The Russian consumer food market, the problems of its functioning

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Abstract. The functions of the consumer market, their changes, the essence and importance according to economic transformations are considered. The central place of the consumer food market is substantiated, special attention is paid to it during the transformations, its differences, features, significance in the degree of socio-economic development of the country are highlighted. The subjects of the market, the objectives of their business, and conflicts of interest are shown, which indicates the need to regulate their relationships for the stability and security of the consumer market. The problems in the field of food quality and safety, causes, significance, solutions. The current state of the consumer market, the role of import substitution, the dynamics of achieving food safety thresholds, growth indicators to produce basic products, increasing food exports, and prospects for its development are given. Knowing the problems of the functioning of the consumer market makes it possible to predict its further development as the basis for developing strategic models for the sale of goods and making profit, directions and the intensity of transformations not only for various sectors of the agro-industrial complex, food industry, but also for the business of packing, storing and transporting food. The need for market research, in which the consumer market should be perceived as a single functioning complex with all its problems, is emphasized.

1. Introduction

The consumer market is a single socio-economic complex of the real sector of the economy, here the cycle of production, distribution and sale of goods and services ends. The domestic consumer market in modern conditions makes up one fifth of the GDP structure for production and more than 60% for consumption [1]. He began to perform a number of important functions in the country's economy: quantitative proportions were established in the consumer market in the structure of production and product supply, an assortment policy of commodity producers was formed, price levels and correlations between the prices of various goods were determined, and goods were distributed among different social groups of the population.

Not only the degree of satisfaction of citizens' needs, ensuring a high standard of living of people, but also the stability of money circulation depends on the state of the country's consumer market.

Goods and services in the market management system are classified as the most important socio-economic criteria for assessing the level of economic development of a country and the welfare of its population [2].
2. Features of the consumer food market

Food consumer markets have their own characteristics, because they are based on separate groups of products, but between them there is an indirect connection through a single solvent demand of the population and rather significant interchangeability of food products.

Since the need for food is the basis of human life, nutrition plays a special role, regardless of personality, status, nationality, lifestyle, age and place of residence. This need is daily and necessary, and it does not have elasticity - it must be satisfied regardless of the price level in the consumer market, changes in demand and product supply, regardless of a change in suppliers or technological problems of product manufacturers. This determines the central place of the consumer food market in the market system, as rational nutrition forms the health of the population, ensures the normal growth and development of children, prolongs the lives of people and increases their performance.

The food market is a socio-economic category, which is an independent industry and at the same time is part of the national agro-industrial complex [3]. The specifics of the food market are associated with the nature of the consumption of these essential goods, with the characteristics of demand due to the merchandising characteristics of the product, its quality according to the individuality of the consumer [4]. Here, the volume of consumption is limited not only by the norms of rational nutrition, but also by the cultural and physiological abilities of a person, while non-food items are limited by money and a value system. A feature of this market is its fluctuation due to the pronounced seasonality of the production of certain food products (milk, sugar, fresh fruit and vegetable products).

3. Market actors, their relationships with business partners

In the consumer market, there is a direct interaction between producers of all forms of ownership, processing enterprises, wholesale and retail trade in food, as well as consumers. The essence of economic relations between them during the transfer of ownership consists, on the one hand, in cost recovery and profit for those who offer goods, and on the other, in meeting the needs of the population for food necessary for an active and healthy lifestyle. Moreover, a certain degree of probability of eliminating threats to harm consumers of these goods is very important.

New forms of ownership significantly influenced the essence of the business entities of the market, their relationships, the nature of relations with business partners, because their work took the form of an entrepreneurial business, profit became the main goal of their functioning. Any business is aimed at the growth of prestige and profit, and the basis for this may be the expansion of sales and sales markets, an increase in the occupied market share.

The peculiarity of the relationship of market participants is that their economic interests often do not coincide, and sometimes they can contradict each other. This situation is complicated by the fact that consumers are not able to professionally assess the safety and quality of the goods they offer, and the products of manufacturers of various forms of ownership are difficult to control. Also important is the insufficient qualification of personnel working in the business sector, the simplified licensing procedure for certain types of their activities, as well as low legal literacy and a culture of market relations.

This was a consequence of the fact that the existing scheme of state control and supervision does not correspond to changes in the production and turnover of agricultural raw materials, products, and food that occurred during the reform of the economy.

4. Consumer market regulation

From international practice the regulation of the consumer market as a whole is extremely relevant [5, 6, 7]. For example, along with certain legislative acts in the field of consumer protection, in the field of fair trade, entrepreneurial activity, standardization, conformity assessment and control and supervision activities in Germany and the United Kingdom, state strategies and programs for the development of the consumer market as a whole are being developed. They provide for the solution of economic and managerial problems that may arise during the transfer of property rights. At the same
time, principles and norms are established for observing equal conditions for all market entities in the field of pricing and tax policy formation. This ensures the stability, security and social orientation of the consumer market.

Unfortunately, nothing similar is being done at the federal level in the Russian Federation, while the actual state of the consumer market makes us look for answers to these systemic questions. Stability and safety of the consumer market is necessary for those who produce food products, offer raw materials for manufacturing, are engaged in packaging, transportation, storage, who sells them to the population. For them, one of the most important problems is determining what specific measures need to be taken to make the business profitable and competitive. A competent answer can give an understanding of the state of the consumer market, where people spend money, exchanging them for goods and services necessary for the population. It is here that all other processes and markets are launched: wholesale and retail trade, production, packaging, transportation, storage of food products, preparation of raw materials for their manufacture, i.e. the development directions of not only the agricultural and processing industries become visible. Features of the development of all types of this activity, its focus and intensity are determined by consumer behavior, which forms demand and affects the sustainability of development, the product, assortment and pricing policies of the markets.

In this regard, there must be rules and requirements that are able to balance the interests of consumers and entrepreneurs. Therefore, the state must establish in laws and other regulations safety requirements and the rules for working in the market in the process of delivery, storage, sale, purchase of goods and services [8].

No decision on economic problems can be made without coordination with the Ministry of Economic Development of Russia, but there is no specialized unit responsible for the operation of the consumer market, whose share in the country’s GDP is large. And the Ministry of Industry and Trade of the Russian Federation does not have the authority to solve the economic and several organizational functions necessary for the consumer market, especially control and supervision, accreditation and conformity assessment.

It is necessary to improve the administrative regulation of entrepreneurial activity at the state level [9]. For this, it is necessary not only to develop and legally approve the rules for the production, sale and disposal of specific groups of goods, but also to ensure the conditions for their strict observance.

However, lately, without any justification, much has been said about the reduction of control and supervision activities, but no compensation measures are proposed to protect consumers. The lack of comprehensive studies of the consumer market, the mechanisms of its regulation, as well as all the problems of its functioning as a single complex inhibits not only its development, but also the development of the economy and social sphere.

5. Market forecast as a basis for making informed decisions in the economy and social sphere
The task of studying the consumer market is not only an analysis of the current ratio of supply and demand, features of production and turnover of agricultural raw materials, products and food, i.e. determining the state of the market at the moment, but also the ability to predict the probable nature of its further development. Making a forecast of the development of the consumer market, its stability and security becomes the final stage of its study. This is a scientific prediction of the prospects for the development of demand, determined by the behavior of consumers, commodity and assortment supply of agricultural sectors and processing enterprises, as well as prices that are formed in the sales sphere. The forecast for the development of the consumer market becomes a reliable basis for making informed decisions and eliminating surprises in the field of economic and social development, and it has a wide field of application in any business field, due to its focus on results.

6. Food quality and consumption safety
Transformations in the economy in recent years have led to a significant transformation of the consumer food market: the food industry had to search for new sources of raw materials, develop original recipes, use modern technologies, actively use food additives, develop international market
relations, which led not only to a significant expansion of the food assortment, but also to increase the share of counterfeit and counterfeit products in mass-market products. The results of the checks suggest that the imperfection of domestic legislation is fully used by dishonest entrepreneurs who offer for sale many counterfeits, low-quality and unsafe goods at relatively low prices. Such products may dominate the market, crowding out legal products. Not only the goods themselves are subject to fake, but also the brand names of manufacturers who have a well-deserved high reputation due to the excellent quality of their products.

Poor and counterfeit and unsafe food products are detected at each inspection of the consumer market by the Federal Service for Supervision of Consumer Rights Protection and Human Well-Being, and 40% of such violations are accounted for by food products [10].

At present, it is impossible to name the branches of the food industry where falsified products were not found, and entrepreneurs manage to falsify any of the fundamental characteristics of the goods, but most often - qualitative, quantitative and informational. This is manifested when checking confectionery, meat, dairy and fish products, cereals, flour, alcoholic and non-alcoholic drinks, coffee, tea and all kinds of canned goods.

The production and circulation of such products impedes the development of not only the Russian economy, but it is also relevant for the EAEU member countries. The constant systematic growth of counterfeit goods, poor-quality food products and food raw materials, the lack of effective pre-market control, and the insufficient effectiveness of supervision over food sales have become the main risks to the stability and security of the consumer market of the Russian Federation.

The formation of a sustainable domestic consumer market for food products, the guarantee of reliability and stability of its own sources of saturation, the development of a modern legislative and regulatory framework for food security, as well as measures to comply with its norms and rules, allows us to talk about creating food security for the state. Consequently, food security can be considered as a system of appropriate measures to create the conditions of the state’s self-sufficiency in foodstuffs at the level of optimal needs, when the threat of harm to consumers of these products is excluded with a certain degree of probability. Food security is becoming a factor in maintaining the statehood and sovereignty of the country, the most important component of demographic policy, a necessary condition for improving the quality of life of the population by guaranteeing high standards of livelihood.

In 2010, the Food Security Doctrine was approved with the standards according to which the country should provide itself with the most important agricultural products [11]. To assess the state of food security, the Government of the Russian Federation as a criterion determined the proportion of domestic agricultural, fish products and food in the total volume of commodity resources (including carry-over stocks) of the domestic market for the relevant products. This indicator has threshold values in relation to grain - not less than 95%; sugar - not less than 80%; vegetable oil - not less than 80%; meat and meat products (in terms of meat) - at least 85%; milk and dairy products - not less than 90%; fish products - at least 80%; potatoes - not less than 95%.

7. Analysis of the current state of the food consumer market and its development prospects

In characterizing the current state of the consumer food market, attention is required to its safety and sustainability, as well as prospects for its further development.

A special factor in the development of the modern consumer market was the embargo, which was a response to the current situation with Western sanctions. In 2014, our country-imposed restrictions on the supply of imported food products from the USA, Canada, Australia and some EU countries. We refused to buy meat, dairy products, fruits and vegetables from them. When in 2010 the Food Security Doctrine of Russia was adopted, aimed at self-sufficiency of the country with the main types of food products, it was necessary to develop state support programs for agricultural sectors, but the government tried to comply with the rules of “free international trade” and WTO rules, which required more foreign goods to your market. The conflict with the West because of the current situation forced to react to its sanctions, get rid of illusions about such a policy and led to the acceleration of the
restoration of the agricultural sector and the creation of conditions for the development of domestic production of food raw materials and food products.

This decision coincided with the long-term interests of the population, most citizens supported the embargo, although it meant the disappearance of available foreign products from the shelves. In 2014, a turn was made from adopting the principles of free trade, which did not recognize the equality of states, to real politics, when a country tries not to give its profit and its jobs to anyone, replacing foreign goods and developing its production.

The desire for self-sufficiency in food generated not only a ban on physical import, but also the emergence of an economic barrier, as due to the depreciation of the ruble during this period, domestic goods, which previously often could not compete with foreign ones, were in a better position as cheaper.

Unfortunately, the depreciation of the ruble affected the cost of domestic goods, because Russian producers are still associated with foreign suppliers of fertilizers, pedigree cattle, animal feed, seeds, equipment for the agro-industrial complex and processing enterprises. In this regard, the share of imported goods in the price of domestic food products can sometimes reach 50% (Table 1).

According to Rosstat, production growth (Table 2) over the years of the embargo from 2013 to 2018 amounted to: beef - 44.7%, pork - 106.5%, poultry and offal - 45.4%, cream butter - by 34.6%, milk - by 3.7%, dairy products - 12.1%, cheeses and cheese products - by 8.7%.

| Product                  | 2013  | 2018  | Dynamics, percent |
|--------------------------|-------|-------|-------------------|
| Beef                     | 244.55| 330.58| +35               |
| Chickens chilled and frozen | 107.03| 151.27| +41               |
| Frozen fish              | 90.79 | 152.14| +68               |
| Butter                   | 308.92| 553.02| +79               |
| Milk                     | 38.64 | 54.04 | +40               |
| Potatoes                 | 23.18 | 23.84 | +3                |
| Cabbage                  | 17.30 | 28.07 | +62               |
| The apples               | 63.26 | 85.66 | +35               |

| Product                  | 2013 | 2018 |
|--------------------------|------|------|
| Corn                     | 98   | 99   |
| Meat and meat products   | 77   | 93   |
| Milk and Dairy Products  | 76   | 84   |
| Fish                     | 68   | 81   |
| Potatoes                 | 97   | 94   |
| Vegetables               | 83   | 85   |
| Fruits and berries       | 31   | 33   |

There is noticeable growth in other livestock sectors, and while maintaining the current course, all other areas of the agro-industrial complex, such as gardening, sheep breeding, and milk production, begin to develop. This is because investors first develop the fastest growing industries, and then, when their development begins to slow down, transfer capital to other promising sectors. Big business won the most from the embargo in Russia, but bets on agricultural holdings were made not without reason, because only they could give a rapid increase in production volumes. But to provide affordable prices to customers can only real competition between large and medium-sized enterprises, as well as the intensive development of small agribusiness.

Due to import substitution in the domestic consumer market, the share of our own products reached 80-90% (Figure 1).
When discussing food security, one cannot rely solely on economic indicators and completely ignore socio-economic ones. With a noticeable increase in food production, consumer demand in the country is falling. This is because 10% of low-income families are forced to spend 48% of their income on food, so the consumption of milk and dairy products in 2018 was 20 kg less than in 2013. And the share of our compatriots who consume fish products is less than rational norms half the population. The same situation can be seen with meat.

Therefore, to ensure food security of the state, it is necessary not only to increase the volume of food production, but also to raise the standard of living and incomes of the population, and to pay attention to pricing in the consumer market. Although it is known that it is difficult to regulate prices in a market economy, the state is able to introduce price monitoring that will allow you to limit in the chain of production, distribution and sale of those links that take on most of the profits. Trade margins, which are prohibitively high, should be checked and restrained; prices for fertilizers, fuels and lubricants, and transportation should be limited.

For the next 10 years, the task of increasing food exports has been set, and today Russia has become the first in the world for deliveries to international markets for wheat, the second - in general for grain and sunflower oil, the sixth in soybean, rapeseed oil and margarine. The country is among the ten leading exporters of chocolate products and packaged tea. Our products are increasingly appearing in stores in the CIS, Asia, North Africa and Latin America, and the main advantages of our products are environmental friendliness and affordable prices.

Nowadays, the trade war between the USA and China does not stop, the economic contradictions between the two leaders of the world economy are only intensifying. China, in response to US actions, refused to import their agricultural products. This makes it possible for our farmers to increase grain supplies to China, and according to the calculations of specialists of the Russian Grain Union, this increase can be five-fold, and soybean supplies in the near future will grow by 3 times - from one to three million tons.

In this situation, China is interested in importing food for its population from Russia. Therefore, the Chinese agricultural giants are already investing in several of our regions at once. In Volgograd, Samara and Saratov regions it is planned to develop oilseed cultivation for export, and in the Primorsky Territory 50 thousand hectares of grain will be sown and a plant for their processing will be opened.

According to the Ministry of Agriculture of the Russian Federation, in 2013, the amount of Russian food exports amounted to $ 16.8 billion, and in 2018 - already $ 25.8 billion. A further task was set to...
increase the volume of food exports by 2024 to $45 billion. This is achievable only when exporting finished food products and agricultural products of some sectors of the agro-industrial complex, which has undergone additional processing at processing enterprises, due to which the range of deliveries is significantly expanded, and a large added value appears.

Therefore, one should expect not only improvement in the activities of the agro-industrial business, individual processing industries, adoption of appropriate rational packaging decisions, increased attention to the rules and standards of compliance with food quality and safety, as well as a further increase in the production of various agricultural products.

8. Conclusion

The need for ongoing research on the functioning of the consumer food market and an assessment of the problems and risks arising from this is established, which will allow developing mechanisms for effective regulation, quality and safety management of food products for the population, and maintaining a balance of interests of business entities.

For the objectivity of the research results, a correct assessment of the prospects for the development of demand, product and assortment supply of agricultural industries and processing enterprises, price dynamics in the sale of food for the population, the consumer market must be perceived as a single functioning complex of the real sector of the economy with all its problems.

Improving the management of the consumer market, concern for security and the sustainability of its development are necessary to increase the growth rate of the economy and the quality of life of the population, and the mechanisms of such management should be developed on the basis of market principles and a mandatory combination with state regulation.

The consumer food market can be regarded not only as a socio-economic category. It is a branch of the national economy, which forms the availability and quality of nutrition for the population, the country's food security, or its dependence in this area on other states.

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