ORGANIZATIONAL AND ECONOMIC MECHANISMS FOR IMPROVING PRODUCT ASSORTMENT POLICY IN ENTERPRISES

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Abstract: This paper examines the organizational and economic foundations of developing and improving product assortment policy in enterprises. It addresses market research, product portfolio optimization, coordination of production and sales processes, and the assessment of economic efficiency in assortment management. It also considers opportunities for applying modern marketing methods to assortment management and proposes measures aimed at ensuring the economic sustainability of enterprises.

Keywords: assortment policy, assortment management, organizational and economic mechanism, product portfolio, marketing research, profitability, assortment optimization, management efficiency.

As market relations continue to develop, the rational organization of assortment policy is one of the key tasks in improving enterprises’ economic efficiency and ensuring their competitiveness. The more closely the types, quality, prices, and consumer characteristics of products manufactured by an enterprise correspond to market requirements, the greater its sales opportunities.

Assortment policy is an integral part of an enterprise’s overall marketing strategy. It encompasses managerial decisions concerning the composition of its product range, renewal of existing assortments, introduction of new products to the market, and discontinuation of economically inefficient products.

The need to improve assortment policy is driven by changing consumer demand, rising production costs, shorter product life cycles, and intensifying competition.

In the marketing management approaches of P. Kotler and K. Keller, product assortment management is regarded as an important component of meeting consumer needs and achieving an enterprise’s marketing objectives [1].

Accordingly, the development and practical implementation of organizational and economic mechanisms for improving assortment policy in enterprises are of considerable scientific and practical relevance.

The organizational and economic mechanism for managing assortment policy in enterprises consists of interconnected methods, tools, and managerial decisions aimed at determining the product mix, planning the assortment, studying market demand, allocating production resources, and monitoring final economic results.

When designing this mechanism, an enterprise’s strategic objectives, existing production capacity, financial resources, workforce potential, and marketing capabilities must be taken into account.

The assortment management process can be divided into the following main stages.

Stage one – studying market demand. This stage involves analyzing consumer needs, purchasing power, product requirements, and competitors’ offerings. Marketing research helps identify which product categories are experiencing growing demand and which assortment items are losing market relevance.

Stage two – economic assessment of the existing assortment. Products manufactured by the enterprise are analyzed in terms of sales volume, profitability, production costs, and market share. This stage makes it possible to distinguish economically efficient products from inefficient ones within the assortment.

Stage three – assortment optimization. Based on the analysis, the enterprise restructures its product mix. Decisions are made on increasing output of high-demand products, introducing new products, or removing products with low economic efficiency from the assortment.

Stage four – implementing the assortment strategy. New products are introduced into production, marketing activities are organized, sales channels are improved, and resource allocation is coordinated.

Stage five – monitoring and control. The results of assortment policy are assessed using indicators such as sales volume, profit, profitability, and customer satisfaction.

The use of economic analysis methods is particularly important in improving

assortment policy. Specifically, determining the share of individual products in total sales makes it possible to assess the structure of the assortment. The following formula can be used:

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$$U_i = (S_i/S_u) * 100$$

where:

U_i – the share of product type i in total sales;

S_i – the sales value of product type i;

S_u – the enterprise’s total sales value.

This indicator enables an enterprise to determine the position of product groups within its sales structure and assess how balanced its assortment is.

Identifying the contribution of individual products to profit is also important in assortment optimization. The contribution margin per unit is calculated as follows:

$$MD_i = P_i - VX_i$$

where:

MD_i – the contribution margin per unit of product i;

P_i – the selling price per unit;

VX_i – variable costs per unit.

The contribution margin is used to assess a product’s capacity to cover fixed costs and generate profit. However, decisions to retain or discontinue a product should not be based on this indicator alone; production capacity, market demand, and strategic importance must also be considered.

The BCG matrix developed by the Boston Consulting Group can also be used in assortment policy management. This approach evaluates products or business units according to market growth rate and relative market share [2].

The BCG matrix conventionally classifies products or business units into four groups: “Stars,” “Cash Cows,” “Question Marks,” and “Dogs.” This classification helps an enterprise allocate investment resources and manage its product portfolio strategically.

However, relying solely on market share and growth rate when using the BCG matrix

is insufficient. Product profitability, production costs, the competitive environment, and consumer demand must also be assessed comprehensively.

Another important area of improvement is strengthening cooperation among the enterprise’s marketing, production, finance, and sales departments.

In practice, inadequate coordination among these departments may create a mismatch between production volumes and actual market demand. Consequently, finished-goods inventories may accumulate, working-capital turnover may slow, and additional storage costs may arise.

Therefore, integrated information systems should be used in assortment management. In particular, enterprise resource planning systems can consolidate information on production, inventories, procurement, and sales in a unified information environment.

Customer relationship management systems, in turn, expand opportunities to adapt the assortment to market demand by analyzing customers’ purchase histories, preferences, and inquiries.

To evaluate the economic results of improving assortment policy, indicators such as sales volume, gross profit, contribution margin, inventory turnover, and assortment profitability are recommended.

D. Aaker’s strategic marketing management approach emphasizes analysis of the market and competitive environment, evaluation of strategic alternatives, and allocation of resources to priority areas [3]. This approach demonstrates the need to align assortment policy with an enterprise’s overall development strategy.

The theoretical analysis conducted in this study establishes that improving assortment policy depends on coordination among production, marketing, and financial management processes.

Effective assortment management is not limited to simply increasing the number of product types. It requires economic assessment of the existing product mix, forecasting consumer demand, optimal allocation of production resources, and regular monitoring of sales results.

The following recommendations are proposed for improving assortment policy in

enterprises:

1. Establish a mechanism for cooperation among marketing, production, and finance departments in managing assortment policy.

2. Regularly analyze the product portfolio using sales volume, contribution margin, and profitability indicators.

3. Use marketing information systems that take account of consumer demand and competitors’ offerings when developing the assortment.

4. Assess costs and expected economic outcomes before introducing new products into production.

5. Digitize assortment planning and control processes through the introduction of ERP and CRM technologies.

In conclusion, improving the organizational and economic mechanisms of assortment policy management creates the necessary conditions for enterprises to develop a rational product portfolio, maintain a balance between production and sales processes, and increase economic efficiency.

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