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T. P. Yakhno

Dr.Sci. (Econ.), Associate Professor, Senior Researcher of the Department of problems of the real sector of the regional economy of the Dolishniy Institute of Regional Research of NAS of Ukraine, Lviv
e-mail: tetis74@ukr.net
ORCID ID: <https://orcid.org/0000-0001-6458-0153>

Ya. V. Kudrya

Ph.D. (Econ.), Senior Researcher of the Department of problems of the real sector of the regional economy of the Dolishniy Institute of Regional Research of NAS of Ukraine, Lviv
e-mail: swiss.inc.com@gmail.com
ORCID ID: <https://orcid.org/0000-0001-6336-2410>

SOCIAL DEVELOPMENT OF THE NATIONAL ECONOMY OF UKRAINE IN THE REPRESENTATION OF THE CURRENT STATE OF THE CONSUMER MARKET

The study emphasizes the significance of macroeconomic factors in shaping consumer demand and behavior, highlighting their role in formulating effective policy responses aimed at economic recovery and resilience. The analysis incorporates a range of socio-economic indicators, including the social development index, the officially defined subsistence minimum, and household expenditure structures, to provide a comprehensive assessment of the consumer environment. Special attention is given to the transformation of consumption patterns during martial law, particularly the increased prioritization of essential goods such as food, medicine, and hygiene products. The article also investigates the imbalance between basic needs and higher-level needs such as education, recreation, and cultural development, which remain largely unmet due to limited financial capacity. The research assesses the material well-being of households, noting a significant decline in income stability and purchasing power, as well as the prevalence of economic deprivations and structural inequality. These findings reflect broader trends in Ukraine's socio-economic landscape, where long-term uncertainty and military conflict continue to reshape consumer priorities, market infrastructure, and the overall quality of life.

Keywords: consumer market, household welfare, social development, consumer basket households, purchasing behavior.

Яхно Т. П., Кудря Я. В. СОЦІАЛЬНИЙ РОЗВИТОК НАЦІОНАЛЬНОЇ ЕКОНОМІКИ УКРАЇНИ У ВІДОБРАЖЕННІ СУЧАСНОГО СТАНУ СПОЖИВЧОГО РИНКУ

Розглянуто сучасний стан споживчого ринку, який сьогодні формується під істотним впливом макроекономічних чинників, наслідки яких особливо суперечливо проявилися в період світової фінансово-економічної кризи. Воєнний стан суттєво впливає на ключові аспекти економічної стабільності, включно з логістикою та доступністю товарів, створюючи нові виклики для споживчого ринку. У відповідь уряд змушений оперативно розробляти та впроваджувати економічні стратегії, спрямовані на підтримку національного виробництва та відновлення довіри споживачів. Отже, вивчення макроекономічних факторів, які впливають на поведінку споживачів, є важливим для розроблення ефективних політичних рішень, що сприятимуть економічному відновленню і стабілізації в умовах постійної глобальної невизначеності та внутрішніх викликів, пов'язаних із тривалою війною. Під час аналізу були враховані чинники, що впливають на споживчий ринок. Співвіднесення доходів з рівнем прожиткового мінімуму, вартісне оцінювання споживчого кошика, що містить мінімальний набір продуктів харчування, непродовольчих товарів і послуг, необхідних для збереження здоров'я та забезпечення життєдіяльності людини, дає змогу проаналізувати рівень добробуту населення. Визначено споживчі витрати, які становлять основну частину загальних витрат населення України, відображаючи рівень добробуту громадян та їхні фінансові можливості. В умовах воєнного стану структура цих витрат зазнала значних змін, оскільки пріоритетними стали товари першої необхідності, зокрема продукти харчування, ліки та засоби гігієни. Ці зміни вказують на суттєву трансформацію економічної поведінки населення, зумовлену нестабільністю, невизначеністю майбутнього та необхідністю адаптації до нових реалій. Було оцінено рівень матеріального добробуту домогосподарства, у період воєнного стану ці оцінки зазнали значних змін через зростання фінансової нестабільності, втрату доходів і зміну пріоритетів у витратах. У результаті багато домогосподарств переглянули свої соціальні орієнтири, адаптуючись до нових економічних реалій, що впливає як на їхню поведінку, так і на загальну ситуацію на споживчому ринку. Обґрунтовано значні зміни в поведінці споживачів і діяльності підприємств торгівлі, які були викликані воєнним станом в Україні та суттєво вплинули на споживчий ринок.

Ключові слова: споживчий ринок, добробут населення, соціальний розвиток, споживчий кошик населення, домогосподарства, поведінка споживачів.

Problem Statement. The consumer market is one of the key components of the national economy. It reflects the relationships that emerge in the processes of production, distribution, and consumption of final goods and services. Owing to its essential social function – meeting the population’s basic needs – the consumer market can be regarded as a subsystem of the country’s socio-economic system, with distinct characteristics and operational objectives.

At the current stage, one of the most well-known international assessments of social development is conducted by the Deloitte consulting company, which compiles the Social Progress Index. According to this approach, social development refers to a society’s ability to meet its citizens’ basic needs, establish the foundations for improving quality of life, and create opportunities for individuals and communities to realize their full potential [1].

The index comprises three major dimensions: basic human needs (including food, basic medical care, housing, water and sanitation, and personal safety); foundations of well-being (such as access to basic education, information and communication technologies, healthcare, and environmental quality); opportunity (freedom of choice, personal rights, tolerance, and access to higher education).

An analysis of these dimensions shows that many of them are directly connected to the functioning and development of the consumer market.

Analyses of recent research. The analysis of scientific works devoted to theoretical aspects of the functioning of the consumer market showed that in the economic literature there are a wide range of its interpretations. Among the researchers of the essence of the concept, we should like to highlight such economists, as O. Azaryan, F. Kotler, V. Lagutin, L. Lihonenko, I. Loshenyuk, A. Mazarakis, K. McConnell, L. Maznyk, M. Odintsov, B. Paskhaver, P. Sabluk, N. Ushakova and others.

The paper purpose is to reflect the current state of

the consumer market in the formation of the social development of the national economy.

Major research findings. The growth of population well-being and the level of social protection in the country is closely reflected in indicators of the consumer market’s performance and the trends observed in its development. In particular, fluctuations in consumer prices for basic goods and services directly influence the population’s standard of living. A significant rise in the prices of essential goods and services leads to a restructuring of household expenditures, limiting people’s ability to maintain an acceptable quality of life.

Key indicators of well-being include the level of food consumption, the availability of durable goods in households, and spending on healthcare, education, recreation, and cultural activities – each of which reflects improvements (or declines) in household welfare.

Wages represent the main source of household income, accounting for approximately 55%. Other income sources include pensions, scholarships, and social benefits (25-27%), entrepreneurial activity (4-6%), consumption of goods from personal subsidiary plots (4-5%), and assistance from relatives or other sources (6-8%). Between 2014 and 2024, nominal wages in Ukraine demonstrated a steady upward trend.

One of the most informative indicators of population well-being is the ratio of household income to the subsistence minimum, which corresponds to the monetary value of the consumer basket. This basket includes a minimum set of food items, non-food goods, and services essential for maintaining health and a basic standard of living. Between 2019 and 2023, the share of Ukraine’s population with average monthly per capita income below the subsistence minimum steadily declined.

Food remains the core component of the consumer basket. The dynamics of food consumption in Ukrainian households vary and are directly influenced by household income levels and consumer prices (Table 1).

Таблиця 1

Food consumption of households in Ukraine on average in month per person during 2019-2023

Food products	Units of measurement	2019	2020	2021	2022	2023
meat	kg	5.1	4.9	4.6	4.7	4.7
milk	kg	20.3	20.3	19.8	19.6	19.3
eggs	pc	20.0	20.0	19.0	19.0	20.0
fish	kg	1.8	1.6	1.2	1.2	1.3
sugar	kg	3.0	3.0	2.8	2.7	2.8
oil	kg	1.7	1.7	1.6	1.5	1.5
potato	kg	7.1	6.9	6.6	6.7	6.4
vegetables and melons	kg	9.4	9.0	8.8	9.2	8.5
fruits, berries, nuts and grapes	kg	4.1	3.7	3.1	3.3	3.7

Source: compiled authors by [2].

As the analysis shows, deviations from the growth or decline trends in the consumption of basic food products are mainly due to the factor of their prices. The consequence of such a structure of food consumption is the low calorie content of daily consumption per person, the low rates of its increase. The consumption of basic food products changed at a low rate due to its low elasticity from the real rates of household income, the rates of production volumes of the agro-industrial complex [3].

At the same time, during 2019-2023 the negative dynamics of consumption of meat, as well as fish were

observed, which is a negative factor for the development of this segment of the consumer market. Regarding goods that ensure a comfortable existence, households in Ukraine are sufficiently provided with such durable goods as televisions, refrigerators and mobile phones.

Availability of the other goods that contribute to saving time in everyday life, spending leisure time, and a healthy lifestyle is low, and more often than not, such goods do not meet either the modern technological level or the needs of individual development (Table 2).

Table 2

Availability of certain durable goods in Ukrainian households (on average per 100 households, ps) during 2019-2023

Goods	2019	2020	2021	2022	2023
TV-set	110	114	119	115	116
video player, VCR, DVD-player, digital camera	41	43	34	26	18
camera	26	21	18	16	11
PC	25	33	37	38	37
refrigerator and freezer	109	112	117	119	124
microwave oven	33	40	49	49	54
food processor	10	12	16	15	17
washing machine	85	87	88	88	91
electric vacuum cleaner	75	76	79	77	81
sewing machine	27	25	25	23	21
air conditioner	5	8	10	9	12
satellite dish	13	17	23	26	31
motorcycle and snowmobile	2	2	2	2	2
bicycle, scooter, moped and scooter	47	49	52	53	57
car	21	22	23	23	25
mobile phone	167	187	197	201	203
laptop	6	14	26	27	35
tablet	x	x	x	15.0	19

Note. x – data is missing.

Source: compiled authors by [2].

On the one hand, the development of this segment of the consumer market is constrained by low consumer demand, primarily due to limited purchasing power. On the other hand, the share of domestically produced goods within this segment remains low, contributing to structural distortions in the consumer market and generating negative implications for the country's socio-economic development.

The level of social development in a country is reflected, among other things, in the distribution of household expenditures – specifically, the balance between spending on basic physiological needs and expenditures related to quality of life, such as recreation, education, and cultural engagement.

Statistical observations indicate that consumer spending accounts for the vast majority – approximately 90% – of household expenditures in Ukraine. Among these, food consistently takes the largest share. In 2013, it reached 58.6%, reflecting a relatively low standard of living, as incomes were sufficient to cover mainly essential needs. Although the share of food expenses declined to 48.9% in 2018, it increased again to 50% in 2019, then slightly decreased to 47.9% by 2023. In contrast, expenditures on household appliances, recreation, and culture remained below 3%, while spending on education fluctuated around just 1%. These figures highlight the limited capacity of households to invest in personal development or to enhance their quality of life.

Currently, the majority of Ukraine's population can only meet lower-tier needs – primarily physiological and

safety-related. Even then, these are not fully satisfied: over 50% of individuals earn incomes below the actual subsistence minimum [4].

This situation results in systemic distortions in the consumer market. Sectors catering to basic needs remain dominant, while demand for goods and services that support comfortable living is relatively weak. This, in turn, leads to reduced production in these areas and allows foreign producers to occupy market niches that domestic businesses are unable to fill.

Survey results further confirm the low level of well-being among the population, with a negative trend over time. Available income was sufficient to cover basic needs for less than half of surveyed households. Only 10% of households reported being able to save, and during 2019-2023, this share declined to 6.2%. Meanwhile, more than 30% of households were unable to meet even their primary needs, a figure that increased to 44% over the same period.

These indicators also reveal structural imbalances in the development of Ukraine's consumer market. While sectors serving essential needs continue to function, they lack qualitative advancement. This is largely due to the dominance of low-cost consumption: a significant portion of consumers is oriented toward the cheapest options, prompting most producers to adopt low-price strategies rather than invest in innovation or quality.

Based on income levels, spending ability, and saving potential, households assess their material well-being and determine their own social status (Table 3).

Table 3

Results of self-assessment by Ukrainian households of their level of material well-being during 2019-2023

Household distribution	2019	2020	2021	2022	2023
to the wealthy	0.00	0.00	0.00	0.00	0.00
to the middle class	0.8	0.8	0.7	0.5	0.6
to the non-poor, but not yet middle class	31.2	28.5	27.0	25.5	29.0
to the poor	68.0	70.7	72.3	74.0	71.0

Source: compiled authors by [2].

Over the past five years, none of the surveyed households classified themselves as wealthy. Less than 1% identified as middle class. In contrast, more than half of the respondents considered themselves poor, with this figure exceeding 70% between 2019 and 2023. In 2019, 41.2% of households categorized themselves as «non-poor but not yet middle class»; however, by 2023 this share had dropped to 25.5%. Notably, this decline was not due to upward mobility into the middle class but rather a deterioration in social status.

Between 2019 and 2023, the number of households identifying as poor increased significantly, while the proportion of those who considered themselves non-poor but not middle class declined. The widespread absence of a middle class and the high share of households living in poverty reflect an alarmingly low level of social development in the country. Self-assessments of material well-being by households during this period confirm worsening socio-economic conditions and negative trends.

To forecast potential shifts in consumer demand, it is essential to analyze both income expectations and intended allocation of additional funds by the population. Survey data from 2019 to 2023 show that, if household incomes increased, spending priorities would gradually shift toward higher-level needs. Specifically, the share of additional spending on food was projected to decrease by approximately 10% in 2023 compared to 2019, while spending on clothing and footwear would fall to 8%. This trend may reflect growing satisfaction of basic needs.

At the same time, there was a slight projected decline in expected additional spending on household appliances. However, car ownership increased, with the share of families planning to use additional income to purchase a car rising from 13.9% in 2019 to 17.1% in 2023.

The limited interest in directing surplus income toward entrepreneurship can be attributed to ongoing military operations, an unfavorable business environment, high risks, insufficient business experience, and low willingness among the population to engage in risk-based activities. Similarly, the share of households willing to invest in education remained low. Meanwhile, if additional resources were available for healthcare, around 50% of households would prioritize them for medical treatment – a share that increased over the study period, suggesting that medical needs are not being fully met.

The rising share of households allocating additional funds to basic necessities like food and clothing – and the declining share of those investing in recreation, education, durable goods, and housing – points to a deterioration in living standards. These shifts illustrate a regression to lower-tier needs and the inability to meet higher-order needs. Accordingly, the structure of consumer preferences suggests continued negative trends in Ukraine's consumer market in the near future.

Nearly half of households reported an inability to afford recreation or medical care for family members. Additionally, 18% of households – especially in rural areas – were unable to meet basic educational needs. This indicates severe limitations in the formation and development of the nation's intellectual capital under current income levels.

An important indicator of social development is the overall well-being of the population, which is largely determined by access to essential goods and services – in other words, by consumer capacity. When incomes are insufficient to meet needs, both basic and developmental, various forms of deprivation emerge. These include not only the inability to meet minimum physiological requirements but also unmet needs related to personal growth and a decent standard of living. The consumer market, therefore, plays a vital role in meeting the needs of individuals across different social strata. In this context, consumer opportunities depend both on household income and the availability of goods and services in the market [5].

The study considered income levels, expenditure structures, and household self-assessments of material well-being. To further explore consumer opportunities, the research used data from the State Statistics Service on the availability of selected goods and services. The survey focused on how the population perceives poverty and deprivation based on societal standards, as well as the prevalence of deprivation across households and its impact on fulfilling needs at various levels.

According to survey results, over 95% of respondents associated the following situations with economic deprivation and poverty, i.e., financial insolvency [6]:

- inability to afford basic inexpensive food;
- inability to consume meals containing meat, poultry, fish, or their vegetarian equivalents daily;
- inability to replace outerwear and shoes for adults at least once every five years;
- inability to buy new clothes and shoes for children as needed;
- lack of key household appliances (TV, refrigerator, washing machine);
- inability to maintain adequate housing conditions and access utilities;
- inability to pay housing-related bills on time;
- inability to heat the home adequately in winter;
- inability to afford medical services, treatment, hospitalization, prescribed medications, or surgeries (if not available for free);
- inability to ensure access to professional education for household members;
- inability to cover emergency expenses from personal savings.

As for infrastructure-related deprivation, almost all respondents (95-99%) cited the lack of basic infrastructure as a sign of poverty. This includes the absence of household service providers, retail outlets, regular public transport links to other settlements, preschools, medical institutions, pharmacies, and timely emergency care.

Thus, regarding the impact of the consumer market on well-being, the evidence points to underdevelopment of infrastructure as a major factor. The survey shows that unmet needs are driven not only by low incomes but also by limited supply of goods and services, especially in smaller settlements. This limited supply leads to price hikes, further reducing consumer capacity. In turn, underdeveloped consumer infrastructure lowers business activity, restricts goods turnover, suppresses employment,

and ultimately hampers both economic and social development.

Conclusions. Thus, the analysis confirms that consumer capabilities are among the most important indicators of a country's social development. The ability of the population to meet not only basic needs but also to pursue personal development reflects a high level of social advancement.

Conversely, substantial constraints on the satisfaction of needs indicate a low quality of life. The analysis shows that the limitations faced by the Ukrainian population are primarily driven by declining disposable income and rapid increases in the prices of goods and services amid ongoing economic crises. However, a significant share of these deprivations also stems from the underdevelopment of the consumer market, particularly its infrastructure.

Martial law in Ukraine has had a profound impact on the consumer market, triggering considerable shifts in both consumer behavior and trade enterprise operations. Key changes include:

1. Increased demand for essential goods: In the early weeks of the war, demand surged for long-shelf-life products such as salt, sugar, flour, cereals, oil, and canned goods. This spike was driven by disruptions in logistics infrastructure, store closures, and population displacement.

2. Changes in purchase frequency and sales channels: In March 2023, purchase frequency fell to 17%, and by April it had dropped further to 12%. Consumers began favoring traditional local stores, leading to a 19% increase in their turnover, while modern retail formats grew by only 4%. Online platforms lost more than half their customers in the initial months of the conflict.

3. Shifting consumer priorities: According to surveys, 42% of respondents began choosing goods based on price-to-quality ratios, 29% consistently purchased the same products, 20% prioritized products that brought emotional comfort, and only 2% were inclined to try new products.

The consumer market remains a vital component of the national economy. Its performance serves as an important barometer of broader economic and social dynamics. Among the most informative indicators of consumer market conditions – and by extension, social development – is the structure and dynamics of retail trade turnover.

A higher standard of living is typically associated with a greater share of spending on non-food goods and services. Accordingly, positive trends in retail turnover reflect overall socio-economic progress. Consumer behavior, spending structures, and evolving consumption priorities all offer valuable insight into the state of both the economy and society.

By contrast, limited consumer capacity contributes to negative transformations in market development. Therefore, improving the mechanisms governing the consumer market – particularly with an emphasis on

meeting domestic consumer needs and fostering priority economic sectors – can accelerate positive economic and social outcomes across the country.

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