

# Conceptual Foundations for the Development of the Regional Consumer Market in the Context of Enhancing the Quality of Life of the Population

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**Abstract.** The relevance of studying the impact of the consumer market on the quality of life in the regions of Ukraine under the conditions of full-scale war is substantiated. Emphasizing the interdisciplinary nature of the research, the integrated meaning of the concept of "quality of life" is revealed, along with the diversified structure of human needs. Particular attention is paid to existing scholarly approaches to defining "consumer market" and "regional consumer market," especially within structural and functional perspectives. The theoretical framework of the study is characterized, incorporating a set of theories and concepts that explain the interdependence between the development of the consumer market and the quality of life. These include classical economic theories, concepts of public consumption, behavioral economics, and spatial market theories. Key characteristics of the consumer market that reflect the interconnection and mutual influence between consumer market functioning and the resilience of quality of life are identified. These characteristics encompass indicators such as product and financial accessibility, openness, price and product integration, innovativeness, environmental sustainability, inclusiveness, and market stability. A conceptual approach to the development of the regional consumer market in the context of strengthening the resilience of quality of life is presented. Based on the aforementioned characteristics, dominant directions of consumer market transformation are identified to support life quality resilience, including digitalization, socialization, greening of the market, global and regional integration, and market inclusion through equal opportunities for all market participants. To outline strategic development prospects for the consumer markets in Ukraine's regions, strategic priorities are proposed. These aim to increase population adaptability to socio-economic changes, enhance consumer culture, improve access to quality goods and services, ensure safety and a culture of consumption, deepen the inclusiveness of consumer practices, and reduce the vulnerability of socially disadvantaged groups.

**Keywords:** consumer market, region, quality of life, resilience, behavioral economics, spatial market theories.

**JEL Classification:** I31, L10, O18

## 1 Introduction

The consumer market is a key component of the economic system, determining the level and quality of life of the population. Its development

under current conditions is influenced by a range of challenges driven by intensifying globalization processes, advancements in information and communication technologies, and the ongoing

full-scale war, which has led to new problems such as declining living standards and increasing territorial disparities. The modern consumer market is increasingly integrated into the global economy, which, on the one hand, requires adherence to international standards, trade relations, and innovative approaches, and, on the other hand, necessitates the effective interaction of global trends with the national specificities of consumer market development. These transformational vectors undoubtedly shape the functioning of consumer markets across the country's regions and determine approaches to studying market transformation processes and the resilience of quality of life.

It is important to note that the issue of quality of life lies at the heart of an interdisciplinary research agenda, enabling the exploration of various aspects of the human living environment and focusing on the capacity to meet different needs depending on a person's social or economic status, level of well-being, and personal values. Accordingly, the integrative nature of the "quality of life" category is manifested in the alignment of a person's living environment with their needs, particularly regarding the consumption of material goods and services, as well as the satisfaction of cultural, spiritual, and other socially significant demands.

The substantial impact of the consumer market on the quality of life is also attributable to its role in the regional reproduction system. It ensures organizational and economic linkages between production and consumption, contributes to balancing supply and demand, enhances pricing flexibility, and promotes the development of fair competition.

## **2 Theoretical Basis of the Study**

When revealing the essence of the "consumer market" definition, scholars emphasize its systemic nature. According to this perspective, the consumer market is regarded as a dynamic, self-regulating, and open system of economic exchange in consumer goods and services that ensures the realization of the interests of both consumers and producers. The emphasis on the structural components of the consumer market as a set of individuals and households purchasing goods and services for personal use highlights its elements and participants, aligning with the logic of the structural approach to understanding consumer market development. From a functional perspective, the consumer market is understood as a system of economic relations between its subjects regarding the exchange of created goods aimed at satisfying the needs of the population.

The consumer market is also defined as a distinct market segment characterized by a set of socio-economic relations between producers and consumers that emerge in the processes of purchasing, selling, or renting goods and services for personal use (Lihonenko, 2007); as a component of the societal reproduction process; and as the totality of consumers of social value (Yakhno, 2019).

An analysis of the processes observed in the consumer market throughout Ukraine's years of independence allows us to consider it as an indicator of transformational changes in the productive, social, and other spheres of societal life. Accordingly, the study of the peculiarities of consumer market functioning can, on the one hand, serve as a basis for assessing the effectiveness of reforms in various economic sectors and market segments, and, on the other hand, demonstrate the market's adaptability to population needs. Moreover, assessing the situation in territorially defined consumer markets is an important scientific task, since such studies confirm the diversification of supply and demand in the goods and services market depending on income levels, property and status-based needs, cultural traditions and preferences, demographic and ethnic characteristics of territories, their productive specialization, and more. Therefore, consideration of the specific features of regional consumer market development may serve as a foundation for substantiated conclusions regarding the strengthening of quality-of-life resilience in Ukraine's regions.

Overall, the regional consumer market should be viewed as a system of relationships among market actors operating within the "production-distribution-consumption" framework. It is formed on the basis of rational economic behavior demonstrated by both consumers and producers. This system is also guided by several key principles: the alignment of profit maximization with producers' social responsibility, the diversification of distribution channels, the promotion of market competitiveness, and the pursuit of consumer satisfaction (Popadynets, 2017). Undoubtedly, the development characteristics of consumer markets affect the population's quality of life not only by meeting basic and other needs but also by shaping the level of comfort, convenience, and life satisfaction.

Research into the development characteristics of consumer markets in the context of strengthening the resilience of quality of life requires a comprehensive approach to the formation of the theoretical and methodological foundations of the study. These foundations should incorporate

a range of theories and concepts that explain the interdependence between consumer market development processes and the quality of life. Given that consumer market development is influenced by economic, psychological, and social factors, the

theoretical origins of consumer market research are grounded in classical economic theories and are further supplemented by theories and concepts of public consumption, behavioral economics, and spatial market theories (Table 1).

**Table 1** Theoretical Foundations for the Study of Regional Consumer Markets

	<b>Theories and conceptions</b>	<b>The essence of the theory</b>
Theories of Social Consumption	Postmodern Theory (F.Jameson, J.Baudrillard)	In postmodern society, consumption becomes not only an economic process but also a means of identity formation
	Theory of Conspicuous Consumption (T.Veblen)	The concept of "conspicuous consumption" is introduced, describing how people spend money on luxury goods to emphasize their social status
	Theory of Hedonistic Consumption (C.Campbell)	Consumer society is viewed through the lens of a constant pursuit of new emotions and experiences, stimulated by advertising and culture
	Ecological Critique of Consumption (Z.Bauman, B.Latour)	Consumer society is interpreted as an unstable system that generates inequality and dissatisfaction and has a destructive impact on the environment
Theories of Behavioral Economics	Theory of Bounded Rationality (H. Simon)	This theory explains consumer behavior by recognizing that individuals do not always make optimal decisions due to cognitive limitations, lack of information, or time constraints.
	Concept of Heuristics and Cognitive Biases (D. Kahneman, A. Twerski)	Consumers often rely on simple mental shortcuts (heuristics) instead of thorough logical analysis, which leads to systematic deviations from rational decision-making
	Nudge Theory (R. Thaler, C. Sunstein)	Consumer choices are shaped not through coercion but by designing choice architectures that subtly guide people toward certain decisions
	Theory of Self-Control (H. Leibenstein, D. Leibenstein)	Consumers often act impulsively, which explains the popularity of "quick" loans, spontaneous purchases, and difficulties with saving
	Concept of Social Influence and Herd Behavior	This concept explains consumer behavior through social comparison: buyers assess their living standards based on the consumption habits of those around them
	Theory of Consumer Motivation (Z. Freud, E. Dichter)	Purchasing decisions are influenced by consumers' subconscious desires, which underpins emotional marketing and the impact of advertising
Spatial Market Theories	Spatial Competition Model (H. Hotelling)	Justifies competitive advantages of locating close to consumers
	Agglomeration Theory (A. Weber)	Producers choose locations balancing transport costs, labor, and resource expenses; thus, competitors often cluster nearby.
	Central Place Theory (W. Christaller)	Explains a set of spatial distribution patterns, including the principle that higher-order cities offer a wider range of goods and services
	Market Potential and Spatial Interaction Theory (A. Scheffle, J. Stewart, S. Harris, D. Reilly)	This theory formulated the "retail gravity law," according to which an urban market attracts buyers from surrounding regions proportionally to the city's population size and inversely proportional to the square of the distance from buyers to the city
	Market Gravity Law (P. Reilly)	Takes into account that consumers weigh the time costs and attractiveness of specific locations when making purchases
	New Trade Theory and New Economic Geography (P. Krugman)	Argues that market size and accessibility are decisive factors for the spatial relocation of production and labor resources

Source: created by the authors

Theories of public consumption reveal the essence of the consumer market from various perspectives such as economic, sociological, cultural, and environmental. They describe the consumer market's role in the processes of social diversification and highlight the patterns of development within consumer society. In contrast, theories and concepts from behavioral economics explain consumer behavior. They uncover the influence of a wide range of factors on consumer preferences, define the motivations behind consumer choices, and describe behavioral strategies in the marketplace of producers and trade entities.

In a competitive environment characterized by oligopoly, the interdependence of firms in determining production volumes and market shares is also shaped by spatial (locational) factors, alongside price-setting interdependence. The Hotelling model of spatial competition describes the spatial interdependence of firms and their geographical positioning. This model emphasizes that the location of a firm serves as a key driver of economic competition, especially in the context of non-price competition, such as competition based on product quality. According to Hotelling's model, price competition among closely located firms offering similar products is inherently unstable and can only be avoided in the presence of artificial consumer barriers or significant product differentiation. From a welfare perspective, consumers located near a spatial cluster (concentration) of firms generally experience higher welfare levels than those situated farther away. This is due to the fact that the costs associated with consuming goods produced by these firms are typically much lower for nearby consumers than for those located at a distance. This important observation regarding the benefits of spatial proximity highlights the advantages of agglomeration economies.

In the real world, such firms often coexist and offer similar products, revealing the limitations of the Hotelling model. To better understand these market dynamics, the Salop model proves more appropriate, as it incorporates greater diversity in consumer preferences and product variety within the product space. The model explains the patterns of spatial behavior among firms and consumers and illustrates how diversity in preferences and geographic concentration may lead to the emergence of spatial monopolies. In this regard, it demonstrates how the concentration of competing firms influences the stability and resilience of consumer demand, showing that higher competition fosters more stable and sustained demand in local

markets. The scholar argues that such a situation benefits both producers and consumers (McCann, 2013).

Spatial market theories, in turn, justify how the location of consumers, producers, and trade infrastructure influences the development of regional and local consumer markets. These theories examine the formation of market influence zones, the nature of competition among producers of goods and services, and explain the uneven distribution and specific trajectories of regional market development.

For example, P. Krugman demonstrated that the stability of spatial distribution of labor and production is influenced by the home market effect. This effect explains the tendency of monopolistic firms to locate production closer to large markets and to export to smaller ones. The scholar also emphasized the cost of living effect, which suggests that the cost of living tends to be lower in areas with a high concentration of industrial firms, since goods produced locally incur lower transportation costs (Shults, 2010).

A noteworthy theoretical and methodological approach to assessing spatial inequality in a country's consumer market is that proposed by J. Harris. According to this approach, regional market positioning is determined by the market potential index, which is calculated as a weighted sum of the per capita GDP of surrounding regions, with weights inversely proportional to the distance between them (Harris, 1954).

A higher market potential index indicates proximity to economically stronger regions with a greater concentration of producers and consumers, and where higher economic activity is observed. However, a limitation of this method is that it accounts only for transport accessibility, while neglecting interregional commodity flows and regional export potential (Zaichuk, 2012).

In the Reilly's Law of Retail Gravitation, W. Reilly identified several regularities regarding how city size and trade zone dimensions affect consumer concentration. He argued that larger cities exert stronger "pull" effects on consumers. Residents of smaller towns may travel to major retail centers located on the outskirts of larger urban areas. These regularities are considered in the spatial planning of modern shopping malls in peripheral zones of major Ukrainian cities (Zhelezniak, 2011).

Overall, all the theories and concepts presented in Table 1 view the consumer market as a complex phenomenon that shapes and transforms people's lifestyles and quality of life, their value systems, and even aspects of human identity.

### 3 Characteristics of the Regional Consumer Market that Influence the Resilience of the Population's Quality of Life

We formulate a list of characteristics of the regional consumer market that directly influence the resilience of the population's quality of life (Fig. 1):

- Accessibility of the consumer market is usually assessed by two approaches. The first concerns the stability of supply of essential products and services and the provision of a wide assortment, which minimizes social risks and increases the population's resilience to crises. Diversification of supply sources ensures the satisfaction of the needs of various consumer categories. The second approach focuses on the indicator of financial accessibility, measured by price levels of goods and services and the purchasing power of the population;

- Market saturation indicates prospects for changes in demand on the consumer market or the limit of its capacity. This evaluation parameter characterizes the scale and capacity of the market, or the potential volume of sales of consumer goods and services;

- Market openness is a characteristic that indicates the possibility of sellers from other regions or countries entering the consumer market. Market openness is evidenced by the level of diversification of supply sources and the degree of participation of regional producers in supplying consumer goods;

- Market integration is a market characteristic that, firstly, confirms the product integration of the market and, secondly, reflects the level of price integration, which implies the approximation of prices for identical or similar goods and services across different regions of the country. Prices for goods and services under market integration conditions should change coherently and relatively proportionally, and price equilibrium should be established according to changes in demand and supply. This means that effective links exist between markets, and price differences are explained only by transportation costs, customs duties, or other objective factors, rather than artificial barriers or restrictions. Weak price integration of regional consumer markets indicates the existence of monopolies, regulatory barriers, or weak competition;

- Market innovativeness is a characteristic of the degree of technological innovation use to establish interaction between producers and consumers by expanding sales channels for goods and services. This includes the use of artificial intelligence for forecasting consumer demand development, the growth of e-commerce and mobile shopping, and

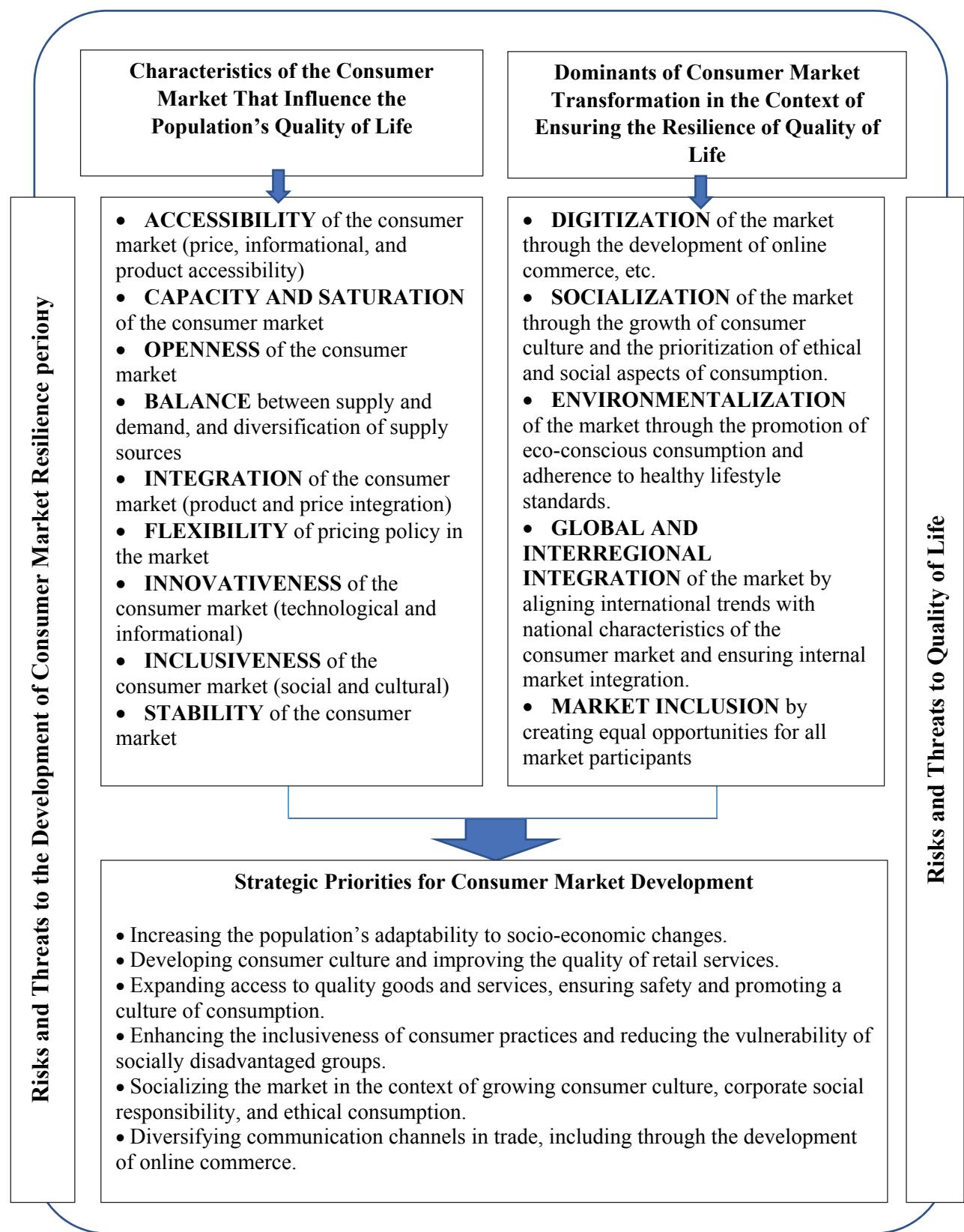
the implementation of innovative business models through digitalization of the trading environment, such as contactless payments (Apple Pay, Google Pay, cryptocurrencies), use of blockchain technology to ensure transparency of supply chains, and development of personalized marketing tools (chatbots, virtual assistants in online stores, and automated client consultation systems, e.g., Siri, Google Assistant). In this context, it is also appropriate to note the importance of subscription models in retail, which imply regular fixed payments by consumers for access to certain goods or services. This model has become widespread due to the convenience and comfort of using digital platforms such as Amazon Prime, iHerb Auto Delivery, Glambox, HelloFresh, etc.;

- Market environmental friendliness characterizes the growing demand for ecological goods and services and serves as a significant driver of competitive struggle among producers of goods and services. Market ecological development aims to preserve the environment through the promotion of eco-conscious consumption, implementation of environmentally safe technologies in the production of eco-friendly products and their packaging, as well as the use of eco-labeling of goods, which will contribute to the preservation and improvement of public health and the environment. Modern global trends show that an increase in living standards contributes to a rise in demand for environmentally friendly products;

- Market inclusiveness is a market characteristic that assumes equal opportunities for the population to access consumer goods and services regardless of their features or needs, contributing to the reduction of social differentiation and ensuring a fair distribution of benefits. The main features of an inclusive consumer market include: price accessibility, including for socially vulnerable groups; a wide assortment of goods oriented toward the different needs of consumers with various physical abilities, social or economic status; accessibility of information about goods and services, etc.;

- Market stability is considered as the ability to maintain equilibrium and function without sharp fluctuations in prices, demand, supply, etc. The main characteristics of market stability are price and financial stability, balance of demand and supply, and low volatility resulting from minor fluctuations in the stock market, exchange rates, asset values, and the overall macroeconomic situation.

The listed characteristics reflect the interdependence and mutual conditioning between the functioning processes of consumer markets and the resilience of the population's quality of life.



**Figure 1.** A conceptual model for the development of the regional consumer market in the context of strengthening the resilience of the population's quality of life

Source: created by the authors

Taking into account these characteristics, we formulate a conceptual approach to the development of the regional consumer market in the context of strengthening the resilience of the population's quality of life.

#### 4 Conclusions

The dominant factors of transformation in Ukraine's consumer market and its regions, as defined in the conceptual model, reflect processes that contribute to achieving the resilience of population quality of life. To strengthen this resilience, it is essential to account for and promptly respond to risks and threats that have emerged in the context of the full-scale war. These primarily include:

- a decline in effective demand due to the population's diminished purchasing power, driven by income instability, rising inflation, and deteriorating social standards;
- a reduction in market supply and shortages of certain goods as a result of disrupted logistics chains, the destruction of production capacities, and the reorientation of export-import operations.

The social dimensions of interaction among actors in the consumer market – at national, regional, or local levels – are integral to the modern processes of market socialization. These processes involve the adaptation of market mechanisms to the moral, cultural, and environmental needs of society, resulting in growing criticism of overconsumption, the increasing prioritization of environmentally

friendly products, and heightened attention to consumer culture and safety in general.

The outcome of market socialization can be seen in the development of a fair, inclusive, and accessible consumer environment. This involves ensuring equal market access, improving the availability of quality goods and services, deepening the inclusivity of consumer practices, and reducing the vulnerability of social groups requiring additional support and protection from both society and the state.

Thus, a worldview-based transformation of the consumer market is underway, leading to the emergence of a socially oriented market model. This model prioritizes improvements in quality of life and fosters social cohesion. It has been successfully implemented in Scandinavian countries, Germany, and other EU member states; however, in Ukraine, it is still in its formative stage. In the context of post-war recovery, the foundational principles of this model should be incorporated into policymaking and the development of post-war reform strategies.

Future academic research in this domain should also focus on assessing the influence of factors that characterize the consumer market's role in enhancing quality-of-life resilience. This includes evaluating the impact of financial and physical accessibility of goods and services across different locations, the fluctuations and decline in purchasing power, consumer sentiment and needs, as well as Ukraine's production capacities.

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