

**REPUBLIC OF AZERBAIJAN**

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**ABSTRACT**

of the dissertation for the degree of Doctor of Philosophy

**IMPROVING RELATIONSHIP MANAGEMENT SYSTEMS  
WITH FOOD CONSUMERS**

Speciality: 5308.01 General economics

Field of science: Economic sciences

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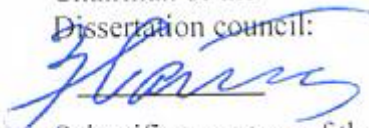
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## A GENERAL OVERVIEW

**The relevance of the topic:** Any economic system aims to provide the demand of the people for goods, food products and services. Modern scientific and technological achievements are applied in the production to achieve this aim in the national economy, and measures are being implemented to ensure an effective organization of labour and precise division of work. The management of economic interactions within the trade is used to deliver products to customers in the form of finished goods in a market economy.

Many small and medium-sized businesses in the food industry lack the financial resources in terms of using modern technologies and increasing employee capabilities. Therefore, the delivery of food products to the consumer in the form of the final product is expensive for society, and hence at all phases, the overall cost of commerce is around half of the ultimate price of the commodities.

This leads economists to the conclusion that the impact of increased technology and industrial organization on resource efficiency has already lessened. New reserve opportunities in the rationalization of the link between production and consumption should be considered to enhance efficiency. Therefore, the management of economic relations in the food market, the improvement of forms of commodities transportation to the market as well as the development of the food market has become an essential topic for research.

Economic development and population welfare will be related to the emergence of research into the development laws of the system of economic relations management in the food market. At the same time, for the development of the food market, it is necessary to study the turnover mechanism and laws of economic resources, to develop and implement a state development strategy for the expenditures system in goods turnover, to prepare specialized staff, and to develop an effective decision-making scheme for an effective management system. Furthermore, the importance of the research issue in the present situation is demonstrated by the construction of an effective organizational structure as well as a rapid economic mechanism.

Research in the field of consumer behavior and management of relations with consumers was conducted by Z.A.Samedzade,

A.G.Alirzayev, E.Y.Mammadov, G.A.Ganjiyev, N.A.Khalilov, A.V.Valiyev, L.İ.Abdullayev, E.A.Guliyev, V.B.Haziyeu, G.Sh.Musayeva.

In the CIS countries P.Chepornoy, Q.Skitovsky, V.I.Verkhovin, A.A.Gozireva, M.K.Mukhina, L.T.Volchkova, Y.I.Bogdanova and others as was done by economists-scientists. Among the researchers of developed countries who conducted research in this area, N.Smelzerin, M.Weberin, T.Parsonsin, D.Khujsunin, P.Bordyenin, J.Powder and so on you can name it.

**The goal of this dissertation** is to discover advanced organizational forms of the national economy's system of managing relationships with food consumers. The **following research objectives** have been developed in the dissertation and systematically implemented to reach this goal:

- Investigate consumption theory and identify its significance in the evolution of national consumer markets;
- Study methodological issues about the administration of food consumer markets;
- Determine the factors that influence food consumers' purchasing decisions;
- Examine the existing condition and prospects of commercial relationships with food consumers;
- Research of e-commerce technologies in food consumer markets;
- Identify the structure of a successful management organization of food consumer market;
- List stimulants in the food market management system.

**The research methods** are based on current approaches and legal acts about managing relationships with food customers in Azerbaijan and other post-Soviet nations and the essential principles of economic theory and practice. Statistical analysis, grouping and comparative evaluation methods have been used in the dissertation.

#### **The main provisions of the defence**

- Economic behaviour has appropriately been considered the social substance of all processes and the economic life of society as a whole at all phases of human evolution. All of this is related to the fact that the exchange of enormous economic values (goods, ser-

vices, information) is based on a great number and variety of updated individual, group, and mass actions of behaviour. Theoretically, these actions of conduct present themselves as a factor that directly or indirectly helps them achieve their requirements;

- Investigate the consumer market's organizationally regulated activity in two directions: as elements of influencing the flows of goods and buyers (customers) and, on this basis, to balance the interests of market participants;

- The impact on the characteristics of organizational structures that carry out various management functions and control the food market, as well as the regulation of market dependency, has been underlined. The following suggestions should be taken into account while creating management structures for this trading format:

- Formation of management structures under the recommended trade format;
- Precise division of labour and specialization in the management;
- Provide unity of all management circles to achieve the goals set in this format;
- Application of automation with the application of information technologies for the collection, storage and transmission of information;
- Establish favourable conditions for management decision-making.

- Consumer phases have been determined in the conditions of market relations.

- In social management, as in all management contexts, the need to enhance consumer demand has been verified. To objectively examine the social activity of this management food market and to construct a management mechanism, the efficacy of balancing the interests of market actors has been analyzed;

- The management activities' directions have been set in order to increase the competitiveness of the food market, continue economic development in the future, and clarify the social vector in the functions of all market participants;

- The demand for e-commerce development in the food business is well-founded. Among these reasons, it's a good idea to include the

following:

- The search for partners and the transfer of settlements to systems can both be done electronically, resulting in potential economic growth;
- State regulation and self-regulation of the regional wholesale market, creation of conditions for absolute turnover of goods, finances and formation of balanced market prices;
- The necessity to save costs when purchasing commodities for state and local needs;
- Increase in budget revenues in absolute terms;
- Increased turnover and turnover of financial resources in the regional wholesale market;
- Assuring the formulation and selling of trade agreements, as well as the openness and public disclosure of the results of product purchases for state and municipal purposes;
- The integrated coefficient of social orientation of consumer market management has been assessed;
- The application of a flexible mechanism for effective management of consumer markets has been justified;
- The system of stimulating the activity of buyers and sellers in the process of management of consumer markets has been justified.

**The scientific novelty of the research** consists of the following:

- A classified scheme characterizing the main types of economic behaviour has been developed;
- Consumer consumption phases have been identified;
- The selection algorithm of stores in the purchase of the relevant goods by the consumer is defined;
- Using the SWOT technique, a comprehensive assessment of the socio-economic aspects of the Absheron economic region's consumer market has been conducted;
- On the e-commerce platform, a plan for the sale of agricultural items, such as food and raw materials, has been devised;
- Organization of an effective structure of e-commerce platforms;
- Determining the relationship between supply and demand in the food markets in modern conditions;

- Demonstration of ways to stimulate the sale operations of enterprises in modern conditions.

**The theoretical and practical significance of the research** is primarily explained by the fact that the systematization, generalizations, and conceptualization techniques will help in improving the efficiency of food consumer relationship management and can be employed by government agencies.

**Aprobation and application.** The main provisions, results and suggestions of the research are in 6 articles in the prestigious local and foreign journals recommended by the Higher Attestation Commission, Azerbaijan Cooperation University (22 November 2014), Baku Business University (2021) and "Инновационные подходы в современной науке: сб. ст. the materials of the international scientific practical conferences held by "ХС международной научно-практической конференции" (202021) are reflected in the three theses. Among the published scientific works are "modern state of relations with food consumers" (Baku, 2016), "Современное состояние регулирования отношений с потребителями продовольствия" (москва, 2016), "methods of assessment of the market of Azerbaijani food consumers" (Baku, 2017), "fundamentals of management of the market of food consumers" (Baku, 2017), " theory of consumers and its impact on the development of the consumer market" (Baku, 2017), "Impact of development of electronic commerce on the management of the market, 2017) can be cited articles.

**Name of the organization where the dissertation work has been carried out.** The dissertation has been completed at the Department of "Economic Theory" of Azerbaijan Cooperation University.

**The entire volume of the dissertation described by a character and the volume of the dissertation's structural units in separate.** Introduction (9494 characters), Chapter I (63922 characters), Chapter II (55103 characters), Chapter III (70640 characters), results (19046 characters) and list of used literature (13076 characters). The total volume is 233484 characters. The number of characters in the dissertation is 218205 characters, excluding tables, figures, a list of references and a list of abbreviations.

## MAIN CONTENT OF THE STUDY

The relevance of the issue, goals and objectives of the research, subject, scientific novelty and practical value have been demonstrated in the **dissertation's introduction**. The dissertation's first chapter, **“Consumer theory and methodological bases of the formation of food market management”** addresses topics such as consumer theory's substantiation and function in the evolution of national markets, the methodological development of the system of food market management gaps, variables influencing food consumer choice, and so on.

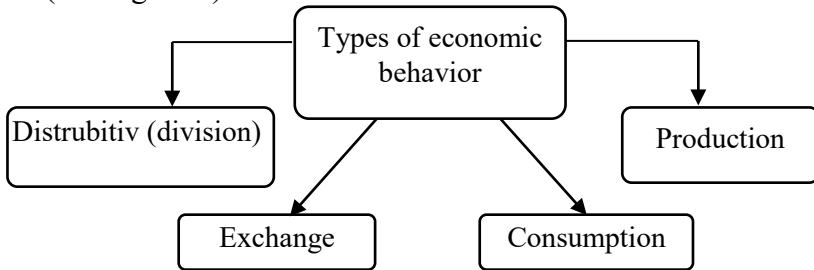
Human behavior, like the activities of a social subject, is expressed through social behavior. Individual and big human relationships' conscious engagement as a system of directed, coordinated, and deliberate behaviors expresses social behavior.

Economic behaviour can also exist as a type of social behaviour (“Homo economicus” problem). Scientists and experts have conducted a valuable sociological and economic analysis of these types of behaviour. In this regard, M. Weber looked into one of the most fundamental adaptations of rational behavior, economic behavior. Internal aspects such as purpose, means, outcome, planning, calculation, absoluteness of profit (benefit), alternative and freedom of choice, as well as institutional, axiological (substantive rationality), and resource-functional components, have all been investigated. Conditions (trade, money, contract, competition) define economic behavior, and these behaviors have been studied within a socio-economic framework. W.Pareto investigated this phenomenon using a different paradigm. He presented an entire class (illogical) and types of social behaviour models based on social standards, habit, and efficiency, referring to economic conduct as an example. He claimed that the structure of economic behavior contains both rational and irrational activity (affective, illogical elements).

The social content of all processes is known as economic behavior, and it is referred to as society's economic life. All of this is due to the fact that the exchange of significant economic values (goods, services, and information) is based on a large number of constantly updated, diversified in nature and content individual, group,



and mass behaviors. These efforts, whether directly or indirectly, assist in meeting their requirements. There are multiple fundamental forms of economic behavior at various phases of the reproduction chain (see Figure 1):



**Figure1. Characterization of the main types of economic behaviour**

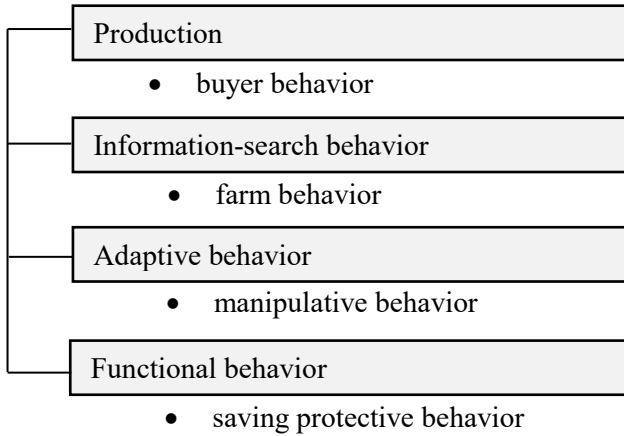
*Source: Developed by the author based on economic literature.*

We can accept the theoretical premise in our research that consumer choice allows for the removal of economically valued items from the market and the provision of useful characteristics to meet man's different needs. A market act performed by an individual in a market context is known as consumer behaviour. It entails determining one's wants and interests, gathering information about goods and services, weighing purchasing options, consuming, and weighing alternatives before acquiring goods and services.

According to certain authors, the social perspective emphasizes consumption as a component of lifestyle, along with other factors. The sociological method in this situation looks into the conditions that allow them to achieve their objectives, such as socio-cultural institutions and social objects. A sociologist, according to V. I. Verkhov, should be particularly interested in social behavior models involving the application and interpretation of the concepts of absoluteness and cost minimization. They are also institutions that restrict the use of economic resources greatly.

In V.I. Verkhov's research, consumer choice is the synthesis of reproduction and marketing. On the one hand, it emphasizes the

separation of consumer goods' positive aspects, which is an important part of consumer behavior. They become new resources in a variety of ways during the consumption process, and they join the economic cycle under certain conditions. On the other hand, V.I. Verkhov distinguishes certain phases, which reflect the characteristics of consumer choice (Figure 2).



**Figure 2. Phases of consumer consumption.**

*Source: The picture is based on economic sources.*

Consumer choice appears to be considered behavior in the realm of consumption by V.I. Verkhov, who classifies the behavior as the behavior that occurs before the purchase and consumption of products and services. Social factors also have a great influence on consumer behavior.

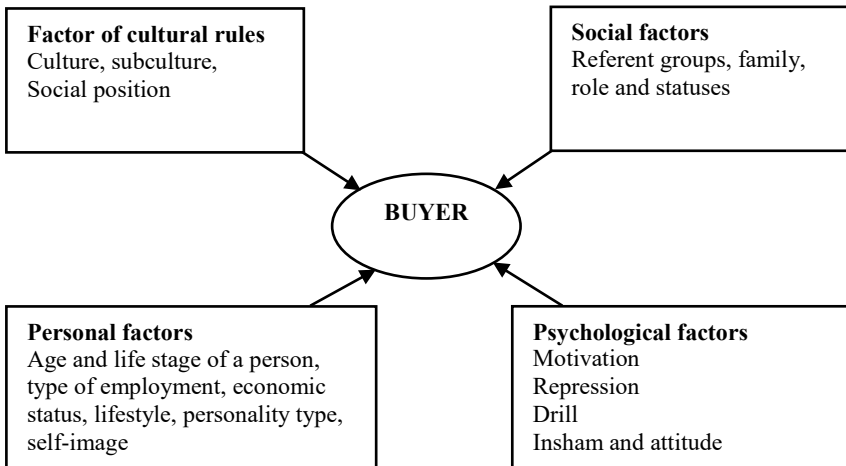
It should be emphasized that consumer decision-making is a complicated process that is influenced by a variety of motivating and colourful variables. Because you need to know how to impress people, what they like, and how to influence consumer decisions based on all of this, motivation research is especially important.

Another reason for the current urgency of the motivation problem is that the marketing conversation regarding the creation of false, phony, and needless needs has developed in recent years. Motivation is the driving factor behind this or that activity. Motivation is an

internal energy that is unseen, provocative, reactionary, unpleasant, exciting, and hidden. Motivation should be viewed as a driving force behind human activities. In practice, it is presumed that the buyer wishes to visit stores and make purchases there. Motivation can be considered as an external stimulant to humans on the one hand, and an internal objective on the other.

J.J.Lambin identified several features of image creation. He used the term “store” to describe a set of qualities. As a result, Lamben believes that these scents are: the store’s location, the selection, the price level, the services, the time spent by customers buying items, and the store's environment. These characteristics are viewed as active changing aspects by retailers, allowing them to build a store unique concept. Because of these perceptions, the store can set itself apart from its competitors. The features stated above can be considered of as a collection of traits that can be broken down into their constituent parts. The store’s visual elements (pictures, signs, and indicators), including lighting, colors, music, and aromas, are all examples of such a feature. This strategy allows you to characterize the store accurately, develop an image, and appeal to the target market.

Based on the above-mentioned consumption factors, it is possible to conduct their classification (See the figure 3).



**Figure 3. Classification of factors influencing consumer choice**

*Source: Compiled by the author based on an economic literature*

It is worth mentioning that there are numerous scientific approaches for researching consumer motivation. The vast majority of them stand out as unique areas of consumer behavior study. The creation of a consumer behaviour model is one of the directions of consumer market analysis. The latter is a simplified representation of a member of a given socioeconomic group functioning as a buyer of one or more commodities. The model incorporates the most significant characteristics of buyer behavior in specific market contexts, such as supply and demand ratios, among other things. As a result, purchasers have become stereotyped. The standardization process entails categorizing purchasers into several categories based on their objective features. The basic elements of the members of the group's behaviour are in agreement. Simultaneously, there are already well-known consumer and behaviour models: VALS1 and VALS 2.

The system VALS (Value and lifestyle) have been developed by SRI International (Simmons Market Research Bureau, Mediamark Research International Inc.). It is the only psychographic segmentation method that was invented in 1978 and is still in use around the world. SRI began research in the 1960s, and the obtained results have been reflected in the VALS methodology. The main point in here is that a person's lifestyle is a reflection of his inner values and outlook on life. In 1989, changes have been made to the VALS system. The improvements are intended to shed light on consumer choice, and the VALS 2 technique was established as a result of the work done to determine the lifestyle of Americans. The basic idea behind the VALS 2 methodology is to examine the results of a questionnaire-based survey of Americans. The US population was split into three main consumer categories and then eight categories, according to the poll. Consumer groups were created based on a person's values, status, or proclivity to act.

The second chapter of the dissertation “**Analysis of the current state of regulation of relations with food consumers**” analyzes issues such as the current state of regulation of relations with food consumers and the role of social strata in the development of food market in Azerbaijan.

The current flow of commodities in the modern food market is the result of a long evolutionary process that included the search for the best balance between market self-regulation and non-market regulators. Despite variation in proportions among countries, there are common approaches and directions in the development of modern economic mechanisms. Such approaches include antitrust regulation, financial and credit regulation, tax regulation, and consumer protection. Economic mechanisms have improved in recent years as a result of scientific and technological advancement, as well as the rapid development of computer and information technology. The development of robust information systems occurs in the context of expanding marketing research on commodities supply and demand. It allows you to predict the size of the fields and, as a result, properly arrange them. The need for consumer behavior organization and evaluation of emerging trends is particularly obvious in the above-mentioned directions in industrialized countries. First of all, there is a special need for retrospective research, as well as prospective assessments. In this regard, it should be noted that retrospective observations allow us to comment on the development of antitrust law in the United States. Passed in 1890, the Sherman Anti-Trust Act was the first law in the United States that outlawed monopolistic practices. The law prohibited trade, especially monopolies and secret deals, which restricted foreign trade. Any contract, including trusts, between any number of nations, as well as any transaction aimed at restricting trade and commercial activity to foreign countries, were ruled illegal under the law. Anyone entering into such a contract could be convicted and fined more than \$ 1,000 or imprisoned for less than a year. However, other clauses of the law allowed for the confiscation of an individual's or a trust's property, as well as the prolongation of imprisonment for up to ten years, for causing damage to trade and commerce.

As a modern trade format, a set of factors that allow them to characterize their social orientation might provide insight into their actual situation. At the same time, directions of management activities are being developed to increase the competitiveness of the food market, to continue economic development in the future, and to

clarify the social vector in the functions of all participants in market relations. The results of research on the social aspect of food market management are presented in Table 1 below.

Numerous sociological studies suggest that well-off people, young people, and residents of large cities (where optimism is high) are key consumer groups' suppliers in the market for goods and services. The Consumer Mood Index reflects their capacity to measure consumer sentiment. This indicator can be used to estimate the number of prospective demand changes in the consumer market.

**Table 1.**

***Results of the assessment of the integrated coefficient of social orientation of consumer market management from the consumer's point of view***

<b>Indicators</b>	<b>Conditional expression</b>	<b>Average indicator on respondents (%)</b>
Assessment of the level of sales of locally produced food products	Кпр	85
Evaluation of social programs that stimulate national consumer markets	Ксп	100
Estimation of the wide range of food products sold	Кша	70
Assessment of psychological well-being	Кпк	80
Integrated indicators of social management of consumer demand	Кинт	83,0

**Source:** The table has been developed by the author based on economic sources

It should be noted that, according to statistics, people of working age with an average level of income relative to the consumer basket account for only 30% of the working-age population in the country.

Previously, employees in the extractive industries, banking and insurance, as well as communications and information technology, were among the highest-paid.

The definition of middle-class consumer behavior is crucial in the Republic of Azerbaijan, as it acts as a benchmark for determining social growth. Information on the structure and dynamics of the consumption standard of this development is also of special importance. Its development is slower than in Western countries, which violates both the development and social renewal trajectory. In terms of theoretical model, the republic's middle class does not reflect the social class in Western countries. By evaluating the relationship between Azerbaijani society's social structure and consumption, the generalization of the above viewpoints will also permit judgments.

We can observe that the disparity between the richest and poorest is significant and not just attributable to income if we look at the structure of their food rather than the price of their products. The low-income population has practically ascended to the upper crust of society. In 2000, the poor consumed an average of 1,525 kcal per day; however they consumed 2,200 kcal per day in 2019. The most significant difference in food consumption by the poor was reflected in the consumption of protein, vegetables, fruits, and berries, which has decreased significantly over the last ten years: in 2019, this group's diet meets World Health Organization standards based on physiological parameters (see Table 2).

The topic of demand generation in the agricultural food market is of particular significance. Its importance can be justified by the fact that, due to the population's low incomes, demand and supply for food products are not well structured. However, it should be mentioned that there are favourable tendencies in the population's food intake from 2010 to 2019 (See Table 3).

The pace of change in income and food prices affects consumer demand and per capita consumption of food goods. Large and pronounced discrepancies between these two indicators represent significant dangers and constitute a danger to the country's food security.

**Table 2**

**Per capita consumption of food products on income quintiles in 2020**

FOOD	Income quintiles:				
	1	2	3	4	5
Bread and bakery products	137,1	138,4	138,3	139,1	139,2
Potato	71,1	72,1	71,9	71,8	72,3
Vegetables and melons	105,5	105,8	106,1	106,8	108,3
Meat and meat products	33,2	33,6	33,8	34,2	34,8
Fish and fish products	7,0	7,3	7,2	7,3	7,4
Milk and dairy products	270,6	270,2	271,5	272,1	275,9
Eggs, pieces	156,4	158,0	158,1	159,1	160,1
Fruits, berries	76,7	77,1	77,9	78,4	79,9
Sugar and confectionery	29,2	29,9	30,1	30,6	31,3
Vegetable oil and margarine	10,2	10,4	10,4	10,5	10,7

*Source: The table has been developed by the author based on economic sources*

Table 3 demonstrates that actual income growth increased from all sources between 2010 and 2020. It is worth noting that, despite the decline in real incomes, some goods are seeing an increase in demand. These products are referred to as “Giffen” or “poor goods.” On the contrary, when consumer incomes rise, demand for these products falls. As can be seen, demand and income fluctuate in different directions, and low-level commodities are valued as commodities with low elasticity of income. During the period under review, there were changes in the level of the food supply of the population (ratio of actual per capita consumption to its rational consumption norm). At present, the rational consumption norm approved by the Cabinet of Ministers is applied in Azerbaijan. The elasticity of food demand reduces as real consumption of essential foodstuffs approaches the absolute consumption norm, including the amount of the demand for food products and the increase in population wealth, according to our findings.



**Table 3**

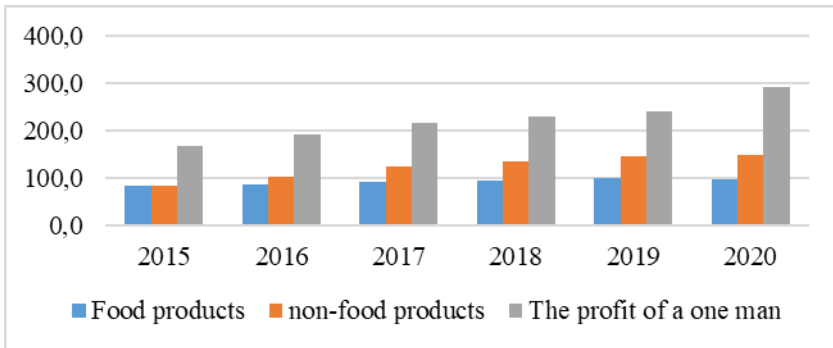
**Dynamics of real per capita income in households  
in Azerbaijan (in manats)**

	2010	2011	2012	2013	2014	2019
<b>Income – total</b>	<b>144,18</b>	<b>165,97</b>	<b>190,87</b>	<b>214,67</b>	<b>229,99</b>	<b>240,5</b>
Employment income	50,03	54,42	62,06	70,73	74,79	78,2
Self-employment income	36,26	42,19	48,64	55,21	61,16	63,9
Income from agriculture	20,14	23,33	26,34	29,78	30,59	32,1
Rental income	1,31	1,39	1,50	1,60	1,66	1,7
Real estate income	0,34	0,36	0,43	0,48	0,51	0,5
Received current transfer	21,82	27,50	32,22	34,56	36,74	38,0
Pension	17,86	23,21	27,39	29,32	30,95	32,2
Benefits and social assistance	2,63	2,86	3,13	3,39	3,85	3,9
Social transfers in kind	1,34	1,43	1,70	1,85	1,95	2,0
Others come	14,29	16,78	19,69	22,31	24,53	26,0
Income from others	10,46	12,20	14,36	16,47	18,54	19,7
Money sent from abroad	3,83	4,57	5,33	5,84	5,99	6,3

*Source: The table has been compiled by the author based on economic sources*

The elasticity of food demand in terms of income is high when earnings are low. When we look at the income and wants of the population, we can observe that the demand for food goods has fallen from a high level. Accordingly, Engel's law should have been taken into account. This reflects the impact of the law of demand in the agricultural sector and the specifics of supply: First, despite the quick increase in income, demand growth slows down due to an availability of food supplies; for example, income elasticity falls. Second, the growth in savings is accompanied by a quick growth in demand for non-food products and services (raising the elasticity of demand for income from these things). Engel's law justifies itself in the context of Azerbaijani realities. The table below depicts the distribution of

food and non-food product consumption in the Republic of Azerbaijan as a result of rising population incomes (see Figure 4).



*Figure 4. Dynamics of the consumption of food and non-food products by households between 2015 and 2020 (per capita income, in manats)*

As can be seen in Figure 4, non-food expenditures increased as the population's incomes climbed during the same time period.

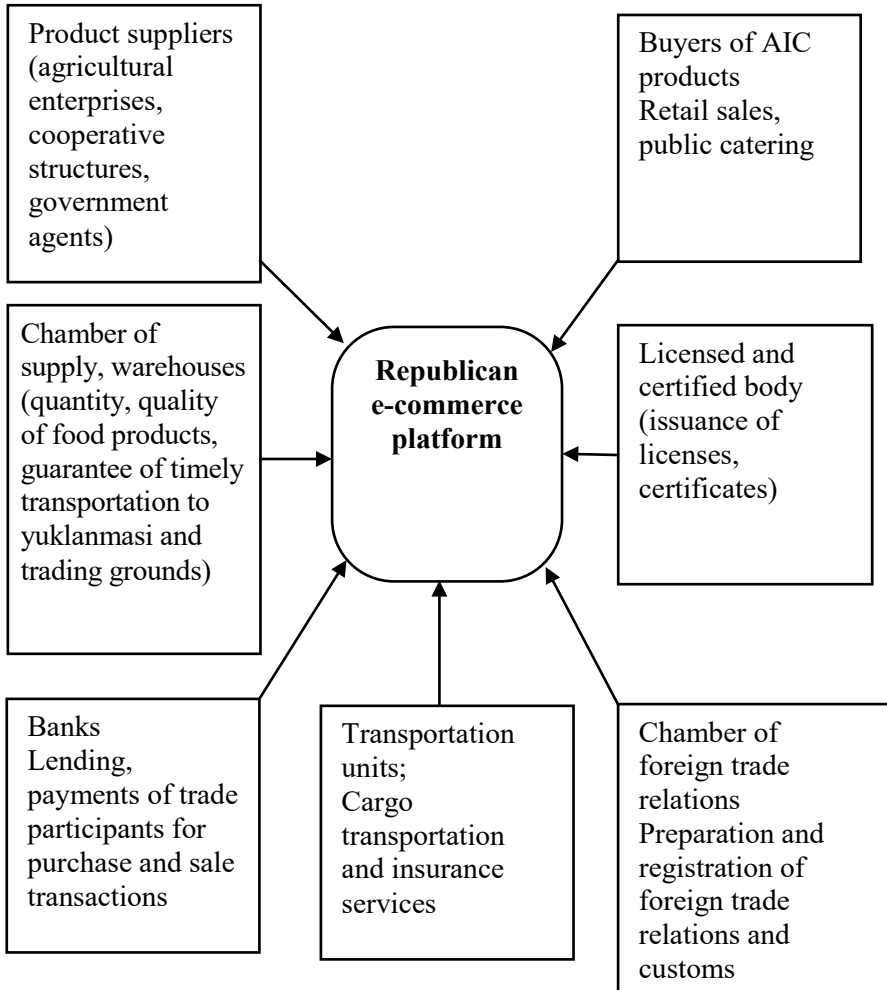
The third chapter of the dissertation, entitled “**Directions for improving the management of the consumer market**” examines the impact of the development of e-commerce on the management of the consumer market and the improvement of the organizational structure of food market management. The lack of effective legislation to regulate processes and ensure good governance in society, as well as the executive's poor performance in putting laws into practice, point to the government's weakened capacity.

It should be underlined, however, that the official authorities' weakness does not imply that the processes are uncontrollable. In such cases, management is transferred to other structures. The exercise of the powers of the authorities is carried out by unwritten laws and regulations.

Such a situation applies to all sectors of the economy and better reflects the situation in the food market.

The dominance of “black cash” and barter in trade agreements makes it impossible to effectively regulate pricing, properly assess the tax payment base, and manage the trade.

A standardized set of hardware and software used in e-commerce has been created for government customers. According to our estimates, after the introduction of this system, budget savings were 15%. The savings were mainly due to the reduction of transport costs and more efficient organization of trade (see Figure 5).

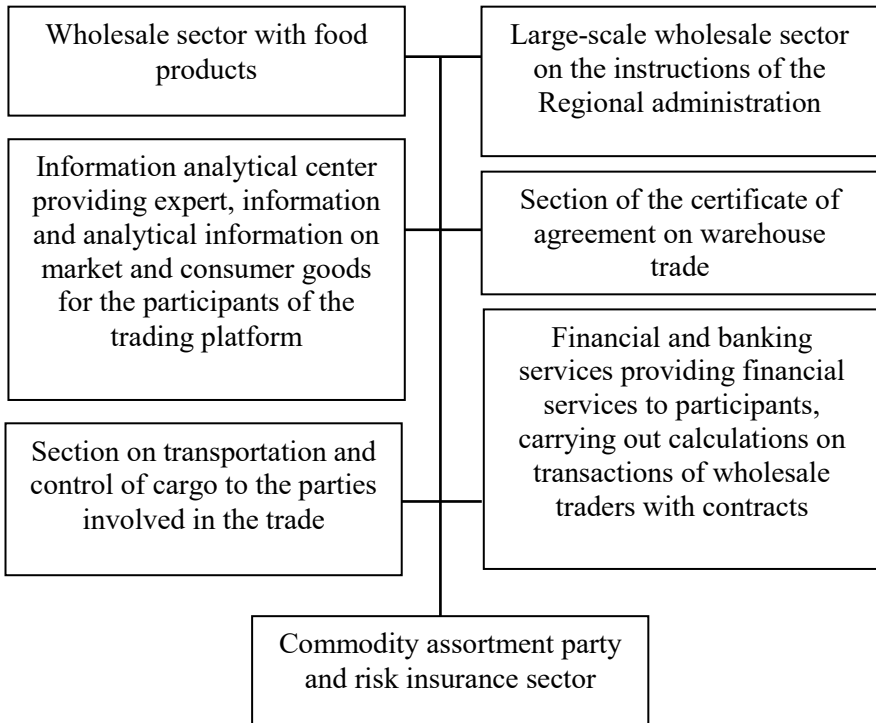


**Figure 5. Scheme of realization of agricultural and food products on the electronic trading platform**

*Source: Photo developed by the author*

The creation of regional information centers will enable government agencies and businesses, regardless of their form or type of ownership, to better exploit the potential of e-commerce, or market opportunities for the sale of products and services. Producers and consumers will have constant access to trade and marketing information.

They will be able to work with cutting-edge technologies on a daily basis. In the buying and selling of all types of goods and services, e-commerce with food products gives up new opportunities for businesses and organizations to improve their operations by changing operational activities and building deeper customer relations. It should be noted that the e-commerce platform includes some basic elements, which are as follows (See Figure 6).



**Figure 6. Recommended structure of e-commerce platforms**

*Source: Photo developed by the author*

The efficacy of management systems is determined by the coordination and reconciliation of the interests of all participants in market economy contacts, as well as the realization of investment attractiveness within the trade format.

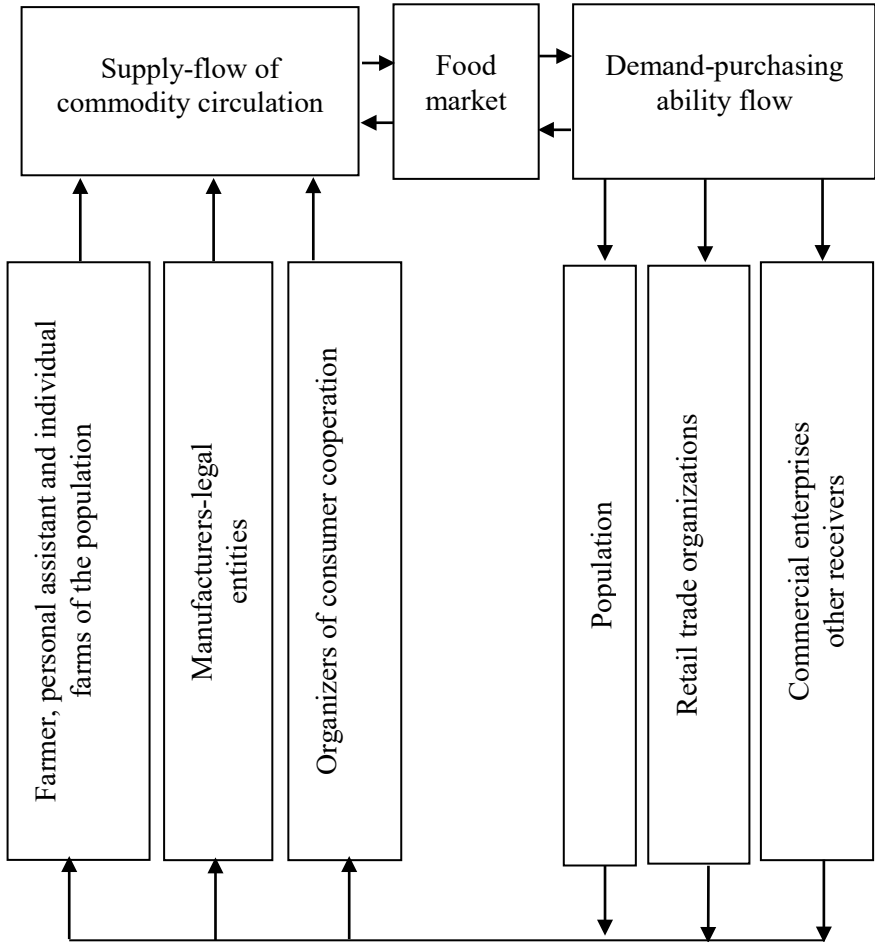
It is important to examine the major components of the organizational economic mechanism of food market management in the city using theoretical techniques. The qualities and effects of external environmental factors are explored here.

Food markets and grocery stores are becoming more competitive as a result of globalization. Our research aims to build a scientific and methodological foundation for management, as stated previously. The primary goal is to build the food market as a modern trade format, which necessitates maintaining and expanding the trade enterprise's economic ties with the subjects. As previously said, network trade expertise is also used, which is indicative of the new store model.

The movement of items (supply) and purchasing power can be seen in the activity of food markets (demand). Both supply and demand formation, as well as regulation, must be handled for the food market to function properly in a modern commercial environment (see Figure 7). These market economic relations concerns highlight the most important aspects of the market and enable the selection of factors that influence the internal and external environment.

Food reserves are becoming increasingly important in modern economic processes. While each region deal with the issue of food supply on its own, it is also concerned with economic concerns and the quest for food production sources, markets, and regional funding. These patterns represent the diversity of the food system and its regional evolution. In view of the above, it is necessary to take into account the following objective regularity:

a) Ensure the intensive development of the production complex, the socio-economic productivity of the food system to meet the needs of the region taking into account the objective probabilities (natural and economic conditions);



**Figure 7. Interrelation of supply and demand in food markets**

*Source: Photo developed by the author*

- b) Rational placement of elements of agricultural production, processing industry, production infrastructure, strengthening of exchange and inter-sectoral relations between the regions;
- c) Rational and full use of the bioclimatic potential of land, material and labour resources at the regional level

The organization and regulation of demand for food in modern times require the following conditions.

- Identification of public demand for goods;
- Substantiation of production boundaries and intensity;
- Ensuring a balance between spheres, sectors, types of production;
- Improving resource efficiency.

It requires the solution of the following resource-saving and motivational tasks:

- Transformation of resource potential into production potential and increase of resource efficiency;
- Focus on more complete use of non-investment factors (elimination of disproportions);
- Determination of indicators of the use of the main factors of production (their final cost and efficiency limits);
- Stimulation of supply and demand for goods;
- Increase in production volume, its physiological and economic suitability. The target program method is widely used in the management of socio-economic processes in the Republic of Azerbaijan.

It should be noted that the stimulation of consumer behaviour in the national food market is based on the state-regional approach.

However, it is important to note that regulating the activity of individual commodity producers is neither possible nor necessary. Market regulators have a greater impact on market participants' interactions than administrative procedures, demand, or the main direction. The request of the buyer has been chosen.

It is vital to discuss demand formation and sales stimulation individually. They are used when a purpose is not communicated well or is aimed at an entirely different goal. An accomplished salesperson or advertising agent knows how to acquire buyers' trust and persuade them to buy items using subtle ways.

There are several purposes to stimulate retail sales:

- Unplanned purchase of goods;
- Increasing the number of initial purchases of goods;
- Increasing the frequency of purchases;
- Increase in the volume of one-time purchases.

The ways and tactics by which customers often react promptly are used in the context of retail sales stimulation. Incentives can have both harmful and good consequences and symptoms, such as penalties and threats (discount).

Research shows that consumer behavior in the national market is characterized as economic behavior (implementation of more profitable alternatives; rationality of the operating object, the presence of thoughtful and rational manifestations of behavior in its activities. motives for the absoluteness of material gain; ways of information about satisfying their needs). Here, the role of social motives (behaviors appropriate to socio-cultural conditions; not only economic) is related to career, communication, competition. Efforts to address the problems associated with the development of a rational scheme of human behavior are important. Some people's behavior may be different and unpredictable, and their behavior may not be consistent with existing patterns of behavior. As a result of our research, the following types of stimulation have been identified.

We are talking about external motivational forces, and they are beyond the human mind.

In addition, it should be noted that these incentives are the main directions of consumer behaviour in the food market.

External stimuli are related with the mechanism of external stimulation, which includes the actualization of the notion of purchasing items as achieving a specific level of material well-being, as well as the breadth and quality of the product variety. This mechanism's application necessitates the introduction of commodities policies and quality control.

Changes in food prices trigger the mechanism of economic motivation - the idea of saving money through the purchase of goods at low prices is important.

The comfort-oriented motivation mechanism focuses on the concerns about the purchase of goods (based on appearance, location of the store, mode of operation). For this mechanism to work, commercial enterprises must make decisions about the workplaces of shops, their working hours, the appearance and size of the trade space.



The social motivation mechanism is driven by external stimuli of the level of services, such as the recommendations of friends and acquaintances - the effects of positive behaviour with store staff (for example needs are met based on social experience, for example according to the social practice of “out of the house” fashion, which provides a sense of self-affirmation).

**The following scientific works on the main scientific results of the dissertation were published:**

1. Consumer theory and its role in the development of the Food Market // materials of the international scientific-practical conference. Development of Regional economic policy and cooperative relations. Baku, 22 November 2014, p. 433-436.

2. Modern state of relations with food consumers / / scientific works “Institute of economics” of ANAS, Baku, November, December 6 2016. p. 231-236.

3. Current state of regulation of relations with food consumers // Scientific and practical journal "Modern Science" Actual problems of theory and practice. Economics and Law series. Moscow No. 11. 2016 November. p. 62-65.

4. Azerbaijan food consumers market assessment methods / / ” Azerittifaq "Azerbaijan Cooperation University scientific-practical Journal "Cooperation" №1 (44). Baku, 2017, p. 65-69.

5. Ministry of Labour and Social Welfare of population of the Republic of Azerbaijan. Scientific-Research and Training Center on Labour and Social Problems. "Labor and social problems. Collection of scientific works " p.185-190 №1 (19) Baku, 2017.

6. Consumer theory and its impact on the development of the consumer market / / Ministry of Agriculture of the Republic of Azerbaijan: “Scientific works” of the Center for agrarian science and information advice Baku 2017 p. 34-41.

7. Impact of e-commerce development on the Food Consumer Market // Institute of economics of Anas “scientific works”. Baku, may-June N - 3-2017, p. 154-159.

8. Improvement of organizational structure of food consumer market management in liberated areas. Materials of international scienti-

fic-practical conference, Baku Business University, 2021, pp. 356-358.

9. Regulation of the food market and incentives for its development / K. A. Akhverdieva // Innovative approaches in modern science: collection of articles based on the materials of the XC International Scientific and Practical Conference No. -6 (90) M., Publishing House "Internauka", 2021.

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