

## FEATURES OF A TRADE ORGANIZATION ACTIVITY IN THE CONDITIONS OF THE MODERN ECONOMY

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**Abstract.** The article examines the issue of market activity of companies with different vectors of strategic management. Special attention is paid to market policies, sales, market competition and opportunities to create market competitive advantages for business. The results of research on the analysis of the market behavior of companies are presented. Factors affecting various areas of activity are outlined. The most successful models of marketing response to the challenges of the surplus economy, especially in crisis conditions, are highlighted, which consist of four elements: an organizational strategy that determines the level of integration; strategy of communicative interaction of channel participants; strategy of business interaction; customer service strategy. Elaborated recommendations on strengthening the market activity of companies in the field of trade.

**Keywords:** market activity, trade activity, strategic management, development vectors, market strategies, business.

The economic success of trade organizations in the conditions of the modern economy in its Western European and North American versions led to the desire to imitate the prevailing stereotype of management by the economies of other countries. As you know, economic growth and success in the business activity of firms, as a rule, is and is in direct connection with the use of effective marketing technologies.

Economic globalization, which in many respects determines the realities of the modern world economy, increases the openness of national markets and practically removes obstacles to the incorporation of marketing not only through imitation and borrowing, but also through the direct transfer of skills and abilities when involving leading employees in trade organizations and training own personnel<sup>76</sup>.

The complexity of the situation lies in the fact that the national economy, copying the advanced and most successful options for marketing in the activities of firms, aimed both at innovations in production and at customers within the

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<sup>76</sup> Aaker D. A. (2009). Managing brand equity; Ansoff H. I. (1957). Strategies for diversification.

framework of trade marketing, are forced to deviate from the models due to the inconsistency of local economic realities with reference economies. Such inconsistencies consist, first of all, in different resource availability, lower overall solvent demand and the attitude of the population to the quality and quantity of services related to trade and marketing activities. As a result, it can be stated that marketing itself (primarily commercial) as the sum of the economic efforts of the staff of a trade organization, which brings goods or services to the market, reacts differently to the challenges of the emerging new economy<sup>77</sup>.

One of the challenges of the modern economy are crises (financial, financial and economic, overproduction, etc.). Regarding the formation of crisis phenomena, the processes of their generation as a result of the implementation of marketing strategies by companies seem obvious both in Ukraine and in developed economies. Among them should be attributed the stereotype of intensification of individual consumption, which is reinforced by the growth of lending volumes of the consumer sector and the situation on the mortgage lending market. These processes are actively influenced by the banking and financial and credit policies of investment companies, whose efforts are implemented with the help of marketing communications and positioning of the offered product (service) as desirable and available with the help of borrowed funds<sup>78</sup>.

In our opinion, it is interesting to find out the reaction of marketing of trading companies to the challenges of the new economy, in particular to crises. In this context, it should be noted that in the economic literature there is widespread evidence that many companies and corporations have reduced marketing expenses and marketing departments have experienced reductions in order to optimize the budget.

The intuitive reaction of the business environment can be considered to be the idea that instead of the systemic cause of the decrease in efficiency due to the conditions of existence of the national economy, primary causes are put forward: incorrectly chosen strategy for the development of the organization, inefficient management, conflicting interests of top management and shareholders, as well as the mismatch of professional skills of top management with the current situation. As a result of the crisis phenomena, there was a decrease in financial reserves in many organizations, which reduced the overall budget and, as a result, marketing costs. These are costs caused by the lack of success in bringing new products to the market, the high cost of advertising campaigns with unproven effectiveness due to the lack of

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<sup>77</sup> Babko N.M. (2022). Marketynh yak protses upravlinnia kompaniieiu v umovakh konkurentsii. Rozwój systemu kształcenia w zakresie nauk rolniczych – od teorii do praktyki; Babko N., Mandych O., Duiunova T. (2022). Features of digital globalization in conditions of modern challenges; Babko N.M. et al. (2020). Povedinka spozhyvacha: navch. posib.

<sup>78</sup> Kviatko T.M. et al. (2020). Marketynhovi doslidzhennia: navch. posib.; Babko N.M., Naumenko I.V., Spivak S.I. (2020). Osoblyvosti marketynhovykh komunikatsii v informatsiinykh merezhakh, p.297-303; Kotler P. (2009). Marketing management: A south Asian perspective. Pearson Education India; Mandych O., Babko N. (2022). Characteristic features of the digital transformation of the Ukrainian economy; Mandych O.V. et al. (2020). Marketynhovyi menedzhment: navch. posib.

sales growth. This mediates the reduction of marketing budgets and control over their direct spending. The measures carried out in marketing during the crisis are determined by such parameters as the size of the company, the profile of its activities, the availability of reserves and opportunities for diversification, as well as the specific situation on the market. In any case, it should be remembered that marketing makes it possible to assess the prospects of the studied market and potential directions of the company's activities, which can contribute to the exit from the crisis with smaller losses<sup>79</sup>.

According to P. Kotler, "...the role of marketing in crisis situations is growing more than ever: it is marketers who help the company to survive by finding new niches, restructuring product policy, finding new reserves and new points of effort. Marketing helps the company to survive. It is the marketing approach to solving the main problems of the company during the crisis that will help it not only to soften the blow, but also to continue active commercial activity. The task of marketing is to identify both external and internal causes of the crisis situation and propose measures to overcome it"<sup>80</sup>.

Traditionally, one of the possible responses of the company's marketing to crisis phenomena in the economy is to build long-term relationships on a consensual basis with permanent business partners, which, along with suppliers, wholesale and retail chains and other organizations, include corporate and individual consumers.

It should be noted that such long-term relations within the framework of marketing as partnerships are built with a limited number of the above-mentioned business partners, on the basis of which the company's existing business relations are selected. In this context, horizontal integration of the procurement process with other trade organizations, including competing ones, can be implemented, if this entails a reduction in the cost of the purchases made and an increase in the market stability of the parties involved in this integration. Moreover, this kind of arrangement with competitors, especially at the level of large companies, has come to be called new competitive relations, which are used to confront other players in the global market<sup>81</sup>.

Another possible response of marketing companies to the challenges of the new economy and the crisis, in particular, is the possibility of outsourcing a number of areas of the company's activities. Here, first of all, we mean the possibility of transferring part of specialized marketing activities to highly professional marketing companies. For example, ordering specialized marketing research in the field of

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<sup>79</sup> Mandych O., Mykytas A., Babko N. (2021). Communication as the basis of business and marketing activities; Fiiier O. et al. (2019). Risk management in the sphere of state economic security provision using the example of professional liability insurance, p.51-60; Pakhucha E. et al. (2021). Strategic Analysis of Export Activities of Enterprises to Ensure Sustainable Development, p.251-270; Porter M.E. (2011). Competitive advantage of nations: creating and sustaining superior performance; Romaniuk I.A. et al. (2020). Reklamnyi menedzhment: navch. posib.; Sievidova I.O. et al (2020). Konkurentospromozhnist pidpriemstva: navch. posib.

<sup>80</sup> Kotler P. (2009). Marketing management: A south Asian perspective.

<sup>81</sup> Fiiier O. et al. (2019). Risk management in the sphere of state economic security provision using the example of professional liability insurance, p.51-60; Romaniuk I.A. et al. (2020). Reklamnyi menedzhment: navch. Posib.

repositioning products and extending their life cycle, analysis of foreign markets on the eve of entering them, etc.

It should be noted that recently the most common marketing response to the challenges of the global economy is the widespread growth of the role of the formation of strategic long-term alliances, which is implemented as the development of horizontal and vertical marketing systems, and even the transformation of the latter into vertically integrated company management systems. In modern business, including the work of trade organizations, these changes are manifested in mergers and acquisitions that take place on the ideological platform of partnership marketing.

A number of marketing responses to these challenges are included in the changes in the fairway of the standard marketing complex of the enterprise in the field of trade and affect decisions in the field of product, price, sales and communication policy. Usually, there is a reassessment of the company's product policy, in which it is desirable to take into account the deviation of consumer behavior<sup>82</sup>.

In turn, product differentiation is closely related to price regulation and cost reduction of the company. The revision of the organization's price policy in crisis conditions is usually carried out in the direction of a decrease in the rate of profit, as well as in the direction of a decrease in costs. In terms of price management in the fairway of partnership marketing, the organization should completely abandon the sale of products under the guarantees of reliable business partners.

Sales policy is adjusted in the direction of reducing sales costs, and in modern conditions this process is implemented most often within the limits of horizontal or vertical integration of the construction of sales channels. The communication policy is subject to adjustment in the audit plan in order to identify the most effective methods of communication and concentrate the company's efforts on them, rejecting less effective ones. In this, it is desirable to maintain a favorable image of the organization in the eyes of the target audience.

Returning to the responses of the company's marketing to the challenges of the modern economy, we note that the most important of the directions is the synergy of the companies' activities in the field of distribution and then their further integration, if there is an opportunity and a need. The leading motive for the organization of integrated activities of companies in the field of distribution is the possibility of obtaining an additional positive effect compared to the one that could be obtained by each company separately<sup>83</sup>.

From a theoretical and methodological point of view, the phenomenon of synergy in the activities of corporations was analyzed by D. Aaker, I. Ansoff, R. Bazzel, W. Gale, W. Kelin, R. Koch, M. Porter, R. Kanter, and others researchers.

According to W. Kelin and K. Moth, trade corporations practice certain cooperation in order to create additional resources. The task of the mentioned

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<sup>82</sup> Romaniuk I.A. et al. (2020). Reklamnyi menedzhment: navch. posib.; Sievidova I.O. et al. (2020). Konkurentospromozhnist pidpriemstva: navch. posib.

<sup>83</sup> Mandych O.V. et al. (2020). Marketynhovyi menedzhment: navch. posib.; Mandych O., Mykytas A., Babko N. (2021). Communication as the basis of business and marketing activities.

cooperation is to accelerate the adaptation capabilities of the company to the external environment. In their opinion, the synergistic effect directly depends on the degree of cooperation between the companies. According to I. Ansoff, "...the potential return on investment in an "integrated" company is greater than the combined return on investment from independent companies"<sup>84</sup>.

According to D. Aaker, the phenomenon of synergism is not so much related to goods as it is to the organization's resources. The synergy of integrated systems will take place when the actions of all participants are coordinated with regard to the distribution of various tangible and intangible resources of integrated enterprises<sup>85</sup>.

Returning to the view of I. Ansoff, we note that synergy will take place when cooperation between units is managed and coordinated from one common center, that is, it is about the possibility of vertical integration<sup>86</sup>. Following this logic, it can be concluded that the benefits of integration participants will be higher in cases where the marketing channel belongs to one owner of the trading organization than if it belongs to several owners.

However, M. Porter calls for caution regarding the transfer of managerial experience, because in the event of the collapse of the alliance, a stronger competitor can be obtained<sup>87</sup>.

According to the aggregated opinion of the presented experts, the most successful model of marketing response to the challenges of a surplus economy, especially in crisis conditions, consists of four elements connecting the participants of the integrated chain "manufacturer – distributor – dealer":

- 1) organizational strategy that determines the level of integration;
- 2) strategy of communicative interaction of channel participants;
- 3) business interaction strategy;
- 4) customer service strategy.

In terms of organizational strategy, it should be noted that the most highly integrated structure is one where the distribution channel is owned by one owner.

The development of the strategy of communicative interaction between the integrating companies involves the joint use of a trademark, the holding of a joint advertising campaign, the formation of a single inter-corporate culture in terms of internal and external interaction.

The strategy of business interaction involves the participation of the involved structures in general purchases and in the joint use of transport facilities and storage facilities.

Defining a customer service strategy involves choosing a common service center and developing an effective feedback mechanism both between partner companies and sellers and consumers of an integrated structure.

Thus, organizations and their marketing services must quickly respond to consumer demand, which rapidly narrows during a crisis period, while the supply

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<sup>84</sup> Ansoff H. I. (1957). Strategies for diversification.

<sup>85</sup> Aaker D. A. (2009). Managing brand equity.

<sup>86</sup> Ansoff H. I. (1957). Strategies for diversification.

<sup>87</sup> Porter M.E. (2011). Competitive advantage of nations: creating and sustaining superior performance.

becomes redundant. In this context, a proven business solution is the need to integrate the efforts of marketing services of different companies and the companies themselves to reduce costs when using marketing channels and focus more on customer needs.

Accordingly, in order to minimize costs and time without losing the quality of customer service in the conditions of the new economy and crisis phenomena, the importance of building vertical and horizontal integrated marketing systems is increasing dramatically.

Currently, the formation of vertical marketing systems is the most promising direction, which has been tested many times. This practice involves coordinating the efforts of producers and intermediaries (wholesalers and retailers). Savings, as already noted, occur as a result of combining the efforts of individual participants of such a system, which allows to slightly reduce the number of jointly employed personnel. In addition, marketing activities of integrated participants are tightly coordinated, which not only reduces duplication and costs, but also increases clarity in making management and business decisions regarding specific business processes<sup>88</sup>.

Therefore, vertical marketing systems are an integral part of a vertically integrated management system of a company or a group of enterprises that have already proven their effectiveness in the developed economies of the world. They help reduce costs in order to maximize marginal profit while simultaneously eliminating competitors throughout the supply chain of goods to the end consumer. In the conditions of the global economy, the processes of forming vertically integrated marketing systems are increasingly manifested in Ukrainian practice. This contributes to the fact that the newly created vertically integrated marketing systems become more and more focused on the needs of the consumer.

In this regard, the possibilities of integrating marketing in response to the global challenges of the new economy in Ukraine flow in the fairway of global processes and are realized mainly through the formation of vertically integrated marketing systems, including in the field of practice of trade organizations.

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<sup>88</sup> Kviatko T.M. et al. (2020). *Marketynhovi doslidzhennia: navch. posib.*; Kotler P. (2009). *Marketing management: A south Asian perspective*; Fier O. et al. (2019). *Risk managment in the sphere of state economic security provision using the example of professionsl liability insurance*, 51-60.

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