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The Value of Intermediary Activity in the Market Conditions

Effective functioning of modern economic system depends on the creation of a developed market infrastructure that brings together various forms of commodity circulation channels. The central subject of any distribution channel of goods and services is an intermediary company, and for the industrial sector it is a wholesale intermediary. The presence and the need of intermediary organizations is determined by the necessity to solve the fundamental economic conflict between the efficiency of mass production and efficiency of individual consumption.

An important role in solving these tasks belongs to the wholesale trade. On the one hand, the wholesale trade has to organize the active promotion of domestic and foreign products, and on the other hand, has to provide retail trade with the necessary volume and range of commodity supply, by accumulating scattered commodity resources.

Any mediation activity is carried out in order to get the profit. But a reasonable necessity for the existence of intermediary organizations can be traced through a number of advantages that are achieved through their involvement in activities:

- intermediaries can orient the manufacturers in advance in which direction they should develop the production of goods and services and in fact, the intermediaries perform continuous market monitoring;

- intermediaries put into circulation sphere their own capital, so they finance the producers of goods and services, creating for them conditions to increase profits by saving turnover of productive capital;

- intermediaries increase the competitiveness of goods on technical level and quality, by making presale preparation of goods and their maintenance during the warranty and post-warranty periods;

- intermediaries enhance the effectiveness of goods advertising by accounting regional and other features of the market;

- capital of the intermediaries is used to finance deals based on both short-term and medium-term loans;

- the manufacturer is exempted from a big number of functions associated with the sale of goods (delivery, sorting, packing, selection of range and adapting to the local market) and thus saves its money.

To a great extent the wholesale intermediary is considered to be the reliance of the manufacturer because producers are not involved in providing functions that are not typical for them. Since a mediator professional activity leads to making goods cheaper and raising its quality, it is the intermediary activity that makes the market more competitive and adapts it to the consumer requirements.