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# The economic mechanism of marketing activity management of food enterprises

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**Abstract.** The consumer market, the production process is focused on the target group of end consumers, which contributes to a freer choice of the marketing strategy of the enterprise. It is proved that the economic mechanism of the formation of distribution systems of enterprises is a system of interaction of sets of factors of an economic and organizational nature, subjects of mediation of their actions and means of influence, taking into account signs of belonging to the internal or external environment, directly influencing or participating in the process of forming a distribution system of products. The optimal management system of a modern enterprise in the food market should be based on a symbiosis of marketing strategic and financial planning. This will allow solving simultaneously a number of tasks of the company's management, namely, adequate and prompt response to changes in the external environment. The authors have identified the means of influencing the formation of marketing, commercial and logistics components of enterprise product distribution systems can be quite deeply differentiated, because the practical implementation of management decisions requires the involvement of a wide range of production and sales tools, which means that they can be specified only for the conditions of a particular enterprise.

## 1 Introduction

Modern market conditions for the development of the domestic economy are characterized by the intensification of competition between producers both in the domestic and foreign markets, the development of globalization processes accompanied by increased activity of man-made changes, which in turn puts forward increased requirements for manufacturing enterprises in terms of increasing the competitiveness of products. At the same time, the success of the functioning of any economic unit, regardless of the profile of activity,

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depends on its ability to react and correctly monitor any changes taking place in the external environment and reflect them in the long-term development strategy, commercial and commodity policy of the enterprise through appropriate management decisions. In the food sector, the situation is aggravated by the specific features of the production systems of enterprises and products, which increases the risk of their entry into sales markets. Accordingly, in such conditions, the role of marketing activity increases significantly, but not as an independent function observed in the practice of most domestic manufacturers, but as one of the main systems of the enterprise, providing communication with the external environment in close interaction with its production subsystem. Therefore, there is a need to develop an effective mechanism for managing food marketing at the enterprise, which will ensure the implementation of a competitive strategy that is maximally consistent with its production subsystem.

The level of development of the production component of ensuring an increase in the economic activity of the production and sale of food products makes it possible to effectively manage the volume and quality of manufactured products [1]. Moreover, it is he who today forms the basis for the formation of the competitive potential of the subjects of the sphere of production of enterprises. However, this potential cannot be effectively realized due to the presence of a number of objective and subjective reasons, the basis of which is the imperfection of the implementation of the marketing stage of the production and commercial cycle, at which the process of final formation of the economic effect from the implementation of the main activity and, in modern conditions, the process of oppression of the economic interests of producers.

In turn, it is the improvement of marketing and sales management that should allow enterprises to attract the necessary funds received as a result of implementation for reinvestment in the development of their production potential, which ultimately will ensure a steady increase in the economic efficiency of their activities.

The following economic scientists have had a huge influence on the formation and development of the modern theory and practice of universal marketing in their scientific publications: H. Aghazadeh (2015), N. A. Morgan et al. (2019), R. Varadarajan (2010), E.H. Shaw (2012), I. Alon et al. (2020), V. Kumar et al. (2012), S. F. Slater et al. (2010), H. Nobre and D. Silva (2014), L. Patrutiu-Baltes (2016), G. Abuselidze, (2021), L. Lamberti and G. Noci (2010), F. Li et al. (2021), W. Fei et al. (2021) [2-20]. However, it should be recognized that despite the increased attention on the part of domestic and foreign researchers to marketing management issues, in the food sector this problem is less studied than its general direction, where its currents and corresponding schools have been formed. Therefore, a number of theoretical and practical issues related to the formation of a marketing management system in the process of implementing a competitive strategy of an enterprise remain poorly studied.

The purpose of this article is the scientific justification and development of theoretical and methodological foundations and practical recommendations for the formation of an economic mechanism for marketing management in enterprises.

## **2 Research methods**

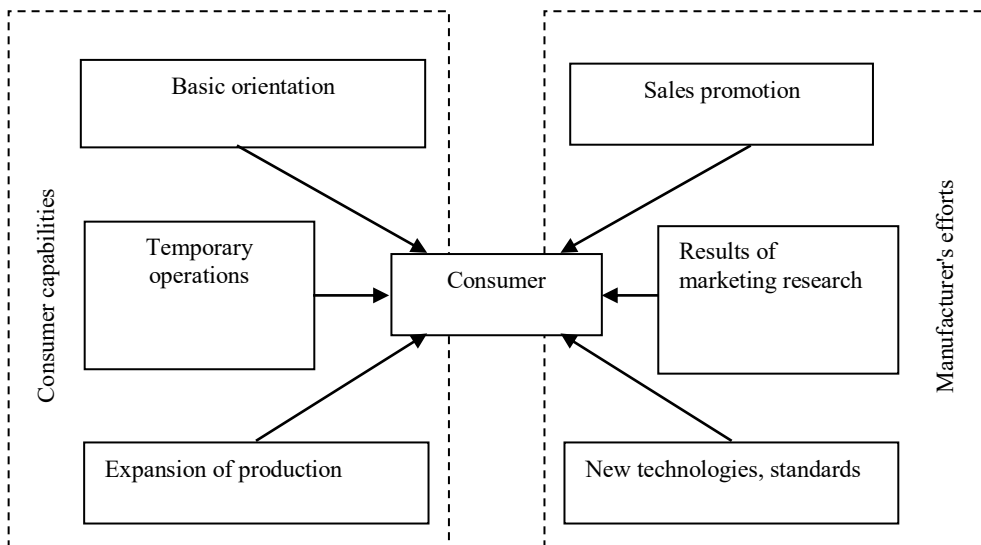
The methodological basis of this research is the development of theoretical and methodological principles of the study of the formation of the economic mechanism of marketing management in enterprises. The following methods were used in the research process: dialectical cognition - for setting research problems, studying and detailing the object of research; abstraction and morphological analysis - to clarify and compile a categorical conceptual apparatus in the chosen direction of research; philosophical and historical analysis - to study the evolution of the general provisions of marketing theory;

abstract-logical approach for theoretical generalization of re-search results and formation of intermediate and final conclusions based on them. The economic and statistical method is the identification of the main trends in the development of enterprises and structural changes in the food supply of Ukraine.

### 3 Results and discussion

A characteristic feature of the previous and especially modern periods of the development of the world economy is the use of the basics of marketing and the use of its tools in the practical activities of many enterprises, organizations and institutions of various organizational and economic forms. However, having real opportunities to achieve a high level of competitiveness of their products, domestic manufacturers, due to their irrational use, cannot function as efficiently as possible, and therefore successfully resist foreign competitors.

Food industry enterprises, as a strategic link, operate both in the consumer and industrial markets. However, despite the fact that this approach has a certain functional orientation, its orientation is somewhat different. In the food market, production is specialized, so the choice of strategies is limited. In the consumer market, the production process is aimed at the target group of end consumers, which contributes to a freer choice of the company's marketing strategy. In Figure 1, the strategic marketing system of the enterprise in the market of food production is showed.



**Fig. 1.** Strategic marketing system of the enterprise in the food market [21].

Measures to stimulate sales in the food market are traditional - discounts when buying a large batch of goods and regular customers. The consumer has rather strictly regulated needs that directly affect his behavior.

The formation of enterprise product distribution systems is a process, therefore the effect of system-forming factors can only be considered in dynamics. In this context, the issue of formalization of the organizational and economic mechanism of the formation of the distribution systems of the enterprise is actualized. In turn, the process of formation and functioning of distribution systems also constitutes the sphere of manifestation of the economic mechanism.

The formation and functioning of product distribution systems is directly related to the reproduction process, because the sale of products is the final stage of the production and commercial cycle, at which its results are formed in each cycle of capital turnover. At the same time, as the generalization of scientific views demonstrates, only the relation of the process of forming distribution systems to the enterprise turns out to be formalized. However, the sphere of formation of distribution systems is methodologically uncertain, because, on the one hand, an enterprise as a subject of market relations independently determines the directions and proportions of the sale of its products, and on the other hand, the behavior of most market entities can be predictable and completely dictated by the action of the illustrated factors.

The internal environment of the business is where the product distribution system is formed and operates under the influence of both internal and external environmental elements. The main factors of the external environment are:

- the behavior of consumers of products in the target market, which determines the intensity and nature of demand;
- the price environment in the object market, or the market for a certain class of business items;
- the regulatory policy of the state, which in the process of its implementation determines the level of concentration of trade and production capital, and therefore the potential of market entities;
- characteristics of the market infrastructure that determine the possibilities of rational production of marketing activities of enterprises supplying certain types of products;
- the specifics of financing the restart of the production and commercial cycle of the enterprise of the sphere of production and the commercial cycle of the enterprise of the sphere of circulation of products are determined by the credit policies of banks and other subjects of the financial services market.

In turn, the factors of the internal environment are:

- the marketing policy of the enterprise, which is the conceptual embodiment of the approach of the enterprise to the implementation of the process of its functioning and development;
- the company's sales policy, which actually determines the directions of product sales;
- the type of reproduction that determines the possibilities of mobilizing the potential of the enterprise, hence the effectiveness and efficiency of its production and commercial activities.

Elements of the enterprise marketing management system are aimed at creating and maintaining a competitive advantage. An integral part of the overall strategy of the marketing management model should be its innovation strategy. This management model should solve the tasks of evaluating and using the progressive experience and advanced achievements of competitors - benchmarking innovations. At the same time, the company's innovations should not be a one-time intellectual surge. In order to maintain competitive advantages and simply survive, the company needs to ensure a continuous flow of innovations.

The elements of the new enterprise management system can be represented as showed in Table 1. On the left are strategic tools, on the right is the interaction of business processes. Together they form a new enterprise management system. The price associated with intangible assets is created through business processes that either create intangible assets (for example, product development and business development) or exploit them (for example, customer relations).

**Table 1.** Elements of the new enterprise management system.

Strategy and corporate efficiency	Markets and customers	Financial results	Procedures and resources
		Balanced scorecard	
		Strategic projects	
Product development and improvement	Discovery	Realization	Commercialization
		A scorecard for the value chain	
Main activity	Supply Chain Control Panel	Control panels of the main activity	Supply chain control panel
Main resources	Staff	Information resources	Strategic partnership alliances
		Resource control panel	
		Finance	

With the usual type of reproduction, the causes of production remain constant in each subsequent production cycle. With extended reproduction, additional or higher-quality resources, factors of production are required to resume production in each subsequent cycle – the main source of their expansion or qualitative improvement is an additional product that cannot be fully used for personal consumption. Changes in the factors of production, both quantitative and qualitative, can be achieved in such conditions by more rational involvement and use of them. With the narrowed reproduction inherent in the modern agricultural sector of the domestic economy, the production cycle repeats, however, the results of activity do not compensate for the resources placed in production.

These factors of the external and internal environment affect the processes of formation and functioning of product distribution systems with different intensity. Proceeding from the above, the classification of factors of the economic mechanism of the formation of production distribution systems of enterprises solely by highlighting factors of the external and internal environment does not sufficiently reflect the essence of the process of its evolution and, accordingly, limits the possibilities of determining development prospects. In view of these circumstances, we propose to classify the factors of formation and functioning of the distribution systems of enterprises (Table. 2) according to the following criteria:

- 1) the intensity of the manifestation of the action of factors;
- 2) on systemic grounds;
- 3) mediation of formation and influence.

Such factors of the internal environment as the type of reproduction and marketing policy can be attributed to the active ones by the criterion of the intensity of the impact. The first determines the possibilities of successful implementation of all stages of the production and commercial cycle, and the second directly determines the target object markets. Due to this, when implementing the sales policy, the directions of product sales will be formed, which means that the distribution function will be performed. According to this criterion, such a factor of the microenvironment as the marketing policy of the enterprise can be classified as passive, because its elaboration and implementation is secondary to the action of most of the listed factors.

**Table 2.** Classification of factors of formation and functioning of product distribution systems.

Factors	Classification criteria					
	Intensity		Consistency of formation and influence		Mediocrity of formation and influence	
	active	passive	active	passive	indirect	straight
Microenvironment factors						
Playback Type	•		•			•
Marketing policy	•			•	•	
Sales policy		•	•		•	
Macro environment factors						
Consumer behavior	•			•	•	
Regulatory policy		•	•			•
Price situation on the market	•			•		•
Infrastructure Characteristics		•	•			•
Credit policy		•	•			•

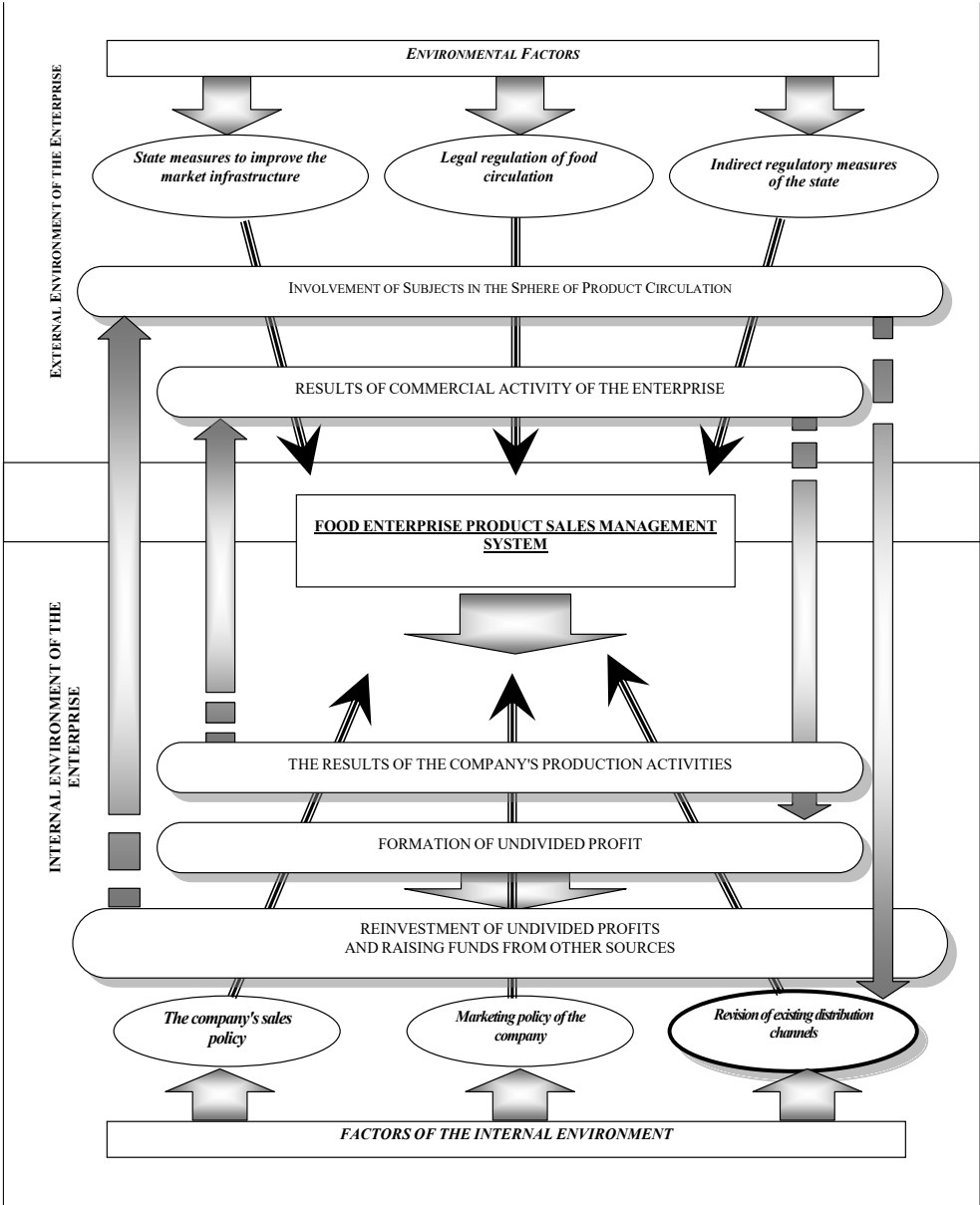
According to the criterion of systematic formation and influence, it is advisable to attribute such factors of the internal environment as the nature of reproduction and technical policy to the systemic ones, while the commodity policy of the enterprise has rather a stochastic effect on the system of technical and technological support, because it is influenced by numerical factors of the commercial environment of the enterprise, the change of which lies outside the sphere of influence of the business entity. It is advisable to classify the factors of the microenvironment of the enterprise by dividing them into direct and indirect.

The direct ones should include the existing type of reproduction in the enterprise, and the indirect ones - technical and commodity policy. The commodity and technical policy is formed by the management of the producer, as well as mediated by him, which means that the subjective nature is clearly expressed.

A somewhat different approach should be applied to the classification of environmental factors. It should be noted that the active factors in terms of the intensity of the impact should include consumer behavior and the price situation in the market, the other significant factors manifest their effect in the long term and create a certain organizational and economic background on which the development of product distribution systems takes place. The remaining factors are passive in terms of the intensity of the impact and systemic in terms of the second criterion. According to the third criterion, only consumer behavior is a subjective factor, while other factors are objective.

Along with the economic conditions and patterns of formation and functioning of product distribution systems, these processes are the object of enterprise activity management. Accordingly, the organizational aspects of the construction and use of product distribution systems are objective.

At the same time, the key principles of its functioning in the formation of dental systems, in our opinion, are: the complexity of innovative development of crop production; adaptability and flexibility of systems; ensuring the strategic unity of state regulation and enterprise development policy; efficiency and cost-effectiveness of systems. However, a distinct division between the organizational component (or organizational mechanism) and the organizational and economic mechanism is necessary for the allocation of such principles. The organizational mechanism of the formation of the distribution systems of the agricultural company's products is shown in Fig. 2.



**Fig. 2.** The organizational mechanism of the formation of systems for the sale of products of enterprises in the food market. Source: compiled by the authors based on the generalization of research.



From an organizational point of view, an indefinite number of subjects influences the formation of product distribution systems, which can be divided into the following categories: directly the enterprise, the state and the subjects of the sphere of circulation. At the same time, the company is trying to improve the degree of adaptability of its marketing and sales policy in order to increase the efficiency of its core business by maximizing its commercial potential.

The state influences the formation of product distribution systems by establishing measures of the food market, its infrastructure regulation, the creation and revision of the regulatory framework governing the commercial processes of product circulation; the use of indirect impact measures that provide for certain regulation of object markets and, accordingly, determine the behavior of their subjects.

The organizational and economic mechanism for the formation of production distribution systems of enterprises is a system of interaction between sets of economic and organizational factors, subjects of mediation of their actions and means of influence, taking into account signs of belonging to the internal or external environment, directly influencing or participating in the process of forming a product distribution system. Organizational influence on the formation of distribution systems of products from the external environment of the enterprise is exerted by infrastructure entities, consumers and the state through the use of organizational means indicated in the figure.

In turn, the company resorts to attracting such means of influence on the formation of distribution systems of its products as: differentiation and diversification of production; adaptation of the distribution channels used, improvement of the marketing policy. At the same time, the adoption of appropriate decisions is based and mediated during the formation and implementation of marketing policy.

The objective necessity of combining the economic basis with organizational measures additionally determines the need to formalize the organizational and economic mechanism of the formation of distribution systems. The composition of subjects defined above also determines the set of means of influencing the formation of production distribution systems of enterprises, which are reduced to the implementation of marketing and sales policies, while decision-making is based on the objective laws of the functioning of the market, the policy of possible counterparties and other subjects of the sphere of circulation determined by them, as well as the regulatory influence of the state. At the same time, we consider the involvement of economic and organizational means of influence at the enterprise level as a reaction to the use of a certain list of means of influence by subjects of the macro environment.

## **4 Conclusions**

The complexity of the external environment, the saturation of the market with goods, the high demands of consumers for their quality and assortment led to the need for marketing management that ensures the real orientation of all departments of the enterprise, its employees to consumers. The optimal management system of a modern enterprise in the food market should be based on a symbiosis of marketing strategic and financial planning. This will allow solving simultaneously a number of tasks of the company's management, namely, adequate and prompt response to changes in the external environment.

The means of influencing the formation of marketing, commercial and logistics components of enterprise product distribution systems can be quite deeply differentiated, because the practical implementation of management decisions requires the involvement of a wide range of production and sales tools, which means that they can be specified only for the conditions of a particular enterprise.

The selection of the adaptability of the product distribution system and rational organization of marketing activities by businesses, which involves using sales proceeds per unit of total costs for the production and sale of the specified volume of products, is justified. This ensures the appropriate and, most importantly, the level of their payback. At the same time, the combination of these principles in the formation and implementation of the marketing policy of enterprises will actually eliminate the negative manifestations of environmental factors and significantly increase the economic efficiency of the main activity.

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