

ORGANIZATIONAL INSTITUTIONALIZATIONS OF THE CONSUMER MARKET

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Abstract: *In recent decades, there has been a tendency towards the formation and development of the era of consumer economy. Therefore, special attention is paid to the problems and prospects for the development of behavioral economics. This is primarily due to the fact that the share of consumer spending is more than half of the gross domestic product. It is precisely this significant role that consumer spending plays in the economy that determines the importance of analyzing consumer behaviour and the need to determine the factors that influence this behaviour. It should be noted that consumer society forms various institutional traps for consumers. They are mainly social in nature and are associated with the psychology of consumers. One of these traps is the passion for status things with a high income level. This requires a constant increase in labour efforts, and income growth is directed mainly at demonstrative consumption. Another institutional trap is associated with the consumption of subjects who are forced, out of fear of appearing "black sheep" against the background of general consumer prosperity, and who acquire expensive and widely advertised goods more often than the wealthy strata. Thus, in the context of transformational changes in society and economic systems over the past decades, serious qualitative and quantitative changes in the economic behaviour of consumers have occurred, which require further scientific research and development. In this regard, this article examines the theoretical provisions of the organizational institutionalization of the consumer market.*

Key words: *consumer economics, behavioral economics, consumer analysis, consumer psychology, consumer market, institutionalization.*

JEL: D11, D12, D18, D23, D40

1. Introduction.

In the modern economy, the role of consumers is particularly emphasized, since the share of consumer spending is more than half of the gross domestic product. It is precisely this significant role that consumer spending plays in the modern economic system that determines the importance of analyzing consumer behaviour and the need to determine the factors that influence this behaviour. In the context of economic transformation in recent decades, serious qualitative and quantitative changes in the economic behaviour of consumers have occurred (Kwilinski et al., 2022, 2023).

In connection with this key trend in the development of society, a consumer economy has been recognized, which is understood as a system of economic relations based on general consumption and derivatives of other phases of reproduction, based on the principle of permanent individual consumption (Trushkina & Patlachuk, 2024a). All this forms a special system of values and attitudes both at the microeconomic and macroeconomic levels in general.

The consumer economy is based on certain institutions and institutes (rules of the game), the key ones of which are demonstrative consumption and the boom in consumer lending; the emergence and total spread of network retailers; the associated shopping (unmotivated constant acquisition of goods) as an end in itself and the organization of leisure, etc.

Consumer economy from the position of macroeconomic approach is more costly and less efficient, but from the position of microeconomic approach, at the level of enterprises-producers of certain goods, consumer goods, numerous intermediaries, various trade and marketing structures, this type of economy appears from a different perspective, contributing to obtaining a high level of income. From other positions, consumer economy is perceived at the level of the consumer, since it allows

not only to satisfy constantly growing needs, but also to do it in a personalized way (Trushkina & Patlachuk, 2024b).

Several groups of megatrends can be distinguished that shape the long-term contours and priorities of economic development of most countries of the world from the standpoint of the consumer economy: globalization; formation of a knowledge economy and increasing importance of innovations as the basis for sustainable development of national economies; development of digital (Kwilinski, 2023; Trushkina & Patlachuk, 2023), bio- and nanotechnologies – convergence of technologies; increasing importance of new energy sources, energy and resource supply; climate and environmental change; achieving a new quality of life; formation of a personnel training system as a determining factor of competitive advantage, increasing the level of their mobility; individualization of consumption and cultural diversity; struggle for global leadership. These global megatrends have many effects, therefore they will affect both the economies of developed countries and the future positions of the national economy of Ukraine to varying degrees.

In view of this, the features and organizational principles of institutionalization of the consumer market require further research.

2. Basic content.

In addition to the organizational institutionalization of the consumer market in the form of the creation of retail trade networks, there is a multifaceted institutionalization of consumer preferences. This is associated, on the one hand, with consumerism, and on the other – with the VS (Voluntary Simplicity) movement. Consumerism is an organized consumer movement for the expansion and protection of their rights, as well as increasing the influence of consumers' producers and sellers. The main areas of activity within consumerism are as follows: consumer education; independent examination of goods; filing claims for low-quality goods. Consumerism as a movement accumulates three main groups:

- 1) consumer-oriented groups, concerned primarily with the growth of consumer consciousness and providing consumers with information for a more informed choice;
- 2) the state, exercising legislative and regulatory functions;
- 3) business, acting through competition and self-regulation in the interests of consumers.

Consumerism contributed to raising the level of ethics in the organization of sales of goods and services. Firms cannot ignore certain institutions generated by this movement, such as the International Confederation of Consumer Societies.

Along with consumerism, there is the VS movement – Voluntary Simplicity. This movement fights consumerism. The principles of VS are simple and boil down to anti-branding: buy things, not brands; buy only what you need; buy used when possible; don't buy at all if possible. The VS movement itself has become a successful brand, a symbol – the slogan "how to make life easier". This movement reflects the situation in an overdeveloped market, a market of abundance of goods and services. In Ukraine, where the consumer is highly susceptible to the "crowd effect" and the "branding effect", this movement does not yet exist.

The crowd effect that occurs in consumers under the influence of retail chains has a number of features. This allows us to talk about it as the consumer crowd effect.

1. This effect is associated with the consumer preferences of individuals and their consumer choice. Any consumer who becomes dependent on the huge variety of goods, the new products offered, experiences a state of involvement in this world of goods and a real chance to become the owner of some part of it. The movement of the consumer along the numerous shelves in the largest supermarkets resembles a conveyor system. Gradually, they are all drawn into the general flow; a crowd of consumers is actually formed, endowed with uniform thoughts and emotions of a consumer nature with all the ensuing consequences.

2. The crowd effect is not spontaneous and is formed quite calmly among consumers in appropriate conditions – when visiting large shopping malls, supermarkets and hypermarkets. In specialized

stores where a limited range of goods is sold, this effect is not observed due to the absence of a crowd of consumers as such, and a more personalized nature of their preferences.

3. The leaders of the crowd of consumers are those who can purchase the maximum possible and varied number of goods. This is informal leadership, since in principle none of the consumers explicitly point to the leader-consumers, they are not elected by the majority, and do not call for any actions. This is an example of silent collusion, when these consumer-leaders of the crowd of consumers quite clearly stand out from it and "set" the tone for other consumer groups with their behaviour. Most consumers also fall under the basket effect – after visiting a retail outlet, it must be filled with goods, since an empty basket is returned as an attribute of consumer failure.

4. This effect is provoked by various presentations of new products, advertising both in the media and in trade structures, provision of discount cards by that system of discounts. The effect of the consumer crowd can be assessed in two ways. From the side of consumers who fall under the influence of this effect, it is assessed by them not at that moment, but after some time, when the consumer finds a lot of unnecessary goods at home. These purchases made by him under the influence of the consumer crowd, on the one hand, satisfy his consumer demand (otherwise he would not have bought them), on the other hand, they can exceed the reasonable limits of his needs. You can also ask buyers – what they wanted to buy and what they actually bought in stores. We believe that more often the second component will be greater. Such spending reduces the savings rate, and accordingly increases the consumption rate. The crowd effect can provoke rush consumer demand, which in turn can contribute to the emergence of demand inflation. In reality, such processes are observed quite often.

On the part of sellers of goods and services organized in the form of network retail structures, the crowd effect should be primarily assessed positively. The more goods sold, the greater the revenue and profit of these structures, the opportunities for further development.

It is impossible not to note any problems of trade structures connected to the effect of consumer crowd. This is connected with the necessity of equipping large-scale sales areas, providing a significant assortment variety of goods of due quality, its constant updating, availability of qualified personnel, which requires corresponding expenses (financial, material, labour). The system of management of goods flows should be effectively organized, an operational monitoring system should be created, allowing tracking the dynamics of consumer demand. In addition, the negative effect of scale of production, in this case – trade activity, is dangerous here, and manifested in decrease of efficiency due to complexity of management of gigantic grown trade structures. We consider the effect of consumer crowd as one of the factors of institutional order, really and significantly influencing the consumer, his demand, first of all, in network retail structures. The following testifies to its institutional nature.

1. If we consider the institutional factor as a factor accumulating socio-economic, socio-cultural, psychological aspects of activity of individuals as consumers, then the effect of consumer crowd is closely connected with these processes. The psychological side of the crowd effect is obvious; the socio-economic side is connected with consumer choice, oriented towards the absolute majority.

2. The institutional factor by its nature should form some attitudes, habits in the consumer, gradually turning into the norm, rules of his activity, life support. The consumer crowd effect accordingly forms such norms in the consumer as identification of his consumer choice with the choice of the crowd, the desire to realize himself at the level of the aggregated set of consumers (and the implementation of this), in other words, to be no worse than others, to keep up with everyone and try, if possible, to get ahead of the crowd in something, becoming its informal leader.

3. The institutional factor is closely related to and derived from the existing system of formal and informal institutions. In relation to the consumer, his choice, informal institutions are more likely to work than formal ones (laws, for example, on the protection of consumer rights, established property rights, formed organizational structures). Global consumers can also be classified as new type consumers. It is believed that in the conditions of the post-industrial economy, global consumer demand is formed, personified by global consumers. Global consumers are consumers from different

countries or regions of the world, who have similar needs and are looking for similar consumer benefits and properties of goods. They form the "backbone" of the consumer Internet community – a set of entities that communicate with each other via the Internet based on common interests in terms of obtaining information about certain specific aspects of the acquisition process.

3. Conclusions.

The modern world is gradually transformed into a single space where goods, services, capital, and labour move freely, where ideas are freely distributed and their bearers move. The increasing degree of interconnectedness of national economies is accompanied by universalization and homogenization of the life the subjects as a whole: under the influence of exchanges of goods, services, information, and technologies, interaction of cultures occurs, the world gravitates toward uniform standards, principles, and values.

Thus, conducting economic activity on a global scale removes national, social, cultural, state, and other restrictions on consumer behaviour, which is determined by the reduction in the role of the state and national cultures as a set of norms and values. Globalization leads not only to the economic convergence of consumers, but also to the standardization of the main stereotypes of perception and models of their behaviour. The development of mass production and the emergence of large corporations create opportunities for a consumer lifestyle throughout the world; the price for this is de-individualized labour and de-individualized consumption of standard (with apparent diversity) products. In the conditions of abundance of goods and constant shortage of time, the „globalized” person faces the problem of choice: brand „A” or brand „B”, and often does not have the opportunity to make a decision based on objective, rational reasons. Companies involve psychologists in creating advertising, which does not so much reflect the actual characteristics of the product, but rather on a subconscious level should win over the potential consumer and cause an irresistible desire to purchase the advertised product.

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