GOVERNANCE OF INTERCOMMUNICATION OF THE PRODUCER'S MARKETING WITH CONSUMERS AND OTHER MARKET PARTICIPANTS

In the article the results of the economic research of governance of process of intercommunications of producer executed by an author are expounded with consumers both on traditional markets and on virtual markets in the cyberspace is network the Internet. This problem in economics has not yet been practically covered, so the topic of the article is relevant. The evolution of marketing concepts from the production concept of production improvement to the concept of innovative marketing is considered. It is noted that the development of Internet marketing changes many aspects of marketer's work. The interests of the consumer are becoming more important. The consumer helps the enterprise to improve its production activities. Marketers are beginning to encourage consumers to have a dialogue with the company. A scheme of the process of interconnection of producer marketing with consumers and other market participants has been developed and presented. The scheme truly reflects the current economic relations of all participants, both traditional and virtual markets.

Keywords: innovations and invention, internet-marketing, marketing, market design, marketing concepts, model construction and estimation.
Statement of the problem. In recent years, a group of factors has emerged which are rapidly transforming the entire market economy system. The penetration of mobile technology in the economy has increased steadily. Competition has intensified, with more and more companies competing for the consumer, which has substantially changed his role in the markets. The use of cyberspace on the Internet is expanding, allowing manufacturers to significantly enhance all marketing tools to influence consumers, consumers to increase their influence on the range, quality and characteristics of goods and services produced. In these conditions, the producer can achieve sustainable success only if the consumer is included in the chain of creation of consumer value of a good or service on mutually beneficial terms. These factors and several others, both economic and non-economic, cause continuous and accelerating changes in all marketing activities. This requires practitioners to develop and use new and more effective ways of operating in the marketplace, different ways of governance of interactions with target consumers, partners, and new marketing tools. Governance of interactions with consumers and other market participants is becoming one of the central tasks of producer marketing. The solution to this problem is hampered by the lack of available publications for both practitioners and most academics, dedicated to the study of the essence of changes in marketing activity, the evolution of marketing and its concepts. Process modelling can be effective. The problem of investigating the relationship between the producer and other market participants when using the cyberspace of the Internet by modelling is relevant and deserves to be investigated.

Analysis of recent research and publications. The study of governance of consumer interaction, its marketing with other market participants, as well as the features of modern marketing activity is considered in many publications of both domestic and foreign scholars.

Kotler F. (2000) in his work «Marketing in the third millennium: how to create, conquer and retain the market explores features of marketing activity when using opportunities of the Internet» [1]; the technology of search for revolutionary ideas (2010) is described in [2]. Kotler F.'s position will be set out in more detail in the main part (outline of the main material) of the article.

Litovchenko I.L. (2009) in a monograph notes the advantages of internet-marketing [3]. Litovchenko’s position will be set out in more detail in the main body of the article.

Gates B. (2004) in «Business at the Speed of Thought» suggests that in order for an organisation to succeed in an accelerating business environment, a dedicated electronic infrastructure must be in place to run through the organisation like the nervous system of the human body. It will ensure its efficient development, ensure immediate response to emergencies, provide timely notification of new opportunities, deliver useful information to relevant employees, and prevent delays in decision-making and customer service [4]. In our opinion, this idea can be used in the system explored in this paper.


Yoon-Ho Alex Lee (2021) in his article «A model of Stock-Market-Based- Rulemaking» published in the American Law and Economics Review suggests that a market-based modeling mechanism has potential [8]. This assumption should be taken into account.

Ambrosino An. in co-authorship with Cedrini M. & Davis J. (2021) in the article «The unity of science and the disunity of economics», published in Cambridge Journal of Economics formulated an interesting position on the theoretical basis for identifying a set of possible options for integrating social sciences. They suggest concentrating on the problem of pluralism in both social sciences and economics, as well as on structural conditions which would enable economics to participate in the development of transdisciplinary science [9]. The clarification of these points can contribute to a deeper understanding of the essence of the economic processes which take place in the markets in question.

Many aspects of the development of marketing, marketing activities, Internet marketing are contained in the articles by Striyi L.A. and co-authors: «Modern marketing management of entrepreneurship», (2021) [10]; «Modern infocommunications: research of factors affecting innovative development». (2018) [11]; «A marketing analysis of services of mobile communication analysis is in the conditions of introduction of the newest technologies». (2018) [12]; «Market of communication and internet services: research of competitive environment: abstract and references». (2017) [13]; «Global benchmarking as a method of fight against intellectual migration in Ukraine». (2017) [14]. They were used in the research of the problem addressed in this article.


Thus, it can be assumed that the problem of marketing development, internet marketing is sufficiently well described in the available publications.

Highlighting the previously unresolved parts of the overall problem. However, many of the current features of the problem of governance of interconnection of a producer and its marketing with other market players when using cyberspace on the Internet, which was chosen for this article, have not been addressed in these publications. This is mainly concerned with the development and research of a model for governance of interconnection process.

Purpose of the article. To set out the results of research on the chosen problem: the evolution of marketing concepts; development and basic characteristics of Internet marketing; development and description of the model of the process of organizing the relationship of marketing and Internet marketing producer with consumers and other market participants in cyberspace on the Internet.

A statement of the basic material. Marketing is responsible for governance of interaction between the producer and the consumer and other market participants. Marketing, marketing activity has a positive ability of adaptation, quick adaptation to changing economic, market, social and other conditions of external environment. This allows the marketing concept to be continuously aligned with the orientation of the business in the current conditions.

Initial business orientation directed the enterprise efforts to improvement of technology and organization of production, cost reduction, improvement of goods characteristics, which gave an opportunity to mass-produce the goods at acceptable price for the consumer. Marketing mainly solved the problems of marketing the goods produced by the enterprise on the market. The marketing slogan was the principle: everything produced must be sold. Organisationally, marketing activities were carried out by the sales department, headed by one of the deputy directors. The marketers were guided in their practical activities by the concept of production improvement. The production concept is still used by some enterprises in the situation when the demand for the enterprise’s goods (for example, for innovative products) exceeds supply [5, p. 27-28; 6; 7].

Almost simultaneously with the production concept, the concept of product improvement emerged, which directs the attention of producers towards the product, given that the consumer always favours the product if the latter is of good quality and acceptable price. By focusing on this concept, achieving the desired sales volume and profit requires relatively little expenditure on marketing activities. Without studying the market and reducing marketing costs, the enterprise risks significant damage from possible market failure [5, pp. 28-29; 6; 7].

Once the market was saturated with goods, which complicated the sales problem, the orientation of the producer additionally shifted to sales of the goods produced. The concept of production and sales orientation emerged. The producer, in addition to improving production and goods, intensifies sales efforts through advertising and other sales promotion measures. [5, c. 29; 6; 7].

In order to intensify sales promotion, the concept of commercial intensification has been developed, which states that consumers will only buy the offered goods in sufficient quantities if the company makes commercial efforts to stimulate sales, that consumers can be made to buy the offered goods by means of various sales methods. Almost always short-term goals are pursued: to sell products, to fulfil a delivery plan, to find orders. The main emphasis in the production-sales-consumer system is on sales. The realisation of the sales concept in practice often turns into a compulsion to buy. Other ethical problems arise. The process of intensifying sales of manufactured goods requires considerable attention to increasing production and improving the product. In this case, the market and the consumer usually fall out of sight, which reduces the efficiency of economic activity of the enterprise [5, p. 29-30; 6; 7].
The concept of consumer orientation emerged, whereby the manufacturer makes a decision to produce a product only after selecting and researching in detail the target market (for which the company plans to produce goods), the manufacturer's efforts are directed towards studying the buyers, finding out their preferences and ensuring their highest consumer satisfaction. It oriented the producer towards identifying actual and possible potential buyers and their needs. According to this orientation, the objectives of the enterprise, especially long-term ones, can be achieved only through the research and satisfaction of the needs and desires of target consumer groups (to whom the enterprise can offer its goods and services) [5, p. 30; 6; 7].

In implementing this concept, the basic concept of marketing – the marketing approach to the organisation of the producer’s activities – was formed. The concept of the marketing approach (marketing concept) directs the enterprise towards the target market. The slogan of marketing is: ‘Don’t try to sell what you can produce, produce what you will certainly buy’. This concept states that enterprises can only achieve their goals if they correctly identify the needs and requirements of their consumers and satisfy them more effectively than their competitors can. At the same time, entrepreneurs should not only adapt to market demands, but also shape the needs of potential customers and stimulate consumption themselves [5, p. 30; 6; 7].

In the last quarter of the twentieth century, business faced competition that became more intense with each passing year. Companies that continued to focus on the consumer (only on the consumer) began to lose to competitors who had mastered new methods of working in the market. M. Porter and F. Kotler developed a new competitive orientation concept, according to which the development of enterprise strategy should focus on countering competitors. However, the conflict business paradigm has failed to adapt to significant changes in the market due to the impact of the information revolution [5, pp. 30-31; 6; 7].

The market is beginning to change. The enterprise producer seeks to create a unified chain of creation, production, sale and consumption of goods in which the producer, his partners and consumers participate on an equal and mutually beneficial basis. The marketing of the enterprise begins to reorient itself towards a coordinating function in the system of connections arising on the market. A new concept of partnership marketing and interrelationships develops. Marketing becomes a necessary element coordinating the mechanism of interaction without which the organisation cannot function. The marketing slogan becomes the principle: Find the target consumer and make him a partner on a mutually beneficial basis [5, p. 33-34; 6; 7].

In today’s environment, business is focused on innovation. These factors have led to the development and implementation of a new marketing concept, which should direct the economic and marketing activities of the enterprise towards the development and implementation of innovation. The marketing slogan of this concept is quite radical: Invent an innovative product, position it as a brand, explain to consumers how to use it, and maybe they will like it. This marketing concept is also called marketing of new ideas. The main focus of marketing efforts becomes adapting the product to the understanding and needs of consumers. New idea marketing is currently the most popular concept in the marketing activities of many cutting-edge companies [5-7]. For enterprises marketing is developing towards personalization of relationships and interaction with customers, the consumer takes part in all stages of creating and managing infocommunication services [5, pp. 34-35; 6; 7].

At present, as a result of the complex impact of many factors, there is a shift in the orientation of business and the concept of marketing activity. Marketing as the most flexible tool of market research and analysis, development and implementation of effective market methods has relatively quickly mastered the cyberspace of the Internet. Marketing activity in cyberspace of the Internet has significant features and requires the use of other forms, methods and techniques of work. It has caused occurrence and fast development of the new kind of marketing which has received the name of Internet marketing. Tools of Internet marketing give the chance to lower uncertainty of a market situation, the market becomes more "transparent" which allows to develop the most effective program of economic activities, to choose adequate strategy of development of the enterprise and to provide the growth of profits.

Internet-marketing can be defined as a system of organization of marketing activities of the enterprise by taking advantage of the Internet based on comprehensive market research, study of actual and potential customer demands and organization of effective interaction with consumers and other market participants.

F. Kotler (2000) in his work «Marketing in the Third Millennium: How to Create, Conquer and Retain a Market» believes that with the use of the Internet many aspects of business have changed radically, which made it possible to significantly increase its efficiency. This work of his lists some situational aspects of business that were previously impossible or unavailable [1, pp. 51-53].

Litovchenko I.L. (2009) in his monograph «Methodological Aspects of Internet Marketing» points to the advantages in the use of Internet marketing tools: globality; access to an unlimited amount of information; convenience for consumers; solvent and socially active audience; more effective and less costly advertising and PR; interactivity. I.L. Litovchenko believes that due to its interactive nature, the Internet is an ideal means of establishing a long-term partnership between
producer and consumer [3, p. 10-14]. Important elements of internet-marketing are: speed, focus on individual needs and dialog mode; key aspects of technology that provide these opportunities, and economic factors that influence the development of the modern market.

Gates Bill (2004) in «Business at the Speed of Thought», considers the Internet an essential element of how modern companies operate: “The Internet is not just another sales channel. The earlier a company takes advantage of the Internet, the greater the potential savings will be, which will be particularly evident in comparison to competitors’ costs [4].

The development of internet-marketing is changing many aspects of the requirements for the work of a marketer. First and foremost, it is necessary to understand the global nature of today's market, which has no state, customs and other borders, with its inherent cultural and national characteristics and the rapid development of scientific and technological progress. The aforementioned peculiarities should serve as a reference point, using which it is possible to understand the essence of successful strategic marketing actions, optimum tactical methods and emerging opportunities, and to predict their further change. Consumer interests become more important to the enterprise with regard to internet marketing. The consumer not only performs the function of buying the organisation's products, but also helps the organisation to improve its performance. Marketers need to understand this specific business feature and encourage consumers to engage in a dialogue with the organisation. This, in turn, means that the enterprise has a greater responsibility towards its customers. Recent research has shown that the use of advanced internet marketing techniques can bring real savings and profits. This is due to the great benefits and conveniences that accrue to both consumers and producers. In the expanding global computerisation and internetisation, the role of internet-marketing will increase markedly. This is the reason why many developed businesses are focusing on the continuous improvement of their tools.

The study of the process of organizing the interconnection of producers with consumers and other market participants using cyberspace on the Internet is effectively performed by modeling the process of interconnection. Modern markets in the cyberspace of the Internet are currently in a stage of development and structuring. In such cases, according to the author, it will be effective to use a heuristic anaxiomatic approach in developing the model. This method has been repeatedly used by the author in many studies and has shown good efficiency. This approach allows us to make full use of a researcher's creative abilities and deep understanding of the essence of the process being modeled. At the same time, it allows us to discard unimportant things in order to focus on the essential. This approach reduces the time required to build a model and ensures high efficiency of its research [24].

The scheme of the model of the process is shown in Fig. 1.

The diagram identifies the actors involved: the product producer (marketing, Internet-marketing, marketing); cyberspace Internet and information product markets; real markets; consumers of products; institutions; and the State.

“Institutions” and “State” have an external impact in this system of interaction organization. In the author’s opinion, these influences require a special study. The author has chosen not to consider the impact of these influences within the scope of this article.

Producers of products are interconnected with consumers of products (information flows I1 and I5); with cyberspace Internet and markets of information products (information flow I3); with real markets (information flows I1 and I5).

Apart from producers (information flow I1), cyberspace on the Internet and markets for information products are interrelated with real markets (information flows I1, I5) and with consumers (information flow I3). All markets are interconnected with each other (information flows I1, I5 and I3), with producers (information flows I1, I5 and I3) and with consumers (information flows I1, I5 and I3). Consumers are interconnected with producers, all markets (information flows I1, I5, I3, I5, I3, I1) and can be connected with each other (not reflected in the diagram).

The model considered can be implemented in practice. The author believes that its implementation can be beneficial to all participants in both virtual and real markets.

Conclusions. The analysis of recent studies and publications has shown that among the many publications on how producers and their marketing and Internet-marketing governance of process of intercommunications with consumers and other participants in real markets and markets on the Internet in cyberspace, many new features of the problem that this paper has chosen to address have not been addressed. This is mainly concerned with the development and research of a model for organizing the interconnection process.

At the present time there is a shift in the orientation of business and the concept of marketing activity as a result of the complex impact of many factors. Marketing has relatively quickly mastered the cyberspace of the Internet. This has caused the emergence and rapid development of Internet marketing. Internet-marketing tools make it possible to develop the most effective program of economic activities, choose the adequate strategy for the development of the enterprise and ensure the growth of profits.

The authors developed and presented the model of the process of governance of intercommunicationsthe relations of producer with consumers and other market participants by using the
When developing the model, a heuristic anaxiomatic approach was used, which allows full use of the creative abilities of the researcher. At the same time, it allows discarding the unimportant in order to focus on the essential. The model can be put into practice and its implementation can be beneficial to all participants in both virtual and real markets.

**REFERENCES:**


