели до розвитку нових форм і методів торгівлі, громадського харчування та побутового обслуговування і змінили усталені в цій сфері принципи і методи управління підприємствами. Цей сектор економіки держави стрімко розвивається разом зі збільшенням притоку в нього внутрішніх і зовнішніх інвестицій. Метою статті є аналіз сучасних тенденцій розвитку внутрішнього споживчого ринку та обґрунтування на цій основі пропозицій, спрямованих на активізацію цього процесу. Визначено сучасні тенденції розвитку внутрішнього споживчого ринку України з урахуванням фінансово-економічної кризи (2008-2009 рр.), нестабільності суспільно-політичної ситуації в країні (2013-2014 рр.), стрімкої девальвації національної валюти та високої імпортозалежності. Проаналізовано індекси фізичного обсягу товарної структури роздрібного товарообороту підприємств в Україні та динаміку роздрібного товарообороту, зокрема продовольчих і непродовольчих товарів. З'ясовано, що метою функціонування споживчого ринку є задоволення потреб різних соціальних верств населення необхідними товарами споживання відповідно до їх купівельної спроможності. Запропоновано заходи щодо підвищення активізації розвитку внутрішнього споживчого ринку України.

Ключові слова: внутрішній споживчий ринок, непродовольчі товари, продовольчі товари, товарообіг, фінансово-економічна криза.

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