

II. STRUCTURE OF MARKETING CHANNELS

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FOUNDATIONS AND FUNCTIONING MECHANISM OF MARKET CHANNELS

1. REGULATORY AND REAL MARKET PROCESSES

The market and phenomena taking place in it are generated by requirements posed by distribution of the national income, relations between the state and individual market participants, and a need of maintaining economic ties with abroad.

Focussing our attention on distribution of the national income, that is distribution, our research interest will encompass processes covering exchange of products between economic units and households.

Households acquire products from their individual incomes obtained through distribution of the national income and the final product. This income may be determined directly on the basis of decisions made by organs of management and concerning the level of wages and prices or indirectly by creation of convenient conditions of purchasing products in the market, or still by freeze of purchasing funds due to supply shortages in relation to quantitative and qualitative demand declared by households in the market.

The market, as a tool of verification of social utility of production and social effectiveness of trade mechanism, provides the most synthetic evaluation of the management system effectiveness in its most important function of balancing flows of products supply with flows of demand, in dynamic approach, corresponding to the need of systematic development.

Relationships between economic units operating in the market in the sphere of production and trade and management organs are a reflection of relationships existing between regulating and real processes.

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The market represents a sphere characterized with plenitude of real processes; no real process can be carried out without regulation and correspondingly each regulation envisages generation of a real process. But the essence of the problem lies in the fact that this assumption can be deceptive since both an improper level of regulation, its excessive meticulousness, and wrong choice of the regulation instruments cause deviations or quite unintended regulating processes.

It is erroneous to identify regulation with management organs as regulation takes also place as a result of mutual interaction of economic units as well as — and to a growing extent — through influence exerted by household decisions on real process of production and trade. The importance of regulatory processes ensues from the fact that they directly concern buying and selling transactions of products purchased mainly by households as the biggest consumer of the national income.

Regulating and real processes are based on information circulating, within different vertical and horizontal systems, between the managing and the managed, between economic units as well as between them and households. These processes are not only based on information but they are also highly dependent on it. It exerts a decisive influence on curbing of regulating processes taking place in management organs as a result of growing importance of regulating processes initiated in horizontal ties of economic units and in their transactional ties with households. That is necessitated by continuous growth of complexity of problems to be solved, uncertainty, insufficient reliability of information and abundance of information which cannot any longer be centralized in administrative institutions.

There is no alternative of choice between central planning and rational scope of independence of companies along with their indirect steering by management organs. These are not contradictory solutions because any improvement in the central planning system should promote its consolidation and implementation through activities of economic units.

A wider approach to processes of planned regulation of production and selling allows to distinguish two interrelated phenomena. One of them is planning of size, diversification, and ways of consumer goods production and their transfer to buyers or end users; the other phenomenon is planning and development of production and service resources. Accuracy of prediction, planning and realization of production and goods turnover determines the level and dynamics of satisfaction of consumer needs, and their acceptance of plans and products turned out on their basis determines optimal utilization of production

and service resources as well as their further development. That is the essence of ties between industry, trade and households and that also explains disturbances in functioning of the market as well as fluctuations in socioeconomic effectiveness of the market and its channels.

Despite evident drawbacks of management centralization there continue to be many adherents of the system and there are voiced opinions according to which the level of centralization cannot be decreased until market equilibrium is achieved. Nonetheless, as it is put by P. Sulmicki: „A perfectly centralized system, as an exclusively directive system, can be called an inducing system. It requires not only perfect information but also perfect compliance of performers — robots in execution of orders”¹. Let us add here that it also calls for perfect skills in use of information by the central management organ ensuring a capability of making unerring decisions. For these reasons a perfectly centralized system remains only a theoretical abstraction while in practice we are dealing with an imperfectly centralized system tending to increase the degree of centralization in a situation when fallibility of centralization points at a need of decentralization.

For instruments of market regulation to be effective there must be ensured a speed of production and trade activities and shortening of time in which economic units respond to market requirements. Speed of activities enables maximization of production in time unit, the shortest flow of the product from production to consumption, and thus maximum shortening of the product rotation time in each link and at each level of the market channels system. Extended time of rotation, above limit value, produces such negative phenomena as assortment gaps, ill adaptation of supply to requirements of buyers as regards quality of products, price relations, and place, time, and terms of sale.

2. MARKET MECHANISMS

Mechanism of market functioning is composed of principles and rules of management, instruments providing motivation, stimuli, and restrictions in economic activity of companies as well as psychological attitudes of management and employees of economic units determining their response to needs presented by management organs and the market.

¹ P. Sulmicki, *Planowanie i zarządzanie gospodarcze* (Economic Planning and Management), Warszawa 1973, p. 344.

These attitudes depend on „rules of the game” providing a driving force for the mechanism. If these rules are based on harmonious interaction of plan and market instruments, then economic units can take into account consumer needs, they can respond to changes in demand and supply within the limits of prices and measures evaluating their market decisions and obtained effects in line with general social preferences.

Separation of these two kinds of instruments does not afford possibilities of utilizing market criteria of regulating the behaviour of economic units. They become mainly oriented at „the game” with the central management organ instead of „the game” with the market within limits defined by central plans of socio-economic development. „Each move of authorities — as J. Tymowski writes — aimed at better satisfaction of the society's needs, is considered by the company from the point of view of its best utilization in producing most benefits with possibly smallest input of labour and apparent compliance with the disposition of authorities”².

Apparent activities are a characteristic phenomenon of the mechanism generating „the game” with management organs. These are activities which — due to their real character and direct target — are different from what they might look to be. They are generated by institutional and organizational system of centralized decision-making and kinds of recognized values forcing execution of unpractical dispositions³.

Another manifestation of „the game” with central management organs is supplying them with misleading information concerning real possibilities of optimally effective utilization of human and material

² J. Tymowski, *Etyka dyrektora przedsiębiorstwa*, (Ethics of Company Director). Towarzystwo Naukowe Organizacji i Kierownictwa Oddział w Szczecinie, II Konferencja z cyklu: *Dyrektor przyszłości w świetle teorii i praktyki* (2nd Conference on: Director of the Future in the Light of Theory and Practice), Kołobrzeg 1978, p. 77.

³ The source of apparent activities generated by this mechanism lies in a duty of performing something which either at all or in the recommended way cannot be performed, or of something which is actually unnecessary to achieve a given target. Inability of performing these activities is among others caused by false assumptions concerning reality made in the disposition; the fact that actions envisaged by it call for more time which is simply missing; the fact that their performance calls for excessive involvement of some group of people, who meanwhile must perform other activities essential for them”. J. Lutyński, *Działania pozorne* (Apparent Activities), „Kultura i Społeczeństwo” 1977, Vol. XXI, No. 2, p. 13.

resources and thus filling the gaps existing in the market as well as dimming the picture of achieved effects of economic activity⁴.

The system of market organization is determined by functions of economic units of industry, trade, and services operating in it. Definition of functions on the basis of the aim of the socio-economic activity and by means of motives and stimuli of their achievement, transactional ties which economic units can establish between themselves, attitudes, restrictions or measures facilitating flow of goods and information — provides determinants of attitudes and responses of the market channels.

Insufficient integration of aims of industrial and trade companies in socio-economic planning and in management instruments, lack of convergence between motives and stimuli determining production of goods and their flow to consumers create especially favourable conditions for growth of elements disintegrating the behaviour of market participants induced by „Man's inclination to self-identification with his task and role, to become „a representative of interests”⁵.

It provides favourable conditions for pathology of aims of industrial and trade companies, and even whole branches of industry and trade. Its reflection is „struggle” to satisfy the interests of a given unit, branch, ministry which has little to do with satisfaction of consumer interests. Thus struggle is revealed in mass attitudes of producers, who produce to be able to sell their output to trade organizations, and in attitudes of trade units considering themselves to be executors of production plans and representatives of consumer interests. Both these false attitudes cause that orientation at satisfaction of consumer needs is given up by producers and trade companies, with orientation at product placement in trade links predominating among producers, and that of facilitated sales consisting in endeavours made by consumers to buy the necessary goods predominating among trade units.

⁴ Researches conducted in 1970 in the Office of Economic Analyses of the Planning Commission showed that while preparing annual analyses of economic performance of companies and unions of producers 70 per cent of economic units under survey confirmed a tendency towards hiding real reasons of shortcomings and a tendency towards improper presentation of economic situation in units obliged to perform the analysis of their activities. B. Glinński, *System funkcjonowania gospodarki* (The Economy's Functioning System), Warszawa 1977, p. 12.

⁵ See J. Kornai, *Antiequilibrium*, Warszawa 1973, p. 131.

3. SELLER'S AND BUYER'S MARKET — DOMINANCE AND SUBORDINATION

A general answer to the question whether there exists „pressure” or „suction” in the market may be provided by a picture of a queue consisting of producers and sellers waiting for consumers, buyers of products, or two queues: one to shops, the other one to industrial plants consisting of consumers or sellers trying to buy products turned out in insufficient quantity and quality. In order to estimate a gap between supply and demand it is not enough to determine only the number and types of products being in deficit as these are goods which can be sometimes obtained but those who wish to obtain them outnumber those who manage to obtain them. Deficit goods — as it is correctly remarked by J. Kornai — do not include these products, which have never been available in the market, or those which nobody can buy⁶. Only when these goods are taken into consideration can we have any clear idea about the extent of the gap between supply and satisfaction of needs.

The concept of the buyer's market is usually connected with predominance of product supply over the existing demand, while that of the seller's market — with predominance of demand over supply; with the situation of the first type being desirable and the second type undesirable. Predominance of supply over demand does not, however, have to imply dominance of consumer interests in the market, and thus it does not always deserve to be called the buyer's market. That is due to the fact that negative phenomena of dominance of producers and trade organizations can appear also in the market being characterized with predominance of supply over demand. They are, however, of a different character then and they produce different consequences than in a situation when demand is bigger than supply. Negative phenomena of dominance result from the possibility of exerting an undesirable influence on consumer decisions by producers and trade units by means of improper strategies and marketing techniques producing psychic pressure on consumer decisions.

A structure of predominance of demand over supply may be built inconsistently with the reality or with rational structure of needs, being made „consistent” by methods infringing upon sovereignty of buyers and freedom of their choice, with a formal presence of the buyer's market situation.

In a similar way also the seller's market may become a term deprived of favourable implications for a facilitated life of producers and

⁶ See Kornai, *op. cit.*, p. 317.

market middlemen, as buyers — having now a possibility of postponing in time the moment of buying products or buying them outside the home market — will not be inclined to effect forced purchases, which produces gigantic increment of inventories of products finding no buyers along with all its political, economical, and social implications for producers and trade organizations. A chain of compulsory or forced purchases of goods not possessing the required utility values encompassing the producer — trade — household chain, severed in the final link of the chain, marks a beginning of difficulties in deliveries of products by producers to trade units.

Well perceived social and economic interest consists in creating such possibilities of choice for households that inaptitude, ineffectiveness and social indifference of units creating supply of goods can be revealed and eliminated in the market itself by other competitive possibilities of needs satisfaction.

Even when such desirable competition is absent there always exist competitive situations of different kinds. Producers compete between themselves to obtain raw materials, orders, buyers, while sellers compete to win suppliers, a possibility of obtaining attractive goods, profitable markets and buyers. Consumers compete between themselves to get a possibility of purchasing necessary products, obtain favourable terms of purchase etc. The market situation determines a predominance of a given form of competition whether these are buyers who compete for suppliers or suppliers competing for buyers.

More precisely — the first type of competition produces dominance of demand over supply, and the other one — of supply over demand. This causality is formulated by J. Kornai as follows: „The character of competition is determined by a relative power of market forces: degree of monopolization or dispersion in corresponding branches exerts a secondary impact on behaviour of buyers and sellers”⁷.

The state of market equilibrium as well as the structure of actual powers of producers and trade organizations can be estimated while analyzing a negotiation cycle and information and advertising structure. With dominance of supply over demand appears a full negotiation cycle between contracting parties starting with an offer submitted by producers to sellers, information intended to encourage buyers to buy the offered products and advertising efforts of the producer addressed directly to prospective buyers. Conclusion of a transaction is usually combined with provision of goods promotion means in the retail network by the producer and participation in costs of sales promotion

⁷ Kornai, *op. cit.*, p. 386.

aiming at linking a product with its place of selling in minds of consumers.

When demand predominates, supply transactions of buying goods are based on lists of requirements and orders placed by trade organizations which are only partly respected by producers, who do not undertake, as a rule, any informative and advertising activities being sure that their whole output will be bought by trade organizations. This certainty is guaranteed by a compulsory situation of trade middlemen or by the fact that the latter are induced to buy by means of direct methods of intervention of management organs in operational activities of economic units.

Predominance of supply over demand generates different kinds of producer's actions oriented at trade organizations and directly at consumers the aim of which is to expand sales of products by means of information, advertising, and demand stimulation strategies. On the other hand, when demand exceeds supply such activity is missing or it is carried out only to an insignificant extent while there is employed advertising addressed to consumers by trade. This activity does not and cannot encompass those articles which are really attractive for buyers but rather those products, which as a result of more or less compulsory purchases from producers fail to arouse the interest of consumers as they do not correspond to their needs and qualitative requirements.

It would, however, be wrong to treat every type of informative or advertising activity of trade, the object of which are concrete products, as a symptom of market disequilibrium. Trade also advertises sales of products when supply exceeds demand in order to stimulate demand in the long run. The purpose of advertising is different when products complete their planned life cycle in the market, fashions change or products lose their attractiveness as a result of seasonal demand. In all these cases promotion of products by trade is usually linked with price reduction or offering of more favourable terms of payment for goods. Similarly advertising activities of trade should not be treated as a reflection of dominance of demand over supply in those instances when advertising is undertaken jointly with industry as a marketing strategy element the aim of which is launching of new products in the market.

Analyzing the structure of information and advertising and performing a careful analysis of the negotiation process of market channels we can obtain a valuable index for estimation of equilibrium between supply and demand in particular segments and whole market.

4. STRUCTURE OF MARKET CHANNELS

Special importance of market channels is attributed to two main causes by Western authors. Firstly — market channels are linked with all essential marketing decisions and they determine effectiveness of solutions accepted for production, packaging, price, information and advertising. Secondly — market channels, due to their stability and difficulties in effecting rapid changes, form definite and unchangeable over a long period mutual relationships between market participants⁸.

Despite long history of the marketing theory, numerous marketing researches and increasingly growing literature concerning all aspects and problems of marketing — such basic problems as the system of the market and goods flow continue to be solved rather by means of intuition than consciously planned activity⁹.

The importance of market channels as seen by Western researchers from the viewpoint of particular firms is largely growing when we apply a macroeconomic and microeconomic points of view, characteristic for the centrally planned economy. It enriches the importance of market channels by such features as formation, distribution and orientation of the social product, effectiveness and speed of transferring products to buyers with optimal social costs of transfer and in conditions ensuring maximum information, convenience of choice and purchase in a desired place and time and with possible smallest manipulations connected with a physical flow of products through chains of links forming market channels.

Despite this importance the construction of market channels also in our economy, that is — finding optimal solutions of directing a flow of products from producers to final buyers and regulation of other flows connected with products and necessary for their offering, conclusion and execution of buying and selling transactions — is not based, to a desired extent, on scientific foundations pointing out correct effective links between market participants turning out products, dealing with their flow, and consuming manufactured goods in households.

Its paradoxical reason is such a big importance of market channels which does not allow for their different formation than by means of exclusive decisions of central management organs. These decisions do not exclude scientific foundations, but theoretical concepts often prove

⁸ See R. F. Hartley, *Marketing Management and Social Change*, Scranton 1972, p. 391.

⁹ This opinion referring to the American market was formulated by T. L. Berg in the work on *Designing the Distribution System*: In B. E. Mallen, *The Marketing Channel. A Conceptual Viewpoint*, Wiley 1967, p. 260.

to be — in the opinion of central decisional organs — insufficiently reflecting possibilities and requirements imposed by management of the market. Management organs strive for a maximally simple, hierarchized structure of market channels, submitting fully to dispositions of central organs in production and transfer of goods to the market. On the other hand, theoretical concepts point at the need of distinct separation of administrative function and freedom of initiative indispensable for effective functioning of market channels and preserving their functional and organizational diversification resulting from: characteristic features of buyers in target market segments, product characteristics, features characterizing economic units of trade and industry as regards technology of manufacturing products and shaping their flow in the market as well as characteristic features of the environment — preserving a superior criterion of each element of choice which is represented by social and economic effectiveness¹⁰.

Diversity of viewpoints on functions performed by market channels in our economy and in the economy with rapidly developing market accounts for divergencies between areas of analysis and solutions contained in the Western literature and our needs and interests. The attention of the Western literature is focussed on problems of selecting of market partners, selecting a strategy ensuring dominance or decreasing conflicts between market channels, selecting market channels from the viewpoint of requirements posed by intensive or exclusive distribution. Apart from that most analysis is subordinated to interests of producers due to the role assigned to them of locating their products in the market and especially new products, holding a central position in the marketing concept.

On the other hand, we continue to be interested in an unsolved problem of reciprocal relations in the market and roles of its participants. There can be distinguished two extreme outlooks. According to one of them:

— trade is or should be a universal representative of consumer interests, dictator of quantitative and qualitative structure of market-oriented production, executor of plan implementation by economic organizations of industry and hold exclusive responsibility for state and effectiveness of consumer needs satisfaction,

— industry is or should be responsible for execution of orders and

¹⁰ Diagnosis and concept of market channels is presented in a work of T. Sztucki, *Kanały rynku, czynniki kształtowania — kierunki rozwoju* (Market Channels, Formation Factors — Directions of Development), Warszawa 1978, p. 109.

satisfaction of requirements presented by trade, being assessed on the basis of consistence between plans based on orders submitted by trade and effected deliveries,

— households — are buyers of goods and services provided by monopolistic trade organizations separating producers and consumers; they satisfy their needs through a compromise between the right of free choice of a given product, place and time of purchase and the need of purchasing a compulsory assortment with uniform methods, level and quality of trade services.

It is a concept of market channels being constructed „from above” and based on the assumed rationality of management organs and irrationality of managed units while expecting that economic units will be executing willingly and exactly central decisions fixing a detailed assortment of production and sales. Similarly households — while allocating their purchasing funds — are expected to accept the centrally planned final products of industry and trade.

This concept, in a more or less explicit manner, is linked with absence of market equilibrium characterized with excess of demand over supply. The most typical management techniques, determining the way of functioning of market channels are: central allocation of goods, lists of commodities of basic importance being subject to hierarchical administrative control from the viewpoint of implementation of production plans and deliveries, incentives and measures of evaluation of activities of companies oriented at implementation of plan task with simultaneous moral appeals aimed at stimulation of activities increasing economic effectiveness.

Despite official and authoritative speeches and statements¹¹ the attitude of administrative organs and economic units is still mainly based on a conviction that it will be possible to introduce bigger changes in the vertical and horizontal system forming the market structure as well as in methods and instruments of management only when the desired market equilibrium has been regained. Adherents of these views do not seem to notice that no changes would be required if what they expect were possible as it is most advisable to retain those forms of market organization and methods of management which ensure regaining of market equilibrium.

The second model of the market is based on real freedom of choice made by households, guaranteed by economic independence of indu-

¹¹ S. Olszowski, *O Konsekwentną realizację polityki społecznej i gospodarczej*, (Consistent Implementation of Socio-Economic Policy), „Gospodarka Planowa” 1978, No. 7/8, p. 350.

ustrial and trade organizations, supported by the management system utilizing a diversified array of instruments allowing it to motivate and direct the economic activity at the most socially desirable kinds of manufactured, sold, and consumed products, creating a structure corresponding to requirements of a rational consumption pattern.

In accordance with the rules of this model the biggest importance is now attributed to vertical ties between industrial units „pressing” their products on the market and trade units „sucking” products from producers to transfer them to the consumption sphere. The market modelling starts with a function of needs satisfaction and analysis of processes and conditions composing its realization by organizations which will constitute — linked by the same final aims — chains of links forming differentiated market channels.

Realization of this market model should not be made subject to earlier regaining of its equilibrium, as accomplishment of this aim and creation of conditions for permanent dynamic equilibrium is an assumption and function of the characterized model.

5. FUNCTIONAL AND ORGANIZATIONAL INTEGRATION OF MARKET CHANNELS

The market model, which makes a clear distinction between administration and freedom of initiative of economic units makes possible to utilize widely theoretical and practical contributions and experience of marketing. Character of the socialist market, possibility of accommodating aims and interests of market participants on the basis of plans and programmes of socioeconomic development and set of instruments promoting implementation of these plans and programmes pave the way for much wider, than in other economic conditions, scope and a higher level of integration of activities carried out by economic units of trade and industry in the market.

Instead of competitive strategies there become possible strategies of joint product development, determination of its market cycle, joint programmes of providing information for buyers, advertising new products, and first of all strategies of market channels co-operation in promoting effective and economical translocation of products to consumers.

In this model there are also created conditions for enrichment of the horizontal structure of market channels through participation of industrial organizations in the market in character of direct sellers of their products, and thanks to development of direct selling techni-

ques providing for direct deliveries of different types of goods to households including not only convenience but also shopping goods.

Effectively functioning market must be characterized with an elastic approach of its participants to new requirements and newly opening possibilities of expanding supplies and to changes occurring in types and intensity of demand. The elasticity requirement calls for a part of economic units to possess statutory rights of changing their branch, production and trade structure, organization and techniques of production and sale of products, and regions of operation. If such a principle of functioning is applied for a part of market channels then these channels will be able to respond quickly to market requirements, and moreover, other channels — and this is equally important — will obtain a stimulus for improvement of their activity. This stimulus will be provided by absence of administrative-legal protection of the territory and object of trade of passive and ineffective market channels from expansion of more industrious economic units promoting interests of their consumers.

Role and functions of economic units of industry and trade should be revealed in a character and range of real processes performed by them in the market. Depending upon the kind of product, market segment, capacity and ability of satisfying demand and shaping demand, possessed and obtainable resources and their expanding power — market participants, regardless of their production and trade specialization, should play various roles from subordination to leading market channel links to creating sometimes their own integrated market channels through integration of all levels and links.

A function of market co-ordinator is performed by this economic unit, which plays an exclusive or main role in initiating, organizing and managing production and circulation of a given product or of servicing a target market segment. The function of market co-ordinator consists in organization and implementation of a full cycle connected with introduction and circulation of a product in the market, selection of proper links of market channels for a given product and for a given group of consumers, organization of informative, educational, and advertising activities. The market co-ordinator equipped with competence and rights voluntarily passed by other economic units should bear responsibility for effects of their economic activity.

This does not exhaust other forms of co-operation and improvement of market channels. They should be allowed to establish temporary and permanent ties, agreements, or set up associations grouping functionally — in different systems — economic units of industry and trade. Agreements and voluntary associations of economic units should pro-

mote simplification and shortening of goods flow routes, improvement of information about demand and degree of its satisfaction.

Means of enriching the market structure should also include international integration of channels based on existing economic organizations in member countries of the socialist community as well as on specially formed economic organizations operating on internal markets of contracting countries linked with one another by transactions for purchase or sale of commodities.

Steering the market with such a complex structure of channels calls not only for planned determination of production and trade directions but also for choice of proper tools of stimulation and promotion of the economic activity. There are also required administrative and legal instruments preventing and counteracting such activity of market channels which subordinates to itself — with social and economical losses — interests of contracting parties and economic partners as well as interests of households.

In such cases management organs must possess powers to suspend a statutory freedom of economic units which are developing their expansion not in the interest but to the detriment of interests of consumers, and they should be authorized to dissolve for the same reasons agreements and voluntary associations of economic units. In drastic cases of activities incompatible with general social interests and infringing interests and rights of consumers, management organs should also intervene in operational production and trade processes, regulating by means of directives the activities harmonizing supply and demand in a way consistent with principles and needs of the national economy.

To avoid transformation of exceptional interventions of management organs in the sphere reserved for free market decisions of economic units into rapidly growing control of these units it is necessary to ensure legal protection for resources and economic effects of economic units from consequences of erroneous decisions of management organs. A valuable proposition is a postulate of statutory provision of legal remedies accessible for economic organizations whenever their rights are infringed as well as a principle of compensation for losses suffered by these organizations in case of legally forced intervention of a supreme organ¹².

Parallel with the administrative system of market steering and protection of its participants there should exist a system of protection of

¹² L. Bar, *Państwowe organizacje gospodarcze (zagadnienia legislacyjne)* (State Economic Organizations — Legislative Problems), „Państwo i Prawo” 1975, No. 5, p. 64.

consumer interests linked functionally with each stage of product manufacture and market circulation and isolated institutionally in the form of social organization of consumer protection.

The function and institution of consumer protection should not be identified with anti-marketing activity present in economically developed Western countries and aimed at elimination of negative effects of consumer manipulation in the market by means of specially chosen methods and techniques misleading buyers and restricting their freedom of conscious selection of purchased goods.

The activities of the social organization of consumer protection are not so much aimed at elimination of negative effects and compensation of consumer losses suffered due to improper conduct of economic units in the market but rather at prevention of infringement of consumer interests. The postulate which must be fulfilled is co-operation between the consumer organization and economic units in equipping products with features ensuring their full acceptance by consumers, in introducing true novelties into the market improving the level of satisfaction of needs, in testing products and recommending them to consumers, and in introducing products into the market by means of the most convenient market channels for buyers and by means of sales methods meeting conditions of qualified provision of services instead of forcing behaviour of buyers infringing their rights, morality and often-time also ethic in order to obtain a necessary product or service.

In those instances when effects of co-operation of consumer organizations and economic units do not secure appropriate protection of buyers' interests, consumer organizations must make use of legal remedies and power of their authority based on confidence of consumers to warn them against buying products of bad quality, rectify arguments used by misleading advertisements, question correctness of fixed prices, strive for withdrawal of harmful products from the market, bring about elimination of improper forms, methods and techniques of selling, and exact from dishonest economic units compensation for losses suffered by consumers due to their activity irreconcilable with principles of functioning of a market oriented at maximization of satisfaction of the society's needs.

It should be clearly understood that functions of consumer organizations and their activity are not limited to a microscale contained in systems encompassing certain numbers of consumervictims and guilty economic units. The consumer organization representing all consumers becomes a partner for management organs in basic problems involved with working out and implementing desirable patterns of consumption, determining rules and methods of the market functioning,

setting up and reorganizing market channels, and assessing their activity in line with macrosocial measures and criteria.

In the presented market model there can be distinguished an external ring, an internal ring, and a center. The external ring accommodates market management organs and the consumer organization. The internal ring contains economic units manufacturing products and performing all functions connected with transfer of goods to consumer. In the center of the model there are households. This model shows distinctly ties between management organs and the consumer organization in regulating and supervising the activity of economic units as well as the pressure exerted on it on one hand by the external ring, and on the other — by households constituting the proper center focussing and verifying accuracy of management and effectiveness of real processes performed by economic units in the market.

Tadeusz Sztucki

PODSTAWY TWORZENIA I MECHANIZM FUNKCJONOWANIA KANAŁÓW RYNKU

Wychodząc z określonych przesłanek i regulatorów mechanizmu rynkowego w warunkach rynku sprzedawcy i rynku nabywcy autor skoncentrował w artykule swoją uwagę nad problematyką budowy struktury kanałów rynku oraz nad funkcjonalną i organizacyjną integracją kanałów rynku wraz z teoretycznymi modelami owej integracji.

Mechanizmy funkcjonowania kanałów rynku autor rozpatruje w ścisłym związku z systemem i procesami zarządzania gospodarką narodową i jej podmiotami w warunkach polskich. Analizuje również zagadnienie międzynarodowej integracji kanałów opartej na funkcjonujących w krajach wspólnoty socjalistycznej — organizacjach gospodarczych.