

## Product Assortment Policy in Business Entities: Tactics and Strategies

Bobokhujaev B.N

Tashkent State University of Economics, Tashkent, Uzbekistan

**Annotation.** This article examines the choice of strategic options in the formation of the product range in the activities of business entities. Today, the country does not have a comprehensive and universal methodological approach to business management, which allows you to make quick decisions in the field of product range management. In this regard, the development of scientifically based proposals and recommendations for improving the marketing management of the product range of business entities is one of the most critical and compelling issues today. Solving the problem requires marketing approaches, in particular, selective observation of marketing, matrix methods and statistical methods. The solution is to compare the Sales Analysis Matrix and the Profitability Analysis Matrix. The scientific significance of the research is in the methodological recommendations, scientifically based recommendations and conclusions provided, as they serve to improve the scientific and methodological framework for enhancing the efficiency of product range management. The practical significance of businesses competing based on the alternative product range, is that it can be used in the development and implementation of upgrade programs.

**Keywords:** Entrepreneurship, Business entity, Strategy, Strategy option, Assortment, Assortment policy

### 1. Introduction

Extensive research has been conducted in industrial enterprises around the world, in particular in the implementation of assortment policy in the production and sale organization of industry products. In particular, the peculiarities of the formation of the range of clothing products, the factors of influencing studied at 1,2,3,4. One of the productive marketing principles of effective management is assortment management which includes product stocks, logistics and the development of strategic tools for innovative management of assortment policy.

As a result of reforms carried out in the country during the years of independence, the variety products emerged from competing businesses with regard to price, quality and the composition of their functional capabilities (features). At the same time, they managed to improve their financial situation by reducing the existing range and reducing competition between brands. In practice, businesses need to prioritize the minimum number of brands that have a strong position in the market. However, in many cases, companies try to produce and place on the market only those products that are currently high in demand, without paying particular attention to the implementation of an optimal range policy. The reason for this is the lack of a comprehensive and universal methodological approach to business management, which would allow companies to make quick decisions on product range management. In this regard, the development of scientifically based proposals and recommendations to improve the marketing management of the product range of business entities is one of the most critical and compelling issues today (Maryam and Amina, 2016). Such studies should strive to develop analytical models to assess production strategies in a market with heterogeneous preferences (Shao, 2019).

## **2. Literature Review**

Assortment policy serves to identify the groups of goods that ensure the successful operation of business entities in the market and, in general, economic efficiency. The relationship between new products in the market and the goods in the stages of growth, peak and decline, the optimal ratio between the basic models and their various modifications is determined. Assortment policy addresses issues related to the origin of a product and who produced it. Assortment policy plays a vital role in the brand policy of marketing. Scientists widely understand the essence of this term.

Broniarczyk and Hoyer (2006) stress that product assortments have undergone major changes in the past decade, ranging from previously large assortments to the current streamlined, efficient assortments. More recent academic efforts were done to better understand assortment policy and optimal product assortment strategies. For instance, Flores et al. (2019) explored optimal assortments under the SML revenue-ordered model, while Bernstein et al. (2019) study the dynamic clustering policy on data driven assortment planning by segmenting customers with similar preferences under the MNL model.

Furthermore, G. L. Bagiev (2015) describes it as follows: "Assortment policy is an important part of product policy. It identifies an alternative set of product groups, subgroups, types, brands, as well as establishes an alternative ratio between models and their modifications". N. Knyshova (2014) described it as follows: "Assortment policy includes a specific set of actions or pre-planned methods and principles of action that ensure the continuity and expediency of actions to form and manage a product range". According to Kotler (2013), one of the leading scientists in the field of marketing, "Assortment policy is to identify (form) and provide an alternative structural structure of goods produced and sold with the current and future goals of the enterprise". Research on policy assortment is gaining more attention. For instance, Berkhout (2019) posits that the role of assortment have become more relevant than location and pricing. Mahmood and Kess (2016) stress that vendors, especially those in fashion industry need, in order to respond quickly, have a flexible and responsive supply chain, whereas Donnelly, Gee and Silva (2020) examine whether changes to assortment increase purchase intention and provide competitive advantage. Berman and Evans (2016) - Assortment policy - a policy that determines the range of goods produced and sold, considering their capabilities, the capabilities of suppliers and partners, market needs, risk, seasonality of demand, market conditions and price dynamics, etc. S.S Garkavenko (2015) argues that the assortment policy implies the existence of pre-established principles of a particular action or behaviour of the manufacturer. It must answer questions on product range formation and management, maintaining a certain level of product competitiveness, finding alternative product segments for the product, developing and implementing product packaging, branding and service strategy. S. V. Zakharov (2013) characterizes it as the strategic formation of the company's product range, as well as the management and support of existing product groups. According to Bliznyuk - assortment policy is a policy for forming the company's range in the target markets, as well as a plan for its further management and alternative based on the threats and opportunities of the marketing environment.

If we combine all these approaches into the concept of "assortment policy", we can say that assortment policy pertains to enterprise managers and specialists. It is a set of principles, strategies and methods that lead to the formation of the alternative product range. This direction is especially important in the current conditions of economic development, as modern consumers meet the growing demands on the quality, variety and exterior design of goods.

Popov (2015) explains that in the process of studying assortment policy in industrial enterprises, it is believed that the general factors influencing the formation of the assortment do not depend on the specific conditions of the company's activities. In the process of studying the role of

marketing in the implementation and management of assortment policy in enterprises, through the formation and implementation of assortment policy, the marketing activities of any enterprise perform its primary function, i.e. regulating the supply and demand ratio. Andrasyuk M., in his research, studied the effectiveness of the use of benchmarking in improving assortment policy in industrial enterprises. Furthermore, the development of competition in the business activities brought about the need for strategic management technologies, such as PMP applications (Hofbauer et al., 2019).

Today, there are different concepts used to varying levels in the formation of the range. However, none of them has a clear and universal methodology for developing an assortment matrix suitable for any open trade enterprise (Paramonova, 2016). Thus, insufficient research has been conducted in the country to manage the range of goods based on marketing principles.

### **2.1 Research Methodology**

In order to conduct foreign and domestic researchers on assortment policy, statistics, sample observation, comparison, and matrix methods were applied.

## **3. Analysis and Results**

The subjects of the study, BEST TEXTILE GROUP LLC and WILLING TEXTILE LLC, are mainly engaged in the production and sale of garments and knitwear. BEST TEXTILE GROUP LLC, a manufacturer of garments and knitwear, and WILLING TEXTILE LLC have their own sales outlets. The chosen object of particular study organizations based on their experience.

The determination of the implementation of the product range is the method taking into account the minimum quantity. The essence of this method is as follows. For determination of the level of implementation in the assortment plan, first, it's necessary to determine the amount of product produced within the limits of the project. To do this, the manufacturing of products beyond the plan or not specified in the project is not taken into account in determining the implementation of the range plan. Below the plan, the same amount will be accepted. Thus, to determine the percentage of the normal execution on the assortment, the number of cotton products produced at the expense of the planned assortment should be summed in kind or value, multiplied by 100, and then divided by the volume of product to be produced according to the plan. Now, using the method of accounting for the specified minimum number, we move on to the analysis of the implementation of the assortment plan for 2019 by WILLING TEXTILE LLC.

The results represented in Table 1. According to Table 2.4, the analyzed enterprise fulfilled the plan on the range by 99.40%:

$$\frac{330790 \times 100}{332800} = 99,40$$

The same method was used to analyse the implementation of the product range plan in 2019 in BEST TEXTILE GROUP LLC and Insider Trade LLC, which pertains to the Global sales outlet. The results of the analysis show that in 2019, the implementation of the product range plan was 98.62% in "BEST TEXTILE GROUP" LLC and 99.46% in "Insider Trade" LLC, a part of the "Global" branch.

**Table 1:** Analysis of the implementation of the plan for the range of basic products produced in 2019 at WILLING TEXTILE LLC

Product types	In the current year			Differences (+, -) pieces	Execution of the plan on the range	
	Plan	Report	%баж.		Pieces	%
Short-sleeved boys' jumper	12500	12420	99,36	-80	12420	99,36
T-shirt for boys	15800	15810	100,06	+10	15800	100,0
Turtleneck for boys	22300	22174	99,43	-126	22174	99,43
Trousers for boys	32500	31780	97,78	-720	31780	97,78
Long Sleeve Cardigan for Boys	14600	13560	92,87	-1040	13560	92,87
Pyjamas for boys	18900	18920	100,10	+20	18900	100,0
A set of knitwear for boys	16300	16320	100,12	+20	16300	100,0
Knitted pants for girls	24600	24650	100,20	+50	24600	100,0
Gamm Gown for Kids	16400	16376	99,85	-24	16376	99,85
Full knitwear for girls	17800	17840	100,22	+40	17800	100,0
T-shirt for girls	16800	16820	100,12	+20	16800	100,0
Short-sleeved girls' jumper	14900	14920	100,12	+20	14900	100,0
Long-sleeved girls' jumper	18600	18622	100,12	+22	18600	100,0
Shorts for teenagers	22900	23105	100,89	+205	22900	100,0
T-shirts for children	36400	36426	100,07	+26	36400	100,0
Lacquers for girls	16800	16820	100,12	+20	16800	100,0
Dresses for girls	14700	14680	99,86	-20	14680	99,86
Total:	332800	331243	99,53	-1557	330790	99,40

**Source:** Calculated by the author based on the enterprise reporting database.

The financial estimate of the volume of each point of sale, as well as fluctuations in demand, the role of the merchandiser, should be considered after the development of an assortment plan. The assessment plan should consider the range of goods and the individual characteristics of each product supporting the business activities in the production and sale of garments, monitoring of existing sales volume should be considered. In an effort to find opportunities to support and accelerate the turnover of inventories, the merchandiser must be very active. To find opportunities supporting and accelerating the turnover of commodity stocks, the merchandiser must act fast. This requires a complex, skilful analysis of the effectiveness of "behavioural" of different product categories. If the current demand is higher than planned, there is a possibility of missing some opportunities and "gaining" customer dissatisfaction. Determining such an opportunity in advance allows corrective action to be taken, although such adjustments may be limited depending on the brand category. Identifying such a possibility in advance allows corrective action to be taken, although such modifications may be limited depending on the product category. Sales in excess of the planned level provide customer with more freedom to increase supply and the opportunity to contact multiple suppliers if necessary.

The results of the research show that in the business activities of manufacturers and vendors of garments and knitwear, it is essential to compare the two matrices and choose a strategy to optimize the range of goods in accordance with the matrix of product range management strategy. By comparing the two models, we obtain an objective assessment of each product in terms of market demand and economic efficiency for the enterprise.

Each commodity position depends on its rating in one of the quadrants "A", "B", "C", "D" in the matrix "Sales Analysis" and "1", "2", "3", "4" in the matrix "Profitability Analysis". Enters one of the quadrants. In the course of the research, a combination of valuations of commodity positions and a matrix of strategies applied to each combination were developed. It is important to note that before implementing the chosen strategy in the activities of businesses engaged in

the production and sale of garments and knitwear, it is necessary to analyze the alternative elements of the marketing mix, as the problem may be in price, promotion or distribution.

## **4. Recommendations and Conclusion**

The matrix method of choosing a strategy for the management of the range of goods in the production and sale of garments and knitwear businesses takes into account the shortcomings of existing analytical models on the range of goods and has the following advantages:

1. The position of products in the strategy matrix allows executives to quickly choose a strategy for managing the range of goods, depending on the location;
2. Uses the internal data of the business entity (relatively reliable and easy to obtain when needed for analysis);
3. Approaches the range of goods both from the point of view of market efficiency and economic efficiency of the enterprise;
4. Allows to analyze changes in the position of the brand in the "dynamics";
5. Uses two criteria that are most important for the enterprise to evaluate the condition of the product: profitability, sales volume;
6. Evaluates the condition of the status of goods in comparison with each other;
7. Guarantees ease and simplicity of use;
8. Results will provide with description and feedback.

In our opinion, it is very easy for business entities engaged in the production and sale of garments and marketing to integrate the proposed system of marketing management of the range of goods into the activities of enterprises operating in the clothing market. This method of product range analysis allows for the rapid diagnosis of the range of goods and increase the effectiveness of management principles that are not applied in the management of the range of goods and the revision is expedient. The study was performed with a consideration that the efficiency of business activities engaged in the production and sale of garments is the result of marketing management under the influence of environmental factors. Due to the development of competition in the business activities of manufacturers and sellers of garments and knitwear, as well as the improvement of freight services, the main task of strategic management is the use of innovative management technologies. A good example is the technology used for the business entity' marketing management, and this technology is presented in the form of an algorithm.

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