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WAYS TO ENHANCE ENTERPRISE COMPETITIVENESS THROUGH PRODUCT ASSORTMENT DIVERSIFICATION

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Abstract. This paper examines the economic nature of product assortment diversification in enterprises, its importance for enhancing competitiveness under market conditions, and the main approaches to assortment expansion. It analyzes the adaptation of product types to consumer needs, introduction of innovative products into production, expansion of market segments, and efficient use of production resources. It also presents indicators for assessing the impact of assortment diversification on enterprise performance and develops practical recommendations.

Keywords: assortment policy, diversification, competitiveness, marketing strategy, consumer demand, product portfolio, market segmentation, economic efficiency.

In today’s market economy, effective product assortment management plays an important role in ensuring the sustainability of enterprises, meeting consumer needs, and developing competitive advantages. Constant changes in consumer needs and preferences, the emergence of new products, and increasing competition require enterprises to continuously improve their assortment policies.

Product assortment diversification is an economic process aimed at developing new product types using an enterprise’s existing production capabilities, expanding product functions, and attracting new consumer groups. This process can strengthen the enterprise’s market position, increase sales, and reduce risks arising from dependence on individual products.

In marketing theory, assortment policy is directly linked to an enterprise's product strategy and involves managing the breadth, depth, length, and consistency of its product mix. In the marketing management approaches developed by P. Kotler and K. Keller, building a product portfolio is regarded as an important means of creating customer value and taking advantage of market opportunities [1].

The main objective of assortment diversification in enterprises is to improve economic results by producing and selling new product types that meet market demand rather than relying exclusively on existing products.

Before expanding the assortment, an enterprise should analyze its existing product portfolio. Particular attention should be paid to sales volumes, profitability, changes in market demand, production costs, and consumer acceptance of products.

Product assortment diversification may be pursued in the following directions:

1. Horizontal diversification – expanding the assortment by offering new product types to existing consumers.

2. Vertical diversification – developing new, technologically related stages of the production process.

3. Conglomerate diversification – entering new product areas that differ technologically or in market terms from the enterprise's existing activities.

4. Deepening the assortment – producing new models, sizes, designs, and quality variants within existing product categories.

When selecting a diversification strategy, the enterprise must consider its financial capacity, production facilities, employee qualifications, and market conditions.

Expanding the product assortment does not always result in higher economic efficiency. Producing new products requires additional investment, marketing expenditure, raw-material inventories, and technological adaptation. Therefore, the priority in assortment policy should not be merely to increase the number of products, but to establish an economically optimal product mix.

The following indicator can be used to assess the efficiency of an assortment diversification project:

$$R_a = (F_a / X_a) * 100$$

where:

R_a – the profitability rate of the assortment expansion project, expressed as a percentage;

F_a – profit generated from sales of newly introduced assortment products;

X_a – costs attributable to producing and selling the new assortment products.

This indicator helps determine the economic performance of new product types.

The degree of assortment expansion can also be evaluated using the following formula:

$$K_a = \frac{(N_1 - N_0)}{N_0} * 100$$

where:

K_a – the assortment expansion rate;

N_1 – the number of product types in the reporting period;

N_0 – the number of product types in the base period.

For example, if an enterprise initially produces 40 product types and subsequently increases this number to 52, its assortment expansion rate is 30%. However, this indicator reflects only the quantitative change in product types and does not independently demonstrate the financial efficiency of diversification.

In addition to assortment diversification, the alignment of product quality, pricing policy, sales channels, and marketing communications is important for enhancing enterprise competitiveness.

According to M. Porter’s theory of competitive strategies, an enterprise can establish competitive advantage through cost leadership or differentiation [2].

Assortment expansion can support a product differentiation strategy, but its effectiveness depends on the additional value created for consumers.

To organize assortment diversification effectively, enterprises are advised to use ABC and XYZ analysis methods. ABC analysis makes it possible to classify products according to their sales value or contribution to profit, while XYZ analysis helps assess the stability of demand for products.

By applying these methods together, an enterprise can identify products that generate high returns and enjoy stable demand, while reviewing assortment items with low economic efficiency.

Furthermore, the use of digital marketing tools improves the effectiveness of assortment policy. In particular, e-commerce platforms, customer relationship management (CRM) systems, and sales data analysis expand opportunities to identify consumer purchasing patterns and forecast demand for new products.

The theoretical analysis establishes that product assortment diversification is an important means of enhancing enterprise competitiveness. At the same time, the economic efficiency of assortment expansion depends not on the number of new products, but on their conformity with market demand, profitability, and value created for consumers.

The following recommendations are proposed for developing assortment policy in enterprises:

1. Regularly study consumer demand and market conditions through marketing research.

2. Assess the product assortment using ABC–XYZ analysis and identify promising product groups.

3. Evaluate the economic efficiency of new products before introducing them into mass production.

4. Use innovative technologies and digital marketing tools when expanding the assortment.

5. Improve the efficiency of enterprise resource utilization by optimizing the share of low-profitability products.

Implementing these recommendations with due consideration of the enterprise's actual production and financial capabilities will help improve assortment policy effectiveness, strengthen adaptability to market demand, and establish competitive advantages.

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