

The essence and features of the marketing approach to the concept of "price" are determined. The specificity of the price as an element of the public marketing complex and differences in the approaches to this concept in the systems of public and commercial marketing are considered. The place price has been analyzed in a public marketing mix. The problems connected with the «free-ride» phenomenon in the practice of public administration are considered.

Keywords: *price, complex of public marketing, price in the complex of public marketing, non-monetary approach to the definition of the price, the «free-ride» phenomenon.*

Y. V. GAVRYLECHKO,
Post-graduate of the Department of
Marketing; Kyiv National University of Trade
and Economics

PRICE IN PUBLIC MARKETING COMPLEX

Problem statement. The analysis of the concept of price in a complex of public marketing proves the relevance of this problem for the theory and practice of public administration. Determining the price in the complex of public marketing and the main approaches to this concept greatly affects the success of further analysis of the marketing activities of public administration entities.

Analysis of recent research and publications. Researches on the development and formation of the basic theoretical principles of public marketing (including price analysis in public administration) were conducted by researchers such as: C. Andreyev [1], I. Drobiazko [2], A. Kaplan [3], Ph. Kotler [4], T. Cowen [54], L. Melnychenko [1], Ye. Romanenko [6], Ye. Romat [7, 8 et al.], L. Smorgunov [9], K. Sukhonosov [10], M. Heinlein [3], I. Chaplay [6 et al.], N. Scherbakova [11] as well as other authors.

Formulating the targets (goal) of the article. To analyze the concept of "price in the complex of public marketing" and to determine the main specific characteristics of prices in public administration.

Materials and methods. In this article, a set of methods and approaches that allowed the goal of the study to be achieved. In particular, systemic and structural approaches are used to reveal the

essence of the price in the marketing complex of public administration entities. Also used are methods of analogy and synthesis.

Results and Discussion. Price is an important element of the public marketing complex (marketing mix). As well known, the public marketing mix also includes a public product, a public distribution system, and a public communications marketing system.

According to experts, the element "price" is the most complicated in terms of its public-marketing essence. It must be admitted that in the commercial marketing system, the understanding of this concept is much simpler and incomparably more explored. Moreover, in most cases, the price reflected market conditions, a certain amount of money equivalent received as consumer goods. In the complex of public marketing, the price, on the contrary, is rarely measured by money. Most often it takes the form of action, the expected standards of conduct, etc. However, in the commercial, marketing and public can distinguish common, basic, fundamentally important characteristics of this element of the marketing mix.

Analyzing the differences in the understanding of prices in commercial and public marketing, American researchers A. Kaplan and M. Haenlein rightly point out: "In private companies, optimally priced policies help to achieve, above all, financial goals, contribute to customers' willingness to pay and are an element of the company's positioning strategy with respect to competitors . At the same time, the same principles can not be applied to price restrictions in public administration. First, public administration is a non-profit sector. And although a certain positive balance can be achieved by public authorities in one period, there is no goal to maximize this surplus under any conditions. Secondly, the notion of willingness to pay often can not be applied to public management services, since public service consumption is not always within the free choice of the client. Finally, many public administration services do not have any direct competitors, so there can be no way to evaluate the positioning of the product "[3, p. 205].

Scientists-marketers express different points of view, considering the essence of the price. So, a profound marketing understanding of the concept of price is demonstrated by Philip Kotler and Gary Armstrong, who point out: "In the broadest sense, the price can be considered a set of all

values that the consumer exchanges for the ability to own a product or use the product (or service)" [4, p. 522]. The advantage of this definition is its versatility, which does not link it to commercial marketing alone. This approach can be used in any field of marketing, including in public marketing.

The American Marketing Association in its official electronic dictionary offers price determination as: "... a formal relationship that indicates the amount of cash goods or services required to acquire a certain amount of goods or services" [12].

Researchers-marketers G. L. Bagiev, V. M. Tarasevich and H. Ann determine two main approaches to the concept of price: "Price - 1) monetary value of money, the amount of money that consumers must pay for the receipt of goods. The price assigned by the firm must correspond to the perceived value of the offer; 2) an effective marketing mix tool, a marketing mix "[13, p. 707]. As can be seen, the first of the above definitions can be considered closer to the political economy of the category "price" with a certain adjustment to the impact of market specificity ("must correspond to the perceived value of the offer").

Ukrainian scientist Taras Grigorchuk holds a similar position: "The price is a certain amount of money that the buyer is willing to pay in order to receive a unit of a particular product or service" [14]. At the same time, it is difficult to agree with Professor Tetyana Primak, who offers the following definition in the marketing manual: "Price - monetary value of goods or services, economic category for determining the amount spent on the production of goods (services) of social labor" [15, p. 34]. According to this purely polytechnical approach, which measures the price only by the amount of socially necessary costs, all prices for the same assortment position of the particular product should be the same. And this tendency would be independent of the will of the seller, the place of sale, etc. In practice, this happens quite infrequently.

As we can tell from the definitions given above, specific marketing characteristics is its understanding of price certain "earthiness", considering the concept almost at the household level, an appeal to common sense. In the simplest sense in marketing, the price is the equivalent, for which the buyer is ready to give up possession of the goods, and the seller is ready to give this product.

Consider the point of view of the price of specialists in the field of public marketing. So, the USA researcher Schwert Gumesson, considering the specifics of prices for public services, rightly observes that: "Public services are mostly non-profit organizations. This creates an unusual situation in the relationship with the client / citizen: for example, the connection between the provision of services and payment is not straightforward, because "payment" is made through the system of taxation "[16, p. 835]. It is important to recognize the importance of establishing the specifics of the concept of "price" in public marketing in the cited fragment. However, in our opinion, the scope of specificity is even greater. This is due to the fact that the equivalent, expected by the subjects of state marketing in exchange for their goods from the target market, generally rarely take the form of money.

This approach is also followed by L.V. Smorgunov. He, in our opinion, considers not only the essence of the price as an element of the complex of public marketing, but also emphasizes the costs paid for the production of public goods: "Price is the cost of implementing the program at the expense of funds received from the state budget, that is, for tax account from citizens; Thus, the state offers citizens services that have already been paid by citizens "[9, p. 91].

In our opinion, we consider the analyzed category in the monograph of I.V. Chaplay and Y.O. Romanenko: "Price and pricing as an element of marketing mix in relation to the activity of state authorities requires a careful and special approach, because, firstly, most of the services provided in this sector are free by definition. The term "price" applies only to a small part of paid services. Secondly, if in the private sector, price policy is used as an effective tool to increase demand for services, then in the public sector, such a tool for free services, on the one hand, is unsuitable, and on the other, there is no need for demand to increase "[6 , with. 50-51].

Significantly closer to the public-marketing approach, in our opinion, is the position of S. Andreev and L. Melnichenko: "For state power, the price of a non-commercial product is an instrument for increasing its benefits and social effect, saving on total expenses in the form of direct financing entities, granting them privileges and funds for development "[1, p. 177]. Thus, the indicated authors expand the form of presentation of prices not only monetary, but also social dimensions.

marketing approach to understanding the analyzed concept is objectively reflected in our opinion by Professor E. Romat: "The cost to public marketing should be understood as certain actions, reactions, behavior that is expected by the public administration from the "target markets "in response to the provision services included in the concept of state goods "[7, p. 34]. It is this approach to public marketing definition of the price we will use in our further analysis.

Emphasizing the problems of pricing in the public marketing system, American researcher Judith Medill points out: "Price setting is one of the most difficult marketing problems in the public sector. If for the private sector, these procedures are standard, for most government organizations price setting is a new activity. As is evident, the public sector resists greater temptation and has more restrictions than the private sector. For example, the main problems may appear when the government begins to sell free services. In the context of the growing cost of preserving the environment, this situation is very widespread and very productive on the problems "[17, p. 17].

As we see, the researcher refers only to prices set for public products in monetary terms. Ukrainian scientist Natalia Shcherbakova, who studies the problems of public administration, rightly focuses on the nonmarketing nature of pricing in the public power system: "The state body itself determines (in essence, assigns) the service provider, he categorizes the service as a category of free or paid (for with the exception of services that are paid in accordance with the law), he himself develops a pricing system, the order and form of service delivery "[11].

A similar position is taken by Ukrainian researcher I. Drobyazko: "Price and pricing as an element of marketing mix in relation to the activity of the authorities requires a careful and special approach, since, firstly, most of the services provided in this sector are free of charge definition, therefore, the concept of "price" applies only to a small part of paid services. Second, if in the private sector, price policy is used as an effective tool to increase demand for services, then in the public sector, such a tool for free services, on the one hand, is unsuitable, and on the other hand, there is no need for increased demand. In addition, the issue of pricing and pricing in the public sector is very closely linked to political decisions and the general social policy of the state.

Accordingly, the role of an individual organization in solving this issue is minimal "[2, pp. 4-5]. It should be noted that the author substantially reduces the concept of "prices in public marketing" precisely because of incomplete understanding of the marketing nature of this category. Lack of monetary equivalent for public services does not mean that there is no price for them.

The specifics of the pricing policy of the subjects of public marketing for the public good was the reason for the formation of the so-called "phenomenon of the free-rider". The problem comes from the fact that an average person will not always contribute to the public good in order to make his contribution to the public authority when it is not needed. For example, if a person does not pay taxes, he still uses the services provided by the government in the field of national defense. The latter, as is well known, regardless of the "free-rider" are provided at the expense of tax payments of other fellow citizens. "[18] As we see, in today's market and human-oriented society the problem remains urgent, which has become the reason why most of thinking individuals do not accept the basic foundations of communist relations ("From each - on opportunities, to each one - according to needs.") It should be noted that this problem does not relate solely to ethical, but directly affects the economic capacity of public authorities [8].

The well-known American researcher Tyler Cowen so wittfully interprets the problem of reimbursement of distributed resources as a public good, taking into account the "free ride problem": "The public good has two different aspects: the lack of exclusive rights to its consumption and the lack of competition between its consumers. "Absence of exclusive rights" means that the cost of retaining non-payers who enjoy the benefits of public goods or services is prohibitively high. For example, an entrepreneur provides a fireworks show. At the same time, many people can watch this show from their windows or back yards. Since the entrepreneur can not charge for the consumption of his services, the considered fireworks show will not bring profit, even if the demand for the show was strong [...].

The second aspect of the problem of providing the public good is that economists call "nonrivalrous consumption". Suppose that an entrepreneur manages to exclude from the scheme unwilling to pay contributions from an audience that wants to watch the show (perhaps conditions are created when the show can only be seen from a private area). In this case, the fee for entering

this

field

will be charged, and people who do not want to pay this price will be excluded. If this field is large enough, these actions will also be ineffective. Even non-payers can watch the show without increasing the cost of display or diminishing the pleasure of those who paid "[5]. In other words, in the absence of a certain level of control by the public authorities, the "payment" of the envisaged public price may not occur.

At the same time, subjects of public administration may not always be able to afford "non-market participants" not to pay for public benefit. As A. Kaplan and M. Haenlein rightly point out: "These problems do not mean that the price does not matter for public administration in the sense that services must always be provided for free. Obviously, there are some areas in which the authorities ask citizens to pay the price. On the contrary, it would be unethical or even impossible to not take a salary. Moreover, part of public services involves the collection of certain national and local taxes. Moreover, public administration can deliberately decide to increase in fees charged for certain services to make them more valuable to a citizen. For example, in Germany, household waste prices have steadily increased since the 1980s. On the other hand, such a policy has led to an increase in environmental literacy among the population of Germany "[3, p. 205].

Conclusions: Thus, summing up the analysis of the price policy of subjects of public marketing, we can reach the following main conclusions:

1. The price in public marketing, as well as in the commercial, is the equivalent that is expected to be obtained by public marketing actors in exchange for a public product.
2. The price in public marketing is rarely measured in monetary terms. Often, these are the actions, standards of behavior expected to be obtained by marketing entities from objects, for example, support, or, at least, no counteraction.
3. The specifics of the distribution of the public good leave opportunities for a certain part of the potential public market to evade the payment of the "public price", which constitutes the essence of the phenomenon of "the problem of a free-ride".

References

1. Andreev S.N., Mel'nychenko L.N. Osnovy nekommercheskoho marketynha dlya polytycheskykh partyy, vlastnykh struktur, nekommercheskykh orhanyzatsyy, fyzycheskykh lyts. — M.: Prohress-Tradytsyya, 2000. — 255 s. [in Russian].
2. Drob'yazko I. M. Mozhlyvosti vykorystannya marketynhovykh tekhnolohiy u diyal'nosti orhaniv mistsevoho samovryaduvannya [Elektronnyy resurs] / I. M. Drob'yazko // Derzhavne budivnytstvo. — 2007. — № 1 (2). — URL : [http://nbuv.gov.ua/j-pdf/DeBu_2007_1\(2\)_29.pdf](http://nbuv.gov.ua/j-pdf/DeBu_2007_1(2)_29.pdf). [in Ukrainian].
3. Kaplan A. M., Haenlein M. The increasing importance of public marketing: Explanations, applications and limits of marketing within public administration // European Management Journal. — 2009. — Vol. 27. — № 3. — P. 197 – 212. [in English].
4. Kotler P., Armstrong H. Vvedenye v marketynh [Tekst] / Hary Armstrong, Philip Kotler. — 8-e yzd. — M.; SPb.; K.: Vyl'yams, 2007. — 824 s. [in Russian].
5. Cowen, Tyler. Public Goods [Online source]. — URL: <http://www.econlib.org/library/Enc/PublicGoods.html>. [in English].
6. Romanenko Ye. O. Marketynh u mekhanizmaxh derzhavnoho upravlinnya: monohrafiya / Chaplay I. V., Romanenko Ye. O. — K.: DP «Vyd. dim «Personal», 2016. — 208 s. [in Ukrainian].
7. Romat Ye.V. Marketynh u derzhavnomu upravlinni // Marketynh v Ukrayini — 2003. — № 4. — S. 32 – 35 [in Ukrainian].
8. Romat Ye. V. Marketynh u publichnomu upravlinni / YE. V. Romat, YU. V. Havrylechko. — K.: KNTEU, 2018. — s. 288. [in Ukrainian].
9. Hosudarstvennoe upravlenye y polytyka: Ucheb. posobyе / Pod red. L.V. Smorhunova. — SPb.: Yzd-vo S.-Peterb. un-ta, 2002. — 564 s. [in Russian].
10. Sukhonosova K. I. Mekhanizmy marketynhu v derzhavnomu upravlinni // Publichne upravlinnya ta mytne administruvannya. —2015. — № 2. — S. 112 – 118 [in Ukrainian].
11. Shcherbakova N. Model' funktsionuvannya derzhavnykh orhaniv vlady u sferi nadannya derzhavnykh posluh sub'yektam hospodaryuvannya // Derzhavne upravlinnya: udoskonalennya ta rozvytok. — 2010. — №1 [Online source] [in Ukrainian].

Price / AMA Dictionary / Online source. URL:
<https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=P>. [in English].

13. Bahyev H.L., Tarasevych V.M., Ann KH. Marketynh. – Ucheb. – SPb.: Pyter, 2001 – 718 s. [in Russian].

14. Gryhorchuk T.V. Marketynh. Chastynadruha: Navch. posib. dlya dystants. navch. – K.: Un-t «Ukrayina», 2007. – 380 s. [in Ukrainian].

15. Prymak T. O. Marketynh: Navch. posib. — K.: MAUP, 2004. — 228 s. [in Ukrainian].

16. Gumesson É. Marketynh usluh / V kn.: Éntsyklopedyya / Pod red. M. Beykera. – SPb.: Piter, 2002. – S. 833 – 858. [in Russian].

17. Madill J. J. Marketing in government // Optimum. – 1998. – Vol. 28. – R. 9-18. [in English].

18. Public Good [Elektronnyy resurs]. – URL: <http://www.investopedia.com/terms/p/public-good.asp#ixzz4irIc6VKC> [in English].