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MANAGEMENT OF ENTERPRISES OF THE AGRO-INDUSTRIAL COMPLEX OF THE ECONOMY IN THE CONDITIONS OF GLOBALIZATION TRANSFORMATIONS

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TABLE OF CONTENTS

1	<p>Furman I.¹</p> <p>CONCEPTUAL PRINCIPLES OF FARM LENDING STRATEGY</p> <p>¹ Department of Administrative Management and Alternative Energy Sources Vinnytsia National Agrarian University</p>	7
2	<p>Germaniuk N.¹</p> <p>THE ROLE OF LABOUR RESOURCES IN PROMOTIONAL COMPETITIVE CAPACITY OF AGRARIAN FACILITIES</p> <p>¹ Department of Agrarian Management and Marketing Vinnytsia National Agrarian University</p>	35
3	<p>Hontaruk Y.¹, Mazur A.¹</p> <p>DEPARTMENT OF AGRICULTURAL ENTERPRISE DEVELOPMENT MANAGEMENT IN CONDITIONS OF DECENTRALIZATION</p> <p>¹ Department of Agrarian Management and Marketing Vinnytsia National Agrarian University</p>	65
4	<p>Hontaruk Y.¹, Pidvalna O.¹</p> <p>RESEARCH OF TSANNA AND STRATEGIC PROSPECTS OF AGRICULTURAL COMPLEX DEVELOPMENT OF UKRAINE</p> <p>¹ Department of Agrarian Management and Marketing Vinnytsia National Agrarian University</p>	91
5	<p>Krasnyak O.¹</p> <p>STRATEGIC ASPECTS OF FORMATION OF THE COMPANY'S PRODUCT RANGE</p> <p>¹ Candidate of Economic Sciences, Associate Professor, Associate Professor of the Department of Agrarian Management and Marketing, Vinnytsia National Agrarian University, Vinnytsia</p>	122
6	<p>Kubai O.¹</p> <p>FORMATION OF COST MANAGEMENT STRATEGY IN AGRICULTURAL ENTERPRISE</p> <p>¹ Candidate of Economic Sciences, Associate Professor of the Department Agrarian Management and Marketing, Vinnytsia National Agrarian University, Ukraine, Vinnytsia</p>	151

7	<p>Kvaterniuk A.¹</p> <p>PROSPECTS OF INNOVATIVE DEVELOPMENT IN THE CROP INDUSTRY IN UKRAINE</p> <p>¹ Postgraduate of the Department of Agrarian Management and Marketing, Vinnytsia National Agrarian University, Ukraine, Vinnytsia</p>	181
8	<p>Lohosha R.¹, Semchuk I.²</p> <p>CONCEPTS OF MARKETING AND MARKETING POLICY DEVELOPMENT IN AGRICULTURAL ENTERPRISE MANAGEMENT SYSTEM</p> <p>¹ Department of Agrarian Management and Marketing Vinnytsia National Agrarian University</p> <p>² Administrative Management and Alternative Energy Sources Department Vinnytsia National Agrarian University</p>	189
9	<p>Mazur K.¹, Pidvalna O.¹, Kolesnyk T.²</p> <p>INVESTMENT SUPPORT FOR THE DEVELOPMENT OF THE AGRICULTURAL SECTOR OF THE ECONOMY OF UKRAINE</p> <p>¹ Department of Agrarian Management and Marketing, Vinnytsia National Agrarian University</p> <p>² Department of Administrative Management and Alternative Energy Sources, Vinnytsia National Agrarian University</p>	214
10	<p>Babyna O.¹, Babyn I.²</p> <p>PECULIARITIES OF SMALL ENTERPRISE DEVELOPMENT IN UKRAINE</p> <p>¹ Candidate of Economic Sciences, Senior Lecturer of the Department of Agrarian Management and Marketing, Vinnytsia National Agrarian University, Vinnytsia, Ukraine</p> <p>² Candidate of Technical Sciences, Associate Professor of the Department of machinery and equipment for agricultural production of Vinnytsia National Agrarian University, Vinnytsia, Ukraine</p>	243
11	<p>Pronko L.¹</p> <p>AGRO-ENERGY POTENTIAL OF SOIL IN THE CONTEXT OF ENVIRONMENTAL SAFETY</p> <p>¹ Department of Administrative Management and Alternative Energy Sources Vinnytsia National Agrarian University</p>	281

12	Harbar Z. ¹ , Skichko N. ² FORMATION OF INVESTMENT ATTRACTIVENESS OF AGRICULTURAL ENTERPRISES ¹ Doctor of Economics, Associate Professor, Professor of the Department of Agrarian Management and Marketing, Vinnytsia National Agrarian University, Ukraine, Vinnytsia ² Master of the Faculty of Management and Law, Vinnytsia National Agrarian University, Ukraine, Vinnytsia	295
	REFERENCES	328

5 Strategic aspects of formation of the company's product range

At the present stage of Ukraine's development there are significant structural changes in economic relations. The transition to market conditions is complicated by the problems of sales of goods, as changes in the structure of market demand and its market fluctuations, increasing competition in the market. Thus, the question of development and effective management of assortment policy at enterprises arises. The domestic market is becoming quite attractive for foreign retail chains. To survive in the competition, Ukrainian producers must develop innovative strategies to improve their activities. Therefore, it is no secret that each of the existing companies seeks to take a leading position in the market, as well as be able to maximize profits. It is the right marketing strategy that helps to solve this problem.

Sometimes companies define a business strategy simply as a plan of its high level to achieve specific business goals. Strategic plans are successful when they lead to business growth, a strong competitive position and high financial performance. However, when a high-level strategy fails, the company must either change its approach or prepare to go out of business.

The decision to form or change the product range of the enterprise is preceded by long work related to market analysis, tastes and preferences of consumers, conditions of supply of raw materials, planning and forecasting the results of changes in the product range.

The main approach to the functioning of the marketing management system for the development and implementation of assortment policy can be expressed by giving priority to issues related to streamlining the product range, in the context of determining the hierarchical structure of management decisions. The initial stage of formation of the system of marketing management of assortment policy is development of the corresponding organizational structure which basic principle of construction is application of the approach based on use of methods of strategic marketing that allows to provide realization of strategy, interaction of management optimal range.

Entering the market with a competitive range is only a separate component of the company's work on the range. After mastering the market and consolidating it, it becomes necessary to work systematically to optimize the range, which is a set of measures aimed at systematically improving the structural and economic parameters of the set of goods and services produced in the following areas: sales, new customer groups, improving service, improving the effectiveness of advertising; modification of manufactured products, study of product adaptability; choice of options for the structure of a more profitable range, etc.

Purposeful assortment policy of the enterprise is to establish a structure of assortment, in which the enterprise would be able to occupy a certain market share, provide the planned amount of profit and solve other operational and strategic tasks.

The development of a strategy for the formation of the product range of the enterprise begins with the vision, goals and basis, which explains how the buyer and market forces form the appropriate direction of the product.

Planning of goods / services begins with marketing activities, identifying market segments that meet the strategic objectives of the enterprise. Consumer profiles make it possible to identify the main positions and behavior of consumers, which determine the composition of the product range. In the planning process, we move from broadly defined product categories to detailing the range and lines of individual products and ending with individual units of goods. The stability and sustainability of product plans depends on the field of activity and the rate of change in demand for goods.

The right strategy for the development of the product range can help companies improve their productivity and efficiency, and thus attract customers from competitors who can not achieve this level of productivity.

Many leading domestic and foreign scientists have paid considerable attention to the issue of product range and its formation, namely N. Kubishina [98], A. Troyan [99], E. Didenko [100], L. Balabanova [101], I. Marchenko [102], V. Kardash [103] and others.

Yu. Dernova notes that the marketing strategy is embodied in the program of measures to improve the production and sale of goods in order to ensure high and

sustainable profits [104, p. 68].

According to G. Tarasyuk [105], the formation of the range at enterprises should consist of certain stages, including the structure of the range, the range group and the definition of the expanded range within each group.

S. Garkavenko argues that for the formation of marketing strategy the company needs to clearly define the direction of development, competitive advantages that will form the basis of strategy, growth strategy, competitive strategy, functional marketing strategies. In his opinion, the marketing strategy involves: market segmentation; selection of target markets; product positioning in the market; identification of target competitors; determination of competitive advantages [106].

In our opinion, the formation of a marketing strategy should contribute to the solution of two interrelated tasks. First, the implementation of the current competitive advantages of the enterprise, as well as the creation of conditions for the formation of additional competitive advantages. Secondly, increasing the economic growth of the enterprise and leveling the negative impact of external marketing factors, which is especially relevant today, when all manufacturers are experiencing the negative effects of the global financial and economic crisis and the current recession. The implementation of these tasks reveals the basic importance of competitive strategy. In addition, an effective competitive strategy, in our view, must meet three main requirements:

1. Despite the fact that it is focused on a relatively long period of time (usually 5-7 years), the competitive strategy should be flexible so that the company has the opportunity to make certain adjustments depending on certain changes in the market.

2. Competitive strategy, in its economic essence, aimed at achieving certain results, should not be at the same time excessively aggressive, as in this case it may lead to unpredictable actions in economically stronger companies in the market.

3. The company can expect to get the maximum positive effect from the implementation of strategies, only if it uses at least two competitive strategies.

Taking into account these simple conditions, will allow the company in the future to competently form a competitive strategy that will meet its economic capabilities and strategic goals.

Marketing strategy begins with research. Over the past couple of years, many Western companies have increased their marketing research spending several times. As a result of such research, the company receives detailed answers to the question: who and where buys the product, as well as why it is bought [107].

Four groups of factors should be taken into account when forming the marketing strategy of enterprises [108]:

- trends in demand and external marketing environment (market demand, consumer demand, product movement systems, legal regulation, trends in business circles, etc.);
- the state and features of competition in the market, the main competitors and the strategic direction of their activities;
- management resources and capabilities of the enterprise, its strengths in competition;
- the basic concept of enterprise development, global goals and objectives in the main strategic areas.

The key point in developing a marketing strategy of the enterprise is the analysis of internal and external environment. Analysis of the internal environment allows to identify the capabilities of the enterprise to implement the strategy; analysis of the external environment is necessary because changes in this environment can lead to both the expansion of marketing opportunities and to limit the scope of successful marketing.

Also in the course of marketing research the company needs to analyze the relationship «consumer-product», the peculiarities of competition in the market of the industry, the state of the macro environment, the potential of the industry in the region where the company intends to operate.

Analyzing the above factors, the company must determine the target markets in which it will focus its marketing efforts.

Thus, the formation of marketing strategy will allow the company:

- significantly expand the customer base and increase sales;
- increase the competitiveness of products / services;
- establish a regular mechanism for modifying existing and developing new products;
- create a tool for mass attraction of customers;
- develop an effective pricing and product policy;
- create a mechanism for controlling marketing activities;
- improve the quality of customer service [109].

In addition, the formation of marketing strategy of enterprises will provide a sound methodological basis for management decisions, and form a single apparatus of strategic planning of marketing activities.

Constant changes and constant challenges that accompany the development of the economic component of a modern organization require new approaches to addressing customer needs. Any organization that wants to enter the market and compete successfully with other companies should take this into account when developing the range of consumer needs. It is the needs of consumers that drive business, especially in the retail market, where there is constant fierce competition.

F. Kotler [108], believes that the product range is a set of all assortment groups of goods and product units offered by a particular applicant. According to E. Dichtl, H. Hershgen [110], the range of products - is a set of products, grouped on any basis; the structure of the range is characterized by the share of each type and (or) product name in the total set.

The authors [111] emphasize that the formation of the range is preceded by the development of the assortment concept of the enterprise, which is a directed construction of the optimal assortment structure of the product offer. However, today the strategy of forming the product range for enterprises is a very controversial topic that requires more in-depth analysis and research.

World experience shows that the leaders in competition are the company that is most competent in its assortment policy, knows how to master the methods of its

implementation and has the ability to manage as efficiently as possible. At present, the leaders of Ukrainian enterprises mostly underestimate and underestimate the importance of effective assortment policy, which in turn weakens their role in competition.

It should be understood that the formation of the product range for existing commercial enterprises is taking into account a number of key factors:

First, it is the state of demand for products / services that will attract the attention of consumers.

Secondly, the innovative and technological capabilities of the trading company, which will be a source of increasing competitive advantage.

Third, the expansion of markets for the supply of goods/services, which indicates the ultimate goal of the enterprise.

Therefore, enterprises in the formation and management of the product range must take into account:

- basic needs of consumers and be able to quickly improve and update the product range;
- product range management system with market orientation;
- methods and tools that clearly form the optimal product range;
- a step-by-step action plan to promote goods/services in order to stimulate sales.

The leaders of Ukrainian enterprises should also pay attention to the problems that hinder the innovation mechanism as a component of innovation policy when developing and shaping the product range.

It should be emphasized that the main task of managing the product range of the enterprise is technical and economic, production, financial and marketing market analysis, which together is to determine the internal and external factors of its formation. Criteria and tools for the formation of the optimal range also take into account the price component of internal and external factors of its formation. Internal factors of the assortment policy of the enterprise take into account: technical, technological and investment opportunities; logistical support; organization of business processes. External factors of the assortment policy of the enterprise

determine: the quality and price of the offer; advertising events and product design; forms of promotion and service; width and depth of the range; changing consumer needs; actions of competitors Fig. 1 [112, p. 14-15].

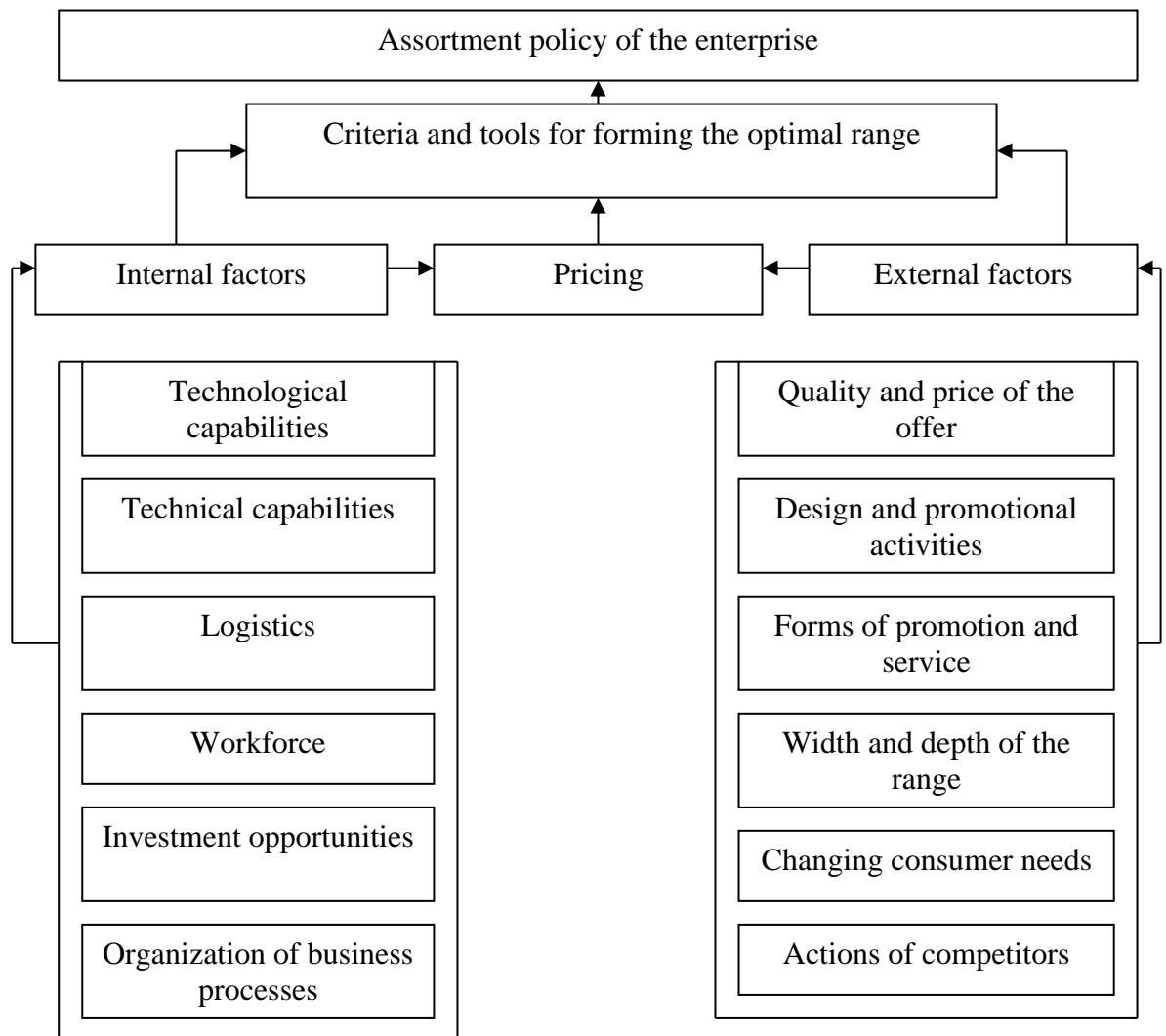


Figure 1. The process of forming the range of the enterprise

Source: compiled by the author for [112, p. 14-15]

It is safe to say that the role of the enterprise in the market is changing: there is a transition of enterprises to active market behavior, the development of assortment policy on the basis of marketing. Its most important element is the revision of the product range, and in some cases a significant restructuring of enterprises.

The main motivating reasons for the changes were market demands – a shift in demand and growth in production costs, increasing demand for new products, respectively, a decrease in goods that were actively sold in previous periods.

Trade is beginning to refocus on products that are in demand and are more profitable. However, the downside of the process was the decline in service levels in both the retail and wholesale networks. Restructuring the assortment policy, commercial enterprises are trying to focus in advance on the volume of products to a particular customer and their group.

Assortment policy of Ukrainian enterprises should take into account the dynamics of factors increasing the purchasing power of the population, consumer demand, behavior of competitors, the general level of prosperity not only in the area where retail space is located, but also the country as a whole.

Consumer demand is the main factor influencing the formation of the range, and is aimed at maximizing the demand of the population and at the same time - to actively influence the demand towards its expansion. Assortment formation and consumer demand in their development are interrelated [105, p. 32].

Thus, the main attention of scientists is focused on the formation of a holistic strategy that can bring together all available at the present stage methods of marketing incentives and product promotion.

Large trading companies are gaining more and more customers, being able to provide them with the highest level of services and a wide range of them. The ability to provide the right range of goods at the lowest possible price and as quickly as possible is important for retailers and is associated with the creation of a perfectly functioning supply chain in which all its individual elements will be perfectly synchronized with each other.

Today, large trading companies provide a competitive advantage in the market due to the pursuit of excellence in the management of supply chains. The appropriate choice of the range of enterprises is aimed at gaining a competitive advantage and is designed to attract a wider range of customers. To do this, determine the appropriate algorithm for combining goods and services that the company intends to offer to potential buyers [113].

Product range – a selection or set of different goods, combined with a certain consumer, trade or production feature. There are industrial and commercial range of

goods. Industrial (production) range of goods – are consumer goods produced by industrial enterprises. The range of goods supplied to wholesale and retail trade enterprises is the range of trade goods.

According to DSTU 3993-2000, the range of goods is a set of goods of different groups, subgroups, species and varieties, which are combined on a certain basis to characterize the composition of the mass in different conditions [114].

The product range is formed at the enterprise as a result of joint work of various divisions: marketing department, sales department, planning and economic department, financial department.

The formation of the range is carried out in several stages:

- decide on the format of the range, the owner or owner of the company decides on what kind of retail business will be engaged. It all depends on the needs and potential of the market, the desire and ability of the owner to engage in this type of business;

- it is necessary to establish the structure of the range in the store. At this stage, you need to determine the quantitative ratio of individual groups of goods. There is also a link between data and store targets and the profitability of groups and subgroups of goods;

- it is necessary to determine the distribution of individual groups, as well as subgroups of goods in the amount of consumer complexes and micro complexes;

- it is necessary to carry out the selection of intra-group range on distinctive features with its connection with a specific retail space, profitability of goods.

Therefore, the formation of the range is designed to create conditions for the company to make the necessary profit. This is due to the fact that decisions on the selection of the range determine the amount of income from trading activities, the cost of circulation (due to different commodity costs), the need for working capital (due to different turnover of individual goods) and other important economic and financial indicators of the enterprise.

Factors that require analysis in the external and internal environment are listed in table 1 [126].

Table 1. Factors of external and internal environment that affect the formation of the product range

Factors of the internal environment	Environmental factors
<i>Social and demographic:</i> age, labor groups; income of the population; tastes and preferences; structure of consumption in cities and villages	<i>Personnel factors:</i> the availability and cost of paying for the services of qualified specialists to bring to market renewed product groups; payment for the services of marketers
<i>Political:</i> state of markets; stability of market development; changes in legislation	<i>Technological:</i> availability of technological capacities for production renewal; storage conditions for a new product
<i>Economic:</i> prices for resources and energy; licensing of certain activities and production; equipment prices; tax burden on the enterprise; relations with contractors; cost of credit and investment resources; logistical component	<i>Financial and economic:</i> the availability of own or borrowed financial resources to update the range; economic feasibility of a new product (expected financial result); estimation of costs for promotion of goods on the market; aggregate economic assessment of the feasibility of the new range
<i>Market:</i> market share of the manufacturer; concentration of competitors; availability of free niches in the market	<i>Infrastructure:</i> availability of a prepared update system range (from the acquisition of resources to implementation)
<i>Technological:</i> the availability of technology and equipment on market for the production of certain groups of goods	<i>Sales:</i> the presence of well-established sales channels products, wholesale buyers

The factors listed in table 1 require detailed analysis in the process of forming or restoring the product range of the enterprise.

The formation of the range also depends on the range of products of the company. Goods are grouped together on the basis of the unity of their production origin or consumer purpose. The list of product groups selected for trade is called the group range, and the types of products within each product group – intragroup.

According to the breadth of coverage distinguish goods:

- simple assortment, which are classified by a small number of features;
- complex range, which are represented by a significant number of groups, species, varieties and names that meet different needs in goods;
- branded range, which is a set of goods of one group, but different brands;
- expanded range, which is a set of goods, which includes subgroups, species, varieties that belong to one group, but differ in individual characteristics;

- accompanying range, which is a set of goods that perform ancillary functions and do not belong to this group of goods;

- mixed range, which is a set of goods of different groups.

The breadth of the range – the total number of different product categories included in the range, although the product category is a set of goods that the buyer perceives as similar to each other, or goods combined together [105]. The state of the range of goods, the degree of its compliance with the needs and demands of the population is judged by the indicator of latitude. The breadth of the range can also serve as an indirect indicator of market saturation of goods: the greater the breadth, the greater the market saturation.

Similar indicators can be used to analyze the product range, which is part of the product range. Decisions on the formation of the product range and product range are made taking into account the situation on the market, the general economic and marketing strategy of the enterprise, its resource capabilities.

Unequivocal recommendations on what should be the product range and product range, it is difficult to give, but there are some patterns. A wide and deep range of products, which is focused on the needs of different consumer groups, increases the company's adaptability to changes in the market and reduces the risk of non-sales, but in this situation significantly complicates the organization of production and sales. At the same time, it is simpler and less risky for the manufacturer to increase the depth of the range than its expansion associated with the development of new product lines.

Deepening the range provides a greater degree of consideration of the specifics of the requests of different groups of consumers. The strategy of differentiation is based on this as one of the two main competitive strategies.

The revision of product nomenclature, product policy and range should be carried out constantly and meet new market opportunities.

The main strategic goals of range management include:

- maximum satisfaction of the needs of all target groups of consumers while increasing the efficiency of interaction between suppliers and retailers;
- ensuring a high level of customer service;

- formation of a positive image of the enterprise;
- gaining and maintaining a certain share of the enterprise in the consumer market;
- moving to other market segments;
- strengthening the financial condition of the enterprise.

Tactical goals of assortment management are:

- formation of current and future assortment policy in accordance with consumer demand;
- formation of a specific range that meets the parameters of the selected niche and takes into account consumer characteristics;
- establishing directions for expanding the range in accordance with changing needs;
- improving the activities of enterprises in relations with suppliers;
- ensuring sufficient breadth, depth and stability of the range;
- ensuring a balance between cash advanced to goods and proceeds from their sale;
- regulation of the size and structure of inventories, which ensures maximum efficiency of advanced funds;
- ensuring the growth of sales and profits;
- maintaining operating costs at a minimum;
- accelerating the turnover of inventories;
- optimization of the structure of sources of coverage of goods, taking into account the financial stability of the enterprise;
- risk management [115].

Operational management of the range can be carried out for the following purposes:

- ensuring uninterrupted sale of goods to retail buyers;
- formation of the basic range taking into account the complexity of consumption;

- distribution of separate groups and subgroups of goods in terms of consumer complexes;
- replenishment and regulation of the range;
- organization of economic relations, control of their implementation;
- ensuring the purchase of goods in an amount that meets market demands and ensures the optimal level of inventories;
- rational use of retail space;
- organization of in-store advertising and information on the range;
- rational use of merchandising;
- stimulating sales, etc. [115].

The development of an assortment list of goods by each specific trade enterprise and control over its observance leads to better customer service of the target market and the creation of a sustainable range. In case of detection of absence in sale of the goods which are provided by assortment, the firm should take measures for their delivery.

The presence of the assortment list allows not only to rationally regulate the range of goods, but also to systematically control its completeness and stability. The lack of assortment policy leads to an unstable assortment structure due to the influence of random or variable factors, loss of control over the competitiveness and commercial efficiency of goods. Current decisions made by the head in such cases are often based solely on intuition, and not on sober calculation, taking into account long-term interests [116, p. 21].

A well-thought-out assortment policy not only allows to optimize the process of updating the product range, but also serves as a kind of indicator of the general direction of the company's management, allows you to control situations that arise in the course of trade. With increasing competition among market participants, the assortment policy of the trading company plays the role of catalyst for network development and increase the number of satisfied consumers.

It should be borne in mind that updating the product range does not always involve its expansion and production of additional products – it is also possible to

reduce the range and abandon the production of certain products. And here is the concept of optimal range, which is not always the most complete. The optimal range is a set of goods that meet the real needs with maximum utility for consumers and minimum costs for the manufacturer [117].

Creating new products begins with a clear strategy focused on the customer and the market. Any strategy determines the direction of the product and what needs to be achieved, so the creation of this product is primarily in line with the economic and technical capabilities of the enterprise and allows it to focus on those products that are most in demand today.

An important condition for maintaining the optimal marketing product policy is compliance with the procedure of analysis and final decision-making. This is usually associated with the following actions:

- clear definition and delineation of the purpose of production and sales in the future;
- the presence of a strategy of production and marketing activities of the enterprise;
- knowledge of market conditions and its requirements;
- analysis of own research, scientific and technical, production, sales opportunities and resources now and in the future.

The main components of product policy are:

- innovation (creation of new products or renewal of existing ones);
- ensuring the quality and competitiveness of goods;
- creation and optimization of product range;
- issues of brands (development and implementation of strategies);
- creation of effective packaging (for relevant products);
- analysis of product life cycle and management;
- positioning of goods on the market [127].

Modern assortment policy of enterprises requires the inclusion in the assortment model of goods that are at different stages of the life cycle in a certain ratio. This approach reduces the commercial risk associated with non-receipt or loss of profit from

the sale of goods in the early stages of the life cycle, as well as the presence in the range of mature and aging goods in the long run and thus guarantee the company relatively stable sales and stable market position.

Nationwide, the assortment policy strategy envisages expanding the range of domestic products, focusing on the own capabilities of producers, optimizing the range of each product group and subgroup by removing obsolete models and styles, updating the range on a qualitatively new basis.

Defining a strategy is an important part of product planning. It brings together managers and other key stakeholders according to the desired end state and how the product will meet the planned business goals.

Product strategy is the basis for the entire product life cycle. As manufacturing executives develop and adjust their product production strategy, do they pay attention to their target customers and what they need right now? This informs about the strategic positioning that is necessary to succeed in business. Once the chosen strategy is complete, you can use it to form the definition of the main product. Product definition includes information about key product requirements – such as releases, features, custom flow and design, and specifications.

Thus, strategy development is the most important component of the life of a modern enterprise. The main goal of the strategy is to achieve long-term competitive advantages that will ensure the survival and sustainable operation of the enterprise in the future. There are many approaches to understanding strategy. Taking into account the views of different authors, the strategy is a coherent set of interrelated strategic decisions that determine the priorities of the enterprise in the implementation of its mission, goals and objectives.

Defining a strategy includes three main components: vision, goals and initiatives.

The vision includes detailed information on market opportunities, target customers, positioning, competitive analysis and market entry plans. The vision describes who the customers are, what they need, and how to plan a unique offer.

Goals are measurable, time-bound goals that have clearly defined success rates associated with them. They help business leaders determine what needs to be achieved in the future.

The choice of goals is at the heart of the strategy, but an integrated approach also specifically describes how the company plans to achieve these goals. As a result, the strategy in practice explains how the company differentiates itself from competitors, how it earns revenue and where it makes a profit.

Initiatives are high-level efforts or large projects that need to be implemented to achieve the company's goals.

In this case, each company can use different types and subtypes of product strategy Fig. 2.

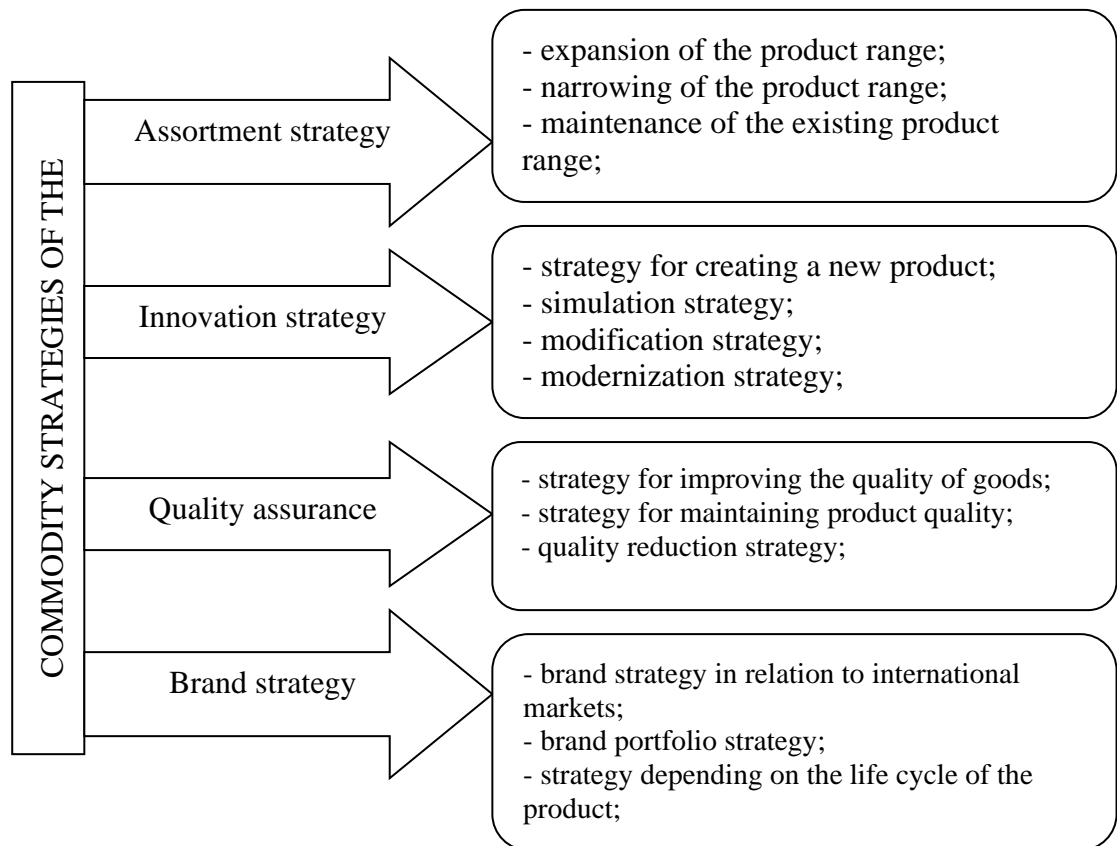


Figure 2. Types and varieties of product strategy of enterprises

For trade enterprises, the product strategy should take into account the special direction of their activities, taking into account the conduct of business activities in Ukrainian and foreign markets. Assortment strategy includes: expanding the product range; narrowing the product range and maintaining the existing product range. In

terms of innovation strategy, these are: the strategy of creating a new product; simulation strategy; strategy of modification and modernization. Quality assurance, the main element of any enterprise in the direction of: strategies to improve the quality of goods; product quality maintenance strategies; quality reduction strategies.

The brand strategy is an internal component of the product range of the enterprise, which takes into account: the brand strategy in relation to international markets; brand portfolio strategy; strategists. depending on the life cycle of the product.

For the successful operation of domestic enterprises in the market it is necessary to create favorable conditions for the buyer to purchase goods (a combination of high quality, fairly low prices, discounts and service) and respond to changes in supply and demand as quickly as possible, which is reflected in the range and pricing policy of the enterprise [118, p. 31].

The intensification of competition and the constant change in consumer behavior under the influence of external factors of consumer market development are forcing companies to find new ways to manage the range of goods that would allow them to position their product offer as the most effective. After all, working with the range in retail requires the creation of such a set of individual products, which has special advantages in terms of buyers [119].

Experts consider differentiation and modification of products to be an effective direction of the assortment strategy. But this area of activity requires high costs, as it will be necessary to modernize and expand the production capacity of the enterprise, to diversify and restructure the distribution network, to expand the marketing complex.

The range of products depends on demand, resources and goals that the company intends to achieve. Increasing the number of product lines contributes to the expansion of the product range, which indicates that the level of production is changing. Changes in the range are made either by increasing or saturating. The range consists of two directions that can occur simultaneously. This could be: «Decrease» growth – when a company, while focused on buyers of expensive or luxury goods, sells products that are also designed for less demanding consumers who have less capital, looking for less sophisticated devices, machines with less productivity and functionality. Growing up

– when a company that is still focused on customers with less purchasing power, also introduces exclusive, more technological products. On the other hand, the saturation of the range means an increase in the number of product lines within families or assortment items.

Assortment policy is a set of goods that constitute the offer of a commercial enterprise, subject to the policy on product range. Its formation is one of the most important and complex areas of decision-making in the enterprise. Proper assortment formation and monitoring of its changes can be a source of strategic advantage in the retail market.

Currently, it is impossible to find a single approach to the formation of product range. Each company forms its own range, based on the specifics of its activities (internal factors) and the peculiarities of the external environment.

As a multifaceted concept, the range can be analyzed from different points of view, namely as a means of satisfying consumer requirements, the subject of labor and commodity supply of the enterprise, commodity resources of trade enterprises, the share of current assets and property, the object of advancing financial resources investments, object of direction of innovative activity, means of improvement of trade service of buyers, etc.

The main factors influencing the assortment policy of the retail company include:

- the structure of demand of the target group of buyers;
- structure of clients and their purchasing power;
- location of outlets;
- competition;
- price structure;
- type of store.

The formation of the product range of the enterprise concerns the choice of: industry, range structure, choice of brands (including own brands) and the definition of strategy in this area. Due to the volume of the proposal, it is possible to clearly distinguish two strategic lines, which are expressed in specialization or

universalization. The specialized offer is characterized by a deep and, as a rule, narrow assortment, a unique set of goods, a special atmosphere for shopping and the level of service of a narrow, often specific group of customers. This is a risky strategy, but it allows the company to make a significant difference in the market.

Universalization is the second strategy that a modern enterprise can successfully apply. The essence of the universalization strategy is to offer a wide range of buyers a wide range of products that meet basic needs with products with relatively low selectivity. Universalization of the range of outlets is often based on commercial relations of products. However, often in stores with a universal range, in addition to the main range (matching the level of location, method of service, etc.), there is an additional range that gives customers a wider choice. A feature that distinguishes industry products is the intensity of demand, depending on the frequency of demand met by the product, its price, quality and more.

The main task in the formation of assortment policy is to increase the economic efficiency of the enterprise as a whole.

The tasks of the strategy of forming the product range of the enterprise can be:

- satisfaction of consumer demands;
- optimization of the technological base and experience of the enterprise;
- gaining new customers;
- development of new market segments;
- expansion of industries and services of the enterprise.

Assortment strategy, as a rule, can be based on the four main areas presented in Fig. 3. Moreover, often successful companies use in practice a mix of several areas, developing their own ways of economic growth.

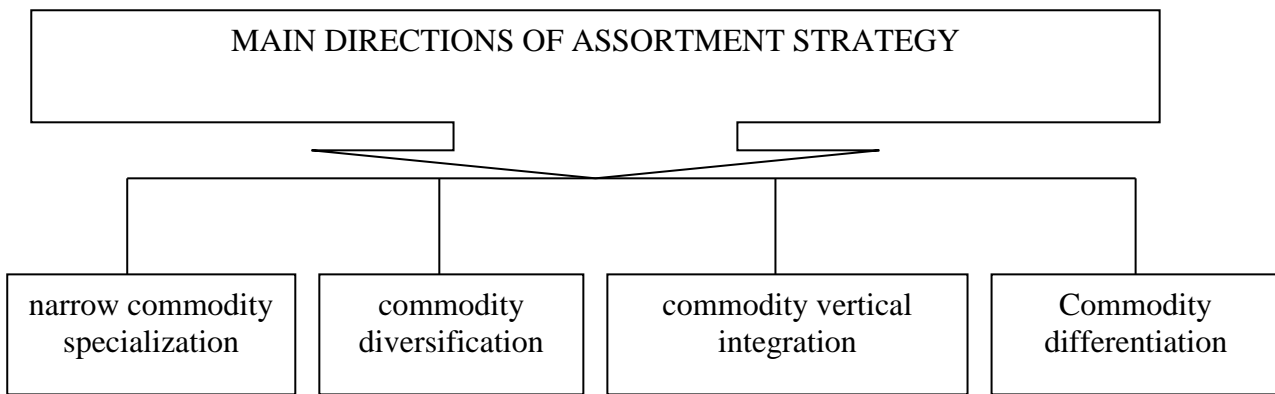


Figure 3. Directions of the assortment strategy of the enterprise

Narrow product specialization is determined by the work of the enterprise in a narrow market segment and, accordingly, the restriction of sales. Narrow product specialization does not always indicate a lack of resources or the specificity of production technologies or the goods themselves, which are not intended for a wide audience.

The reason for choosing the management of the enterprise narrow product specialization for the main direction may be the deep segmentation of the market for such goods. This strategy is often chosen by small businesses or companies experiencing a period of changing commodity markets.

Product differentiation is related to the presentation of the enterprise of its goods or services as different from competitors, which have their own characteristics. The reasons for choosing such a strategy may be such product indicators as improved quality, technological advantage, new developments, excellent raw material base, etc. The peculiarity of product differentiation is that this type of strategy ensures the reconcilability of the product, and product differentiation can be used in the presence of all the product diversity offered by the company.

Commodity diversification (new product – new market) is a strategy that involves a significant expansion of the range of products (services) and the development of new areas of production in conditions of significant variability of the business environment [106, p. 97].

New products and services can either continue the line of previous ones or be completely unrelated to them. Such a product policy protects the company from the risk of a sudden decline in demand for one type of product or crisis situations in a particular industry. The advantage of product diversification is the ability to use the company's own experience (management, marketing, production) in combination with the developments of other companies that successfully promote the newly selected category.

Vertical integration – focused on promoting the company in the market not horizontally, as the previous two methods, but vertically, ie when the company is developing new parts of the production process or new product categories in one area. Vertical integration directs the company to master and control the entire industry, from production, procurement of raw materials, to ways of selling finished goods. Thus, production increases profits, because it is possible to save on commodity transactions, reduce the cost of the finished product, while selling it at fixed market prices.

In our opinion, the strategy of product range formation is a complex set of measures aimed at determining the relationship between «old» and «new» goods, single or serial goods, ie the process of selecting different groups of goods, differentiated by all characteristics. The formation of the product range is preceded by the development of the product product range concept, which will determine the possibilities of optimal sales of the range of a particular type of product.

A special place in the assortment policy is occupied by the problem of finding a rational ratio of goods that are at different stages of the life cycle and at the same time present on the market. The purpose of such a search is to create a fairly stable general conditions for the sale of goods and reimburse the cost of innovation, implementation of new services, as well as support for declining goods and expect a possible increase in consumer demand in the foreseeable future. Thus, we can conclude that the product range has its own principles, approaches, as well as the concept of forming the product range, without which it is impossible to achieve the desired results.

Financial security is the main condition of commercial activity, as the company is constantly in need of funds to perform its functions. Effective range management

requires financial sources of cash, including equity and debt. On the other hand, the range dictates the size and structure of financial resources for the purchase and maintenance of the necessary product groups.

Logistics is aimed at creating optimal material conditions for commercial activities, including range management. They assume the presence of premises, trade and technological equipment, inventory and other items necessary for the introduction of trade and technological process with product groups that make up the product range. The need for material resources depends on the range of goods [130, p. 146].

The basis of successful implementation of range management is its information support. It involves studying the market conditions of buyers and suppliers, the company's own capabilities, determining the effectiveness of range management.

This allows you to make the right decisions about purchasing the necessary goods. The main tasks of information support are to obtain reliable information from customers about demand and transfer them in full to suppliers. The function of purchasing the necessary goods is related to the search and selection of suppliers who provide the company with goods to be sold in the store, to establish business relations with them. Based on customer demand, the need for products is determined and on this basis, product groups are formed.

In order for the company to be competitive and operate successfully in the market, you need qualified staff with knowledge and experience in product management. On the other hand, assortment specialization determines the parameters and requirements for employees. The function of sales (sales) of goods involves the implementation of the range [130, p. 27].

Currently, buyers are reacting sharply to all elements of the trading process. The vast majority of them from two identical stores will choose the one that will provide more additional services. Therefore, when managing the range of goods there is a need to manage and form a range of additional services. It should be borne in mind that the provision of services is associated with certain costs, but they (services) contribute to sales growth and increase the competitiveness of the enterprise.

Without building a sales policy on the principles of marketing, the company is not able in today's business environment to develop effectively and be competitive in the market. Every manufacturing company should have a well-organized marketing department that deals with ways to promote their products in a market of free competition [117].

The formation of the range can be carried out by different methods, depending on the scale of sales, the breadth of the range, the specifics of the finished product, the goals and objectives of the manufacturer. The whole set of methods can be divided into three main groups. The classification of methods of assortment formation is presented in table 2 [112].

T. Paramonova and I. Krasnyuk give only a descriptive description of the methods: ABC analysis, the formation of the range «taking into account its age structure» (actually – based on the stage of the life cycle of goods), the formation of the range «taking into account the behavior of goods on the market» (Actually – depending on the contribution to sales), analysis of the profitability of commodity units, matrix methods (BCG matrices, «depth – width», etc.) [120].

P. Zavyalov in general only notes that «the range can be formed by different methods – depending on the scale of sales, product specifics, goals and objectives of manufacturers» [121].

The original method of forming the assortment policy is described by V. Pylypchuk, O. Osnach and L. Kovalenko, which is to determine the correlation coefficient of the rank of production and the rank of its profitability [122].

In the works of P. Kryvula [123], O. Odintsova [124] various methods of planning (formation) of the range are considered from critical positions, indicating their advantages and disadvantages of practical possibilities of use in general and objectivity obtained on their basis results. Thus, in the work of P. Kryvuli all models (methods) of assortment planning are grouped into two groups: descriptive (i.e. descriptive, such that allow to obtain the original data) and prescriptive (i.e., mandatory, such that determine «how to do») [123].

Table 2. Classification of methods of forming the assortment policy of the enterprise

Group name		
Identification of consumer preferences	Methods of economic analysis	Methods of portfolio analysis
Methods included in the group		
1) observation depending on the stage of manifestation of consumer preferences	1) ABC-XYZ analysis	1) Boston Consulting Group (BCG), adapted BCG
2) observation depending on the form of manifestation of consumer preferences	2) Dibby-Simkin product portfolio valuation method	2) General Elektrik (GE) or McKinsey
3) methods of differentiation of individual elements and properties of products	3) The Marcon Matrix	3) Product development matrix
- Rosenberg mode;	4) the method of optimizing the structure of the range in the presence of a number of restrictions	4) Matrix of competition according to M. Porter
- multidimensional methods		5) Commodity markets according to I. Ansoff
- methods of comparing the required and actual profile		6) Growth matrix through external acquisition
		7) Comprehensive assessment of Varlamov's range

Market methods of product policy formation (or methods of determining consumer preferences) are based on external information base obtained as a result of market research of goods, opinions and needs of consumers, the level of competition in the market and so on.

The main disadvantage of market methods of forming the product policy of the enterprise is their predominant focus on market needs and insufficient attention to issues of internal economic efficiency in terms of capacity utilization, cost recovery and more.

Methods of product policy formation based on the results of economic analysis, as optimization criteria are most often used such as income from sales of goods, marginal revenue, company profits, production costs and use internal information base.

In our opinion, it is expedient to supplement the group of methods of product policy formation based on economic analysis with the method of product range

formation based on rank analysis, described by N. Kruglova [125]. According to the author, the rationality of the structure of the range of the enterprise is quantitatively characterized by the correlation coefficient of the ranks of output and profitability of individual assortment items. In addition, N. Kruglova not only offers a method of estimating the structure of the range, but also describes the algorithm for forming an effective assortment policy using the matrix «Share in output – profitability» [125].

The main advantage of the proposed method of forming the product range of the enterprise is its unconditional practical orientation. In addition, the proposed methodology is based on the use of analytical and expert procedures, which improves the quality of analytical information processing in the process of making management decisions regarding changes in the product portfolio of the enterprise.

The main disadvantage of this method is its narrow focus on managing the structure of the assortment group. In the conditions of multi-item production, when the products of the analyzed enterprise differ significantly in cost and cost structure, the use of profitability as a parameter for optimizing the product portfolio is not sufficiently justified in terms of ensuring economic feasibility.

A common disadvantage of assortment-based methods of economic analysis is the predominant absence or insufficient degree of consideration of market conditions, which using only these methods can lead to loss of market competitiveness of the company's product portfolio.

Effective management of the company's assortment policy involves the use of appropriate methods of product set formation, the use of which will allow to make optimal management decisions on the qualitative and quantitative structure of the range, refresh rate and other aspects of ensuring its high competitiveness. Among them, the most used methods are:

1. The method of forming the range based on the study of the features of the product line.
2. The method of forming the range taking into account the economic goals of the enterprise (ie on the basis of criteria for profit maximization, increase sales).

3. Methods of assortment analysis using matrices: «Marcon», according to the adapted BCG matrix.

4. Dibba-Simkin product portfolio valuation method.

5. The method of optimizing the structure of the range in the presence of a number of restrictions.

6. Estimation by the method of D. Borovinsky.

7. Direct costing method.

8. The approach to solving the assortment problem is based on the "direct costing" system.

9. Comprehensive assessment of the range of A. Varlamov.

10. Analysis of interdependent demand based on correlation.

11. Method of expert assessments [129, p. 90].

Analysis of consumer demand in the formation of the product range, we find in the works of other scientists, who determined the optimal structure of the product range in terms of efficiency in the operation of each product with limited production capacity. The authors propose a method of calculating the range of products, taking into account the level of satisfaction of consumer demand, the technical level of the proposed products. Thus, reflected such factors that affect the formation of products such as meeting consumer demand, optimal product parameters, as well as limiting factors, the role of which is the production capacity and complexity of manufacturing. It should be noted that this approach to the formation of the product range has lost some relevance due to a significant reduction in industrial production, but it can be applied to specific enterprises where there are limited production capacity.

Using the methods of assortment formation, the company can determine the prospects for the development of the range for the near future, find ways to increase its profitability, develop various strategies to maintain or restore the balance of its product portfolio.

With the difficult situation in the world, humanity is trying to get used to the conditions dictated by the COVID-19 pandemic. Quarantine rules force consumers to

rethink long-established shopping habits, and some to change the way they get their product.

The consequence of panic consumer behavior was a temporary unjustified increase in demand for basic necessities and rising prices for them. As a result, large food retailers (the principle of trade organization) not only revised their product policy, but also changed their approaches to the formation of retail prices. This was also influenced by the introduction of price regulation for certain categories of socially significant goods, stopped the rise in prices and panic. The Cabinet of Ministers of Ukraine has forced representatives of large retailers to stop unjustified price increases. Thus, during the pandemic, the government obliged companies to declare any increase in prices for such goods, if they are 5% or more [128].

Thus, assortment policy is a field of activity of the head and specialists of the enterprise, which is a set of principles, strategies and techniques that lead to the formation of the optimal range of products, in terms of improving the efficiency of the enterprise and customer satisfaction. The lack of assortment policy leads to an unstable assortment structure due to the influence of random or current factors, loss of control over the competitiveness and commercial efficiency of goods.

Assortment policy occupies an important place in the product policy of the enterprise and affects the competitiveness of the enterprise in today's market. Assortment formation is a complex and continuous process.

Research of theoretical issues covered in the scientific works of domestic and foreign scientists, allowed us to identify the principles that must be followed during the formation of the product range, which is the basis for building an effective product strategy of the enterprise.

First, the process of forming the product range should be based on the form of its product specialization and the size of the product area and, as a result, meet the needs of all segments of consumers served by trade, while ensuring high profitability of their activities;

Secondly, the rational construction of the product range at the enterprise involves a comprehensive satisfaction of consumer demand within the selected segment of the

consumer market. The implementation of the complex principle within certain consumer complexes allows to create the greatest benefits for consumers.

Third, an important principle of forming the range of goods at the enterprise - is to ensure sufficient width and depth, ie the number of product groups (width) and varieties of goods by individual consumer characteristics (depth).

Fourth, no less important principle of forming the product range is to ensure its sustainability. In the conditions of sale of goods of daily demand this principle is of paramount importance, because a stable range of goods reduces the time spent by consumers searching for goods, allows to standardize all important trade and technological processes and operations, organize their implementation with minimal labor, material and financial resources. .

Fifth, the correct formation of the product range in enterprises will ensure its profitability, which in the face of active market transformations is necessary for the functioning of any existing enterprise.

The practice of enterprise operation proves that there is no product strategy that is the same for everyone. Each company is unique, so the process of forming a strategy for each company is individual. It depends on the market position, development dynamics, potential, behavior of competitors, characteristics of the goods sold, the state of the economy, external and internal environment and so on.

The world is not standing still and the constant change of markets and technologies, new competitors are emerging. Therefore, it is important to regularly assess whether the strategy chosen by the company works. This requires:

- check the performance of the product using the relevant key performance indicators. Analyze the data collected to understand what will help the product work well in your chosen market.

- look for new market trends. Are there any new technologies, normative or social developments or do they provide an opportunity to update, add, remove or improve features or create a completely new product. Communicating with users, attending exhibitions, fairs and conferences, and participating in online communities can help identify new trends.

– monitor competitors and new market participants, review their products, which will show whether your product is sufficiently differentiated. Respond to changes in the market environment and legislation, and if so, what actions are appropriate.

– monitor developments within the enterprise, which will take into account changes in business strategy.

The process of managing the range of the enterprise, as can be seen from the above, is quite time consuming and complex. Many elements of commercial activity are used in it. Assortment management in commercial organizations should be considered not only as a process that ensures the viability of the enterprise, but also as a basis for improving its competitiveness.

Thus, strategies reflect the strengths, vulnerabilities, resources and capabilities of the company, as well as reflect the company's competitors and its target market.

With increasing competition between enterprises and globalization processes in trade, the assortment policy of a commercial enterprise can be a significant source of success in the market.

Modern enterprise needs to have and constantly improve the product strategy, which will allow it to ensure a stable structure of the product range, constant sales and stable profits. The formation of the product strategy of the enterprise should be based on an aggregate assessment of both internal and external capabilities of the enterprise, determined by its market potential. Such substantiation of commodity strategy of the enterprise will allow to form the reasoned offers of the further development of the domestic enterprise for the future.