

## FOOD MARKETING IN THE SYSTEM OF AGRARIAN INDUSTRIAL COMPLEX IN RUSSIA: BASIC PROBLEMS AND PERSPECTIVES

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### Abstract

Russia and Turkey realize well their special value which they influence each other, and thanks to it they create their interaction in various spheres. Especially it is important for the system of Agrarian Industrial Complex and, particularly, food marketing. The main reasons are for the chosen this subject as follows; (1) radical transition period of economics in Russia has led to the fundamental changes in the problem for population needs satisfaction concerning the food of full value. Changes in conditions for vital activities of the modern individual and increasing role of consumption sphere in the present socio-economic reality caused global need to redirect social production for the human being (2) practical settling of the new methods of management earnestly show the need in marketing exploration as one of the marketing tools, allowing to satisfy the needs of the target markets and combine with the interests of economic unit of agro-industrial complex. Particularly important is the role of marketing in the long agrarian crisis in Russia. Marketing is not only a tool to redirect social production for an individual but also one of a few effective ways to start domestic agricultural production anew and strengthen Russian food industry (3) nowadays, only the basic principles of marketing, developed by American marketing specialists, are being put into the Russian business practice. However, basic tools of American marketing cannot give the result needed; they don't work in Russian conditions due to the specificity of Russia as a country with 'nonmarket' mentality of the population as well as peculiarities of economic relations conversion in agro-industrial complex.

In the study, general theoretic marketing base and problems; organizational aspects of marketing development in agro-industrial complex; conceptual base of food marketing and features of consumer behaviour in the food markets in Russia were examined. It is suggested that studying further basic problems and visions of food marketing in the system of agrarian industrial complex in Russia is too much important for modern agrarian economics evolution.

**Key words:** Food, distribution, marketing, consumption, Russia

### Rusya'daki Tarımsal Sanayi Sisteminde Gıda Pazarlaması: Temel Sorunlar ve Perspektifler

#### Özet

Rusya ve Türkiye birbirlerini etkileyen özel değerlerinin farkına varmaktadır ve çeşitli alanlarda yarattıkları etkileşim her iki ülkenin de yararına. Bu durum özellikle tarımsal sanayi sistemi ve nispeten de gıda pazarlaması için önemlidir. Çalışma konusunun seçilmesindeki temel nedenler şu şekilde sıralanabilir; (1) Rus ekonomisinin radikal geçiş dönemi tüketicinin memnuniyetinin öne çıkmasına ve önemli değişimlere neden olmuştur. Modern bireyin yaşam aktiviteleri için koşullardaki ve günümüz sosyo-ekonomik yapıdaki değişimler üretimin küresel düzeyde yeniden yönlendirilmesine neden olmaktadır. (2) Yönetimde yeni metotların uygulamaya yerleşmesi; hedef pazarların ihtiyaçlarını karşılamaya olanak sağlanması ve agro-endüstrinin çıkarları açısından pazarlama araştırmasını pazarlamanın bir önemli aracı olarak göstermektedir. Pazarlama sadece bir birey için sosyal üretimi yeniden yönlendirmek için bir araç olmayıp, ayrıca Rusya'nın gıda sektörünü yenilemek ve güçlendirmeye başlamak için birkaç etkili yoldan birisidir. (3) günümüzde, Amerikan pazarlama uzmanlarınca geliştirilen pazarlamanın temel prensipleri Rusya'ya uygulanmaktadır. Ancak, Amerikan pazarlama yaklaşımının temel araçları, Rusya'da ihtiyaç duyulan sonuçları yeterli düzeyde vermemektedir. Bu durum Rusya'da agro-endüstri yapıya dönüşen ekonomik dönüşümlerin yanında toplumun pazara yönelik mentaliteye sahip olmamasından kaynaklanmaktadır.

Çalışmada, genel teorik temel ve problemler, agro-endüstri sisteminde pazarlama gelişimi, gıda pazarlamasının kavramsal temeli ve Rusya'daki gıda pazarlarındaki tüketici özellikleri incelenmiştir. Rusya'daki tarım-endüstri sistemindeki gıda pazarlama vizyonun ve temel sorunların incelenmesinin modern tarımsal ekonomik dönüşüm açısından çok önemli olduğu önerilmektedir.

**Anahtar Kelimeler:** Gıda, Dağıtım, Pazarlama, Tüketim, Rusya.

#### 1. General theoretic marketing base and problems

General theoretic marketing base is just coming into being in Russia. It is

important to emphasize, that the ideas of marketing develop in the Russian conditions rather problematically. The marketing concept till today prevails: "To sell at any cost", "if you do not deceive, - anybody will not sell anything", "benefit at any ways, even by means of deceit of the consumer", etc. – are the basic slogans of today's real activity of many Russian firms. It results in that the significant shaft of the forged, "pseudo-branded" and poor-quality goods and piracy copies of the well-known brands which rushed on the internal Russian market. Especially it is typical for the regional markets. Sources of the given position are quite known and they are investigation of objective factors of the transitive economy ("selling" character of the concept of marketing in Russia for the last 30 years is typical for psychology of "red commanders", deficiency of the highly skilled staff, shortage of corresponding normative base, etc.).

However nowadays we can percept marketing in a three measurements:

- 1) As a social and economic phenomena;
- 2) As a science;
- 3) As a kind of human activity.

Firstly, following the author's definition marketing as social and economic phenomena is a kind of social reproduction process where production, distribution, exchange and consumption are realized with the aim of consumer's needs satisfaction. When we speak about consumers we mean individual and production consumers as well as society in generally.

Secondly, following the author's definition, marketing as a science is the integrated social and economic discipline which view in a system-defined way principles of forming, development, evolution and repletion of consumer wants in whole, while producing, distributing, exchanging and consuming commodities with a view to satisfy the individual, organization, society needs. We think the subject of marketing studies is market subjects needs in the social reproduction process. We also consider, marketing basic functions in whole, despite classical views, is shown as variable marketing controllable

factors or "6P": product, price, place, promotion, people and profit (Table 1).

Thirdly, following the author's definition marketing as a kind of human activity is a direction to the solution of two main tasks:

- 1) Target market consumer's needs satisfaction;
- 2) Having got firm's profit. In another words, marketing is a special coordination instrument of consumers and firm interests (Fig 1.).

As concerned problems of marketing in nowadays, we should say marketing in XXI century is stay in the occasion of crisis and on the eve of its paradigm change. It is lead to, first of all, strategic and organizational problems of market subjects in the occasions of outside environment too much rapid changing.

We consider modern marketing has six main problems today. They are the following ones:

1. Rise marketing expenses in the link of customer's loyalty programs.
2. Problem with choose to attract new clients or to keep old ones.
3. Insufficient effectiveness of marketing researches (MR) together with rising MR expenses.
4. Rapid changing of human wants in nowadays and problems with identification consumption.
5. Influence of gender on the problem of consumer market choice.
6. General problem what is the main aim of modern marketing: profit, reduction costs, rising volume of sales, social effect and well firm image or ...?

So, in connection with above-stated we consider it is necessary to dwell on the following principal points in full detail.

*1. Rise marketing expenses in the link of customer's loyalty programs:* Modern marketing researches around of the world shows those expenses on the customer's loyalty programs have a solid trend to increase from year to year. It is important especially in link with selling expensive goods and services, such as cars and air flights etc., but also selling in the middle-class services, as well railway transportation and different kinds of travelling, services of

Table 1. Marketing mix components (“6P”), according to Author's interpretation.

Name of the component	Definition of the component
Product	Products and services offered by an economic entity (company, firm) for a target market (a specific group of consumers or a market sector).
Price	The amount of money which a consumer can pay for offered product.
Place	Infrastructure for distributing, communication service, transportation etc., making the product reasonable for a consumer.
Promotion	Any activity of a company on distributing the information about advantages of the product aiming to make it popular and persuade a consumer to buy the product.
People	People, organisations and society in whole which need social reproduction for repletion of their needs. Also we mean people are responded for selling and contacts with clients.
Profit	Obtaining by an economic unit advantages, additional profit, and profit, social and economical effect and so on.

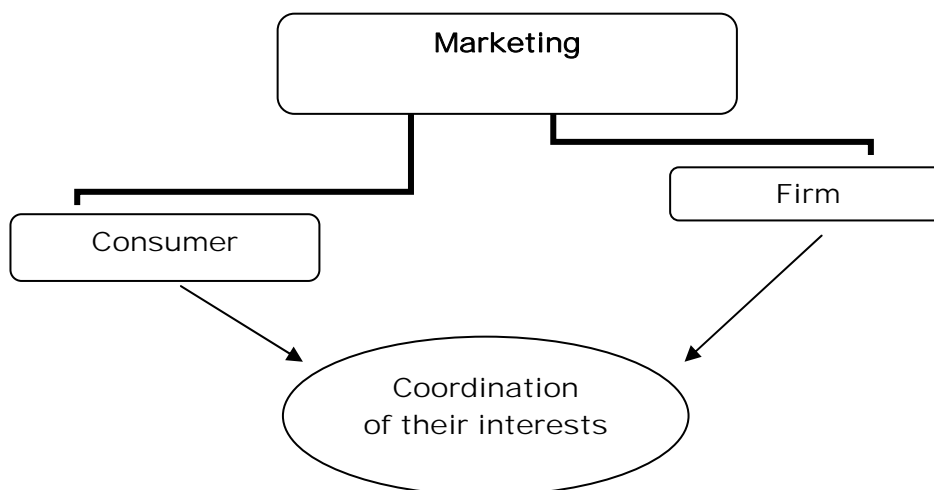


Figure 1. Principal scheme of marketing as a kind of human activity, according to Author's interpretation.

café and restaurants and so on.

That is why some marketers consider that consumers are become too much capricious, request additional privileges and, finally, very expensive loyalty programs. As a result there are some opinions about necessity to revise marketing concept and to reconsider role of consumer in the marketing system.

2. *Problem with choose to attract new clients or to keep old ones:* It is one of the consequences of the last point. Really, modern marketing researches around of the world shows that expenses on keeping old clients are, some times, in times larger then expenses on attraction new ones. So, some

authors notes that thesis about social and ethic marketing concept is become obsolete as firms should care about rising takings and have to “hard manipulate of clients”, imposing them profitable for company wants. That is why there are some opinions about necessity to revise marketing concept into the method of “doing profit” by means of rising volume of sales only

3. *Insufficient effectiveness of marketing researches (MR) together with rising MR expenses:* Global acceleration of outside environment changing and complication of strategic and organizational tasks for market subjects is objectively led to increasing MR expenses. However, as experts note, speed

of MR expenses rising are mostly higher than growth rate of marketing effectiveness. Particularly it is so as MR is informed company about its yesterday data. That is why some researches speak about necessity to revise marketing concept into the new one where evaluation of marketing effectiveness for companies will doing by means of using multi-criteria model. We share similar approaches of the other researchers.

*4. Rapid changing of human wants in nowadays and problems with identification consumption:* Earlier we note that already in the first third of the XX. Century at first in the USA, and then in Europe there called be seen a transition to social orientation of social development, determined by socialization of needs. In other words a new consumption model came in. This model is submitted by a set of sub-models describing a choice of the buyer as the multidimensional phenomenon when the person identifies himself with this or that social group; when social identification is constructed not on system of distribution of work and manufacture, and outside, out of workplace-houses, on rest, in entertainments, i.e. on the way of consumption. Consumption is caused by a specific set of cultural symbols and the values, determining «style of life» not as a behavioural image of a certain status group, but as an individuality, self-expressed and style of consciousness. This phenomenon is lead to change perception of marketing as an instrument of demand's formation. Nowadays we speak about marketing as tool of consumer's wants and wishes formation.

*5. Influence of gender on the problem of consumer market choice:* It is also pretty new research direction. Actually, there are a lot of investigations showing special gender's role in the system of consumer goods marketing. We should stress woman as a consumer is a new indicator of marketing efforts measurement. It is so as woman require higher level of goods quality than man usually. That is why if you are satisfied woman's demand you may be sure man will be the same one exactly. This phenomenon is lead to change perception of marketing as a "unisexual" instrument of demand's formation in the consumer's

markets. Nowadays we speak about necessity to revise marketing concept into the tool of gender's determination consumer's wants and wishes formation.

*6. General problem what is the main aim of modern marketing:* profit, reduction costs, rising volume of sales, social effect and well firm image or ...? Finally, it is most important question. Really, many researches around of the world discuss this problem and could not find consensus still. In E.P. Golubkov's research convincingly, in our opinion, it is shown, that today it is impossible to define single-figural what is the main aim of modern marketing. It is so as volume of profit is not a constant value and demand of many factors. More over, there are some markets groups of interests (managers, personnel, consumers, shareholders, creditors and etc.) which have their own special goals in the system of marketing that is why the main aim of one is not single-figure. At last, such factors as kind of ownerships, branch of economy, size of company, social image are also influence of the marketing main aim determination.

All noticed above proves that general problems of marketing is rather actual and demands its further research, because as the present basic marketing theory in Russia is in the stage of an active formation

## **2. Organisational aspects of marketing development in agro-industrial complex (AIC).**

Marketing development in the system of AIC closely bind with the general problems of transition reforms in Russia. According to author's interpretation there are the following main spheres of system reforms in transitive Russian economy:

- ◆ Relations of the property (the decision of a question on prevalence state or a private property);
- ◆ A role of the state in economy (monopoly or regulation);
- ◆ The economic environment in which managing subjects (how of the decision concerning volume makes, nomenclatures of made production, suppliers, buyers, and the prices) operate;

- ◆ The organization of monetary and credit and taxation and budgetary spheres;
- ◆ System of distribution of material benefits and social services to the population;
- ◆ The organization and regulation of the external economic relations;
- ◆ Reform of ideological and legal institutes.

In order to have possibility to evaluate general development of Russia we can see official data on 2004 (Table 2). So, for the past 5-6 years after crisis of 1998 in Russia a real economic growth can be seen which has lead to an increase of incomes of the people of the country, to an increase of internal demand, formation of stability of the sufficient budget. As it is known, the economic growth in Russia was made owing to the following three factors:

- 1) An increase of the prices for oil;
- 2) The use of reserve capacities and number of qualified workers;
- 3) The devaluation of a ruble.

However, as experts mark, these factors are closely exhausted at the moment. It is important to note, that agro-industrial complex in Russia has not more than 16-17 % of the structure of gross national product in the current prices (Figure 2) as well as food-processing industry has not more than 12-16% of branch structure of industrial production of Russia (Figure 3). It is so as a result of being specific particularities of AIC in Russia.

As is well known, marketing is a base for the reproduction system of agrarian sector in industrially developed countries, particularly it is true for the USA. So, in the structure of USA only 10 % of AIC final product is stay in the sphere of agricultural production, 75% – in marketing infrastructure; in Russia, accordingly 50% and 25%. More over, in the USA the main chain in the third sphere of AIC is retail, but in Russia – food manufacture. In the beginning of 90's share of marketing infrastructure in Russia was 36% of AIC gross production; in USA – 70%.

Nowadays we can see that disproportions in the structure of Russian AIC during 15 years are become deeply. More over, delay of agro-marketing infrastructure is one of the reasons of agrarian raw materials lost (about 25-30% of

AIC gross production).

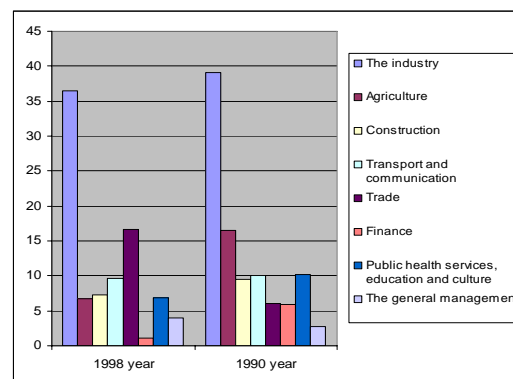


Figure 2. Structure of gross national product of Russia in the current prices (%).

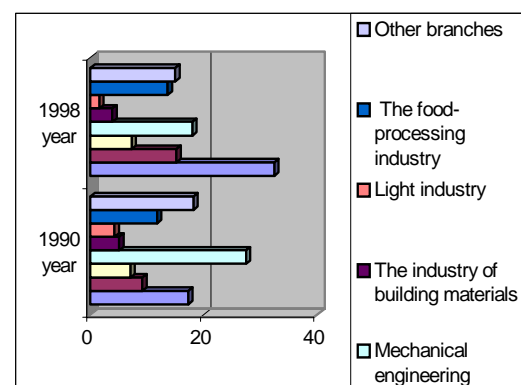


Figure 3. Branch structure of industrial production of Russia (in the prices of 1990).

Therefore, organisational aspects of marketing development in agro-industrial complex are needed its real stabilisation. However, foreign marketing methods cannot be directly applied to the Russian AIC due to the distinctive features of it. Therefore, it's necessary to consider domestic peculiarities of agricultural industry and adapt western agro-marketing postulates to modern Russian conditions. Here, we suggest a definition for agro-marketing as an activity combining an economic agro-entity interests and repletion of wants for food, conventional goods and other agricultural products and services. The agro-marketing structure is specified in 3 main blocks (Table 3).

We consider, in order to have possibility to solve main problems of marketing in agro-industrial complex it is necessary to organize new model of agro-

Table 2. Macro parameters of economic development of Russia on 2004.

The name of parameters	Date	Size
Inflation, %	01/03-31/03	0. 8
Gold and exchange currency reserves, billion USD	02/04	83. 6
Monetary base, billion rubles.	05/04	1 447
The rests on corresponding accounts, billion rubles.	09/04	181
The rests on depositary accounts, billion rubles.	09/04	149
Gross national product, billion rubles.	01/01-31/02	13 304. 7
Volume of industrial production, billion rubles.	01/02-29/02	783. 3
Export, billion USD	01/01-31/01	10. 8
Import, billion USD	01/01-31/01	5. 3
Incomes of the federal budget, billion rubles.	01/01-31/03	688. 9
Charges of the federal budget, billion rubles.	01/01-31/03	626. 3
Investments into a fixed capital, billion rubles.	01/02-29/02	138. 3
Consumer price index	01/03-31/03	100. 8
- On articles of food	01/03-31/03	101. 1
- On articles of food	01/03-31/03	100. 4
- On paid services to the population	01/03-31/03	100. 6

Table 3. Principal schema of agro-marketing structure, according to Author's interpretation.

AGRO-MARKETING		
Agro-marketing researches system	Agro-marketing infrastructure	Strategy and operational management system
<ul style="list-style-type: none"> <li>• Information gathering about target markets;</li> <li>• Data processing;</li> <li>• Data interpretation;</li> <li>• Short-term and long-term trends forecasting for agro-markets.</li> </ul>	<ul style="list-style-type: none"> <li>• Production system of means of production for AIC;</li> <li>• Production, processing and packing systems of agricultural raw materials and integrated products;</li> <li>• Distribution, transportation, storage systems;</li> <li>• Sales system;</li> <li>• Marketing communications (services)</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy choice description to provide an agro-company long-term development;</li> <li>• Tactical scheme development to execute the strategy marketing plan;</li> <li>• Tasks ranking and stepwise analysis of an agro-entities feedback information.</li> </ul>

marketing in macro-, mezo- and micro-levels in Russia (fig. 4).

Figure 4 shows that on macro- and mezo- levels there are similar organization departments and Russian authorities try to organize them today in the system of AIC. As concerned formation regional food marketing agencies and organization agro-marketing on the firm's level we should say that situation is not as optimistic as it is seemed. So, as some researches note, in nowadays in the system of AIC not more than 15% of top-management use modern marketing achievements. The received data are coordinated with the results of our research concerning annual interview of more than 450 businessmen in the system of Ural's region food processing and food retailing. Only 6, 5% ones regularly survey their consumers and not more than 3, 4% conduct marketing researches by means of

outsourcing.

### 3. Conceptual base of food marketing

If we take a term “food chain”, it's clear that the whole agro-marketing system is aimed mainly at foodstuff production and consumption. However, in addition to food production, procession and sales, there are also branches providing resources for agricultural and other industries of national economy in the agro marketing system. So, some western agro-economists distinct the definition of “food marketing” to focus the science and practice on the problem of combining the economic agro-units interests and satisfying individual and social needs for food. We maintain this position and we also set food marketing apart from agro marketing in the AIC (Table 4).

We percept food marketing as an

<b>MACRO – MARKETING</b> <i>(federal level)</i>	⇒	<ul style="list-style-type: none"> <li>• food department of federal agro-marketing department</li> <li>• food service department of federal agro-marketing consulting department</li> <li>• analytical and information centre of federal agro-marketing department</li> <li>• federal extension centre for agro-managers</li> <li>• federal finance and juridical consulting service</li> </ul>
⇕		
<b>MEZO – MARKETING</b> <i>(regional level)</i>	⇒	<ul style="list-style-type: none"> <li>• food department of regional agro-marketing department</li> <li>• food service department of regional agro-marketing consulting department</li> <li>• analytical and information centre of regional agro-marketing department</li> <li>• regional extension centre for agro-managers</li> <li>• regional finance and juridical consulting service</li> <li>• formation regional food marketing agencies</li> </ul>
⇕		
<b>MICRO – MARKETING</b> <i>(firm's level)</i>	⇒	<ul style="list-style-type: none"> <li>• formation food marketing department</li> <li>• formation extension management and marketing service</li> <li>• marketing research and environment data monitoring</li> <li>• marketing strategy development</li> </ul>

Figure 4. Principal schema of food marketing organization in future in Russia, according to Author's interpretation.

Table 4. Principal schema of food marketing in AIC, according to Author's interpretation.

Agro-industrial complex (AIC)	Agro-marketing	Food marketing
<b>1<sup>st</sup> sector</b> Production system of means of production for AIC	Included entirely	Not included
<b>2<sup>nd</sup> sector</b> Farming	Included in all aspects	Included but only in production of food and agricultural raw materials
<b>3<sup>rd</sup> sector</b> Food manufacturing, food stores, transportation, wholesaling, retailing, eating places	Included in all aspects of the 3 <sup>rd</sup> sector and is used for any agricultural product	Included but only in food market

important part of agro marketing which is also a specific branch of the system. “Food marketing” is included into the 2<sup>nd</sup> and 3<sup>rd</sup> AIC sectors but takes place on the food marketing only. We state that “food marketing” is the integrated social and economic discipline which view in system-defined way principles of forming, development and repletion of individual consumer wants in food, in the process of social reproduction, to secure the individual and society material well-being.

We also stated that the subject of food marketing studies is the individual consumer needs in food and their defining means of production, distribution, exchange and consumption. Food marketing plays an important role in inter-industries cooperation in AIC system (Table 5). In Table 5 we can see that the 2<sup>nd</sup> and the 3<sup>rd</sup> sectors of AIC give broad information about food market. Through marketing we get strategies of the optimal interests combining for those 2 sectors as well as we know how to satisfy

consumer needs.

In Table 6 we can see that particularities of food marketing complex are lead to, in general, the following factors:

- Satisfaction of basic human needs;
- Very special requirements of food quality and safety;
- Kind of season, climate and geographic factors;
- Manufacturing stage: raw agrarian materials or processing food;
- Development level of state food safety program and other state's support AIC programs.

We believe that forming of the food marketing system in modern Russian conditions will mainly depend on the character and rate of agro-marketing system development. There's no doubt that in order to create marketing system for food market, it should become a part of the federal food policy and be included in the Federal Programme of Food Safety.

Table 5. Food marketing and its role in inter-industries cooperation in AIC system, according to Author's interpretation.

Acceptors	Donors					
	Agricultural production	Food production	Logistics	Sale and catering	Consumption	Marketing
Agricultural production	x	Agricultural raw materials processing	Packaging, transportation, storage of agricultural raw materials	Agricultural raw materials sales	Order for Industry Structure of Agricultural raw materials	Combining interests of agro-industries units and consumers
Food production	Agricultural raw materials	x	Packaging, transportation, storage of finished commodity and half-finished products	Finished commodity and half-finished products sales	Order for Industry Structure of finished and half-finished products	Combining interests of food industry units and consumers
Logistics	Agricultural raw materials and finished commodity	Finished commodity and half-finished products	x	Different agro raw materials in lots, as finished commodity and half-finished products	Order for distribution Structure for agro raw materials, finished commodity and half-finished products	Combining interests of market infrastructure units and consumers
Sale and catering	Agricultural raw materials and finished commodity	Finished commodity and half-finished products	Packaging, transportation, storage of agro-raw materials, finished commodity and half-finished products	x	Order for sales Structure for agro raw materials, finished commodity and half-finished products	Combining interests of market infrastructure units and consumers
Consumption	x	x	x	Agricultural raw materials, finished commodity, half-finished products and different services	x	Satisfaction of needs in food
Marketing	Information on agro-markets	Information on food markets	Information on AIC infrastructure	Information on AIC infrastructure	Information on consumptions features ("consumer's portrait ")	X

**4. Features of consumer behaviour in the food markets in Russia**

In 1996-2004 we experienced mass interrogations of the population across the Urals (above 1500 persons annually) and expert interrogations in Russia (120-200 persons annually) are concerning behaviour of the consumer in the market of articles of food. Our researches have shown the following picture. Before disintegration of the USSR, as it is known, in the country there existed four basic consumer groups of people among the able-bodied citizens differentiated on style and a standard of life, education, and also - wages: 1) the Communist Party economic nomenclature;

2) intelligence and employees; 3) workers; 4) collective farmers and workers of state farms. At the present moment in Russia there is a stratification of the society into classes (groups), having a character of marginal polarization with the tendency of constrained growth. Really, as academician N.M. Rimashevskaja marks: «There formed two levels and a ways of life with the incomes and the monetary units, two consumer markets, distinguished by the prices and a set of the goods. On one side there are 5 % of rich and very rich people. On the opposite side - « the country of poor men », which incomes and consumption do not hold out up to a living minimum Distinctions in a standard of living of these



Table 6. Food marketing complex (“6P”), according to Author's interpretation.

Sets of “6P”	Basic features of food marketing “6P” sets
<b>1. Product</b>	<ul style="list-style-type: none"> <li>• satisfaction basic human needs</li> <li>• very special requirements of food quality and safety</li> <li>• Consumption is depended of national culture, customer’s habits, social influence and etc.</li> <li>• limited volumes of consumption</li> <li>• limited time of storage and shelf life</li> <li>• too much diversification of trade marks</li> </ul>
<b>2. Price</b>	<ul style="list-style-type: none"> <li>• depend of manufacturing stage: low and middle level per agrarian raw materials unit and middle and high level per processing product</li> <li>• depend of season; climate and geographic factors</li> <li>• defined of shelf life and good’s quality</li> <li>• has not single-figural correlation with consumer demand</li> </ul>
<b>3. Place</b>	<ul style="list-style-type: none"> <li>• depend of manufacturing stage: zero level for agrarian raw materials market and 1-3 levels for processing food</li> <li>• has as well vertical as horizontal channels of distribution</li> <li>• too much speed distribution as a consequence of limited time of storage and shelf life</li> <li>• high level of storage and transportation costs as a consequence of limited time of storage and shelf life</li> </ul>
<b>4. Promotion</b>	<ul style="list-style-type: none"> <li>• depend of manufacturing stage: weak level using promotion tools for agrarian raw materials market and too much intensive (aggressive) one for processing food</li> <li>• defined generally using “impersonal” channels of communication for distribution information about sale of agrarian raw materials and processing food</li> </ul>
<b>5. People</b>	<ul style="list-style-type: none"> <li>• all people of the society are the consumers of food market</li> <li>• character of consumption is too much individual</li> <li>• “social” and “psychological” portrait of consumer is very individual and depend of many factors of market segmentation</li> </ul>
<b>6. Profit</b>	<ul style="list-style-type: none"> <li>• has not single-figural value</li> <li>• depend of development level of state food safety program and other state’s support AIC programs</li> <li>• defined high speed funds turnover in the sphere of food processing, retail/wholesale and eat placing</li> </ul>

Two Russians, according to expert estimations, contain 100 times.

It is important to emphasize, that in conditions of transition economy the size of incomes and education, a standard of living and style of life not always depend on them as it was in the USSR or now in industrially advanced countries.

In other words, we managed to decide the whole society according to its material supply into 5 basic groups which are rather non-uniform concerning an educational level, conditions of residing, sort of employment, “life cycle” of family, its residence, structure of the budget and character of consumption (at the example of articles of food). On Figure 5, 6, 7 the population of the Russian Federation given concerning distribution on a level of incomes, size of wages and a share of charges on a meal are submitted.

The data received by us speak that families referred to a “*poor group*”, consist of large families with small children, or invalids, the unemployed people, pensioners mainly; and the real monthly income on one person in the given group makes no more

than 50\$ USD also does not provide the meal even within the framework of the budget of a living wage or a necessary social set. Workers of the establishments which are remained in the state ownership refer to financing budgetary financing make up the so called basically a “*needy group*”. It consists of teachers, engineers, doctors, art workers, scientists, etc.; their real monthly

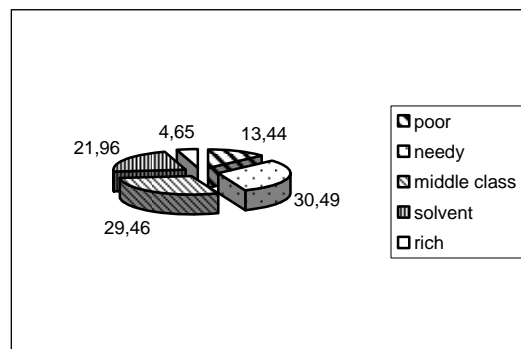


Figure 5. Distribution of the Russian population on a level of incomes, according to the results of the expert questionnaire which has been made by the author in 1996-2004.

incomes on one person in this case make about 200\$ USD and are within the limits of a living minimum. To a “middle-class group” there refer ordinary clerks and employees of the commercial (joint-stock) structures who successfully entered into market economy; their real monthly income on one person contain no more than 500 USD, the sum is higher than a living minimum, but much lower of the average consumer income advanced in industrial countries.

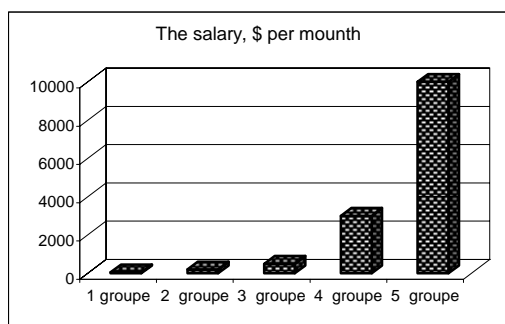


Figure 6. Size of wages in five groups of the Russian population, according to the results of the expert questionnaire which has been made by the author in 1996-2004.

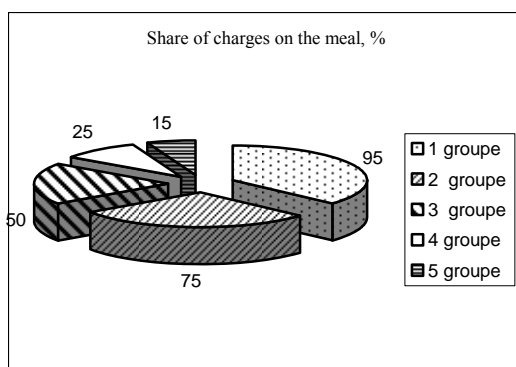


Figure 7. A share of charges on the meal in various consumer groups, according to the results of the expert questionnaire which has been made by the author in 1996-2004.

The people of an average level of management refer to a “solvent group” in commercial structures; their real monthly income on one person reach up to 3000\$ USD; the sums is comparable with the average consumer income of the advanced industrial countries. Into a “rich group”

these enter the so-called “new Russians” and “business - elite”; the level of monthly income per person here is not lower than 10000\$ USD and higher – the changes taking place in different limits, but much more than the average consumer income in the advanced industrial countries. Besides the facts according to our researches the business - elite is concentrated mainly in three cities of Russia: Moscow, Saint Petersburg and Yekaterinburg. So, only in Moscow there are more, than 39 billionaires living in any other city of the world. It is necessary to note, that among “new Russians” there are representatives of various groups of the population having different education and style of the life who managed “to pull out the lottery ticket” in new economic conditions who became rich because of successful trade. People referring to “business - elite” are mainly highly educated, natives of intelligent families and/or of the Communist Party-economic nomenclature.

After August crisis of 1998 the standard of living of Russians has fallen, due to different estimations, in 3 - 7 times, and by the beginning of 2004 it has grown and, on different data, has achieved and even has a little exceeded a level of 1998 (on 1.2-1.4 %). The growth of real incomes of the population of Russia is confirmed due to the data of official statistics. Really, proceeding from the official data, it is visible, that real available monetary incomes grow, and for April 2004, in comparison with the corresponding period of 2003, have increased for 8.6%, in January - April of this year - on 11.5%. Nevertheless, for successful economy is the high share of consumption of domestic economy containing 60% from gross national product. However, the share of final consumption of domestic economy in Russia is lower than 60 % though on the data on the end of 2003 it has increased from 45 % up to 50 % of GGP All this once again speaks about instability, dynamism of the society in conditions of transforming economy, and also about an imperative need of the further studying of public relations in sphere of consumption, and their role in the crisis processes in Russia.

It is important to emphasize, that developed models of the person - consumer in Europe and the USA cannot be applied at all, in our opinion, in conditions of the modern Russian society. It is caused, in our opinion, by the following principal causes:

1. Different countries have their own specific cultural codes (embodied in traditions, customs, habits, religion, language, system of values, etc.) which correspond to various types of welfare and economic development. Hence, there cannot be «a uniform world model of consumption», identical for all countries and determining the main direction of development of all mankind;

2. Foreign models of economic behaviour are guided basically to studying of the factors influencing consciousness and behaviour of the consumer, without taking into account materialistic principles of historicism, determinism, unity of consciousness and activity as it is more typical for the Russian researchers.

3. The western models do not take into account religious (orthodox Christianity), the territorial - geographical and climatic factors which have caused special mentality of the Russian, and, accordingly, their special relation to the property, problems of poverty and riches, etc., that, finally, influences the style (models) of consumption.

On this question we share similar positions of other authors.

It is necessary to note, that modern experts of marketing admit the fact, that the behaviour of the individual in the market of consumer goods can be submitted by some

circuit conditionally named “system of values”. In researches of Sheth-Newman-Grossit is written, that in the western markets the behaviour of the consumer is caused by the system of values, consisting of 5 factors of motivation. As far as the Russian consumers are concerned these 5 factors are not enough. In the author's interpretation, the system of values determining an individual choice in the market of consumer goods will consist of 6 factors and (Table 7.) looks as follows. This system of values allows us not only to explain behaviour of the consumer, but also, that is more important, to determine the main motive inducing the person to make a purchase.

So, if for the American and majority of European inhabitants on the first place in system of individual values there are personal achievements and success, for the Russians are typical conscience and harmony of soul, presence of good family and love. In this connection it is important to compare the values of the modern ordinary European consumer with the Russian one. The result speaks also that it is impossible formally to transfer postulates of the western marketing (especially - actions on stimulation of selling, methods of "aggressive selling », etc.) into the internal Russian consumer market.

The system of values, being a tool was applied in Russian conditions, especially the most various consumer markets, including – food markets. It is established, that importance of values making the system, according to results of the expert interrogations which has been

Table 7. System of the values causing a market choice of the individual consumer, according to Author's interpretation.

The name of a component	The basic characteristic of the system of values
1. Functional value	Degree of satisfaction perceived by the consumer base needs for the goods
2. Association value	Degree of satisfaction of the consumer, perceived by the need caused by association of the goods due to welfare stereotypes existing in the given society
3. Emotional value	Degree of satisfaction of the consumer, perceived by the need of the emotions received from the goods
4. Information (Cognitive) value	Degree of satisfaction of the need caused by ability of the given goods to satisfy curiosity aspiration to new knowledge, etc. information, perceived by the consumer need
5. Relative value	Degree of satisfaction of the need caused by a special situation, perceived by the consumer due to which the goods get functional or associative value
6. Representative value	Degree of satisfaction of the need caused by presence and availability of the desirable goods perceived by the consumer

experienced by the author, is various; the most powerful there appeared three components: *functional, emotional and cognitive (information)* (Figure 8).

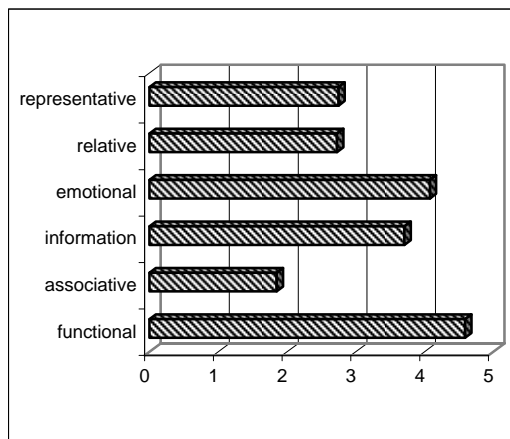


Figure 8. Distribution of importance of values making in system, according to results of the expert questionnaire which has been experienced by the author in 1996-2004.

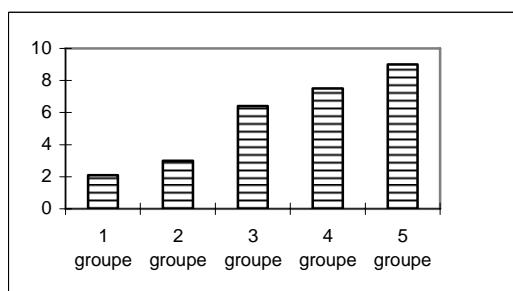


Figure 9. The attitude to the branded goods in different consumer groups, according to the expert questionnaire results which has been experienced by the author in 1996-2004, in a mark estimation, where 10-maximum loyal, and 1- maximum disloyal.

The use of the system of values as a methodical toolkit allowed us to make up our own criteria of a choice while buying something. For example, in the USA the basic criteria of the consumer choice of making purchase of articles of food are: 1) ecological cleanliness and safety; 2) quality, food value; 3) mark of the goods. In Russia we can note three criteria of a choice. They are: 1) a person’s own presentation of a tasty product; 2) the price; 3) quality, food value. The received data are coordinated with the

results of our research concerning preferences of the branded and not branded goods in five various consumer groups (Figure 9). It is obvious, that these data are necessary to refer in the following cases: 1) while studying models of consumption; 2) while making up measures of stimulation in selling of consumer goods; 3) in the process of creating new goods, including the foodstuffs markets.

Without any doubt, this topic is rather debatable and demands further studying of its theoretic-methodological aspects. Our researches show, that there can exist one of the variants of solving this problem. There can be seen a formation in Russia with a state policy (or a joint one with the Turkey, for example) the so-called counterbalanced consumption, i.e. consumption of material benefits on the basis of spiritual development of the person.

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