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L. Tarasovych,
PhD in Economics, Associate Professor,
Head of the Department of Management and Marketing, Polissia National University
ORCID ID: <https://orcid.org/0000-0003-0740-6567>

M. Yareмова,
PhD in Economics, Associate Professor,
Associate Profesor of the Departament Economics, Entrepreneurship and Tourism,
Polissia National University
ORCID ID: <https://orcid.org/0000-0001-6192-7799>

O. Budnik,
PhD in Economics, Associate Professor,
Associate Profesor of the Department of Management and Marketing, Polissia National University
ORCID ID: <https://orcid.org/0000-0003-0740-6567>

S. Fedorchuk,
Master, Polissia National University
ORCID ID: <https://orcid.org/0000-0001-7005-0183>

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ASSORTMENT POLICY FORMATION AS A MARKETING MANAGEMENT TOOL IN BUSINESS PROCESSES: THEORETICAL CONTENT AND METHODOLOGICAL FOUNDATION

Л. В. Тарасович,
к. е. н., доцент, завідувач кафедри менеджменту та маркетингу, Поліський національний університет
М. І. Яремова,
к. е. н., доцент, доцент кафедри економіки, підприємництва та туризму, Поліський національний університет
О. М. Буднік,
к. е. н., доцент, доцент кафедри менеджменту та маркетингу, Поліський національний університет
С. В. Федорчук,
магістрант, Поліський національний університет

ФОРМУВАННЯ АСОРТИМЕНТНОЇ ПОЛІТИКИ ЯК ІНСТРУМЕНТ МАРКЕТИНГОВОГО МЕНЕДЖМЕНТУ В БІЗНЕС-ПРОЦЕСАХ: ТЕОРЕТИЧНИЙ ЗМІСТ ТА МЕТОДИЧНЕ ПІДГРУНТЯ

The article substantiates that marketing management is the imperative of modern business. This is an economic instrument that helps a business entity to determine the development pathway, manage the development process, ensure implementation of the principles of tactical and strategic marketing, form a market orientation, and direct the activities of all structural units to achieve structured development goals and objectives. The assortment policy is one of the basic components of marketing management. It is an indispensable part of the company's product policy, which ensures the formation of an optimal product range to enhance the efficiency of the company's business operations and meet customer needs based on the relevant principles, methods, and strategies.

The author emphasizes that the goal of assortment policy management is to ensure the competitiveness and sustainable development of the business by using instruments and means of creating and refining the pattern of production and forming the product range. In this case, the best possible assortment, quality, and competitiveness of products, design, packaging, and related services for the sale and operation of goods should be the main factors for managerial decision-making. From the standpoint of structured functions and tasks, the developed conceptual profile of the company's assortment policy should be based on a strategic approach, which is a vector for achieving the primary objective of entrepreneurial activity, which is to obtain the intended amount of profit.

The most common methods of forming a product range at an enterprise were categorized into three groups: methods for economic analysis, methods for portfolio analysis, and methods for determining consumer preferences. Each of these groups received fundamental methodological support.

The article presents a generalized scheme for managing the assortment policy of an enterprise, which is effective because it implements a consistent, well-thought-out, and adequate mechanism, each of the stages of which is accompanied by a controlling influence, which will help the enterprise function successfully and identify its strategic growth vector.

У статті обгрунтовано, що імперативом сучасного бізнесу є маркетинговий менеджмент — економічний інструмент, застосовуючи який суб'єкт бізнесу визначає траєкторію розвитку, управляє процесом розвитку, забезпечує імплементацію засад тактичного й стратегічного маркетингу, формує ринкову орієнтацію та спрямовує діяльність усіх структурних підрозділів на досягнення структурованих цілей і завдань розвитку. Однією із базових компонентів маркетингового менеджменту є асортиментна політика, яку виступає незамінною складовою товарної політики підприємства, і, на основі відповідних принципів, методів і стратегій, забезпечує формування оптимального асортименту продукції для підвищення ефективності бізнес-процесів підприємства й задоволення потреб споживачів.

Акцентовано увагу на тому, що метою управління асортиментною політикою є забезпечення конкурентоспроможності та стійкого розвитку підприємства інструментами й засобами розроблення та оптимізації структури випуску та формування асортименту продукції. Критеріальними факторами прийняття управлінських рішень при цьому першочергово слід обрати оптимальний асортимент, якість та конкурентоспроможність продукції, дизайн, упаковку, супроводжувані послуги з продажу та експлуатації товарів. В основу розробленого концептуального профілю асортиментної політики підприємства, з позицій структурованості функцій і завдань, слід закласти стратегічний підхід — вектор на досягнення ключової мети підприємницької діяльності — отримання запланованого обсягу прибутку.

Систематизовано найпоширеніші методи формування товарного асортименту на підприємстві з ідентифікацією груп (визначення споживчих переваг, методів економічного аналізу, методів портфельного аналізу) і до кожної із вказаних груп наведено базове методичне забезпечення.

Узагальнено схему управління асортиментною політикою підприємства, яка є дієвою за рахунок імплементації послідовного, продуманого й адекватного механізму, кожен з етапів якого супроводжується контрольним впливом, що сприятиме успішній роботі підприємства й визначатиме вектор стратегічного зростання.

Key words: marketing management, assortment policy, assortment policy formation, business processes, marketing strategy.

Ключові слова: маркетинговий менеджмент, асортиментна політика, формування асортиментної політики, бізнес-процеси, маркетингова стратегія.

PROBLEM STATEMENT AND ITS CONNECTION TO SIGNIFICANT SCIENTIFIC AND PRACTICAL TASKS

In order to gain sustainable business positions, modern enterprises must solve strategically important tasks like increasing sales volumes and net profit, ensuring sustainable competitive advantages (both for the enterprise as a whole and for individual product groups represented on the market). The management of marketing activities, a crucial part of the enterprise management system, plays a decisive role in accomplishing

these objectives. This refers to such an imperative of contemporary business as marketing management, one of the basic components of which is assortment policy. It is important to approach the marketing tools used by a business to form its assortment policy in various target markets in a reasonable and balanced manner. To streamline managerial decision-making and ensure control over all parties participating in business operations, the enterprise should create an algorithm for applying successive steps to manage this process.

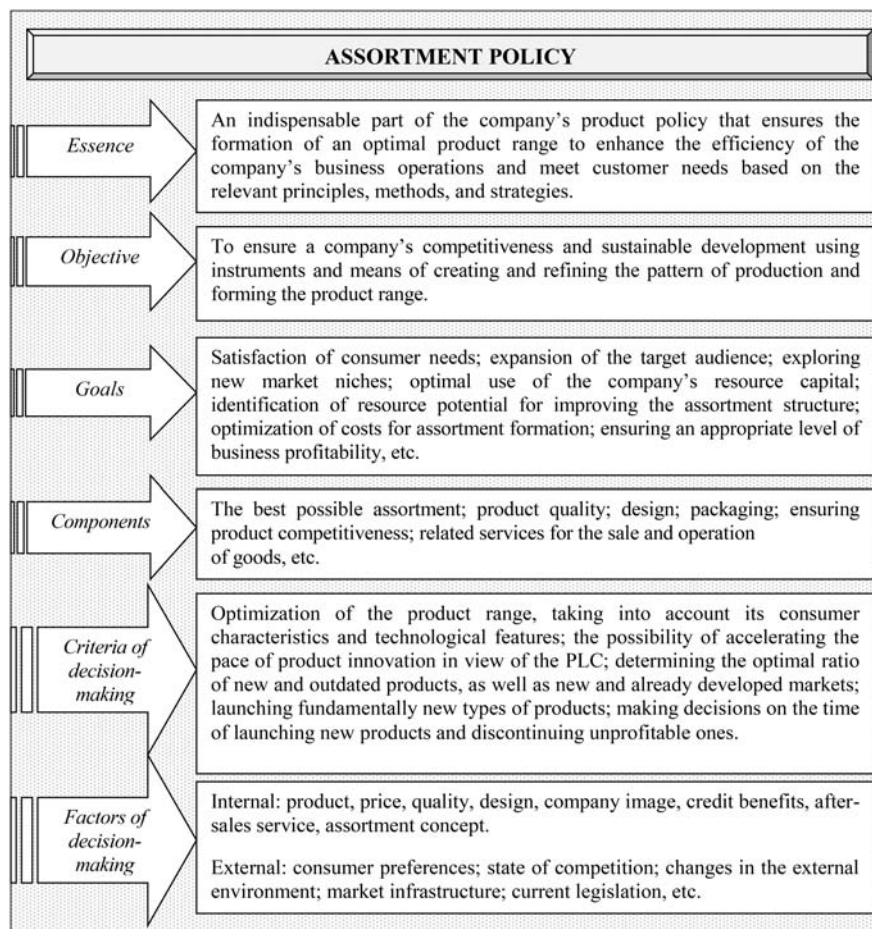


Fig. 1. Conceptual profile of the company's assortment policy

Source: author's summary of the investigated sources.

ANALYSIS OF THE LATEST RESEARCH AND PUBLICATIONS

Numerous domestic scholars, including M. Bardash, T. Bilous, A. Velychko, I. Volkova, L. Garmider, T. Yeliseyeva, V. Zinovchuk, N. Kubyshina, O. Kukhlenko, T. Mazepa, O. Nazarenko, O. Ovsak, N. Stepanenko, O. Cherep, O. Chygryn, T. Shyra, etc., have studied the issue of formation and management of assortment policy. Even though these scientists' research findings are valuable, it is important to highlight the need for more research in this field because our country's European integration vector requires a shift in traditional management approaches toward greater emphasis on marketing strategies in managing business processes.

PROBLEM STATEMENT

The study aims to provide theoretical and methodological substantiation for the technologies and features of assortment policy formation as a marketing management tool in business processes.

PRESENTATION OF THE BASIC MATERIAL OF THE RESEARCH

Marketing management is one of the most crucial instruments for influencing business performance. Management permeates all spheres of society. Every organization has a significant interest in effective marketing management and discovering a qualitatively new approach to organizing activities from the standpoint of applying marketing imperatives for strategic growth.

At present, there are virtually no companies that focus on the production and sale of only one type of product. While some concentrate on producing and selling only one group of goods, others offer several categories of goods. In any case, there is an indisputable need to manage business processes related to the product range.

The study findings suggest that the assortment policy of the vast majority of domestic enterprises is formed mostly inconsistently and without consideration for the demands of the current market. The management frequently has no perspective at all on the assortment policy issue.

Practice demonstrates that in its absence, the structure of the product range is unstable and does not adequately meet consumer demand due to a variety of internal and external variables. This results in a decrease in market capacity and turnover, a decline in customer service quality, and corporate performance. Therefore, it is logical that a business entity cannot assure growth and build strategic prospects unless it is founded upon an effective assortment policy developed and implemented on a marketing basis.

A company's assortment policy is a fundamental component of its product strategy. Its main objective is to determine the bundle of goods that the target market segment is most interested in purchasing. From a marketing perspective, the availability of a sufficient quantity of products that satisfy consumer demands on the market is necessary for both complete customer satisfaction and high-quality customer service [9, p. 27]. Given that in the process of movement of goods from producer to consumer, some of them are concentrated in appropriate places (in warehouses, logistics centers, vehicles, consumers, etc.), an adaptive mechanism for grouping goods according to certain characteristics is necessary, which defines the concept of "assortment".

Assortment, from the French assortment, is 1) a bundle of different types of goods in a product store at a manufacturing company (e.g., food products); 2) a selection of homogeneous items of different varieties (e.g., pens) [10, p. 67]. In essence, "assortment policy is a sphere of activity of the manager and specialists of the enterprise, which is a set of principles, strategies, and methods that ensure the formation of an optimal product range in order to boost the efficiency of the enterprise and satisfy consumer needs" [7].

Therefore, the goal and imperative of assortment policy management of an enterprise is to ensure its competitiveness and sustainable development by developing and refining the pattern of production and forming the product range. The components should include the best possible assortment, quality, and competitiveness of products, design, packaging, related services for the sale and operation of goods, etc.

The conceptual profile of the company's assortment policy is shown in Figure 1. It should be highlighted that setting and solving the tasks of the assortment policy should be based on a strategic approach, which is a vector for achieving the primary objective of entrepreneurial activity, which is to obtain the intended amount of profit.

According to studies, the majority of contemporary assortment policy researchers

Table 1. Methods of creating a company's product assortment

GROUP	METHODS INCLUDED IN THE GROUP
Consumer preference identification	<ul style="list-style-type: none"> • observations depending on the stage of identifying consumer preferences; • observations depending on the form of identifying consumer preferences; methods for differentiating individual elements and properties of products: <ul style="list-style-type: none"> ✓ Rosenberg model; ✓ multivariable methods; methods for comparing the required and real profile.
Methods of economic analysis	<ul style="list-style-type: none"> • ABC-analysis; • XYZ- analysis; • Dibb/Simkin method for evaluating product portfolio; • Markon matrix; A method for optimizing the structure of the assortment under a number of constraints.
Methods of portfolio analysis	<ul style="list-style-type: none"> • Boston Consulting Group (BCG), adapted BCG; • General Elektrik (GE) or McKinsey; • Product process matrix; • M. Porter's competitive matrix; • I. Ansoff's product/market matrix; • Growth matrix through external purchase; Varlamov's complex assortment evaluation

Source: adapted from [5].

concentrate mostly on managing, optimizing, and improving the product range and provide a variety of innovative solutions for this purpose [1, 3-5, 8, 16]. In this line, methodological approaches to managing the product range are primarily based on the challenges associated with the formation of an enterprise's assortment portfolio. The most common methods of creating a company's product assortment are arranged in Table 1 and are labeled according to the group names they belong to (methods of portfolio analysis, methods of economic analysis, and methods of consumer preference identification). Basic methodological support is given to each of these groups.

It is important to emphasize that during periods of crisis, significant and frequently rather drastic changes in external conditions may occur, forcing modern enterprises to adapt to them. For this process to take place with the fewest losses, a balanced approach to managing the product range in terms of introducing innovative technologies is required.

Managerial decision-making requires a thorough examination of several issues that form the assortment policy, namely: 1) optimization of the product range, taking into account its consumer characteristics and technological features; 2) the possibility of accelerating the pace of product innovation while considering the product life cycle (PLC); 3) determining the optimal ratio of new and outdated products, as well as new and already developed markets; 4) launching fundamentally new types of products;

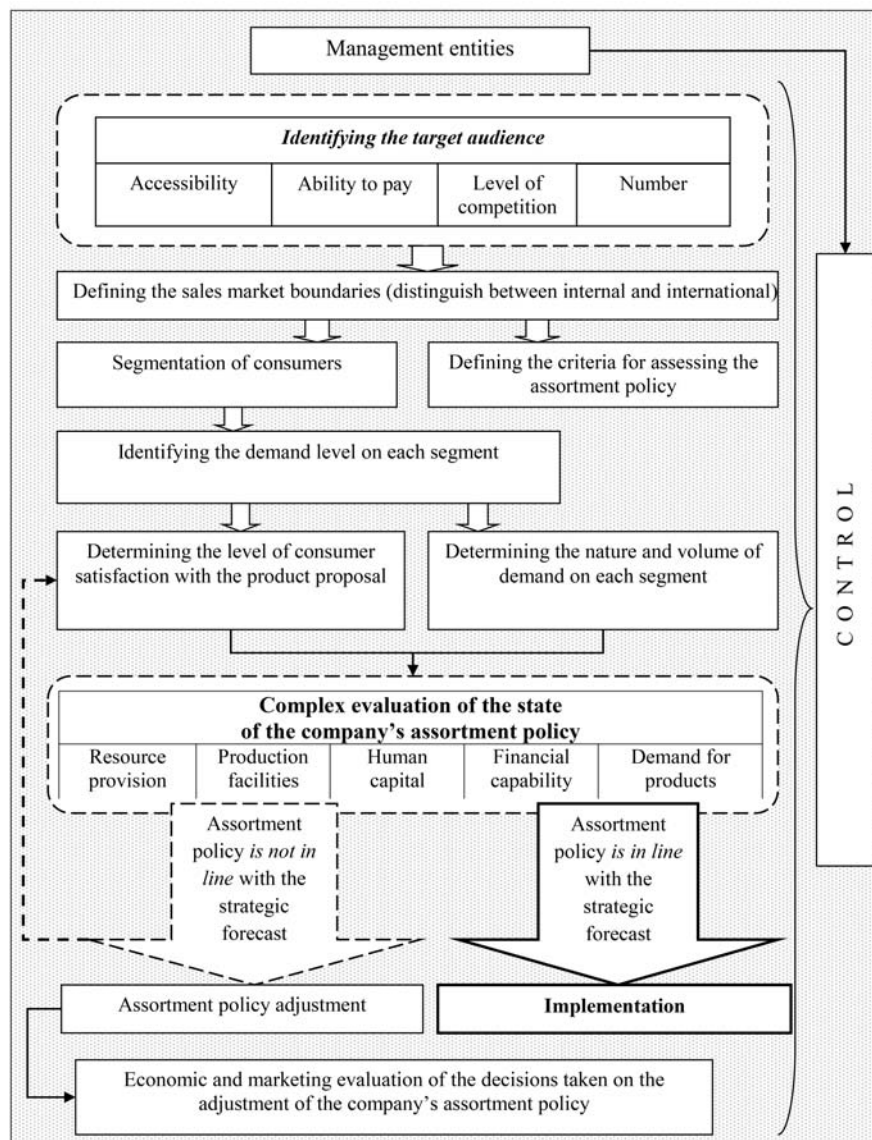


Fig. 2. Scheme of the assortment policy management of the enterprise

Source: adapted from [2; 7; 12].

5) deciding when to launch new products and discontinue unprofitable ones, etc. The aforementioned list of issues requires substantiation of the process of managing the product range of an enterprise [2, 12, 15].

Several strategic managerial decisions must be made prior to beginning a program to develop a product range, including selecting a product and market development strategy, a product strategy (focusing on the concept of undifferentiated, differentiated, or concentrated marketing), a competitive strategy, researching a market niche, differentiation, cost leadership, and choosing attractive strategic business areas [11, 14, 17]. The company's product range is developed only at the next stage. In its turn, the concept of managing the assortment policy of an enterprise provides for a

set of pertinent actions, such as market and brand analysis, communications, distribution, legal relations, relations with competitors, packaging and transportation, supply of goods, sales, and after-sales service [6, 13, 16].

The generalized scheme of the assortment policy management of the enterprise is presented in Figure 2. It should be highlighted that the presented scheme is effective and provides for a consistent, well-thought-out, and adequate mechanism of formation, each of the stages of which is accompanied by control, which will contribute to the successful operation of the enterprise in the market.

The following are the principles of the assortment policy management of the enterprise: achieving the mission, strategic goals, and

objectives of the enterprise; compliance of the assortment of goods and nomenclature of the contingent of wholesale buyers; meeting customer demand within the selected target market segment in a complex manner; optimizing the product range; raising the consumer value of goods by offering a wide range of services; harmonization of the product policy with sales; maintaining the sustainable competitive position of the enterprise and increasing its market value; and fulfilling social responsibility.

CONCLUSIONS AND PERSPECTIVES FOR FURTHER RESEARCH

Marketing management is the imperative of modern business. This is an economic instrument that helps a business entity to determine the development pathway, manage the development process, ensure implementation of the principles of tactical and strategic marketing, form a market orientation, and direct the activities of all structural units to achieve structured development goals and objectives. The assortment policy is one of the crucial components of the company's product policy, which ensures the formation of an optimal product range to enhance the efficiency of the company's business operations and meet customer needs based on the relevant principles, methods, and strategies. The developed conceptual profile of the assortment policy outlines its essence, objective, goals, and components, as well as defines the criteria and factors for managerial decision-making on the assortment policy management, which will help to optimize the product range.

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