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## CONSUMER PREFERENCES FORMATION IN THE CHEESE MARKET UNDER THE NEW BUSINESS CONDITIONS

*The theoretical and methodical aspects of the use of marketing tools by business entities of the cheese market are considered for the formation of stable consumer preferences among cheese buyers.*

**Key words:** *consumer preferences, cheese market, consumers, business, consumer value, market segmentation.*

**Formulation of the problem.** In the face of increased competition in the cheese market, domestic production and sales entities are forced to rebuild their activities on the principles of classical marketing, which focuses all activities on the consumers. It is advisable to apply any marketing concept, according to which the purpose of businesses of the cheese market business entities is to determine the needs and demands of consumers to further meet them in more effective ways compared with competitors.

Consequently, consumer-oriented business, first of all, looks at the market that it has. At the same time, the maintenance of consumers is of great importance for cheese market operators. After all, any firm will be able to improve its profits by about 25-85% by reducing the outflow of previous consumers by only 5% [2]. The solution to this difficult task is largely due to the effectiveness of the formation of consumer preferences in the cheese market.

**Analysis of recent research and publications.** In the economic domestic literature, the issue of the formation of consumer preferences in the domestic food market is not sufficiently investigated. More thoroughly, some aspects of this problem have been researched by foreign scholars. Specifically, such scholars as P. Gemb, M. Stone, N. Woodcock, A. Tapp, E. Marcella, F. Kotler, K. Dipak, S. Maicini.

However, scientific research does not focus on the peculiarities of the formation of consumer preferences in the food market in general and the cheese market in particular.

**The purpose of the research** is to substantiate the expediency of the use of separate marketing tools for the formation of consumer preferences among buyers of certain types of cheese.

**Presentation of the main material.** The market mechanism, that is, the mechanism of interconnection, interdependence, and interaction of demand, supply and price at the end of the last century began to transform into a new market space, driven by Internet technologies. In this regard, new opportunities appeared in the firms of commodity producers and suppliers as well as in end users. Thus, thanks to new information technologies, manufacturing, and marketing firms have gained new opportunities and benefits in terms of obtaining an additional source of information and a sales channel in a wide geographic space, which allows for faster establishment of interconnections with consumers and thus acceleration of product promotion; getting opportunities to adapt their proposals to the individual needs of consumers; obtaining tools for facilitating bilateral communications with existing and potential customers, as well as simplifying the process of sales transactions; obtaining opportunities to rationalize procurement processes and internal and external communications.

Internet technologies provide new opportunities for consumers, in particular:

- an increasing opportunity for interactive communication with suppliers regarding placement and receipt of orders;
- Simplified access to large amounts of information on virtually everything, including consumer reviews;
- Significant growth of consumer power in the competitive environment of the offer due to the slow and fast (several minutes) comparison of prices and properties of goods;
- easy access to a wide range of goods;
- a virtual opportunity to communicate with other consumers and compare their thoughts.

Open Internet technologies bring new opportunities for both producers and consumers to change the philosophy of modern business. The driving forces of modern markets are: consumer value, key competencies and a network of cooperation. Factors that create value in the functioning of modern markets are shown in Table 1.

Table 1

**Factors for creating value in the new business environment [7, c. 24]**

№	Factors of influence	Factors for business success
1	Consumer Value	<ul style="list-style-type: none"> <li>➤ focusing on consumers;</li> <li>➤ focusing on consumer value and customer satisfaction;</li> <li>➤ development of sales channels in accordance with consumer preferences of buyers;</li> <li>➤ development and management with the help of a system of marketing indicators;</li> <li>➤ profit from long-term consumer value</li> </ul>
2	The field of key competencies	<ul style="list-style-type: none"> <li>✓ outsourcing to those activities with which they will deal better, faster or at a lower cost;</li> <li>✓ focus on creating competitive advantages;</li> <li>✓ interaction of management structures and the creation of interdepartmental groups;</li> <li>✓ work both on real and on virtual markets.</li> </ul>
3	Collaboration networks	<ul style="list-style-type: none"> <li>✓ observance of the balance of interests of the main participants of the company;</li> <li>✓ generous rewards of partners of the company;</li> <li>✓ use of fewer suppliers and transformation of them into partners.</li> </ul>

Data analysis of table 1. shows that the key to a successful business of modern business entities of the cheese market should be to improve ways to create consumer value. The latter should be considered as the difference between the total cost of a particular type of cheese for consumers and their overall costs. The total value for consumers is the total benefit they expect to receive after they buy the product. Total consumer costs are the sum of the costs they will incur by making purchases, including intangible costs.

The value perceived by consumers of products is determined by the following factors [4, p. 16]:

- total value for consumers: the value of the product; the value of services; the value of the staff; the value of the image;
- total expenses of consumers: costs of funds; time expenditures; energy costs; emotional expenses.

Therefore, depending on the ratio of total value and total costs, the vast majority of consumers will turn to the business entities of the cheese market, whose cheese products, as they expect, have the highest value.

Due to the fact that consumer value is not a constant, and under the influence of factors of the environment can undergo significant and negative for business entities of the cheese market, they must manage the consumer value. This can be seen as a strategic method for the exit of cheese market players into a profitable and competitive position. The purpose of the management of consumer value is to coordinate the processes carried out in the activities of economic entities and their infrastructure, based solely on the priorities of the requests of current and future target market segments.

The management of consumer value implies the following [2, p. 314]:

- identification of main key points at each stage of the relationship between suppliers and consumers;
- establishing the ideal value that target market segments would like to receive during this contact or as its result;
- establishing a gap between the current proposals by the cheese market operators and the ones most appreciated by consumers;
- specifying what is needed to bridge this gap;
- estimating the cost of bridging the gap compared with the added value that will be created in this case for consumers. In the future, it is estimated in comparison with the profit to be received by the business entities of the cheese market from consumers for the services rendered to him. The implementation of all these measures will be an effective tool for keeping consumers of cheese products.

So, the efficient functioning of the modern food market of the national economy in general and the cheese market in particular is possible only under the conditions of exclusive orientation towards consumers. As the latter, there are actual or potential buyers. Moreover, not only end consumers, but also retailers and wholesalers can play the role of customers. However, the main figure is end consumers, whose choice is largely determined by their surroundings.

Today, companies in developed national economies embody the marketing of consumer relationships, which means that their activities are primarily market-oriented, not the consumer. Indeed, a market-oriented business tries not only to better understand the already expressed needs and demands of its customers but also their hidden intentions, as well as the strengths and weaknesses of their competitors.

So business and consumers interact in a completely different information environment, which is quite open and dynamic. This contributes to the constant creation of high consumer value. Characteristic features of business activities aimed at the consumers and the market are shown in Table 2.

Satisfaction needs should be understood as the sense of abundance or sense of frustration that arises in a person who compares his previous expectations and real qualities of the acquired product. The degree of consumer satisfaction with the product acquired, first of all, is determined by the ratio of its expectations and the real qualities of this product [6, p. 219].

In the face of growing competition, the problem of keeping consumers on the cheese market becomes relevant to all business entities in this market. After all, the costs of attracting a new consumer are five times higher than the costs necessary to preserve an already existing consumer, and in order to convince a satisfied consumer to refuse the services of his business entity, there must be weighty arguments [6].

Therefore, business entities of the cheese market should evaluate the rates of consumer retention and the pace of decline in the activity of interaction with consumers. These indicators are interconnected. The maintenance rates are the percentage in the percentage of consumers from the beginning of the period, which continues the relationship with business entities and at the end of this period. That is consumer retention is a process of preserving consumers. In order for this

Table 2

**Characteristics of business-oriented consumer and market [35, c. 22]**

	<b>Consumer-oriented business</b>	<b>Market-oriented business</b>
Strategic orientation	Exact queries	Hidden queries
The style of the contribution of adjustments in their activities	Reactive	Proactive
Time horizon	Short-term	Long-term
The main goal	Needs satisfaction	Consumer value
Type of personnel training	Adaptive (according to the trends)	Creative approach (new ideas, which help to predict the trends)
Learning processes	<ul style="list-style-type: none"> <li>✓ interviews with the consumers;</li> <li>✓ relationship with the key consumers;</li> <li>✓ focus-groups of concepts testing;</li> <li>✓ selective partnership.</li> </ul>	<ul style="list-style-type: none"> <li>✓ consuming observation;</li> <li>✓ relationship with the main customers;</li> <li>✓ constant experiments and dialogue.</li> </ul>

process to be carried out in the long run, cheese market operators should develop strategic measures for the constant increase of consumer value.

Focusing on consumer value and satisfying the needs of consumers of various types of cheese is conditioned by the development of promising brands, with the further fulfillment of their promises. Due to this, there is an opportunity to increase the market share and increase the profit of the production and sales entities of the dairy industry from the long-term consumer value in the cheese market.

The increase in the market share of cheese by economic entities is possible due to the retention and attraction of potential consumers. In this regard, it is necessary to analyze the behavior of consumers (Fig. 1).

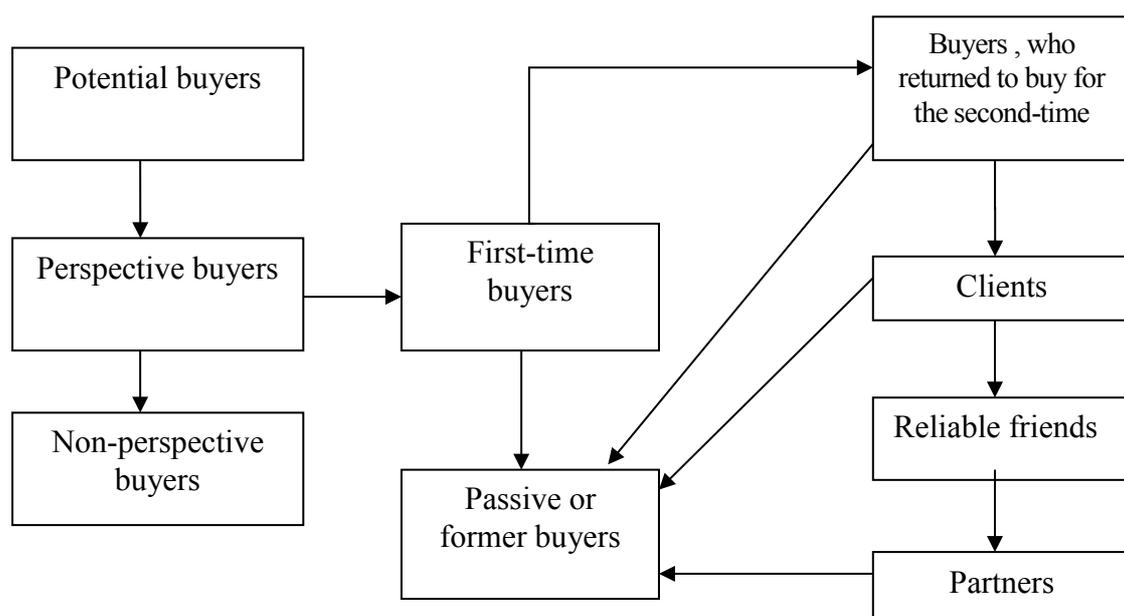


Fig.1. Evolution of consumers [4, p. 91]

So from the picture below, it is clear that the basis for the formation of consumer preferences is potential consumers. That is, all those probable buyers who can buy a certain type of cheese. It is expedient to determine for owners of the cheese market which of these consumers is the most promising. The latter include those whose solvency is beyond doubt.

Thus, cheese business entities can expect that a significant part of promising consumers will go into the category of buyers who turned to their services for the first-time. After that, the most satisfying number becomes those who recourse to the enterprise for services to the cheese market operators, who should strive to turn these consumers into customers. The latter are consumers who highly appreciate the entrepreneurs and their cheese products and encourage others to buy certain cheeses of these cheese market operators.

The formation of consumer demands, the development of perception and preferences influenced by many factors. One of the most important among them is the preliminary consumer experience that cheese purchases buyers in relationships with trading firms or with their competitors, which they consider to be exemplary. Moreover, a reference company for consumers can be a company that renders services entirely on other goods but forms a certain level of its positive expectations.

Consumer experience in the field of market research is seen as a combination of the physical performance of the company and the emotions that they cause. Changes in these indicators are given in certain accordance and are estimated by consumers intuitively in relation to their expectations of the effectiveness of the company at all "points of contact." The latter can be considered as a "consumer way".

They represent a series of aggregate events in which consumers interact with marketing organizations of the dairy industry and which, with its expectations, contribute to the motivation of consumers' preferences, encourage consumers to favor and promote the creation of a positive image in the eyes of other consumers.

In today's conditions, the attractiveness of cheese market operators, there are not formed solely through promotional measures. It is created largely in the "points of contact" with consumers. After all, their interaction with the subjects of the market brings some experience, on the basis of which their opinion is shaped by consumers. Thus, experience for consumers of a certain type of cheese and activities related to the forms and methods of selling these products is the primary source of information on both the quality of products and the quality of the operation of market operators in general.

The need for the formation of a stable positive experiment among consumers of cheese market operators is an important factor in the creation of competitive advantages. After all, the negative experience of consumers of cheese products will lead to their switching to the side of the competitor, while the positive experience will stimulate re-purchases and, finally, shape promising consumer preferences.

The opinion of consumers about the cheese market subjects, in which a certain type of cheese was purchased, directly affects their loyalty and promotion of this product and the quality of service in the process of buying and selling. Research by foreign scientists shows that 59% of consumers who interact with the brand on numerous channels cease to have a deal with him after acquiring only one negative experience and only one channel [3, p. 70]. In this connection, the formation of consumer experience and the management of relations with consumers of different types of cheese is a very important task for business entities in the milk processing and trading sectors.

The formation of positive consumer experience makes it possible to create a solid base of constant buyers of cheese products who are ready to buy more goods of the brand they like, even when its price is higher than that of its competitors and which will recommend this brand to its colleagues and acquaintances and will also help to create "a halo" to a consumer standard in the eyes of the environment. So, in the business entities of the cheese market, there is a need for the maintenance of these consumers.

In order not only to increase but also to maintain in the future consumers of cheese with positive experience, the sales activity of market players of the cheese market should shift the emphasis from product management to management of consumer relationships. At the same time, considerable attention should be paid to individual consumers. Stages and methods of realization in the management of relations with consumers of different types of cheese are shown in Table 3.

Therefore, the management of relations with consumers of cheese products, as the basis for the formation of promising consumer preferences, begins with the identification of target consumers.

Table 3

**Customer relationship management** (concluded by the author on the basis of [7, p. 113])

№	Stages	Main initiatives
1.	Identification of the target consumers	1.1 identification of the target market; 1.2 involvement of the target consumers.
2.	Needs satisfaction of the target consumers	2.1 transfer of the consumer value into the real use of the cheese products for consumers; 2.2 selection of the market offers in accordance with the complex of consumers' demands.
3.	Creation of the long-term connections with the target consumers	3.1 cheese market exploration; 3.2 use of information about the consumers.

In this case, a very important marketing tool is used as segmentation of the market. The latter involves the distribution of consumers into groups (segments), which are characterized by the relative homogeneity of demand, tastes, preferences or reaction to those or other types of marketing activities [1, p. 139]. If the economic entity of the cheese market of the national economy correctly chose the market segment, that is, to find their niche.

Segmentation enables the cheese industry to concentrate benefits, provide specialization and concentration and thereby become more protected from competitors. As a result, improvements in financial and economic performance are achieved. After all, the subjects of the market of cheese have an objective basis to focus their activities on a more sophisticated meeting the needs of the selected target segment. Segmentation of the market can be carried out both in the groups of consumers and in other parameters, in particular for the parameters of the product regarding its price and quality.

The underlying principle on which the concept of consumer preferences is based in the rational behavior of buyers, their actions when they buy a certain set of goods, provided that these kits will bring them the most satisfaction in comparison with other sets of certain restrictions on profits and retail prices [5, with. 190].

Cheese market operators find it difficult to differentiate their products from similar competing goods, so competition in this market is usually carried out in the area of pricing. At the same time, the basis for strengthening the competitive advantages can be the segmentation of the consumer value.

Consumer price segmentation involves the classification of consumers based on the difference between the total cost of a particular type of cheese for consumers and their overall costs. On the cheese market of the national economy, the three consumer values, based on the author's research of sales institutions selling cheese, are the type of cheese and its brand, the quality of trade services and the price (Fig. 2).

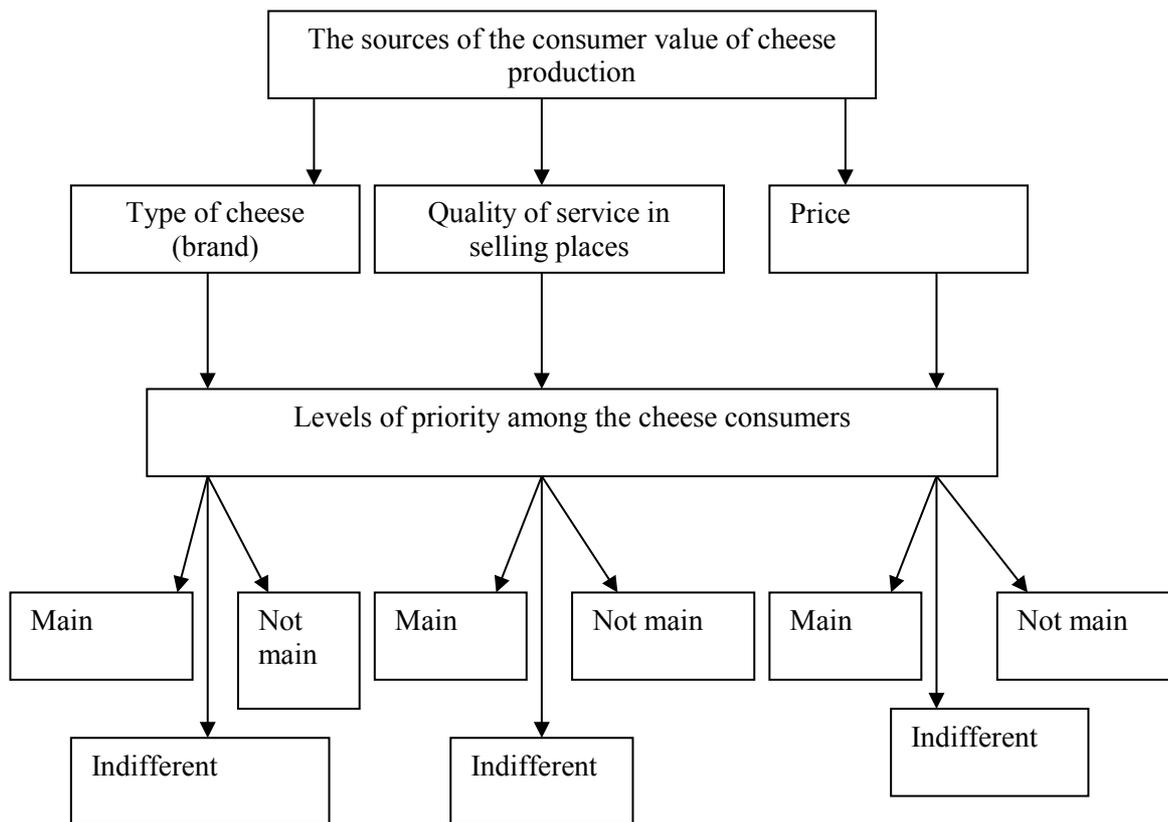


Fig.2. Segmentation for consumer value in the cheese market (concluded by the author on the basis of the literary source [2])

From Fig. 2 shows that each of the components of the consumer value of cheese consumers has three levels of priority, namely: basic, non-core, indifferent. In aggregate, this gives 27 potential types of consumers (segments) of the cheese market.

After analyzing consumer inquiries and value of buyers, market players who offer cheese products can determine which of these segments are their existing and potential consumers. As a result, it is possible for these subjects of the market to reasonably position the relationship with consumers and attract and retain new, promising consumers.

**Conclusions and suggestions for further research.** Considered scientific and methodical approaches to the use of marketing tools in the formation of stable consumer preferences in the cheese market have a practical orientation. Their use in the activities of the market operators of cheese will have a socio-economic effect. At the same time, it should be noted that branding activity has a great influence on the formation of consumer preferences, but this requires a separate study.

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**ПАРИЙ ЛЮДМИЛА ВИТАЛЬЕВНА. ФОРМИРОВАНИЕ ПОТРЕБИТЕЛЬСКИХ ПРЕДПОЧТЕНИЙ НА РЫНКЕ СЫРА В НОВЫХ УСЛОВИЯХ ВЕДЕНИЯ БИЗНЕСА.** *Рассмотрены теоретико-методические аспекты использования маркетинговых инструментов хозяйствующими субъектами рынка сыра для формирования устойчивых потребительских предпочтений в покупателей сыра.*

**Ключевые слова:** *потребительские предпочтения, рынок сыра, потребители, бизнес, потребительская ценность, сегментация рынка.*

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