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# THE FEATURES OF FORMATION OF THE CONCEPT OF MARKETING IN THE NON-INDUSTRIAL SPHERE

#### ZAKHARCHENKO Vitaliy I.,

Doctor of Economics, Professor.

Odessa National Polytechnic University, Ukraine *E-mail:* kafedra@mzeid.in

#### **METIL Tatiana K.,**

Candidate of Economic Sciences, Associate Professor Izmail State University for the Humanities, Ukraine *E-mail: tatanametil@gmail.com* 

Annotation. The article discusses the features of the formation of the concept of marketing in the non-industrial sphere. The functions of the non-industrial sphere, the main directions of development of marketing in the state, the models of resource allocation, which play an important role in improving the quality of life of the populationare determined.

Key words: marketing, management, regulation, social, region, state, population, structure.

JEL classification: M31 UDC: 339.138(477)

#### Introduction

Non-industrial sphere lags behind the industrial in the practical use of marketing. Therefore, the construction of a marketing concept in this area and the development of a methodology for its practical application in the region require sufficient scientific justification, which is emphasized by the relevance of the research topic.

Non-industrial sphere allows satisfying non-productive needs for housing, education and health services, professional recognition and political partialities. The satisfaction of these needs is influenced by stategovernment bodies and management, as well as political institutions. At the same time, the desire to studying, forecast and satisfaction of the above needs from government structures, as analysis shows, avoids management crises and extreme social situations in the region. The concept of marketing, which arose during the mass production of consumer goods and services, is only beginning to become widespread in the non-industrial sphere; recently, marketing ideas have also been tried to be used in government bodies of management[1, p. 124]. This is primarily due to profound changes in understanding the essence of the modern state and its functions.

The traditional approach to the state as an instrument of coercion and administrative management is replaced by a new paradigm that sees in the activities of power institutions a system of organization focused on satisfying the current and potential needs of consumers, as well as the transfer of many powers to local self-government.

#### Statement of the task

In these conditions, it is necessary to concentrate the efforts of the state (region; oblast, city, district) on the selection of several most feasible, priority areas that require relatively small investments, but which have a significant effect for economic recovery. Such priority areas, in the opinion of the author, can be personnel and political marketing, marketing in the housing market, marketing in the education and healthcare services markets.

## **Analysis of publications**

A number of scientists, both foreign and domestic, considered issues of the features of the formation of marketing concepts, among which it should be noted: F. Kotler [1], V.Yu. Svyatnenko [2], V.I. Zakharchenko [3], G.A. Morozov [4] and others. However, very little attention was paid to the formation of the concept of marketing in the non-industrial sphere, and today these are the main

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directions of activity of both state bodies and business structures in the formation of the concept of marketing.

# The purpose of the article

Consider the features of the formation of the concept of marketing in the non-industrial sphere.

#### Results

The need for the use of marketing in the non-industrial sphere, which is regulated by state and local bodies and management, is associated with the following reasons:

- increased dissatisfaction of citizens with the quality of work of state institutions, incapable of fulfilling their direct responsibilities to serve the needs of the population;
- decrease in financing of state programs and services due to a constant budget deficit;
- differentiation of demand in the market of services and goods;
- changes in the social structure of society and the emergence of new social groups and strata having their own specific interests and needs;
- traditional bureaucracy of the power apparatus, which often sets its corporate goals above the interests of society and individual citizens [2, p. 28].

The use of marketing in state and local government, firstly, improves the efficiency of state programs and services, secondly, creates a scientific basis for determining management strategies and tactics in accordance with the needs of the population, thirdly, optimizes the entire management cycle from determining goals and objectives of political leaders, before evaluating the implementation of their election programs, from the point of view of consumer-citizens of the society, fourthly, provides massive support to power structures, increased confidence in their policy and the active participation of the population in government programs, fifthly, public servants are forming a stereotype of thinking that focuses on the needs of citizens.

A necessary condition for the successful development of the state is the high efficiency of its management system. Since complex problems can arise in various fields of management at the same time, their solution is possible only by managers of a new type who have systematic thinking, the ability to multi-aspect, multi-level and targeted analysis of emerging problems. This is especially true in the context of the formation of a new state management system in Ukraine and local self-government of territorial communities [3, p. 112]. Based on the experience of the civil service of civilized countries, the experience of government structures in Ukraine, the forecast of practitioners. Specialists performing the functions of state (regional) management should solve the following tasks:

- 1. Development of a state strategy and tactics for the application of political, economic and socio-psychological methods of managing macroeconomics and microeconomics at the regional and local levels.
- 2. The implementation of the financial and economic analysis of the functioning of the region, region and society.
- 3. Forecasting the financial, economic and socio-political development of the region and society.
- 4. Development of a program of effective tax policy, methods of formation and use of budgets.
- 5. Development of a regional management program.
- 6. Organization and conduct of sociological research in the region, identification of the conditions for the psychological adaptation of the population to the specific results of political and economic reforms in the region.
- 7. Diagnostics of the regional economic system.
- 8. The study of the influence of market infrastructure elements on the development of the region, its management system.
- 9. Analysis and improvement of information support for the system of management of the region and society.
- 10. Regulation of socio-economic proportions of development of various industries in the region.
- 11. Identification of key environmental problems and the formation of approaches to the development of organizational, technical, administrative, legal and economic solutions.
- 12. Legal support of state and local government.

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- 13. The study and assessment of the socio-demographic situation in the region.
- 14. A study of the problems of social tension in the region.
- 15. 15. Analysis of the conformity of management structures to management objects.
- 16. Identification of housing, education and health care needs.
- 17. Development of recommendations on the structure and forms of activity of local authorities, optimization of horizontal and vertical relations on the interaction of legislative (representative) and executive structures.
- 18. Building a management model and choosing adequate management methods in accordance with real conditions and dependencies.
- 19. Development of management methods in extreme and crisis situations.
- 20. Marketing in the activities of government.
- 21. Development of a forecast for the release of employees of enterprises and organizations as a result of structural changes in the economy of the region.
- 22. Analysis of the structure of workers released and required by enterprises and organizations, taking into account new production opportunities.
- 23. Scientific analysis of human resources at enterprises and organizations, development of recommendations for training, retraining, advanced training.
- 24. The determination of the cost of training, retraining, advanced training of workers and specialists registered in the employment center.
- 25. Consulting leaders of different ranks of the regional and local government system.
- 26. Organization and technology of foreign economic operations [4, p. 36].

In most cases, state and local structures are employed specialists who are poorly knowledgeable in the field of state administration and law, political science, sociology, marketing and management, psychology and computer science.

In the context of the formation of new state and local government structures, the creation of market infrastructure, there is a need for specialists of a new type who are able to competently perform tasks related to ensuring the functioning of state institutions, and the implementation of control and regulatory functions of the state.

In foreign countries, they have achieved tremendous socio-economic progress thanks exclusively to management, because it is management that is able to use the ever-deepening division of labor, to unite workers of different specialties "to bring them to achieve common goals."

Currently, there is an increased interest in the results of the work of management specialists, which led to an unprecedented increase in their number and share in the total workforce.

At present, the necessary prerequisites and favorable opportunities for introducing the concept of marketing into the public administration system are emerging. This means the formation of a new direction in theory and practice - state marketing. Its scope includes the field of non-production needs, where, on the one hand, there are national and regional government bodies, committees and departments, local authorities, and on the other hand, consumers of these services - citizens, trade unions, political and public organizations, financial, industrial associations business structures.

Since marketing are arose to serve the production sector and business structures, therefore, when using marketing in the state regional administration, it is necessary to take into account the features of this sphere, which primarily affects personnel policies, political institutions and processes, and the satisfaction of housing needs, education and health services in region [5, p. 48].

Consider the data related to the non-production sector in Ukraine for 2018. Consumer Price Index (CPI) in December 2018 compared to November, it was 100.8%, for 2018 overall - 109.8% [6].

In the consumer market, food and non-alcohol prices rose by 1.8% in December. Vegetables increased the most (by 16.5%). Prices for milk and dairy products, pasta, butter, bread increased by 3.2-1.6%. At the same time, rice, eggs, sugar, fruit, pork went down by 1.4–0.5%.

Prices for alcoholic drinks and tobacco are increased by 1.0%, which is associated with a 1.7% rise in prices of tobacco products.

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The prices (tariffs) for housing, water, electricity, gas and other types of fuel increased by 0.7%, mainly due to the increase of liquefied gas prices by 3.2%, tariffs for hot water, heating – by 2.1%, sewage – by 0.8%, water supply, maintenance of houses and residential areas – by 0.6%.

The decrease in transport prices by 1.6% was mainly caused by a decrease in fuel and lubricants by 6.0%. At the same time, the price of road passenger transport increased by 2.5%.

Food and non-alcoholic drinks went up by 7.8%. The prices of vegetables and bread increased the most (by 27.8% and 21.5%). Pasta, dairy, fish and fish products, butter, meat and meat products became more expensive by 14.7-9.2%; 5.6-2.4% – non-alcoholic drinks, lard, rice, sunflower oil. At the same time, buckwheat fell by 24.7%; by 17.0–9.3% – fruits, eggs, sugar.

Alcoholic drinks and to bacco increased by 17.9%, incl. to bacco products - by 24.5%, alcoholic drinks -10.1%.

Prices (tariffs) for housing, water, electricity, gas and other fuels increased by 10.6%, which is due to the increase of tariffs for the maintenance of houses and residential areas – by 23.7%, natural gas -by 22.9%, sewage by 21.2%, water supply by 19.9%.

Health care prices increased by 8.9% at the expense of hospital services prices by 18.5% and outpatient clinics by 13.1%.

Prices in the transport sector are increased by 12.9%, mainly due to the rise in prices of transport services by 28.9%, as well as fuel and lubricants – by 9.1%.

The 15.1% increase in telecom prices is due to a 1.8 times increase in postal services, 22.7% and 21.7% respectively to mobile and local telephony. Consider now the Consumer Price Indices in 2018, which are shown in Table 1.

Table 1. Consumer price indices in 2018

(percent)

					(percent)
		December 2018 to			
	September	October	November	December	December 2017
Consumer Price Index	101,9	101,7	101,4	100,8	109,8
Food and non-alcoholic drinks	101,6	101,4	101,3	101,8	107,8
Food	101,7	101,5	101,4	101,9	108,1
Bread and bread products	102,5	102,0	102,1	101,2	114,1
Bread	103,3	102,7	103,3	101,6	121,5
Pasta	102,4	101,7	101,4	102,0	114,7
Meat and meat products	102,8	100,8	100,1	100,2	109,4
Fish and fish products	100,8	101,1	101,3	100,3	111,2
Milk, cheese and eggs	103,8	102,6	102,5	101,8	105,8
Milk	102,7	103,6	104,5	103,2	109,2
Eggs	114,1	102,7	99,5	98,9	90,5
Oil and fats	101,3	101,8	101,8	101,0	105,5
Butter	101,4	101,4	102,7	101,9	110,0
Sunflower oil	100,3	100,6	100,3	100,1	102,4
Fruits	97,1	95,4	95,5	99,4	83,0
Vegetables	98,5	108,8	109,1	116,5	127,8
Sugar	99,8	97,7	98,3	99,0	90,7
Non-alcoholic drinks	100,5	100,5	100,5	100,4	105,6
Alcoholic drinks, tobacco	100,8	102,3	101,1	101,0	117,9
Clothes and shoes	108,6	102,6	99,4	97,5	102,0
Housing, water, electricity, gas and other fuels	100,2	100,6	106,1	100,7	110,6
Maintenance and repair of housing	101,2	101,1	100,7	100,2	110,7
Water supply	101,1	104,8	102,1	100,6	119,9
Sewerage	100,9	105,2	102,5	100,8	121,2
Maintenance of houses and adjoining areas	100,0	101,4	101,0	100,6	123,7
Electricity	100,0	100,0	100,0	100,0	100,0
Naturalgas	100,0	100,0	122,9	100,0	122,9
Hotwater heating	100,1	100,3	102,3	102,1	105,2

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Household appliances, appliances and current housing maintenance	100,6	100,7	100,6	100,0	106,8
Healthcare	101,3	100,9	100,9	100,8	108,9
Pharmaceuticals, medical supplies and equipment	101,0	100,9	100,7	100,7	107,4
Outpatient services	101,4	101,2	101,4	100,7	113,1
Transport	102,8	103,1	100,5	98,4	112,9
Fuel and lubricants	105,4	106,0	98,7	94,0	109,1
Transport services	100,9	102,4	103,1	102,3	128,9
Rail passenger transport	96,3	101,9	100,0	100,1	115,9
Road passenger transport	101,2	102,5	103,5	102,5	130,3
Communication	102,1	103,3	101,7	101,1	115,1
Rest and culture	100,6	100,8	100,3	99,8	104,4
Education	110,0	100,1	100,1	100,1	113,4
Preschool and elementary education	98,9	100,1	100,2	100,2	115,0
Secondary education	116,0	100,2	100,0	100,3	117,9
Higher Education	112,6	100,0	100,0	100,0	112,8
Restaurants and hotels	100,5	102,3	101,0	101,2	113,0
Various goods and services	101,3	100,8	103,4	103,0	111,0

Source: [6]

The definition, forecasting and satisfaction of these non-productions needs have its own characteristics. First of all, marketing in the non-industrial sphere is not directly focused on making a profit, although in particular cases this orientation of marketing can be preserved.

State and local government bodies are constantly dealing with the needs of the population, for the satisfaction of which they have resources, but their resources are limited. In the practice of state institutions, there are three models of resource allocation [3, p. 245].

- 1. Equal distribution model, which allows to obtain equal resources (services) depending on the chosen distribution unit (family, household, district), although some consumers do not need these services, and the initial living conditions for people are different.
- 2. Compensation model in distribution. When used, individual social groups or areas receive additional resources, which lead to a leveling of living conditions. And this gives rise to dependency and sometimes causes a negative reaction in those layers that are better off.
- 3. The model of market distribution. The liberal model focuses on distribution according to income earned or taxes paid. In this case, consumers essentially buy services. However, this model increases social inequality, which leads to increased instability in society.

When using models, priority should be given to the principle of social justice. Prices for public services often add up only under the influence of the free market and competition, as in the private sector, and as a result of elements of state regulation. State programs are subsidized by the state, which makes them accessible to the poor, the population. Public services are characterized by a weak susceptibility to innovation in governance and the presence of many bureaucratic rules that make regulation more conservative and subject to political corporate interests. The content and volume of public services and programs are influenced by legislative bodies, political parties, and public organizations.

State organizations are created to achieve not only economic but also political goals, to maintain political power. This policy moment affects the entire existence of the organization. The nature of the goods and services in the non-industrial sphere has differences: it requires more personal participation, attention, contacts and obtaining information from consumers than is necessary when selling industrial goods. In most cases, the quality of services can only be expressed descriptively and the consumer will be able to evaluate it only after the service is purchased. With regard to services requiring highly qualified personnel – educational, medical, auditing, real estate and other services, consumers are more selective when choosing, try to reach well-known specialists, receive recommendations from clients, and consult with those who are trusted.

The individuality of the buyer, his uniqueness is required the individualization of services. In principle, the variability of consumer behavior in relation to a product, service of a non-industrial sphere can be associated with inappropriate personal and professional qualities of personnel, which

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should be revealed through HR marketing, the significance of which in the non-industrial sphere is even greater than in the industrial one.

To ensure the provision of goods and the provision of non-industrial services of high quality, standards must be developed. In the opinion of the author, this is a set of mandatory elements, rules and conditions of service, the provision of goods and services. The service standard establishes the achieved level of formal criteria by which the activities of the organization and any employee are evaluated.

Service standards can be internal, industry, international. Consider the essence of the standards for the services studied in the work. In the middle of the XX century the UN and UNESCO have developed the first international standard for minimum living conditions that are required to ensure the livelihoods of people. This standard determined, in particular, that for every resident there should be at least 20 square meters of total area and that each household (family and one resident) needs to have its own separate traditional type of housing. Along with this international standard, it was also stipulated that each member of the household needs one individual room, and at least one room is intended for a joint stay. In subsequent years, this standard was clarified, in terms of increasing the size of the total area per inhabitant to 30 square meters and the number of rooms for a common stay for large households up to two. In most industrialized countries, the minimum level of housing provision is 40-50 square meters of total area per inhabitant, in their housing stock the number of apartments or individual houses exceeds the number of households.

The standard defines the basic elements, rules and conditions of educational activity, the level of professional or corresponding additional education, the form of training (full-time, part-time, correspondence), the initial level of education accepted for the 1st year, the term of study in years, degree or qualification, assigned at the end of training, the curriculum of training, retraining and advanced training in the specialty with a clear division on the status of disciplines and training cycles, the criteria for ensuring the educational process educational and methodical literature, equipment, classrooms, staff sanitary and hygienic norms.

Market participants in education are not only educational institutions and specific customers of educational services, but also the state – not only as a guarantor of the quality of standards and quality of education, but also as an interested party – the customer and the consumer. It is important that the training of specialists financed from the state budget is, in principle, the same exchange act as the provision of paid educational services. Therefore, the field of marketing in education is not only paid for specific consumers, but the entire education as a whole.

Education – this is a fundamentally new, search, promising area of marketing.

The target result of marketing activities: the most optimal satisfaction of needs: personality – in education; educational institution – in the development and welfare of its employees; customer organizations – in the growth of human resources, society – in the expanded reproduction of the aggregate personal and intellectual potential.

The medical and economic standard is central to the system regulatory and technological, economic and legal relations between medical institutions, a consumer of medical services and an intermediary service. First, a medical standard is developed for those forms of diseases that are the greatest social and economic importance for the region. The standards also indicate the place of medical care: an outpatient clinic, a general diagnostic hospital, a specialized and highly specialized hospital, rehabilitation, a sanatorium and an outpatient clinic after a hospital. Clear criteria for laboratory and clinical indications are developed for each of these steps. Based on medical standards, economic standards are calculated, which, in terms of value, make it possible to evaluate each element of the medical standard and the total cost of treating a disease.

Currently, each region develops medical and economic standards on its own, which costs a lot of money, and qualified medical personnel are distracted from their main work. All of the above indicates that medical and economic standards need to be developed centrally, accumulating all the achievements and experience of medical institutions in the regions.

Medical and economic standards should become economically feasible guidelines for price control, taking into account inflation in the market of medical services that satisfy the primary priority need – health, followed by professional success, business success and recognition.

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## **Conclusions**

As a result of the study, we came to the following results:

- 1. The relevance of building the concept of marketing in the non-industrial sphere is connected with the fact that the non-industrial sphere lags behind the industrial sphere in the development of the concept, methodology, and approaches to using marketing as the most important direction for the effective reform of the regional economy that is adequate to world development trends. Especially relevant in market conditions is the use of marketing in state and local government bodies. It should be noted that, abroad, research on this issue is also still in an initial state.
- 2. State and local government bodies constantly have deal with the needs of the population, for which they have the resources, but their resources are limited, so the use of marketing priorities and strategies becomes especially relevant, as it allows, firstly, to increase the effectiveness of government programs and services, and secondly, creates a scientific basis for determining management strategies and tactics in accordance with the needs of the population, thirdly, optimizes the entire management cycle from determining the goals and objectives of the poly political leaders before evaluating their electoral programs from a consumer perspective; fourthly, it provides massive support to power structures, increased confidence in their policies and the active participation of the population in government programs, fifthly, public servants form a stereotype of thinking that focuses on the needs of citizens.
- 3. Since marketing has arisen to serve the manufacturing sector and business entities, therefore, when using marketing in the non-industrial sphere, including government and administration, it is necessary to take into account the features of this sphere, which is primarily related to meeting the needs for housing, education and health services, professional recognition and political preferences.
- 4. To ensure the goods provided and the provision of non-industrial services of high quality, standards must be developed. In the author's opinion, this is a set of mandatory elements, rules and conditions for servicing and providing goods and services. The service standard establishes the achieved level of formal criteria by which a consumer evaluates a product or service.
- 5. This work was prepared as part of the research project «Creating a complex of marketing innovation at the regional level" (No. IR 0119V000417).

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