

THE VALUE OF A COMMODITY CATEGORY AND MARKETING

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Abstract

Object. *The object of the article lies in updating of the scientific and methodological foundations of the problem of value in merchandising, their substantiation and renewal.*

Methods. *In the course of the study the methods of theoretical generalization and comparison, analysis and synthesis, historic and logical methods have been used (to substantiate the concept of “value”).*

Results. *The essence of the concept of “value” as merchandising category and the content of its implementation have been illustrated; the evolution of the category of “value” in retrospective and ontology of economic and social sciences have been studied.*

Scientific novelty. *Theoretical and methodological framework for value-conscious estimation of goods have been improved; it has been proposed to point out in estimation of the value of goods a functional significance (a set of socially significant features, object functions, product, which make goods valuable in a certain society) and personal content (consumer value).*

Practical importance. *The estimation of value allows you to compare the assortment of goods on grounds of their utility, significance, social value orientation, and personal interest for the purpose of raising of living standards of people and their well-being.*

Key words: *value, utility, goods, estimation, benefit, living standards.*

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The problem statement in general and its relation to important scientific and practical tasks.

The category of value and the problem of its definition exactly can be called the main and the most unstudied one in merchandising. The concept of value of goods and things has been considered by scientists from the perspective of different disciplines for a long period. Furthermore, the significance of this issue has not only reduced, but even has gained a considerable importance in the course of time.

The value of goods as a merchandising category serves as a measure of significance of the benefit derived from its consumption, use or possession. This category is a criterion of the benefit; it embodies the social and functional appropriateness of the reproduction and personal satisfaction from the consumption of goods or services. Certainty of the category of value in merchandising is associated with the fundamental substantiation of the goods estimation process. And, according to Kant, with all its subjectivity, values are not created by subjects; they are merely “revealed” by them. The value-conscious estimation of goods is that psychological mechanism, which combines an essential need pattern with the appropriateness of subjective and public interests in human mind. The value-conscious measure in merchandising is aimed not only at satisfaction of needs (the marketing deals with this primarily), but first of all at raising of living standards and people’s well-being. It involves goals setting and selection of appropriate means for their achievement. Even now in the global and domestic literature there is no clear explanation concerning understanding of the concepts of “value”, “consumer value” of goods, which causes the use of different methods and techniques for their determination.

As we have already noted, the value of goods and services is formed under the influence of many factors that include both social and industrial spheres as well as they have both an objective and subjective components [1]. Recently, however, with the development of marketing and

advertising has been taking place the narrowing of the concept of value of goods towards the definition of only subjective factors based on the preferences of consumers with no regard to functionality, properties of the material form of goods, environment ecology (“substantive” values), which essentially are critical to satisfaction of the customer needs and formation of well-being, as well as grading for their estimation. This leads to the definition of unessential features while planning of the goods production, development and approval of technical specifications, formation of the optimal product mix, and calculation of the complex index of quality, positioning and identification of the competitiveness of the goods.

In fact, all the variety of products as a result of a subject-human activity, relationships and natural phenomena included in their range is acting as “substantive values” or as objects of value-conscious attitude, and should be estimated according to the value criteria (original or fake, beautiful or ugly, permissible or prohibited, etc.).

Such estimations shall be made by developed scales with due regard to different levels of quality and significance. Nowadays such studies have been done in respect of the goods that have cultural value [1].

It should be noted that the estimation of the value of goods is a complex process that involves development of evaluation methodologies, including methods, criteria, tools, techniques, based on which evaluation procedures of phenomena, embedded in the public consciousness and culture as “subjective” values, are carried out (instructions and estimations, imperatives and prohibitions, goals and projects stated in the form of norms and ideas). Later they would serve as guideposts to human activities.

The greatest difficulty in estimation of the value of goods is to identify these guideposts and develop a clear evaluation system. Thus, the “substantive” and “subjective” values are the two poles of the value-conscious human attitude to the goods.

Given the above-stated, it is clear that estimation of the value of goods is a complex merchandising problem. Its solution must be preceded by the definition of “subjective” values, which, in fact, allows you to create criteria imperative for estimation of value of a particular type of goods.

Under such conditions, the development of the theory of merchandising estimation of the available on the market consumer goods as for their value and utility, designed to satisfy needs of the consumers, takes a great significance.

Analysis of the recent studies and publications. Any representative of scientific schools has directly or indirectly missed the formation of value concepts in the merchandising theory. The development of the merchandising theory and applied merchandising is an evidence of the formation of value-conscious conception methodology for efficient consumption and effective use of products, items, raw materials, stuff and so on. However, this process has not always been sustainable, systematic and unambiguous. This is of course due to the development of scientific and practical merchandising, economics scientific thought, social, natural and engineering sciences.

It should be noted that the essence of the category of the “value” of goods has been studied by the well-known experts on merchandise – G.F. Puhachevskyi, L.I. Baidakova, B.D. Semak, H.B. Rudavska, N.Y. Orlova, I.V. Syrokhman, N.V. Prytul'ska, N.I. Osypenko, V.L. Ahabash, I.O. Dudla, I.V. Yemchenko, S.A. Vilkova, M.A. Nikolaieva, O.V. Zhyriaieva, V.V. Indutnyi and others. Their works in particular have served as a background, which has defined the creative and research objectives of this article.

Modern merchandising theory can be blamed because of the lack of scientific basis for factual and value judgments regarding goods, designed to protect genuine human values, meant for the strategic socio-economic security. Meanwhile the very question of the value-conscious estimation of the goods is a central problem in merchandising, the criterion of systemic market development, living standards and well-being ensuring. These particular arguments have formed the basis of the choice of the research issue, the objective of which is to substantiate theoretically the

category of “value” in merchandising, to identify conditioning, modern features and “bottlenecks” in the value-conscious estimation of the goods.

The object of the article lies in updating of the scientific and methodological foundations of the problem of value in merchandising, their substantiation and renewal. In our opinion, realization of this goal provides the task of lighting of the essence of “value” as a merchandising category and of the content of its implementation; the study of the evolution of the category “value” in retrospective and ontology of economic and social sciences.

Description of the base lines of the study. In the merchandising theory the goods (product, thing, material, raw material, service, etc.) are the object of study, which has some natural and commercial properties, the need for which is determined by the market. Karl Marx while substantiating the economic categories “value (cost)” and “consumer value (cost)” by the dual character of labor (general and special) contained in the goods, somewhat formalizes the narrow definition of subject of the merchandising – “Consumer values (cost) of the goods are the subject of a separate discipline – merchandising” [2]. The vast majority of western academic economists, pointing out the category of “consumer value (cost)”, identify it with the utility and value, while others combine the concept of utility and value by introducing the concept of “consumer value”.

Today the development of the merchandising theory needs clarification and updating of the subject of the merchandising, which the country’s leading merchandise experts pay attention to. The value and utility of the goods are considered primarily as the goods properties, which are a result of estimation and form a subject of the merchandising science. The utility and value of the goods constitute a dialectical unity as an object of cognition of the merchandising [3]. The utility as a complex macro- and microeconomic category attracts scientists, professionals and practitioners of merchandising as a fundamental area of knowledge, particularly in matters of measures search, evaluation of the quantity and quality of the goods utility.

Scientific review of publications suggests that the problem of utility as an economic category has been widely studied by scientists since the beginning of the XIX century. So, Mr. Samuelson notices in his work, “One hundred years ago economists declared one important law, which resembled the law of profitability killing. This law indicates a change in psychological utility by consumption of more and more portions of the certain goods...” [4, p. 24]. Significant contribution to the study of the utility was made by Campbell R. McConnell, Stanley L. Brue [5], Stanley Fisher, Rudiger Dornbusch, and Richard Shmalenzi [6]. The first authors substantiate the utility mechanism in detail, arguing that “utility is the ability to satisfy needs” [5, p. 31]. Herewith, they associate utility only with subjective evaluation, indicating that the utility will be significantly different for different people.

Any goods evaluation should take into consideration its cost parameters as equivalent, which products that have the same utility indicators are referred to. More often the buyer decides on purchases by comparing the market price of the goods and real personal income. As a criterion always serves the factual utility that is of a hidden, individual and multi-faceted nature, and therefore is inaccessible act to be evaluated by the researcher.

In the theory of merchandising it is known that the criterion of utility may be a price of the purchase subject or important indicators of consumer properties that can fulfil a utility function. Most researchers share the position expressed by P. Samuelson, “Money as a permanent measure of utility” [4, p. 26]. This opinion is endorsed by A. Marshall: “Now we can turn to the study of the question of the extent to which the price actually paid for the thing displays benefits arising from the possession of it” [7, p. 194]. The utility evaluation is determined by the “utility function” (benefits function) that “... in a broad sense is a dependence of the utility, i.e. of the result, the effect of some action from the level (intensity) of this action” [8, p. 135], and also by the methods of functional and value analysis and theory of the synergistic effect in the economy [9]. Thus, further research of the utility as a measure of effectiveness (benefit) of different objects, and, in particular, products in the market, where there is a competitiveness and consumer choice under risk, is evident.

Along with the utility, which plays an essential role in satisfaction of consumer needs, the value of goods plays a more important role for the development of the merchandising theory. Clarification of the essence and content of the category of “values” and study of the peculiarities of the value-conscious goods estimation process require consideration of scientific genetics of formation of the principles of this category in the history of economic and philosophical thought, their evolution and ontology.

Thus, the philosophy comes from the fact that the thing has value because it is desirable, despite the fact that there are disagreements as to what exactly in the subject turns it into value (a need or a sense of satisfaction).

American pragmatists while distinguishing objects “separate” value-conscious attitude and the values themselves, motivation and desire. In a desire that is at the heart of the value system they distinguish two levels – motivation and interest, as well as factual and value judgments. The former include the following: “I love this thing”, “I love this smell”, the other one – “It does not contain harmful contaminants”, “It is good for health”, “It is a global brand”, “It does not pollute environment”, etc. However, it is an undeniable fact that all value judgments are the expertise judgments, and therefore they are subject to experimental verification.

F.Y. von Rintelen, as a representative of the axiological idealism, distinguished the concept of “self-worth” (particularly ethic) and “relative values” – utilitarian, as well as “material” and “personal” values, value as an object and value-conscious cognition. In the labour theory of value the economic substance of the category “value (cost)” and “consumer value (cost)” is considered in isolation as an opportunity to purchase other items (for cash or by exchange) and utility.

Adam Smith identifies the possibility of purchasing of other items as “value in exchange”, and the utility – as “value in use” [10]. Having set the value paradox, he has not found its theoretical justification related to marginal utility: “The things that are of great value in consumption often have little value in exchange and vice versa”.

The value of goods is studied in marketing from the perspective of the benefit utility. The theory of consumer values, established in 1991 by Shet, Newman and Gross, is the most frequently used in marketing. According to this theory all values are distributed into five groups depending on the direction of the benefit utility: functional – benefit utility is caused by its utilitarian function, social – benefit utility is determined by its association with a particular social group, emotional – benefit utility is due to its ability to arouse feelings or effective response; epistemic – benefit utility is specified by its ability to self-development and self-improvement; conditional – benefit utility is caused by the specific situation that involves a person who makes a choice. The representative of the Austrian school of marginal utility F. Wieser gives a predominant role in forming of value-conscious conception for the goods utility to the whole society, having offered a multiplicative method for its determination. The views of his successor E. Bohm-Bawerk are also interesting for the development of the merchandising theory of value. He considers value as a necessary condition of the well-being, associating the things utility with their ability to serve the human well-being. Moreover, the value is connected with estimation, “... opinions about the importance of economic benefits that are available to people are a result of “some kind of a relationship between object and subject” [11, p. 461]. Also A. Marshall in his theory of marginalism proposes to consider the real value of the items from the viewpoint of all people on the whole [11].

E. Bohm-Bawerk introduces into the value theory such concepts as subjective and objective value. As a subjective value he considers the meaning that has material benefit for the well-being of the subject (a certain person). However, objective evidences of the value of goods are established through research and are the basis for value determination.

Introduction of the category “consumer value” by the representatives of the Austrian school of political economy (Carl Menger, Friedrich von Wieser and Eigen Boehm-Bawerk) is associated only with the needs of consumers, depending on the levels of demand and offer of goods. In fact, it is the market indicator, which varies depending on the provision of market by certain products and the demand for them. Karl Menger and his associates have dealt with the economic category of

“value” as the value of goods, expressed in monetary terms, that is formed in market conditions influenced by supply and demand. Under such conditions, the value becomes a mandatory factor in estimation activity, which satisfaction of needs actually depends on [11, p. 453]. However, the dominant factor of the benefit that can satisfy needs of the individual consumer and increase people’s well-being has always been considered consumer value, i.e. utility as a general feature of material benefits. According to this reasoning, basic consumer goods such as bread and water do not constitute any importance (value) for person until hunger and thirst make people depend upon an ordinary piece of bread or a cup of water. Only in this case bread and water acquire some value.

Today conceptual statements of the classic French political economy (physiocracy of F. Kene) regarding the category of value are becoming the most significant [12]. The followers of F. Quesnay, who have created the modern school of physical economy: T. Malthus, F. Hayek, S. Podolynskyi, V. Vernadskyi, M. Rudenko, L. Hryniv, D. Byla, Y. Tunytsia, S. Bulhakov, Y. Ushchapovskyi, A. Bandura and others [13-14], constitute a promising direction for research of the value of goods.

Experience has proven that the values are a secondary phenomenon regarding the motivation system of goods purchase, which in turn depends on the level of satisfaction/dissatisfaction of the basic needs. The value of goods is of a social nature and has an object-subjective character. The goods themselves without their ties with the person and the life of society have nothing to do with the values. The value of goods corresponds with the notion of “significance”, but it is not identical to it. The significance characterizes a degree of intensity, strain of value-conscious attitude. In our opinion, any value of goods is characterized by two features: functional significance and personal content.

Functional significance of the goods value is a set of socially significant features, object functions, product, which make goods valuable in a certain society.

For example, certain information content (labelling, UNSS marking, conformity mark, etc.) and its degree of reliability are characteristic for any specific goods. On the basis of this concept the following types of functional significance of the value of goods are distinguished: nutritional value, food value, caloric value, biological value, cultural value, historical value, artistic value and more.

The personal sense of the value of goods (consumer value) is an attitude to human needs. On the one hand, the personal sense of value is determined by the object that serves as a value, and on the other hand, it depends on the person.

Comprehending the sense of things people do not come from their purely natural need in it, but from the needs formed by the society to which a person belongs to, i.e. from the generic social need. At the same time it should be noted that the sense of values is ambiguous for people, it depends on their position in society and their tasks. For example, a personal car can be a mean of transportation and a prestigious object, which in this case is important as an object of possession and creates a certain reputation of the car-owner in the eyes of other people, or a way to generate additional income, etc. In all these cases, one and the same object is associated with various needs.

The values of goods are objective by nature. This statement may offer objections. Previously it has been noted that where there is no subject it is meaningless to talk about values. The value depends on the person, on person’s feelings, desires, emotions, that is it is seen as something subjective. In addition, a thing loses its value for a person as soon as it makes no interest for an individual anymore and does not serve to satisfaction of needs. In other words, a value cannot be beyond the subject and beyond the connection of the thing with person’s needs, desires, and interests.

However, the subjectification of the value of goods, its transformation into something unilaterally dependent on the human mind is unjustified. The value of goods, as well as their significance in general, is objective, and this its property is rooted in the practical activity of the subject. Specifically value-conscious attitude to the world is formed by humans during the process of such activities. In other words, practical activities are the basis of that fact that things, objects of the outside world, goods, people themselves and their relations have a certain objective meaning, i.e. value, for people and society.

Formally values act as properties of objects. However, they are inherent to the goods not by the nature, not just because of the internal structure of the object itself, but because the object is drawn into the sphere of social existence of a human being and becomes a bearer of certain social relations.

With regard to the subject – a human being – values serve as the objects of person’s interests, and for the human’s consciousness they perform a role of everyday guideposts in the subject and social reality, identifying man’s various practical attitudes to surrounding objects and phenomena.

Thus, a glass being a subject to drink from, finds this useful property as material good or benefit. If it is made of good-quality natural materials, it has an utilitarian value. If it is manufactured according to innovative technologies without environmental pollution, it has an ecological value. As a product of labour and a subject of goods exchange a glass appears as an economic value. If a glass is a subject of art, it is endowed with aesthetic value and beauty, if it is an artefact – it acquires historical value. All properties of a glass determine its various functions in the system of human activity and act as subjective evidences, symbols of certain social relations, into which people enter.

CONCLUSIONS

Theoretical and methodological basis of estimation of the value of goods is as follows:

1. The value of goods is an objective significance of various characteristics of objects, things, products, the content of which is determined by needs and interests of the society subjects;
2. Attitude towards value objects in the form of goods is a value-conscious attitude;
3. The concept of “the value of goods” is used, firstly, to determine the state of consciousness through which the estimation takes place, and secondly, to determine significant features that are selected as a result of estimation;
4. The basis of the value of goods is a thing or a product itself;
5. The value of goods is characterized by two features: functional significance and personal content;
6. Functional significance of the value of goods is a set of socially significant features, object functions, product, which make goods valuable in a certain society;
7. There are the following types of functional significance of the value of goods: nutritional value, food value, caloric value, biological value, cultural value, historical value, artistic value and more;
8. The personal sense of the value of goods (consumer value) is an attitude to human needs. On the one hand, the personal sense of value is determined by the object that serves as a value, and on the other hand, it depends on the person;
9. Comprehending the sense of things people do not come from their purely natural need in it, but from the needs formed by the society to which a person belongs to, i.e. from the generic social need.

Prospects for further research in this direction are the substantiation of objective estimation of the value of various goods and services in the market as a result of stability of economic development. For social and economic activity is caused by human needs and corresponding economic interests, aimed at finding effective ways of these needs satisfaction. By this the process of goods reproduction as such itself is valuable, i.e. the ensuring of production of material benefits and their compliance with the requirements of the modern world, which is provided by an information component, as well as value system of society regarding the consumption of these goods, significance of which is caused by increasing human well-being, living standards and human needs themselves.

So, value-conscious orientation of the economy and merchandising in particular, which is permanently based on the values of reproduction and consumption of material benefits as a condition of existence of the economic system, puts forward demands for its sustainable, i.e. value-oriented development.

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