

Priority directions and innovative models of consumer market development under the conditions of the new industrialization (on the example of the Orel region)

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Abstract— The article discusses the priority directions to develop consumer goods markets (on the example of the Orel region), including their transformation under the conditions of the new industrialization. The need for structural transformations in the development of the Russian economy, including consumer markets, is associated with the formation of a new economic structure - new industrialization. The authors analyze the dynamics for the main macroeconomic indicators of the Russian regions in order to assess their factor influence on the consumer market of goods and services. The article gives the estimation to the modern development of the consumer market in the region, taking into account the current economic condition of the Russian Federation and the current trends of its formation. The result of the study was the author's view concerning the definition of the current economic situation within the consumer market. After analyzing the production and consumer potential in the consumer sector, the authors propose innovative priority prospects for the development of the consumer market under the conditions of the new industrialization to determine the strategic priorities of social-economic regional development.

Keywords — consumer market, consumer potential, production potential, market conditions, consumer market capacity, efficiency, need, new industrialization

I. INTRODUCTION

The development of globalization processes in the modern world causes more and more severe challenges to national economies. New industrialization is a process of accelerated social-economic transition from the traditional

stage of development to the industrial one, with the predominance of industrial production in the economy [5].

The creation of an innovative economy under the conditions of the new industrialization with powerful internal sources of development will improve the competitiveness of the Russian economy under the conditions of the new industrialization rapid development for the rest of the world. It is possible to solve such social-economic problems as the low standard of living, low life expectancy, the dependence of the country's economy on the world situation with prices for raw materials, the progressive simplification of production, increasing environmental stress within the development of an innovative economy. In this regard, we cannot ignore the sharply increasing importance of the consumer market as a major element of regional economic development.

The regional consumer market is considered to be a local dynamic system of economic relations and cause-effect relations providing the possible maximum in these social-economic conditions to meet the solvent demand of the population based on a balance between consumers and producers' interests that are part of the consumer complex. The consumer market is the most important subsystem of social and economic relations in society. In the consumer market a balance is achieved between production and consumption, demand and product supply and satisfaction based on the material, spiritual and social needs of the population [1].

The concept of the consumer market has the following interpretation in the modern social-economic dictionary: "The consumer market is a market in which individuals and households purchase goods and services for personal consumption. At the same time, consumer goods and services are defined as goods and services intended for final consumption by the population, for personal, home, family use" [11].

II. LITERATURE REVIEW

Nowadays there are many ways in the domestic and foreign literature to interpret the concept "the consumer market" which reflect various aspects of this category. So, the works of such scientists as V. N. Arkhangelsky, I. K. Belyaevsky, M. I. Berkowitz, T. S. Bronnikov, V. I. Butov, N. Volgin, A. L. Gaponenko, O. V., Golovkova, G. G., Gospodarchuk, G. V. Gutman, O. B. Digiline, Yu. A. Dmitriev, V. G. Ignatov, N. P. Ketova, V. V. Kistanov, L. K., and others are devoted to the study about the functioning problems of the regional consumer market. Management problems of the regional consumer market are also analyzed in the works of foreign scientists and among them we should mention R. Ackoff, R., Water, D. Galbraith, E. Dollani, F. Kotler, D. Trasona, V. Leontiev, N. Makra, R. McConnell, M. Meskon, D. Ross, A. Hoskins, F. Scherer, L. Yakobson and others.

It should be noted that some authors consider the market to be a sphere of commodity circulation; other authors understand the consumer market as a set of business operations and conditions that determine the production and sale of consumer goods; other ones consider it to be a set of commodity-money relations that express economic relations between production and consumption.

I. K. Belyaevsky in his works says that the consumer market includes the market of food products, the market of non-food purpose and the market of mass food [2].

F. Cotler notes that the consumer market is individuals and households who purchase goods and services for personal consumption paying special attention to the buyer [4].

According to M. A. Nikolaeva, the consumer market is a set of economic entities, manufacturers, performers, producing and/or selling consumer goods, as well as individual consumers who purchase these goods for personal use [8].

Issues of new industrialization were considered by the following authors: S. Rumyantsev, A. Zhironkin, A. Neshitoy, S. Gubanov, L. Orlenko, V. Ryazanov, A. Tatarkin [5].

In the course of industrialization, the consumer market also undergoes some changes, new commodity producers are being formed, in this regard, it is necessary to study the consumer market on a regular basis, summarize existing experience and develop suggestions to identify priority areas and innovative models for its development.

III. METHODOLOGY

The research is based on the application of general scientific methods: system analysis, integrated approach and program-target planning. The system analysis will allow to establish a sequence of actions for determining structural links between consumers and producers in the consumer market. In addition, we will rely on a set of general scientific, experimental, natural science, statistical, mathematical methods of analysis in order to study economic relations and cause-and-effect relationships that provide the maximum possible level under the social-economic conditions to meet the effective demand of the population.

The practical significance, the suggestions and the implementations results, the results of experimental studies

Intensive and qualitative development of the consumer market provides under the conditions of the new industrialization [9]:

- a significant contribution to the economic development of the country, region, city and also serves as a significant source of tax revenues to the budgets at all levels;
- additional jobs and improves the well-being of the region's population;
- meeting the growing needs of the population and other market participants in material goods and services in accordance with their consumer preferences and income level;
- interaction of sellers and buyers through purchase and sale transactions, balancing the interests of buyers and sellers on the basis of market relations;
- prices regulation at the market;
- participation of regions in trade and economic relations;
- favorable conditions for the local producers' work.

In addition, the development of the consumer market in the region contributes to the strengthening of other sectors in the regional economy, such as banking, insurance, etc.

The purpose of the new industrialization is the transition to new forms of organization and development of the economy, new technologies based on the widespread use of nanotechnology. In connection with the scientific and technical progress, there is a transition from lower to more progressive ways. After analyzing the sphere of trade in the Orel region, we found out that it is characterized by stability, flexibility to financial and economic risks, high entrepreneurial and investment activity, positive dynamics of development, high level of competition. The consumer market is developing rapidly and the shopping facilities of modern formats open (hypermarkets, supermarkets, shopping centers, multi-functional commercial complexes), the level of product saturation in the consumer market of goods and services is consistently high. It should be noted that the intensive development of the consumer market of the Orel region contributes to the increase in employment. So, about 43 thousand people are involved in this area. A multi-format

network of trade objects has been created in the region (table 1).

TABLE I- MULTI-FORMAT NETWORK OF TRADE OBJECTS IN THE OREL REGION [6], [7].

The object of the trade	The number of units.
1. Objects of stationary trade, specializing in the sale of food products	993
2. Objects of stationary trade, specializing in the sale of non-food products	2,469
3. Commercial objects with mixed assortment	1,265
4. Shopping malls and trading centers	107
5. Objects of non-stationary trade network (stalls and booths)	992
6. Auto shops to serve the inhabitants in the remote and outback places	580

According to preliminary data of the Federal state statistics service for the Orel region, the turnover of wholesale trade for all organizations in 2017 amounted to 178,0 billion rubles, or in comparable prices of 107,1% to the level of 2016. The share of small businesses accounted for 57,5% of wholesale trade turnover. The turnover of retail trade in all types of economic activities for 2017 amounted to 121,8 billion rubles, which is 102,9 % in actual prices to the level of 2016, 99.2 % in comparable prices (in 2016 this figure was 95,3 %). The share of turnover in 2017 in the macrostructure of retail trade for food products, including beverages and tobacco products, amounted to 43,7 % or 53.2 billion rubles. Compared to 2016, the sale of food products for 2017 in comparable prices decreased by 3,4 %, for non-food products it was 56,3% or 68,6 billion rubles. Compared to 2016 with the sale of food products for 2017 in comparable prices, the sale of non-food products increased by 1,4 %. The distribution of retail trade turnover (by 94,8 % in 2017, by 93,7 % in 2016) was formed by trading organizations and individual entrepreneurs operating outside markets and fairs, the share of retail markets and fairs amounted to 5,2 % (6,3 % in 2016). The turnover share of retail chains forming retail trade turnover in the Orel region at the end of last year reached 29,8 % (in 2011 it was 25 %) or it ranked the 9th among the regions of the Central Federal district for this indicator. The turnover share of retail chains forming retail trade turnover of food products in the Orel region at the end of 2016 reached 48,6 % (in 2011 it was 38 %) or it ranked the 4th place among the regions of the Central Federal district. Commercial objects of Federal retail chains carry out their activities on the territory of the region. They are Magnit and Magnit Cosmetics by JSC Tander; Pyaterochka by LLC Agrotorg and Perekrestok by JSC Trading house "Perekrestok" included in the group of companies X5 Retail Group; Liniya by JSC corporation GRINN; Evropa by LLC Evropa; Lenta by the company Lenta; Metro Cash and Carry; Dixie by JSC Dixie South; Fix Price by LLC Best Price; Dmitrogorsky product by LLC Dalnie Gorki; shop Crystal by LLC Griada-Tula; L'Etoile by LLC Alcor and Co; Svyaznoy by CJSC Svyaznoy logistics; Euroset by LLC Euroset-Retail; communication

salons MegaFon by Central Branch of JSC MegaFon Retail, MTS by CJSC RTK, Beeline by JSC Vypel-Communications; supermarkets of digital equipment DNS by LLC DNS-Kursk, etc. [6], [10].

Based on the analysis, we can note the huge role of the consumer market in the Orel region: it provides the relationship of production and consumption, the balance of supply and demand, and it is a key element for the development of the Orel region.

Taking into account the dynamics of the main economic activities, GRP (Gross Regional Product) in 2017 will amount to 228,1 billion rubles, or 4,9% to the level of 2016 in current prices. Significant changes in the structure of GRP by economic activity are not expected. The average annual growth rate of GRP for the period of 2018-2020 is projected at 2,4%. The GRP growth rate in 2020 in relation to 2016 in current prices will be 28% [8].

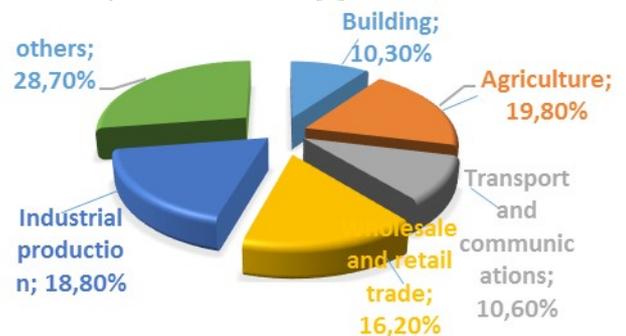


Fig. 1 – The structure of Gross regional product in Orel region in 2017 [10]

Figure 1 shows that the structure of Gross regional product (GRP) shows the contribution of individual economic activities to the total regional product. A significant share in the structure of GRP is industrial production (18,8 %) and agricultural production in farms (19,8 %), the share of wholesale and retail trade accounts for 16,2% of the total GRP volume, transport and communications have 10,3 %, the share of building was 10,6 %.

The consumer market of the region is the main part in the structure of the market economy, under the conditions of the new industrialization, where a part of GNP in the form of goods and services is bought and purchased by the population for personal use. Based on the peculiarities of the consumer market, the regions develop and implement social and economic policy. In addition, it is the condition of the consumer market that can be judged by the level of economic development and the state of the population.

A number of factors influence the development and state of the consumer market in the regions. They are:

- demographic factors: the population of the region, the age structure of the population, the proportion of urban and rural population;
- social factors: social structure, culture, professional composition;
- economic factors: the development level of goods production, the level of retail prices;

- social-economic factors: level of monetary income, monetary savings, unemployment rate, price level, standard of living, the ratio of commodity and non-commodity consumption, etc.;

- political factors;
- economic-geographical factors;
- legal factors.

Analyzing the impact of various factors on the development of the consumer market under the conditions of the new industrialization we found out that at present, in connection with the transforming economy, striving for new innovative areas of development, it is necessary to pay attention to a new innovative factor. The consumer market must take into account all the changes occurring in the economy, changes in consumer tastes, preferences, etc. It has been revealed that retail trade turnover in the Orel region decreased in the food segment. In connection with this situation, retail chains, which have developed most of all, are discounters that sell goods at a price close to wholesale, with the highest rates available in Federal networks, whose symbolism and format are known throughout the country. In the retail segment of non-food products there is a gradual transition to the Internet. In 2018, in the Orel region there was an increase among the Russian population in the number of orders through foreign online stores, especially through Chinese and Korean ones [3],[12].

IV. CONCLUSION

Thus, we offer the following models for innovative development of the consumer market under the conditions of the new industrialization:

1. Improvement of multi-format trade infrastructure. These stores of various formats have different control functions, range, and control policy data scope. The number of formats there are in the network correlates with the number of options for assortment management. Therefore, there are many assortments in the system intended for IFS (they can be nested, for example, everything that is sold in discounters can be sold in supermarkets; they can be not related, for example, a dairy and wine store or intersecting ones).

2. The ability to create an online version of stores for selling products online. The world wide web is attractive for the retail market in Russia by unformed legislation in terms of taxation, the absence of the need to purchase and lease real estate, reducing the cost of human resources, which allows "virtual" stores to reduce the price of the product itself. In addition, the creation of online stores requires the modernization of the employment system.

3. Stimulating the development of agricultural markets and cooperative societies that produce their own products.

4. Further development and consolidation of foreign economic activity in the Orel region which will allow local producers to enter the world markets.

V. DISCUSSION OF THE RESEARCH RESULTS.

The implementation of these proposals for innovative development of the consumer market in the Orel region under the conditions of the new industrialization will contribute to the coordinated interaction of all market participants and it will form the strategic priorities for social-economic development of the region.

Further research requires in-depth study and discussion of the following issues associated with the problems raised in the article related to the development of theoretically justified measures to stimulate the development of regional consumer markets.

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