

Kyiv National University of Trade and Economics
Department of international economic relations

FINAL QUALIFYING PAPER
on the topic:
“Distribution Policy Development of The Importing Enterprises”
(based on the data of LLC “TLX Trading”, Odesa)

Student of the 2nd year, group 2a,
speciality 051 «Economy»,
specialization «International
economy»

Yaitskyi Vadim

Scientific adviser
Candidate of Sciences (Economics),
Associate Professor

Sai Dariia

Manager of the program
Candidate of Sciences (Economics),
Associate Professor

Kravets Kateryna

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INTRODUCTION

In the modern world, enterprises are faced with the need to constantly improve all aspects of their activities in order to gain market advantage over competitors and thus achieve better financial results. This situation is also affected by global integration processes that force enterprises to make decisions in accordance with international experience and influence. The formation of a successful international distribution policy is an important element of the organization of any actively growing enterprise. For enterprises that have reached the limit in the possibility of price reduction and product modification improving distribution policy is one of the ways to gain significant advantages in the globally integrated market. Distribution policy as a uniting link connects any producer with the final buyer. In that point of view distribution policy can't be ignored by any company.

A significant contribution to the formation of the theoretical foundations of distribution systems research was made by domestic and foreign scientists such as G. Lancaster, G. Armstrong, P. Doyle, J. Evans, P. Kothler, L. Balabanova, A. Voichak, S. Harkavenko, A. Balabanets, E. Golubkov, Y. Romat, V. Kramarenko, O. Mayboroda, V. Pylypchuk, O. Komyakov, A. Starostina, Y. Ogerchuk, P. Sheremeta, Y. Krykavs'kyi.

The object of research is the process of formation of distribution policy at the importing enterprise «TLX Trading» LLC.

The subject of the research is the distribution policy of importing enterprise «TLX Trading» LLC and its efficiency.

The purpose of research is to study theoretical and methodological foundations of distribution policy, explore the existing network of distribution and sales organization at the “TLX Trading” LLC. Justify ways to improve distribution policy at the “TLX Trading” LLC basing on the acquired knowledge and theoretical material.

The task of the research is:

- to analyze the essence, goals and objectives of international distribution policy, studying the peculiarities of distribution policy development and methods of assessing the efficiency of distribution policy of the enterprise-importer;
- to analyze the financial and economic indicators of «TLX Trading» LLC, to analyze the structure and efficiency of the distribution policy of the enterprise, to investigate the competitiveness of the company in the market of automotive spare parts;
- to substantiate expediency of implementation of measures to improve the distribution policy of the enterprise, to develop a set of measures aimed at improving the distribution policy of the company and to carry out a forecast of economic indicators of the activity of «TLX Trading» LLC as a result of the proposed changes.

Methods of research. Methods that have been used in the final qualifying paper are: method of comparison, methods of analysis and synthesis, abstraction and generalization methods, calculation method, induction and deduction methods, method of analogy, formalization method, and other empirical and elementary theoretical methods.

Information base of the research is international and Ukrainian legal acts, data published on the websites of ministries of Ukraine, foreign enterprises and international statistical committees, textbooks, manuals and scientific works of scientists, methodical materials, publications of periodicals, internal records and material provided by the enterprise «TLX Trading» LLC.

To write the final qualification work, methods such as descriptive, statistical, comparative method, elements of retrospective and perspective analysis, elements of extrapolation, intuitive method and others were used.

Structure of final qualification work. The research consists of an introduction, three sections (each consists of three divisions) of conclusions and proposals, 26 figures, 31 tables, 5 formulas, 8 annexes and 74 sources.

PART 1. THEORETICAL BASIS OF DISTRIBUTION POLICY DEVELOPMENT OF THE FEA ENTERPRISES.

1.1. The essence, goals and objectives of international distribution policy

Distribution is an integral part of marketing. This is reflected in the American concept of Marketing Mix 4-P as a “Place”. The “Place” in this concept is not just the physical place where the goods are put up for sale, but the entire process of delivery of goods and services from the seller to the end consumer, and all the methods that are called to help it [2]. Distribution also may be associated with “Promotion” of Marketing Mix. Promotion includes all activities that involve communicating with the customer about the product and its benefits and features. Favorable location of retail outlets, choosing the right distribution channels for goods can also serve as promotion methods. Each element of Marketing Mix can not exist separately, but works only in close conjunction and interdependence with others. Therefore, when developing the marketing policy of the company, it is necessary to take the whole complex of marketing and all the features of the company's activities in the market, as well as external and internal factors that influence this activity.

The study of the essence, significance and structure of the distribution policy was undertaken by both Ukrainian and foreign scholars. However, their approaches to understanding the concept of "distribution policy" are ambiguous. (Table 1.1).

Table 1.1

Theoretical approaches to the definition of "distribution policy"

Author	Definition
1	2
S. Kovalchuk	Distribution policy may be defined as activities of the organization for the planning, implementation and control of the movement of their goods to the end user in order to meet its needs and profit
L.Balabanova	The set of marketing tactical steps in the sphere of demand formation, the establishment of mutual relations with customers,

	pricing, transportation, movement of goods, promotion of sales, service and advertising aimed at marketing strategies and achieving the goals of sales activities of the enterprise.
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Table 1.1 (continue)

1	2
T. Oklander, E. Zabarn	Firm's activities in relation to the planning, implementation and control of the movement of goods from the manufacturer to the end consumer in order to meet the needs of consumers and obtain the company profits
T. Primak	System of management decisions on forecasting, planning, realization and control of the commodity wheel of raw materials, materials, finished products from the places of their extraction and production to the places of consumption
O. Osnach, V. Pylypchuk, Kovalenko L.	A complex of strategic, organizational, financial and other activities, closely linked with each other in a flexible system of management of material, informational and other flows in the post-production period
A. Kalchenko	The course of action of the enterprise on the development and implementation of the marketing complex, its activities, in order to bring the goods to the end user
Y. Kricavsky	A policy that provides buyers with the opportunity to buy the appropriate product at their respective place at the appropriate time, under appropriate conditions and with their accentuated price
G. Leader, N. Kyritsis	Complex of activities necessary for ensuring the transfer of products or services from the supplier to a place of the purchaser's choice or to a place where potential purchasers may readily purchase them
V. Burcev	In a broad sense, may be defined as the complex of marketing distribution strategies (strategies of market coverage, product positioning, etc.) chosen by the management and a set of decisions and actions concerning the assortment formation; pricing; formation of demand and sales promotion; conclusion of contracts on the sale of goods, goods transportation.

Source: [3],[6],[18]

Considering definitions listed above, we can formulate a generalized understanding of the term “distribution policy”, which we will adhere in the future.

Distribution policy is a complex of planned actions and decisions which are based on a clear understanding of the methods chosen by the management to deliver the goods to the place where the final consumer can acquire them in order to satisfy their needs. It can also be concluded that some scientists also include in the distribution policy the formation of the assortment, pricing and sales promotion, what makes distribution wider and more valuable.

An effective distribution activity of an enterprise requires an appropriate management system. For a range of external factors such as globalization, internationalization, diversification, concentration, shortening the life cycle of goods and technologies due to technological progress, the development of communication technologies, forms of sales, changing consumer needs and methods of working with them, and others, leads to a significant transformation of approaches to management distribution activity. On the basis of these trends and scientific developments of leading domestic and foreign scientists a generalized approach to the formation of marketing policy of the enterprise is presented in figure 1.1

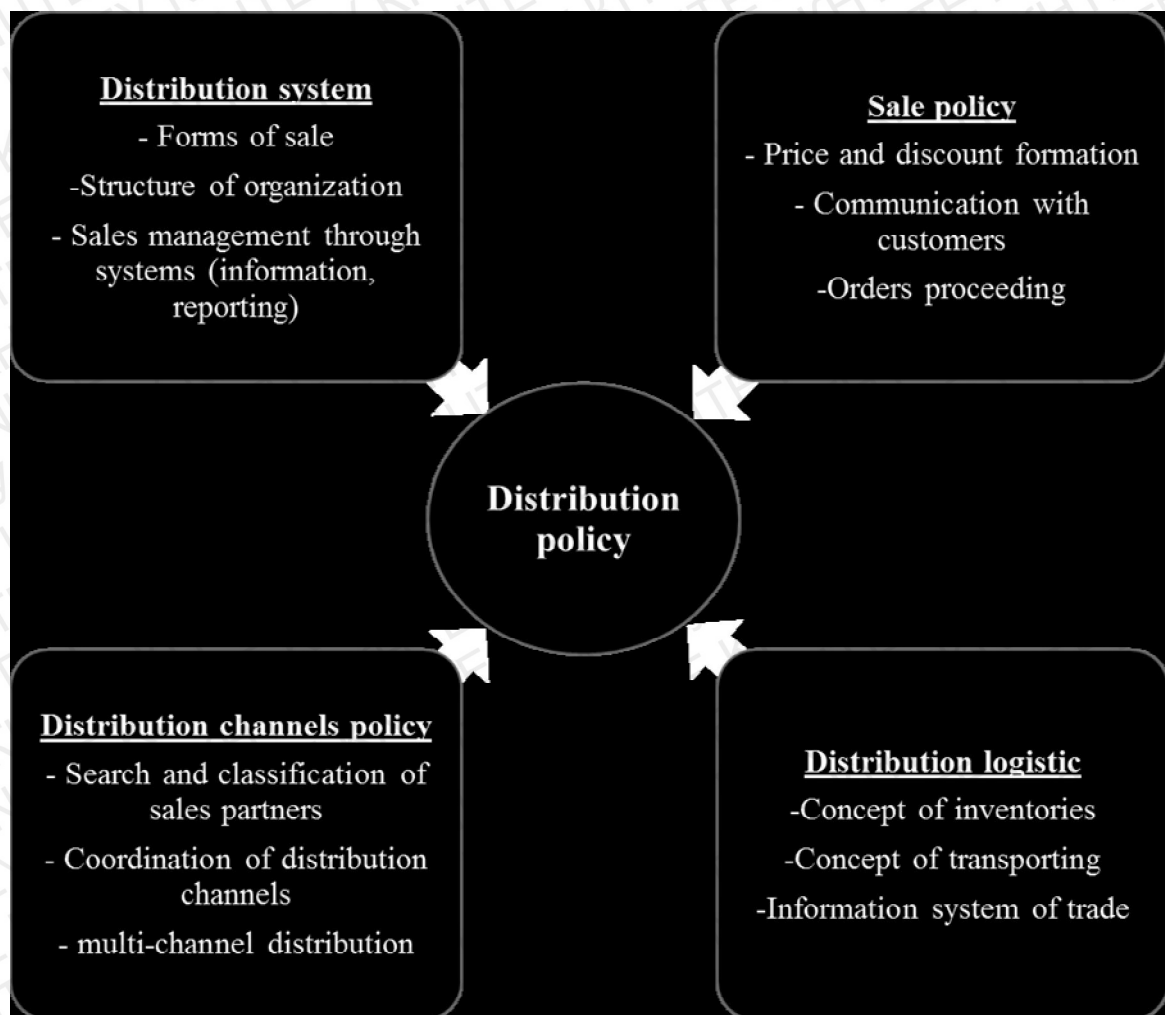


Figure 1.1 “Formation of distribution policy”

Source: made by author, based on [27]

For a company engaged in foreign economic activity distribution policy plays a significant role, namely:

- definitely determines the result of all efforts of the enterprise, aimed at the development of production and maximizing profits;
- adapts the sales network to customer requests, the company has much more chances for winning the competition;
- the distribution network continues the production process, preparing the product for sale;
- during distribution is more effective to identify and study the tastes and preferences of consumers.

International distribution policy has several distinctive features:

- 1) physical movement of goods is connected with the passing of borders and customs control;
- 2) international distribution policy involves the study and use of local features, delivery of goods, preferences of potential customers, traditions, etc
- 3) international distribution policy also related with some level of risk, because often trade company have to bring a «new» product to market. Whatever you import goods or export it [17].

Concept of international distribution policy include such components:

1. Distribution channels also called marketing channels or Trading channels – sets of interdependent organizations (intermediaries) involved in the process of making a product or service available for use or consumption. They are the set of ways a product or service follows after production, culminating in purchase and use by the final end user [13].

There are few types of distribution channels:

- Wholesalers and retailers – buy, take title to, and resell the merchandise; they are called merchants;
- Brokers manufacturers’ representatives, sales agents for customers and may negotiate on the producer’s behalf but don’t take title to the goods; they are called agents;

- Transportation companies, independent warehouses, banks, advertising agencies – assets in the distribution process but neither take title to goods nor negotiate purchases or sales; they are called facilitators.

2. Commercial distribution – transferring the ownership of the product from producer to the consumer. It usually involves intermediaries.

3. Physical distribution or Logistics is planning, implementing and controlling the process of physical flows of materials and final products from the point of origin to the point of use in order to meet customers' needs at a profit. As a concept it means the art of managing the flow of materials and finished products from the source of supply to their users [2].

These activities include transportation warehousing, inventory control, order processing and information monitoring.

4. Logistics has now been expanded into the broader concept of Supply chain management (SCM) which is defined as “a process-oriented approach to procuring producing and delivering products and services to customers. SCM has broad scope that include subsuppliers, suppliers, internal operations, trade customers, retail customers, end users. It extend all movement and storage of raw materials, work-in-progress inventory, and finished goods from point-of-origin to point-of-consumption [2, p. 8].

The development of international distribution policy involves:

1. Determining the goals of distribution policy: penetration into the lead market, increase the volume of sales and its expansion, search for new channel participants, optimize the system of commodity turnover, etc. Moreover, they must be consistent with the objectives of the marketing strategy.

2. Determination of distribution strategy, including the market and its limits, end consumers, sales methods, etc.

3. Selection of the distribution system: single-channel or multichannel; Traditional, Horizontal or Vertical. Determine the types of distribution channels and the number of their levels, that is, which types of intermediaries should be used and what should be the scheme of their interaction, based on the conditions of ensuring

the objectives of distribution policy. Distribution of functions among channel participants, consideration of alternative structure options.

4. Definition of channel width - number of participants at each level of the distribution channel. It can be determined by dividing the annual volume of product sales through the channel into the number of products that can be realized during this period by one channel participant [34].

5. The selection of specific participants in the distribution channels, that is, the definition of what wholesale companies, stores, etc. will be involved in the distribution of goods, in view of their capabilities, reputation, financial standing, etc. Deciding whether to grant them an exclusive or preferential right to sell. Persuasion of candidates to become participants in the distribution system. Motivation of participants.

6. The organization of distribution of goods (documentary operations).

7. Determination of distribution channel management methods. Thus, the distribution policy of the company is aimed at forming a relationship with end users, and distribution policy - with the participants of the distribution channel [13].

Distribution policy is formed on the basis of distribution potential of the enterprise and distribution goals, established both at the strategic and tactical levels. Separation of goals sales by groups reveals their role in the enterprise.

Economic goals of distribution activities are aimed at maximizing profits, their achievement is possible for successful implementation of the following tasks in the sphere of marketing activities: increase of the market share of the enterprise, maximization of sales and on this basis - the profit of the enterprise with the most satisfied with consumer demand; effective use of the sales equipment of the enterprise; choosing rational distribution channels, minimizing costs, etc.

The **goals of development** in the sphere of distribution activities should be considered as over-system and intra-system goals of sales services. A system that does not have the potential for self-development, is not oriented to steady progress, is doomed to lagging behind [27].

Over-system goals of distribution development are associated with the integration and diversification of activities, with the development of markets and the development of new ones. **Intra-system** distribution goals are aimed at improving the skills of sales staff, the introduction of information technology, progressive forms and methods of sales, sales promotion, etc [27].

Quantitative goals of distribution activity can be in the growth of sales, increasing the company's share in a certain segment of the market, increasing the turnover rate of funds invested in product stocks, etc. Quantitative certainty of distribution goals allows you to bring targeted installations in the form of individual tasks for specific performers.

Under the quality goals of distribution policy, we mean the quality of service, which requires a reliable feedback from the company with consumers, a fairly accurate interpretation of the requirements of consumers by the sales staff of the enterprise, quantitative description of these goals.

The most important thing in implementing distribution policies to achieve goals of enterprise is the choice and design of distribution channels.

Functions of distribution channels are divided into the following types:

- related to agreements (creation and dissemination of information on the proposal, finding potential buyers and establishing appropriate relationships with them, negotiating prices and other supply points in order to transfer ownership or ownership);
- logistic functions (creation of a trade assortment of products; product storage; assembly of batches of products; transportation; sorting, assembling, assembling, packaging, labeling, etc.);
- service functions (retail customer service; standardization and quality control of products);
- analytical (marketing research, collection and presentation of information on the macro and micro marketing environment, product promotion planning, pricing, margins and discounts [15]).

Success in distribution activity depends primarily on the ability of the seller to establish direct or indirect contact with the buyer. The main role in establishing such a contact is played by distribution channels.

Distribution channels are divided into zero, one level, two level and three level channels (table 1.2)

Table 1.2

Levels of distribution channel

Level of channel	Description
Zero or direct channel	consisting of producer and consumer, to whom he directly sells the product
One level	includes one intermediary. In the consumer markets, this mediator is more often a retailer, and in the markets for industrial goods - a sales agent or broker
Two-three level	represented by two or more intermediaries. In the consumer goods markets, these are wholesalers, retailers and may be a small-scale dealer between them, and in industrial markets, industrial distributors and dealers

Source: [7]

Direct channels relate to the movement of goods and services without the participation of intermediary organizations. Most often, there are producers and consumers who independently control their marketing program and have limited target markets (production and consumption of electricity). Direct distribution is used in complex technological production, where the manufacturer independently provides installation of complex equipment directly at the enterprises of the consumer, manufactures highly specialized products and has specific applications for their manufacture (prototypes). Naturally, the manufacturer is interested in selling products directly to consumers in the presence of their own regional warehouses. However, before applying direct distribution (direct sales), producer managers must make sure that the products of the company will be fully realized.

Indirect channels relate to the movement of goods and services initially from the manufacturer to the intermediary, and from him - to the consumer. They consist only of echelon chains, which contain links of trading, transport enterprises, which help to transform material flows depending on the nature of the distribution of commodity products [7].

These channels are mostly used by companies and firms that, in order to increase their markets and sales volumes, refuse many distribution functions and costs, and therefore, from a certain amount of control over distribution, and also are willing to somewhat weaken contacts with the consumer.

The distribution channel width is the number of independent participants at each level of the channel, initiated by the target market coverage strategy.

The main channel structure decision is the market coverage strategy, that is, to restrict the services of one or more intermediaries or to sell through the maximum number of intermediaries, for example, retail outlets. There are three options here:

- > intensive distribution;
- > selective (selective) distribution;
- > exclusive distribution on the rights of exclusivity [30, p. 409].

Intensive distribution involves the placement and sale of goods through the maximum possible number of outlets. Almost any retailer, ready to sell a certain product, gets it right. These are the goods of everyday demand (toothpaste, detergents), some auxiliary goods of industrial value - paper, raw materials. At the same time, the company wins due to economies of scale, releasing products available to many consumers in large series. However, the intense distribution has its own drawbacks - in fact, the company must independently advertise its products on the market.

A selective distribution involves the conclusion of a supplier agreement with several, but not with all the intermediaries, who are interested in the sale of goods. 3 - in the case of goods, the distribution of which the selective distribution has become the most widespread - household appliances, electrical goods, fashion clothes, etc.

The exclusive distribution (in the exclusive right) consists in the fact that manufacturers provide the intermediaries with the exclusive right to sell the goods in a certain regional market.

In the allocation of exclusivity rights, the enterprise-manufacturer can count on maintaining trade resellers in promoting their products. Having obtained from the manufacturer the exclusive right to sell his products, the reseller himself makes efforts to increase the effectiveness of advertising, trying to attract consumers' attention to the product. The choice of the structure of the distribution channel - a laborious phase of the algorithm of its design. This is due to the large number of variables that should be taken into account. These changes apply to:

- market (placement, capacity, dispersion, consumer behavior);
- commodity (volume, weight, dimensions, speed of damage, cost, standardization level, measure of novelty, technological capacity, etc.);
- firms (capacity, financial capacity, distribution management efficiency, purpose and policy, availability of warehouse facilities, vehicles, etc.);
- intermediaries (reliability, cost and types of services, guarantees, etc.);
- external environment;
- behavior of subjects of the channel.

By choosing the best distribution channel, the following approaches may be used:

- financial - evaluation of the financial results of the use of the selected channel (as the investment effectiveness is assessed);
- scientific and managerial - conducting preliminary and ongoing market research, using the theory of solutions, modeling the distribution;
- subjectively-objective - based on judgments of managers and distribution rules;
- based on the characteristics of the goods;
- cost (compares costs for each alternative).

The choice of channel subjects is to identify the types of intermediaries that will work in it. First of all, they are looking for potential intermediaries, after which the optimal options are selected according to the relevant criteria.

Under current conditions, functioning in the market of trading enterprises, characterized by high risk and uncertainty in the use of marketing approach to the formation of distribution activities is the only and necessary condition for its improvement, since the marketing orientation of sales activities of trading enterprises will provide them not only the current-time commercial success but also will strengthen the strategic direction.

1.2. The world trends of distribution policy development of the importing-enterprise

The modern market is characterized by a high level of dynamism, constant development and changes. In such a situation, it is important for any company to understand what global trends it is worth being used in the process of formation its distribution policy. The key trends must be taken into account, because of probability to seize the initiative and to capture a larger market share. Larger market share give more opportunities for retail company. With a larger market share company may have a more flexible policy, influence the market and get more profit. This approach leads the company from simple survival to greater freedom of marketing activity.

Global trend, which effect not only trade companies, but the whole economy is an rapid development of information technologies and Internet Network. “Digital advances combined with changes in consumer preferences have helped to transform retail operations more in the previous 10 years than in the last 20. Since the beginnings of online commerce, share of overall retail sales has grown from 3.5 percent in 2008 to 8.9 percent according US Census estimates” [42].

Development of the IT industry and Internet penetration over the world led to a new terms and definitions in marketing. Such as Internet Economy, Electronic Commerce and so on. The Internet Economy is an economy based on the Internet, fully exploiting its global character, speed and efficiency. The Internet Economy includes companies that directly generate all or some part of their revenues from the

Internet or Internet-related products and services. According to the Centre for Research in Electronic Commerce, University of Texas in Austin, the Internet Economy can be classified into four layers: the Internet infrastructure, its applications, the intermediaries between buyers and sellers, and electronic commerce [4].

The Internet applications infrastructure includes products and services built on the network infrastructure, that make it technologically feasible to perform business online.

Electronic Commerce refers to all aspects of business that take place over computer networks. These business activities may involve consumers, manufacturers, service providers and intermediaries. E-commerce includes goods and services that are delivered over the networks, as well as goods ordered over the networks and delivered by traditional delivery channels. E-commerce includes various business functions required to support these activities, such as marketing, production and delivery [4].

«Today, the dynamic development of the Internet economy has a global impact on business companies, has a strategic importance for its future use and competitiveness. Internetisation has brought unprecedented opportunities to accelerate sales and promotion of products both locally and internationally» [22, p. 8].

The volumes of e-commerce continue to grow worldwide, not only in absolute terms, but also as a percentage of retail sales. In 2017, retail ecommerce sales worldwide reached \$2.304 trillion, a 24.8% increase over the 2016 year. Mobile was a key factor, as mcommerce accounted for 58.9% of digital sales. Ecommerce made up 10.2% of total retail sales worldwide in 2017, up from 8.6% a year prior [68].

According to the forecasts of international experts, the volume of online shopping will continue to grow and e-retail revenues are projected to reach 4.88 trillion US dollars in 2021 year [63].

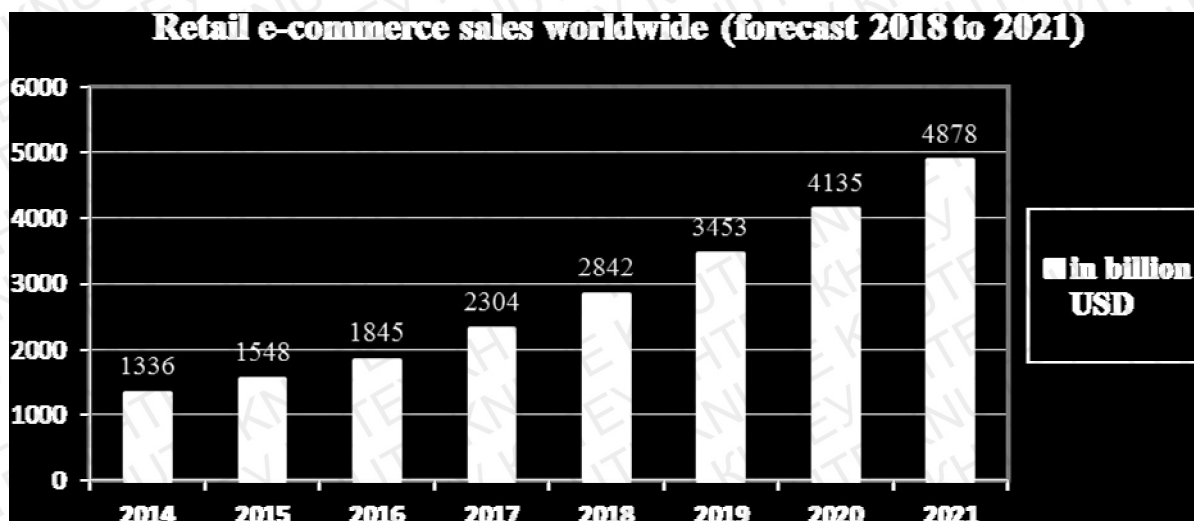


Fig 1.2 “Retail e-commerce sales worldwide (forecast from 2018 to 2021 year)”

Source: [63]

Growth in e-commerce penetration is uneven, some regions have yet to face it. In the digitally maturing markets of Central and Eastern Europe, as well as parts of Southeast Asia, ecommerce accounted for less than 5% of retail sales. The same was true for regions where economic factors have slowed ecommerce sales growth, such as Latin America and the Middle East and Africa [68].

However, according to the overwhelming majority of experts, may be concluded that in the following years the value of e-commerce will only increase, hence this global trend must necessarily be taken into account in the process of formation the distribution policy.

Competition is no longer limited to local shops during business hours. Consumers today are shopping all the time and everywhere; and in a truly global online marketplace, products can easily be purchased from retailers and manufacturers located anywhere in the world—or from those with no physical retail locations at all. These phenomena will all lead to what has been termed **disintermediation**, a situation in which traditional intermediaries are squeezed out of channels [46]. Disintermediation is the displacement or elimination of market intermediaries, enabling direct trade with buyers and consumers without agents. As networks turn increasingly mass market, there is a continuous contest of disintermediation. Disintermediation is not a new concept, but its impact is growing

as technology and other business process improvements facilitate selling without an intermediary [44]. According to surveys conducted by Deloitte 64% of industrial buyers currently indicate that they already buy direct from manufacturers (DFM), and 88 % indicate they are likely to increase their DFM purchases [43]. Deloitte experts sure that the wholesale distribution industry now faces major disruption and a true inflection point. The next three to five years will see a marked bifurcation in the industry between those visionary distributors who chart a new course for their businesses and those who are constrained by orthodoxies and whose businesses face inexorable decline. To avoid decline, modern wholesale distributors should adopt the methods and experience of B2C and actively use modern technologies, including the Internet [43].

As Internet networks connect everybody to everybody else, they increase the opportunities for shortcuts—so that when buyers can connect straight from the computer on their desk to the computer of an insurance company or an airline, insurance brokers and travel agents begin to look slow, inconvenient, and overpriced. In the marketing of products, as opposed to more intangible services, this is also being driven by cheap, convenient, and increasingly universal distribution networks such as FedEx and UPS. No longer does a consumer have to wait for a retailer to open, drive there, attempt to find a salesperson who is generally ill-informed, and then pay over the odds in order to purchase a product, assuming the retailer has the required item in stock. Products and prices can be compared on the Web, and lots of information gleaned. If one supplier is out of stock or more expensive, there is no need to drive miles to a competitor. There are generally many competitors, and all are equidistant, a mere mouse click away [44].

Using the advantages of Internet communications, throw development of your own website or in any other way, has a number of characteristic features. First of all, web-placement is a combination of two elements of marketing - Promotion and Place. As well as the strong influence of other elements - pricing and product. The site serves as both an advertising platform and a distribution channel. What must be taken into account in the process of formation of the marketing policy of the company. One

of the most important changes in modern marketing is not the market share of online channels, but the influence digital channels wield over consumers shopping decisions. Digital influenced \$0.56 of every dollar spent by US shoppers in stores during 2015/16 [42]. Effortless access to information is often critical for shoppers when it comes to finalizing their decision to purchase. Greater than 50 percent of smartphone users rely on their devices for shopping decisions such as “what to shop” and “where to shop”[42].

Considering the process of making a purchase by the buyer we can divide this process into 5 stages:

- 1) search for a product;
- 2) the study of its features;
- 3) comparison with analogues;
- 4) order and purchase;
- 5) physical movement of goods from the seller to the buyer.

Through online activity trade company can interact with customer from moment of first request to the moment of purchase, payment and delivery. This gives opportunities to increase volume of distributed goods using whole marketing complex form studying customers needs and collecting data to improving of delivery and payment possibilities (see figure 1.3).

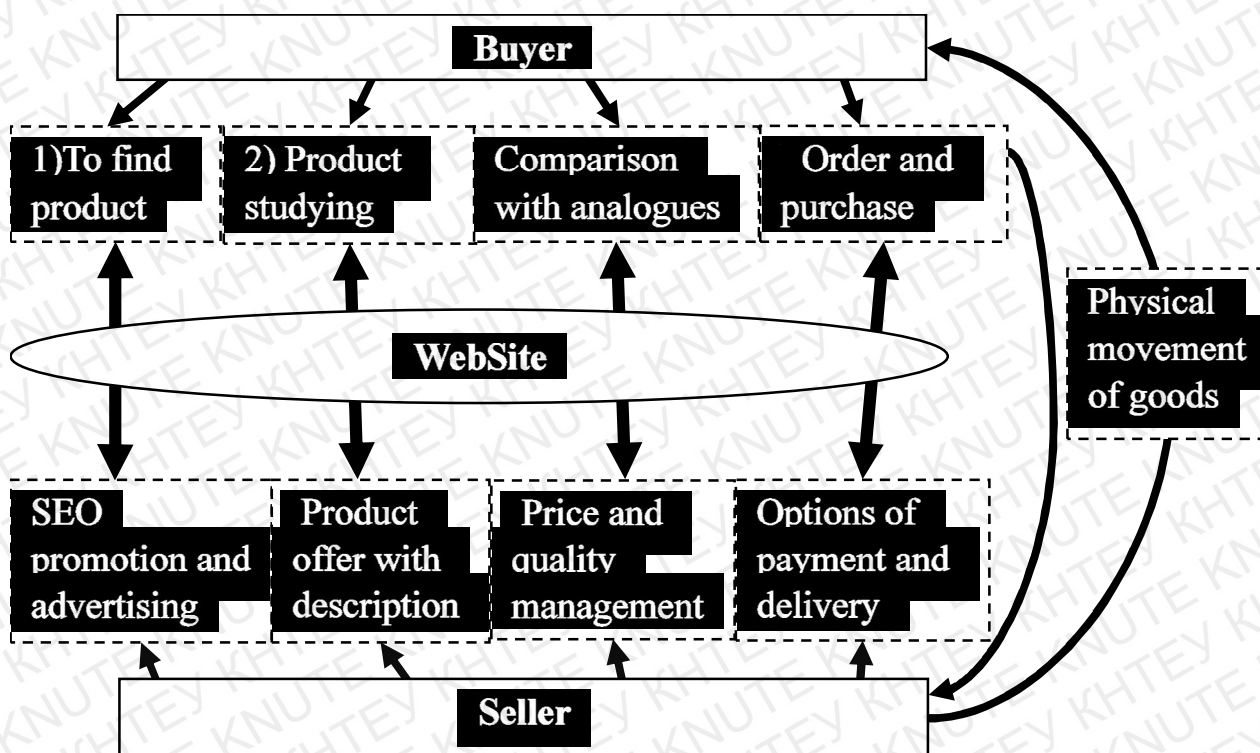


Figure 1.3 “Scheme of buyer-seller interaction through web-site”

Source: made by author, based on [37]

Traditional shopping concept or ‘path to purchase’ has evolved significantly over the past decade due to the internet, digital innovation and the subsequent rise of online shopping. Concept of ‘path to purchase’ consists of four stages: awareness, consideration, conversion, evaluation (see table 1.3).

Table 1.3

The concept of “path to product”

1.Awareness	->	When consumers first became aware of or had a desire for the product
2.Consideration	->	When consumers were researching the product online or offline
3.Conversion	->	When consumers were deciding where and when to buy the product
4.Evaluation	->	After consumers made the purchase

Source: [46]

Although the digital revolution hasn’t altered the fact that consumers still experience the same stages, the journey itself has changed. Instead of a path to purchase that is traditionally linear, it has become more of a cycle or even a web. Consumers move through and back and forth between the stages, influenced by a myriad of both offline and online factors at every stage.

According to KPMG survey of online consumers physical shops were the second most popular source of awareness, cited by 22 percent of consumers. During the consideration stage, the importance of online channels continues to prevail, with the top two channels for research being online reviews (cited by 55% of respondents) and company websites (47%) but offline channels are also a significant source of information, with 26% of consumers saying they visited a physical shop [46]. As during the final product decision stage, price remains as the most common consideration when consumers are deciding where to buy (see figure 1.4)

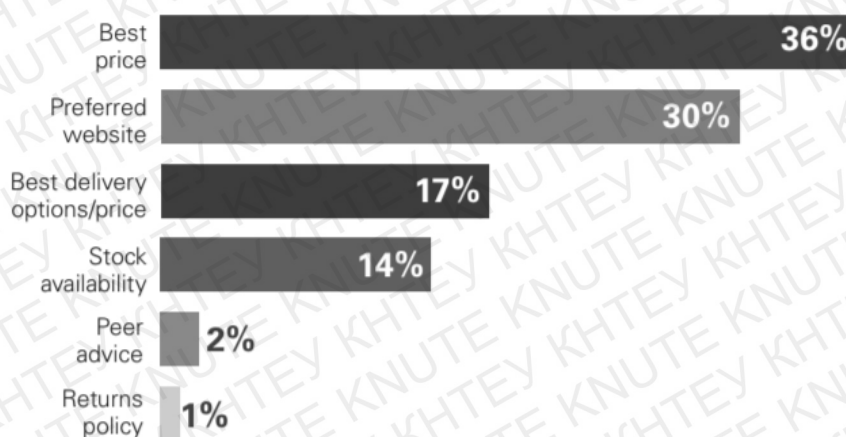


Figure 1.4 « Main important attributes when deciding where to buy»

Source: [46]

To understand the priorities in working with consumers, taking into account Internet technologies, need to identify the main behavioral groups. There are 3 main models of buyer behavior that uses an online resource.

1) "A" - a buyer who searches for the right product on the Internet, compares the characteristics, price and forms the choice online. After that comes to the brick-and-mortar store in order to confirm choice and make a purchase.

2) "B" - the buyer comes to the known / nearest shop in order to see the product live, compare its characteristics, get the necessary information. And already armed with practical understanding is searching for the lowest price of the necessary goods on the Internet.

3) “C” - a buyer who is ready to purchase a product is based only on information received from the Internet. Many such buyers prefer to be able to pay for the purchase with a bank card directly at the merchant's resource.

Ecommerce is clearly far from being an online-only affair. Both online and offline channels are effective in creating consumer awareness and demand, especially when they are used together. DB Schenker Americas notes that despite the rise in e-commerce the number of brick-and-mortar stores will not decline significantly [41]. While some retailers have closed significantly more stores over the last year, consumers are flocking back to brick-and-mortar stores.

Analyzing this information, it is obvious, that internet-store play a vital role in trading enterprise activity, and it is strongly connected with visiting a the brick-and-mortar stores. What lead to multi-channel distribution as a modern necessity.

Enabled by technology, the continued year over year growth in online shopping has been fueled by a new generation of consumers who want greater convenience, value and options. For consumer businesses, this trend poses both challenges and significant opportunities. Old approach of marketing to customer satisfaction stay unchanged: "The right product, in the right quantity, in the right place at the right price." In order to achieve its observance, modern distribution companies and companies with their own logistics base consider gathering, processing and using data as one of the top priorities. Data-driven logistics will continue to be a driver for the industry. Using data correctly enables logistics managers to anticipate demand more accurately and alter capacity to meet it. More logistics companies will rely on data visualization techniques, algorithms, and analytics to provide faster and more cost effective service to customers. New technologies make it possible to more transparently and clearly track the process of moving goods [59].

E-commerce customers continue to want more and faster shipping options, and e-retailers need to make sure they have them. The reality today is that one customer may want their order the next day, while another might want to pick it up in the store. Companies need to provide variable delivery options for them, but this requires

technology to connect all the different sales and operations channels within the organization to make it happen.

Variable delivery options are one of the of the top logistics trends showing that consumers are beginning to visit brick-and-mortar stores with greater frequency, but their interest in use of online e-commerce shopping portals has not declined. Consumers are actively engaged in the shopping experience on their own devices, even while in the store looking at the same product on the shelf. Over two thirds of the e-consumers said they had used a smartphone for product research while in a physical shop[42].What leads us from the multi-channel to the omni-channel approach. Omni-channel is the integration of all logistic and communication channels with the client . Information about the client and his actions is transmitted from one channel to another, thus giving the user a feeling of full communication with the seller no matter what channel of communication he uses: a physical store, an application on the phone, a website or social networks [40]. When making an order in a store, the same order is duplicated in his account on the web site and in the phone application, thus giving the buyer the opportunity to choose and interact with the buyer in the most convenient way without losing information. It will also affect shippers to rethink their strategies and shift them to omni-channel supply chain. Instead of keeping all products at one location, they will need to begin varying product availability, and the 80/20 rule will not necessarily apply anymore.

Given the global trend of online trading, this impact should be taken into account when planning a distribution policy for a trading company. In order to lay the guidelines for marketing policy using modern technologies and the Internet, a series of stages of marketing policy formation on the Internet was developed. This sequence includes conducting analytical studies of external and internal factors, the overall goals of the enterprise, the goals of e-commerce, which promotes the adoption of appropriate managerial decisions (Annexes A).

Globalization and development of business on the Internet not only provides opportunities for entering new markets, but also intensifies threats and competition.

Summing up all the above, it can be concluded that formation of effective international distribution policy is closely connected with the use of modern technologies such as big data, automatisisation, e-commerce, the improvement of logistic marketing networks, the use of multi-channel and omni-channel approaches, the elimination of unnecessary intermediaries in the distribution chain, the identification and full satisfaction of customers' needs.

1.3. Methods of evaluating the efficiency of distribution policy of the enterprise.

In today's conditions of a market economy, the main factor of "survival" of enterprises is effective distribution policy and its purposeful development. This is due to a significant increase in competition in the markets, growth in operating costs, and an increase in consumer demand for quality services. In this regard, issues of quality and efficiency of the distribution system of the enterprise are becoming more and more significant.

It is difficult to estimate the efficiency of distribution activity at the enterprise, as it is not always possible to express quantitative effect, as the employees of the marketing and distribution departments do not create products, but they carry out organizational and commercial activities, ensuring the output of the product on the market. Different views are expressed in scientific papers on how and with what indicators to evaluate the efficiency of distribution activities. Scientists allocate quantitative and qualitative, sociological, ballroom and information methods for assessing the effectiveness of sales.

Qualitative methods include the use of marketing audits. Quantitative methods - comparison of sales costs with gross profit, and advertising costs with sales volume; they characterize the financial performance of the enterprise.

Before considering the possibilities of outputting indicators of the effectiveness of distribution policy, it is necessary to disclose the essence of the concept of "efficiency". Exploring the scientific literature, one can see that there is no single

approach to the essence of this difficult category. There are more than 20 efficiency classifications in the scientific literature.

N.V. Butenko proposes to assess the effectiveness of marketing on the effectiveness of performing functions by marketers. G. Assel, the efficiency of marketing activities identifies with the efficiency of sales costs (the relationship between the cost of sales and the result of sales or profits). Y. T. Melenchuk considers the index of profitability of investments in marketing or profitability of marketing investments as the main indicator of marketing effectiveness, which is the difference between gross profit and expenses for marketing activity attributed to marketing expenses. This indicator allows you to evaluate and compare the effectiveness of various marketing activities. Y.O. Muzychka considers such indicators, by means of which it is possible to assess the efficiency of distribution activities, such as: the growth rate of sales, the growth rate of market share, the growth rate of sales, the share of sales costs in gross sales, the growth rate of sales from growth in sales losses, profitability marketing and sales costs, revenue growth from additional invoiced sales costs [26].

In the process of analyzing the cost of distribution activities, it is important to study their level, dynamics, structure and structural changes, factors of cost change, the availability of savings in marketing expenses, reserves for their reduction. The aggregate indicator of distribution expenses consists of expenses for the maintenance of a unit of the enterprise associated with the distributions activities; costs for distribution and sales of products; advertising costs and market research; other costs associated with distribution of products. Reducing some of the cost components will play a positive role in the overall reduction of total distribution costs. Therefore, the enterprise should analyze the structure of distribution costs and investigate the efficiency of their spending, it is necessary to optimize the structure of sales costs in terms of increasing costs for more efficient components of distribution activities. The ratio of distribution costs to the full cost of sales will allow you to assess the impact of distribution costs on the total cost of the enterprise. But the comparison of these

costs and the volume of sales will allow to assess the impact of distribution costs on the final results of production and sales activities of the enterprise.

Within the theory of efficiency, there is also the problem of the lack of a unified approach to the assessment of the efficiency of enterprises, which is related to the definition of the appropriate criterion of efficiency and the formation of a system of indicators. The scientific literature suggests using several methodological approaches to assessing the effectiveness:

- Traditional approach. Based on the Dupont Classical Model of "Profitability of Capital";
- A multi-faceted approach. Provides the use of aggregated performance indexes that are complex and difficult to interpret;
- The performance measurement based on the concept of "Performance Management" involves the use of the so-called Balanced Scorecard (BSC) [1].

Therefore, the problem is that the traditional financial and economic indicators are not sufficient to assess the activity of the enterprise, in particular, to determine the effectiveness of the strategy and the use of distribution potential. To address these challenges, it is necessary to have a more balanced set of enterprise performance indicators in different dimensions, which will allow controlling the factors that affect these indicators, and not just monitor the results. The Balanced Scorecard (BSC), as defined by its founders, R. Kaplan and D. Norton, is an instrument that transforms the organization's mission and strategy into a set of performance indicators that form the basis for the strategic management system [1].

The four projections of Kaplan and Norton (Finance, Customers, Education and Career Growth, Internal Business Processes) are an organizational structure that can be modified or complemented depending on the type of market, application area, etc. Accordingly, focusing on the peculiarities of the market, the construction of such a system requires a preliminary analysis in order to identify possible ways for the company to improve the efficiency of the distribution policy, and therefore the tools that the company can manipulate to achieve a positive economic effect. Existing directions of increasing the efficiency of distribution policy in the market of

industrial thermal insulation are shown in the form of the following scheme (table 1.4).

Having defined the tools for improving the efficiency of the enterprise in each direction, we can move on to the formation of specific indicators that will measure the results of the enterprise using the main of these tools.

Table 1.5.

Areas of increasing the efficiency of distribution policy in the market

Group of indicators	Indicators
Reduced Fixed costs	Reduced storage and transport costs; Reduction of staff / wages; Refusal of innovation and R & D; Reduced advertising and marketing costs; Reduction of the number of representatives; Outsourcing of internal logistics processes.
Increase sales profits	Leaving more profitable segments / distribution channels; Increase the average order volume; Increase the percentage of segment / channel coverage; Decrease in the maturity of receivables; Increasing turnover of inventory; Improve the cost-effectiveness of marketing events
Increase profit from service	Promotion of repeat orders; Improvement of the level of personnel qualification; Decrease in terms of order execution; Improvement of quality before / after-sale service.

Source: made by author, based on [1], [32]

The first step in evaluating the distribution policy is the analysis of financial penalties. With this analysis, it is possible to analyze the overall efficacy of distribution channels, their economic efficiency and the level of profit (see table 1.5).

Table 1.5

Calculation of financial indicators of efficiency of distribution policy

Indicator	Calculation	Marking
1	2	3
The rate of growth (decline) of profits from sales of products	$I_{\Pi} = (\Pi_1 - \Pi_0) / \Pi_0$	Π_1 – profit from operating activities of the enterprise in the base year Π_0 – profit from operating activities of the

		enterprise in the previous year
Rate of growth (decline) of receivables	$\Delta_2 = (3_1 - 3_0)/3_0$	31 – receivables of the enterprise in the base year 30 – receivables of the enterprise in the previous year

Table 1.5 (continued)

1	2	3
Return on sales	$r_s = \frac{V_p}{D} * 100\%$	Vp – gross profit (loss) from sales of enterprise products D – net income from sales of enterprise products
Cost-effectiveness of marketing and sales	$r_{M3} = \frac{\Pi_p}{M_3} * 100\%$	Πp – profit from operating activities of the enterprise M3 – distribution costs at the enterprise
The share of unrealized products in the value of the commodity mass	$Z_p = N_R = D$	NR – amount of unrealized production of enterprise D – net income from sales of enterprise products

Source: made by author, based on [7], [32], [33]

The next step is an analysis of the indicators of client's effectiveness: it allows to assess the satisfaction of consumers through distribution channels, the effectiveness of the use of an intermediary through the final buyer (see table 1.6).

Table 1.6

Calculation of client performance standards of distribution policy

Indicator	Calculation	Marking
The rate of increase (decrease) in the number of complaints	$I_p = (P_1 - P_0)/P_0$	P1 – the number of claims at the enterprise in the base year P0 – number of claims at the enterprise in the previous year
The share of the company in the sales volume of distributors	$\sum_{i=1}^n R_{di} - S_{diE}/S_{di}$	n – number of distributors of the enterprise; – share of the company in the sale of the i-th distributor – The profit of the i-th distributor for the product of this enterprise – Total profit of the first distributor
Rate of growth of market	$I_{r.s} = (R_{s1} - R_{s0})/R_{s0}$	RS1 – market share of the base year;

share		RS0 – market share of the enterprise of the previous year
Loyalty of counterparties	$NPS = A_p - A_n$	On the basis of a survey of industrial consumers in relation to the supplier. Ap – share of positive responses An – the proportion of negative responses
The rate of growth (fall) of the number of concluded contracts	$I_n = (D_1 - D_0)/D_0$	D1 – number of concluded contracts in the enterprise in the base year D0 – the number of contracts entered into the enterprise in the previous year

Source: made by author, based on [7], [33], [35]

The next stage in analyzing the effectiveness of distribution policies is the study of distribution as a business process. This allows you to evaluate the accompanying services, the overall process efficiency and economic performance (table 1.7).

Table 1.7

Calculation of indicators of business process efficiency of distribution policy

Indicator	Calculation	Marking
Quality of before-sales and after-sales service	$Q_s = (B_p - B_n) - (A_p - A_n)$	Based on a survey of industrial consumers in relation to the supplier. Bp – the share of positive evaluations of the before-sales service Bn – the share of negative evaluations of the before-sales service Ap – the share of positive evaluations of after-sales service An – the share of negative evaluations of after-sales service
Relative terms of the order fulfillment	$T_r = T_e/T$	– Average term of an order fulfillment by the enterprise – Average term of order execution on the market
Distribution capacity of expenses	$SM_r = M_c/S$	MC – expenses on sales at the enterprise S – income (revenue) from sales of enterprise products
The coefficient of growth of sales	$\Delta SM_c = T_n/T_{n-1}$	TS – the growth rate of sales volume at the enterprise;

from the growth of distribution expenses		TMc – the growth rate of distribution costs at the enterprise
Level of inventory	$R_z = Z_{r1} / Z_{rn}$	ZT1 – the size of inventory at the enterprise in the period n ZT0 – the size of inventory at the enterprise in the period n-1
Turnover rate of inventories	$T_{z0} = D / Z_r$	D – net income from sales of enterprise products ZT – size of inventory at the enterprise, money. Unit

Source: made by author, based on [7], [33], [36]

The use of these indicators, analysis of their dynamics and its correlation with the decisions made regarding the distribution policy of the company allow evaluating the effectiveness of the distribution policy and identifying the impact of the improvements. The turnover rate of inventories allows to assess how effectively the distribution network is built, in order to quickly bring goods to the market and deliver it to the consumer who needs it.

In general, for analyzing the distribution policy of an enterprise, it is possible to use a greater number of indicators, integral methods and methods of statistical analysis. The more indicators will be used, the detailed will be the conclusion to the study.

One of the most important component of distribution policy is the choice and management of distribution channels. So the effectiveness of sales policy largely depends on the efficiency of sales channels.

Estimating the efficiency of the distribution channels, a part of scientists such as Gorcells L., Marien E., West Ch., is considering in terms of compliance with the strategic objectives of the supplier. Other scientists such as Polyezhayeva I.O., Korolchuk O.P., Sivanenko G.P., Toropkov V.M., efficiency of distribution channels are considered as the degree of evaluation of the intermediary's satisfaction. There are also scientific works in which the criteries for the assessment of distribution channels are not distributed according to their belonging to a certain level of the channel [17].

The conditions of the distribution channel efficiency for suppliers are significantly different from channel efficiency parameters for intermediaries.

Considering the efficiency of the sales channel, both from the supplier and the intermediary, we lay the foundation for the most optimal ratio between the benefits of the supplier and the intermediary, which protects us from the occurrence of vertical conflicts.

Therefore, the generalization of the efficiency of the distribution channel can be defined as its response to the requirements of certain market players and the entire distribution system. The determination of the efficiency of the distribution channel must be carried out comprehensively, evaluating all members of the distribution channel. The presence of vertical conflicts contributes to reducing the efficiency of the channels of sale, as it impedes cooperative work in order to achieve maximum economic results.

The assessment of the efficiency of distribution channels from the point of view of the manufacturer / supplier takes place according to the criteries given in Table. 1.8

Table 1.8

Criteria for the efficiency of distribution channels in terms of the supplier

Performance Criteria	The essence of the criterion of effectiveness
Solvency	Providing loans, timely payment of invoices and repayment of funds.
Controllability	Ability to get information about the market, consumers and sales results, set control over prices, manage the further movement of goods.
Channel Perspectives and Reputation Reputation	Long-term development trends, training programs for own staff, authority, business stability, competence
Product range	The presence of competing, complementary and comparable goods
Market coverage and proximity of the trading network to the consumer	Types of markets in which the successor is operating, the number of outlets and distance from the consumer
Participation in product promotion programs	Assist the mediator in promoting various means (advertising companies, demonstration programs and sales promotion programs)
Pricing policy	An adequate level of trade mark-ups on the list price

Provision by skilled personnel	Number of sales agents, their sales skills
Technical and material resources	Ways of transportation, safe level of inventory, efficient delivery of supplies

Source: made by author, based on [5],[36]

From table 1.8, we can conclude about the natural desire of the supplier to increase its benefits due to the greater responsibility of the intermediary and the infringement of its profits. At the same time, the supplier is interested in improving sales volume by an intermediary and improving the infrastructure of his channel. Finding a balance between the wishes of the supplier and the intermediary is an integral part of the sales policy. Intermediaries can be extremely important both for the supplier and for the end consumer, since all of her activities are aimed at directing products to the consumer in the most effective way. Sometimes the situation arises when the intermediary reaches such a important position in the market, that has the ability to choose a supplier and place conditions for cooperation.

The evaluation of the efficiency of distribution channels in terms of the mediator is based on the criteria given in Table. 1.9

Table 1.9

Criteria for the distribution channels from the point of view of the intermediary.

Performance Criteria	The essence of the criterion of effectiveness
Characteristics of the offered products	Products should be responsible for the quality, assortment, and competitiveness of the requirements of consumers
Solvency	Provision of products with deferred payment and price discounts
Procedure for establishing business relations	Convenience and simplicity of the procedure of ordering and returning goods, the lack of minimum volume of goods
Delivery time	Optimal time from the moment of ordering till the moment of receipt of ordered goods
Delivery reliability	Ability to maintain the necessary supplies of goods, the possibility of returning damaged and unsold goods
Availability of information	Availability of information on availability of goods, conditions and condition of execution of orders
Accuracy of orders execution	The conformity of the order received by the intermediary with the terms of the agreement

Qualification of sales staff	The presence of qualified sales representatives, their low turnover, the provision of information and dismantling of goods
Participation in product promotion programs	Offering discounts for sales promotion measures, ensuring an adequate level of advertising support.

Source: made by author, based on [5]

To assess the efficiency of distribution channels, the significance and weight of each criterion (expert method) is determined and a summary assessment of the efficiency of the distribution channels from the supplier and intermediary point of view is derived. Next, it is necessary to determine the integral performance indicators of all distribution channels (based on the opinions of each member) and to draw conclusions with which of them it is most profitable to work

Therefore, for the purpose of evaluating the results of implemented measures, determinants reflecting fundamental changes at each level of activity of the enterprise are used (Table 1.10):

Table 1.10

Determinants of distribution policy effectiveness

Type	Determinant
Financial and economic	Implementation of the realisation plan Positive profit growth from sales Decrease in the average level of receivables Reducing transaction costs High return on sales (total and per channel) High turnover rate of commodity stocks Low share of unrealized products in the value of commodity mass
Marketing	A high percentage of return on investment to stimulate sales activities Increasing the level of loyalty of industrial consumers High ROI for marketing and sales Increasing the level of information coverage of the market High rate of distribution of information marketing link
Consumer	Increasing the number of clients Increase order frequency Increase in the number of concluded contracts Increase in the average volume of orders under contracts High level of coverage of distributors represented on the market Low percentage of lost customers Low percentage of complaints and returns

Completion	Positive growth of absolute and relative market share Lack of significant conflicts with competitors in the market Slowing down the pace of new players
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Source: made by author, based on [7],[33],[36]

Thus, we can conclude that the assessment of the effectiveness of distribution policy is a comprehensive analysis of financial and economic indicators of the enterprise and specific indicators of sales in the dynamics, as well as the study of bottlenecks in distribution channels and factors hinder the efficient distribution of goods. Only a comprehensive analysis in which sales policy is viewed from different perspectives can provide an opportunity to evaluate the effectiveness of sales and make the right conclusions based on this analysis

CONCLUSIONS TO THE CHAPTER 1

Distribution policy may be defined as a complex of planned actions and decisions which are based on a clear understanding of the methods chosen by the management to deliver the goods to the place where the final consumer can acquire them in order to satisfy their needs.

International distribution policy involves the intersection of goods between the customs borders of states, the study of the characteristics of foreign markets and goods.

Formation of distribution policy consist of distribution channels policy, distribution system, sales policy and distribution logistic. Distribution channel is set of intermediaries involved in the process of making a product or service available for use or consumption. Distribution channels ensure the movement of goods from the manufacturer to the consumer

The most significant global trends in distribution are:

- growth of e-commerce;

- growth of consumer sophistication;
- activation of introducing technologies to improve logistics
- disintermediation;

The impact of product distribution online channels consists not only in the direct purchase of goods via the Internet, but also in complex interaction with the customer, the influence on his choice and decisions in the process of making a purchase. Web resources and applications become parts of a single omni-channel approach in interaction with the customer.

Evaluation of the effectiveness of distributional policy consists in a comprehensive analysis of the enterprise's activities, its financial and economic indicators, market conditions, distribution network devices and the degree of satisfaction of the distribution channel participants.

PART 2. ANALYSIS OF THE ECONOMIC AND FINANCIAL ACTIVITY OF TLX TRADING COMPANY

2.1. Analysis of the financial and economic indicators of LLC «TLX Trading»

LLC "TLX Trading" is a trading company whose main activity is import and further realization of spare parts, components and services for automobiles on the territory of Ukraine. The enterprise works in the market of auto parts of Ukraine since 2000 year [50]. In 2006, LLC "Specialized Toyota-Lux Auto Shop" was founded. Due to expanding activities and rebranding in 2013, the name was changed to the final LLC "TLX Trading" [71]. Detailed information about the company is aggregated in Table 1.1 on the basis of information from the "Unified State Register of Legal Entities, Individuals-Entrepreneurs and Public Formations"

Table 2.1

Detailed information of LLC «TLX TRADING»

Full or abbreviated name	LLC «TLX Trading»
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Identification code	34784264
Legal status of the subject	Legal entity
Legal form	LIMITED LIABILITY COMPANY
Location of legal entity	Odessa region, Bilyaivsky district
The size of the statutory fund	3 000 000 UAH
Date of initial registration	06.12.2006

Source: [71]

The main types of activity of the enterprise are in accordance with the QUED-2010 are:

45.31 Wholesale of parts and accessories for motor vehicles;

45.32 Retail sale of parts and accessories for motor vehicles [71].

The product specialization of “TLX Trading” is represented by a wide range of original spare parts and substitutes for automobile brands Toyota, Lexus, Daihatsu, Scion. The development of the company is associated with diversification of the range and constant search for suppliers and producers, whose products most fully satisfy the needs of the Ukrainian automotive aftermarket service.

In order to characterize the state and development prospects of the enterprise, and to identify the strengths and weaknesses of its financial and economic activity, it is appropriate to analyze the financial and economic indicators according to its accounting documents (Form №1 – Balance Sheet and Form №2 – Income Statement). Based on these documents for 2014-2017, we can estimate the financial and property state of the LLC TLX Trading and analyze indicators of solvency, financial autonomy, business activity and profitability (see table 2.2).

Table 2.2

Analysis of assets of the LLC "TLX Trading" in 2014 – 2017

	Years				
	on 31.12.2014	on 31.12.2015	on 31.12.2016	on 31.12.2017	2014-2017

Assets	In fact, ths.UAH	In fact, ths.UAH	Rate of Growth (+/ Reduction (-) (to 2014), %	In fact, ths.UAH	Rate of Growth (+/ Reduction (-) (to 2015), %	In fact, ths.UAH	Rate of Growth (+/ Reduction (-) (to 2016), %	Average grow rate (+)/(-)
I. Non-current assets								
Total for section I	0	0	0	0	0	0	0	0
II. Current assets								
Inventories	872,7	2424,8	177,85%	2707,4	11,65%	1810,1	-33,14%	52,12%
Final products	872,7	2424,8	177,85%	2690,9	10,97%	1810,1	-32,73%	52,03%
Receivables on settlements from budget	116,4	510,9	338,92%	487,1	-4,66%	133,4	-72,61%	87,22%
from income tax	0,2	2,2	1000,00%					333,33%
Other current receivables	0,1	2,1	2000,00%	45,7	2076,19%	46,8	2,41%	1359,53%
Cash and cash equivalents	47,8	73,4	53,56%	40,1	-45,37%	236,3	489,28%	165,82%
Other current assets						18,6		
Total for section II	1037	3011,2	190,38%	3280,3	8,94%	2245,2	-31,56%	55,92%
Total assets	1037	3011,2	190,38%	3280,3	8,94%	2245,2	-31,56%	55,92%

Source: made by author, based on Annexes B, C, D

As seen from the enterprise property statement, according to the Table 2.2 we can say that total assets of the enterprise during 2014-2017 has risen from 1037 ths.UAH to 2245 ths.UAH (it is about 116,5% of grow). In 2015, comparing with 2014, amount of total assets has grown up from 3011,2 ths.UAH to 1037 ths.UAH – it is approximately 190% of grow. In 2016 amount of total assets continued to grow and reach 3280 ths. UAH. In the same time in 2017 total amount of assets has fallen down to 2245,2 ths.UAH comparing with 2016 (about 31,6% of difference).

Analyzing the structure of assets, it is necessary to say, that current assets represent 100% of all assets. That means that company have not not-current assets at all. Such structure of assets is possible for a trading company. This becomes possible due to the fact that all the necessary premises of the company (warehouses and shops) are leased. The main part of current assets is formed by inventories. The inventories share in the assets structure during 2014-2017 decreased by 4%. Inventories compose 100% of the finished product. This is because enterprise activity, as the TLX Trading is an import of finished goods and sale them inside the Ukraine. Speaking about dynamics of inventories, we can see that inventories have grown

from 872,7 ths. UAH in 2014 up to about 2425 ths. UAH in 2015. Growth was about 178%. Next 2016 year – 11,7% of growth and then reduction by 33,14% to 1810 ths. UAH. Significant fluctuations in inventory may be associated with the operating cycle, namely the replenishment of the warehouse or its reduction just before the end of the reporting period. An enterprise with low turnover, which works through the replenishment of the warehouse and the subsequent sale can strongly depend on the supply of the goods, which is reflected in the statements. Given the fact that the company is an importer, its influence could be caused by currency fluctuations, namely inflationary processes.

Accounts receivable settlements from budget for the importer-company is connected with the payment of VAT when undergoing customs control. The import and accumulation of goods in the warehouse of the company is the reason for the increase of this indicator. The largest value was recorded in 2015 and amounted to 510.9 ths. UAH, which coincides with a significant increase in inventories from 872.7 ths. UAH to 2424.8 ths. UAH.

Cash and cash equivalents was not significant in current assets structure in 2014 but in 2017 its amount has grown not only in absolute terms, but also in assets structure at all. Their share in current assets structure increased from 4,6% in 2014 to approximately 10,5% in 2017. This mean company obtain more money to maintain its economic activity. With varying effectiveness of the working capital usage the growth of inventories in one case can be assessed as evidence of the enterprise activity expansion, and in another case as evidence of the enterprise business activity decline and a corresponding increase of money turnover period. According to horizontal analysis of the LLC “TLX Trading” liabilities in 2014-2017 (table 2.3) is difficult to determine the direction of the trend of liabilities in general.

Table 2.3

Analysis of liabilities of the LLC "TLX Trading" in 2014 – 2017

Liability	Years				Average
	on 31.12.2014	on 31.12.2015	on 31.12.2016	on 31.12.2017	

	In fact, ths.UAH	In fact, ths.UAH	Rate of Growth (+)/ (-) (to the level of 2014), %	In fact, ths.UAH	Rate of Growth (+)/ (-) (to the level of 2015), %	In fact, ths.UAH	Rate of Growth (+)/(-) (to the level of 2016), %	grow rate (+)/(-)
I. Equity								
Authorized (share) capital	3000	3000	0	3000	0	3000	0	0
Additional capital								
Reserve capital								
Retained profit (uncovered loss)	-201,4	-150,8	0,25124	-132,3	0,1226791	46,9	1,3545	0,576139
Unpaid share capital	1799,5	1439,5	-0,2001	1139,5	-0,208406	1139,5	0	-0,13615
Total for section I	999,1	1409,7	0,411	1728,2	0,2259346	1907,4	0,10369	0,246865
II. Long-term liabilities and provision								
Total for section II	0	0	0	0	0	0	0	0
III. Current liabilities and provision								
Short-term bank loans								
Current debts:								
goods, work, services	18,7	1589,3	83,9893	1545,8	-0,02737054	187	-0,87903	27,6943
payments to the budget				6,3		39,1	5,206349	1,73545
including income tax				6,3		39,1	5,206349	1,73545
Other current liabilities	19,2	12,2	-0,36458		-1	111,7		1,605903
Total for section III	37,9	1601,5	41,25594	1552,1	-0,03084608	337,8	-0,78236	13,48091
Total	1037	3011,2	1,903761	3280,3	0,089366366	2245,2	-0,31555	0,559192

Source: made by author, based on Annexes B, C, D

Some tendencies may be observed in structure of liabilities. Equity occupies from about 48% to 96% of liability structure, depending on year. In 2014 equity was 999,1 ths.UAH, and then in 2015 it has grown up at 41% and became 1409.7 ths. UAH. In 2016 equity has increased, comparing with 2015 –1409.7 ths. UAH (+22,59%) and in 2017 it became 1907.4 ths. UAH (+10,37%). Authorized capital is the same during 2014-2017 years – 3000 ths. UAH. Equity tends to grow because reduction of unpaid capital and change from loss to retained profit during this period. Having unpaid capital is a normal practice for small businesses. Unpaid capital decreased over two years - from 1799,5 ths.UAH in 2015 to 1439,5 ths.UAH in 2016 and remained unchanged in 2017. The average annual rate of decrease over 3 years was 10%. In 2017, the retained profit was recorded first time for the whole

period, which contributed to the continuation of the trend to increase the equity of the company.

The company has no long-term liabilities and provision. On the one hand, long-term liabilities create a debt burden on an enterprise, but their presence can also increase opportunities for investment and enterprise development.

Current liabilities have significant share in liabilities structure only in 2015 and 2016 years – 1601.5 ths.UAH and 1552.1 ths.UAH respectively. Current liabilities are represented almost completely by debts for goods, work and services, which amounted to 1589,3 in 2015 (99% of current liabilities) and 1545,8 in 2016 (99,6% of current liabilities). The presence of a relatively large amount of debt obligations could raise concerns about the financial stability of the enterprise, but debts were almost paid by the end of 2017 in which debts for goods, work and services amounted only 187 ths. UAH.

Considering the economic situation through the analysis of the LLC TLX Trading Income Statement we can conclude that the company managed to balance income and expenditure and improve its performance especially in 2017 year (table 2.4).

Revenues have stable tendency to grow every year, from 1166,1 ths. UAH in 2014 to 3605,6 ths. UAH in 2017. Average growth rate per year is 49,10% with the most increase in 2016 by 90,45%. The main part of revenues formed by Net income from sales of goods – more than 90% every year.

Table 2.4

Analysis of Income Statement of the LLC “TLX Trading” ths. UAH

Income	2014	2015		2016		2017		2014-2017
	In fact	In fact	Rate of Growth (+)/ Reduction (-)	In fact	Rate of Growth (+)/ Reduction (-)	In fact	Rate of Growth (+)/ Reduction (-)	Average growth rate
Net revenue from sales of goods (goods, works, services)	1134,2	1299	14,53%	2610,9	100,99%	3605,6	38,10%	51,21%
Other operating revenues	31,9	123,4	286,83%	98	-20,58%	48,3	-50,71%	71,85%
Other revenues								
Total revenues	1166,1	1422	21,98%	2708,9	90,45%	3653,9	34,89%	49,10%

Cost of goods sold (goods, works, services)	965,2	1141	18,26%	2293,3	100,92%	2926,1	27,59%	48,92%
Other operating expenses	289,3	218,7	-24,40%	379,4	73,48%	509,2	34,21%	27,76%
Other expenses								
Total expenses	1254,5	1360	8,42%	2672,7	96,51%	3435,3	28,53%	44,49%
Net profit before taxes	-88,4	62,3	170,48%	36,2	-41,89%	218,6	503,87%	210,82%
Income tax expenses	4,6	11,7	154,35%	17,7	51,28%	39,4	122,60%	109,41%
Net profit after taxes	-93	50,6	154,41%	18,5	-63,44%	179,2	868,65%	319,87%

Source: made by author, based on Annexes B, C, D

Analyzing the dynamics of revenues we can note the stable tendency to their growth. Almost all income consists of net revenue from sales of goods (goods, works, services). Revenues from sales of goods increased from 1134,2 ths.UAH in 2014 to 1299 ths. UAH in 2015. Then in 2016 it amounted 2610,9 ths. UAH with grow to previous year by 101%, and in 2017 reached 3605,6 ths.UAH. Average annual growth rate amounted to about 49%.

Expenses have the same dynamics as revenues, but growth of expenses was slightly less. The most expenses consist of cost of sold products (from 77% to 86% depends on year). Cost of sold products was 965,2 in 2014, then increased to 1141 ths. UAH in 2015 by 18,26%. In 2016 growth rate of cost of sold products was about 100%, what amounted totally in 2293,3 ths. UAH, and in the 2017 reached 2926,1 ths.UAH with 27,6% of increase. Average rate is 44,5% per year. Second main part of expenses are operating expenses which share vary from 23% to 14% of all expenses. On average from 2014 to 2017 growth in operating expenses was slower than the cost of goods sold – 27,76%. For a trading company that sells imported goods there are two main ways to increase profitability in such situation:

- increase the gap between the cost of goods and their offset price;
- reduce the amount of operating expenses.

Corresponding changes in these indicators simultaneously with the growth of trade led to the obtaining the largest profit since 2014 – 218 ths. UAH. in 2017. According to the available data, it can be said that there is a steady upward trend of trade turnover, but the costs of purchasing products and their subsequent sales are also quite high, which does not allow the company to consistently achieve high profit.

After analyzing the data despite the good performance in 2017, it cannot be said that there is a clear trend to increase the efficiency of resource use and, consequently, to increase of profit. Rather, the company is in the process of formation and its economic stability depends on future decisions.

Using profitability ratios, economic activity of enterprise may be understand more deeply (table 2.5). Return on assets, return on equity and return on sale are indicators that was calculated in table 2.5 to observe LLC TLX Trading profitability rates.

Table 2.5

Profitability ratios of the LLC “TLX Trading”

Ratios	Years				
	2015	2016		2017	
	In fact	In fact	Absolute deviation (from 2015), +/-	In fact	Absolute deviation (from 2015), +/-
Return on sale, %	4,80%	1,39%	-3,41%	6,06%	1,27%
Return on assets, ,%	3,08%	1,15%	-1,93%	7,91%	4,83%
Return on equity, %	5,17%	2,31%	-2,87%	12,03%	6,85%

Source: made by author, based on Annexes B, C, D

The return on assets coefficient (economic profitability) describes the level of income generated by all the enterprise assets, which are in usage according to enterprise balance sheet [9].

The return on assets coefficient decreased in 2016 by 1,93% to the 1,15%. And then in 2017 return on assets indicator was growing. reach about 8%.

The return on equity coefficient (financial profitability) characterizes the rate of return on equity invested in the business, because it presents the greatest interest for existing and potential owners and shareholders of the enterprise and return on equity is one of the main indicators of investment attractiveness because its level indicates the upper limit of dividend payments [9].

The rate of return on equity is quite low, coefficients decreased in 2016 by 2,31% from 5,17% to the 2,31%. But in 2017 return on equity indicator was growing and reach about 12,03%. Absolute deviation from 2015 to 2017 – 6,85%.

These data suggest that the investment attractiveness of the firm is doubtful, in order to remedy the situation, the stable growth of return on assets and equity should continue for several more years to reach the value that will allow faster return on investment.

The return on sale coefficient is calculated as the ratio between net profit to net income (proceeds) from the sale of goods (works, services). The increase of this coefficient reflects the business efficiency growth of the enterprise [10]. In 2017 return on sale rate reached 6%, what may be considered as improve of economic efficiency of enterprise activity.

The stability of the enterprise financial state in a market economy depends on enterprise business activity. Business activity of the enterprise in the financial aspect is manifested primarily in its rate of funds turnover.

Asset turnover ratio reflects turnover speed of the enterprise total capital, i.e. shows how many times over analyzed period a full cycle of production and circulation is happening that brings a corresponding effect in the form of profit, or how much currency of products sold brought each assets unit.

The period of the turnover of current assets characterizes the duration of the period during which the funds invested in the current assets of the enterprise carry one full turnover. The reduction of this indicator in the dynamics is a positive trend in its change.

Using Table 2.6 we can conclude that the company has quite long periods of asset turnover, but at the same time there is a stable positive tendency to reduce them. As we mentioned before inventory is a main part of current assets Period of turnover of inventory was reduced by 23,28% from 2015 to 2017.

Table 2.6

Dynamics of business activity indicators of the LLC “TLX Trading” in 2014-2017

Ratios	Years			Absolute deviation (from the level of 2015)	Average growth rates, %
	2015	2016	2017		
1. Period of turnover, days					
1.1. All current assets	569	440	280	-289	-25,41%
1.2 Inventory	527	408	282	-245	-23,28%
1.3. Accounts receivable	89	73	36	-53	-29,67%
1.4. Accounts payable	230	220	96	-135	-29,23%
2. Turnover ratios					
1.1. All current assets	0,642	0,830	1,305	0,66	51,68%
1.2. Inventory	0,692	0,894	1,295	0,60	43,56%
1.3. Accounts Receivable	4,111	4,983	10,114	6,00	73,00%
1.4. Accounts payable	1,585	1,656	3,816	2,23	70,39%
3. Duration of the operating cycle, days	616	482	318	-298	-24,20%
4. Duration of the financial cycle, days	385,7	261,2	222,2	-164	-21,20%

Source: made by author, based on Annexs B, C, D

The turnover ratio of the type of assets of the enterprise characterizes the number of revolutions that were made by funds invested in this type of assets for the period under study. The increase in this indicator in the dynamics is a positive trend in its change.

The turnover ratio of all current assets increased from 0,642 to 0,830 in 2016, and to 1,305 in 2017 which forming a strong positive trend.

The duration of the operational cycle of the enterprise is a period of time, from the receipt of inventories to the warehouse of the enterprise to receive proceeds from the sale of finished products and repayment of receivables. The reduction of this indicator in dynamics is its positive trend.

The duration of the financial cycle of an enterprise is a period of time that begins with the payment of suppliers for purchased inventories before the proceeds from the sale of finished products and the repayment of accounts receivable by buyers.

The duration of both financial and operational cycle decreased from 2015 to 2017 with average rate 24% for operational cycle and 21% for financial cycle. But this indicator is still high for such type of an enterprise.

LLC TLX Trading is an importer, so it is necessary to review its foreign economic activity. The company cooperates with suppliers from different countries, importing products for the service and maintaining cars of the Japanese concern Toyota Motor Company. As presented in Table 2.7 volume of import has not changed significantly from 2693,5 ths. UAH in 2015 to 2575,9 ths. UAH in 2016 and fell in 2017 to 2028,8 ths. UAH.

Table 2.7

Structure of import of LLC TLX Trading in 2015-2017

Country	In fact UAH ths.			% of TOTAL		
	2015	2016	2017	2015	2016	2017
Japan	1516,44	1270,69	1038,34	56,30%	49,33%	51,18%
China	0,00	334,61	586,53	0,00%	12,99%	28,91%
USA	595,80	553,82	403,93	22,12%	21,50%	19,91%
South Korea	581,26	416,78	0,00	21,58%	16,18%	0,00%
TOTAL	2693,5	2575,9	2028,8	100,00%	100,00%	100,00%
Group of parts	In fact UAH ths.			% of TOTAL		
	Years			2015	2016	2017
Original	1451,47	1238,08	1025,00	53,89%	48,06%	50,52%
high quality	660,77	451,43	292,27	24,53%	17,53%	14,41%
low price	581,26	751,39	586,53	21,58%	29,17%	28,91%
Improved/sports	0	135	125	0,00%	5,24%	6,16%

Source: made by author, based on Annex E

Such dynamics of imports suggests that the company does not have enough available funds to increase the volume of trade as a result of low profitability and long period of turnover of inventory.

The structure of import products is changing due to the desire to increase profits and best meet the needs of consumers. For the convenience of analyzing the product range, the parts were grouped into 4 main groups: original, high quality, low cost and high performance. Appearing of high performance spare parts in structure of import may be interpreted as example of the desire to meet the needs of wealthy clients. This group of assortment consist of brake systems manufactured by STOP TECH (USA), TRD (USA) and Akebono (Japan). Japan and USA are main producers of original, high-quality and high performance spare parts. Suppliers from

China and South Korea produce a low-cost spare parts. About half of the assortment is made up of original auto parts, oils and fluids made by Japanese and American manufacturers (see figure 2.1).

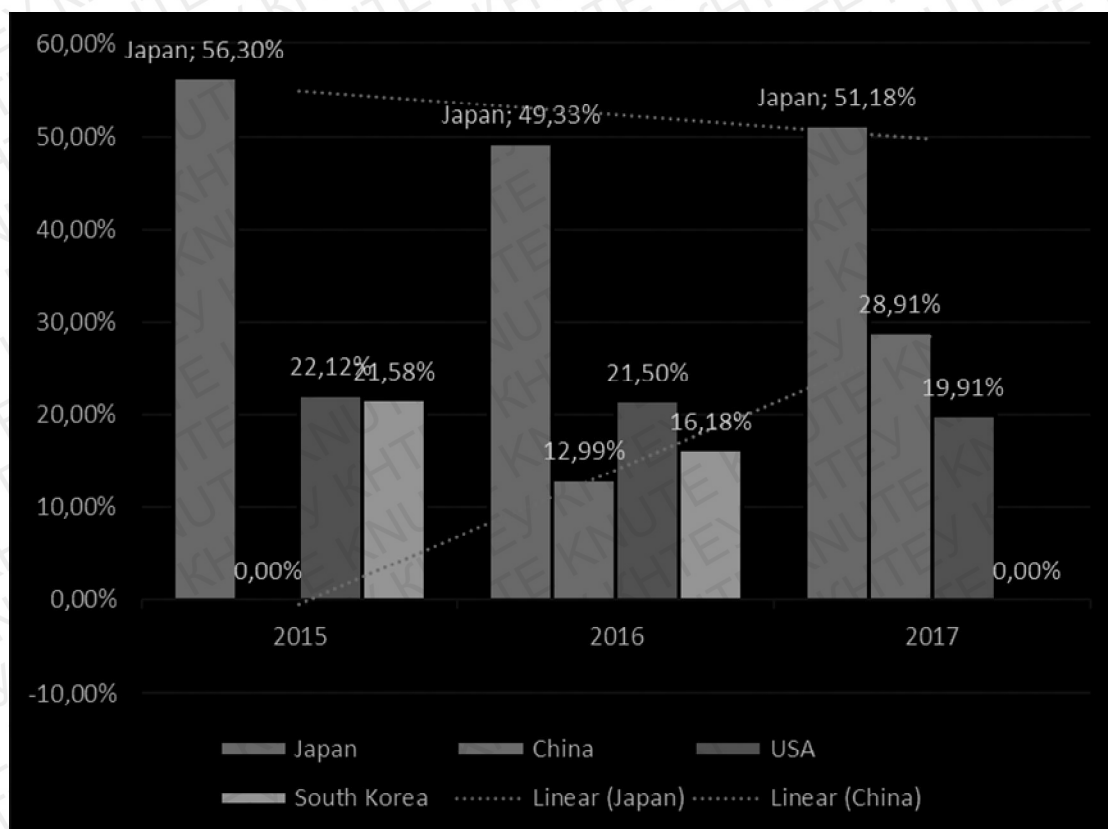


Figure 2.1 “Dynamics of geographical structure of import by country of origin 2015-2017”

Source: made by author, based on Annex E

Considering the geoeconomic structure of the producer countries of imported products it can be concluded that the assortment is shifting towards cheaper products from China.

The decline in the share of imports from South Korea is due to the active price competition from Chinese manufacturers and, as a consequence, the choice in their favor. Purchasing a low-cost spare parts instead of original makes possible to increase the mark-up and buy more goods for the same money, which is essential for small enterprises. If economic situation in Ukraine will not be improved this tendency have no reason for change, because price is chosen by the buyer as the most important factor in the purchase. Japan and America are the source of not only original spare parts but also high-quality analogs like MITSUBOSHI, BANDO, DENSO, TOKICO,

KOYO and others [50]. Complementing the range with these brands LLC TLX Trading enables its customers to choose from variable options and spend less money, with less risk for their car.

2.2. Analysis of the structure and effectiveness of LLC «TLX Trading» distribution policy.

The company distributes parts and components for Toyota and Lexus cars in Ukraine. The main goals of the LLC “TLX Trading” distribution policy are:

- increase turnover;
- develop distribution network;
- increase profitability of a company;
- create a stable financial base for further development of the company;
- increase of market share.

The LLC “TLX Trading” import auto spare parts and distribute it through its shops and web-site to car owners and other retailers. There are several main intermediaries in the chain of spare parts distribution:

- service stations;
- retail shops;
- web-stores.

Most of intermediaries work as independent retailers, they set a price for the end customer by laying their mark-up either in a fixed percentage (large retailers) or in each case add a different amount to the cost price depending on the client and the product. All possible ways of distribution goods to the final purchaser are represented in the figure 2.2.

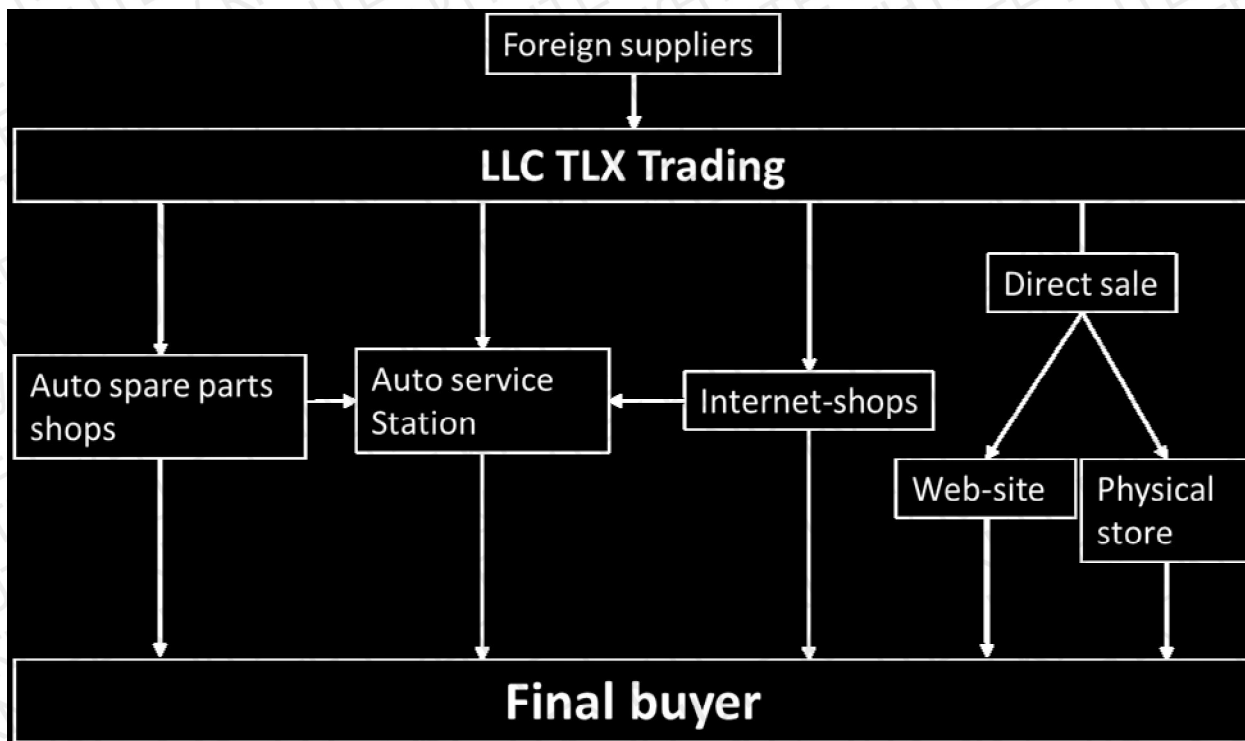


Figure 2.2 “Distribution network of LLC TLX Trading”

Source: made by author, based on [50]

In order to highlight the most significant and priority directions in the distribution policy of the company, it is necessary to consider in detail all the possibilities of selling imported goods and participants in the distribution process.

The LLC TLX Trading has both brick-and-mortar stores and a website as distribution channels. Imported goods are delivered to the warehouse, where they are checked and then received goods are registered in the electronic accounting system 1C. Courier transfers goods between stores once a day according to requests from managers to complete the local availability in the stores. Distribution points in the city of Odessa are located in such a way as to be at an equal distance from each other and cover as much of the city as possible, what represented in figure 2.3.



Figure 2.3 “Location of LLC TLX Trading shops and warehouse”

Source: [45]

The website serves as another distribution channel. Using the website, the clients (both wholesale and retail) can find, check availability and order needed parts.

The following functions are provided for customers:

- online catalog for original spare parts search
- find out the price for the list of parts;
- request mailing of price-list (for wholesale);
- module feedback "question-answer".

The order can be paid in cash at the point of sale or by bank transfer. Also for purchasers following delivery options are available:

- to the «NovaPoshta» office;

- by any other delivery company;
- pick-up from chosen store.

One of the main issues with online communication with customers is that 1C system is not synchronized with web-site database, what complicates the work of sales managers and makes order processing slower.

To analyze the structure of the company's distribution, it is necessary to study in detail the main types of wholesale counterparties of the company. Service stations where cars are serviced is basic distribution channel, because a significant part of car owners prefer not to waste time on the purchase of spare parts themselves, but trust it to service-masters or technical service stations. Ensuring convenient and stable interaction with service stations is fundamental for the company.

Online stores are not engaged in import – which position themselves as platforms for product placement and resale (for example avto.pro) are one more group of intermediaries between LLC TLX Trading and car owners.

The disadvantages of cooperation with online stores include:

- there is a dependence of distribution on Internet sites;
- internet sites sell products of all major suppliers, which increase competition and stimulate company to reduce the markup;
- mortgage their percentage in the cost of the final product for the buyer.

The advantages of cooperation include:

- opportunity to reach a wide audience;
- reducing the cost of advertising and SEO, thus the responsibility of promotion on the Internet lay on the intermediary.
- less work for managers and sellers, because they no need to interact with customers directly.

Online stores that import products independently are actual competitors. Which significantly limits the possibilities of interaction in the field of product distribution.

Cooperation with them creates a number of inconveniences:

- copying stock availability;
- refusal to distribute the company's exclusive brands;

- luring customers, intermediaries;
- access to suppliers.

The exception may be only companies with significant differences in specialization. For example European cars oriented suppliers are not actual competitors. Cooperation with them may help to complement each other's assortment.

Brick-and-mortar spare parts stores may be also designated as a competitor, in the case of their own imports, with the exception of stores with different specialization, which are forced to pick up spare parts for Toyota group cars in the domestic market.

Physical stores, if they do not have their own courier, usually focus on the sale of products to the nearest major service station. Also for the auto business is characterized by the combination of a warehouse and a store. Many small retailers do not have their warehouse at all, but keep only a small inventory in their shops. If they do not have their own imports of similar products, they may be an intermediate in the transportation of spare parts to a service center or directly to the car owner.

It should be noted that the distinctions between brick-and-mortar and online stores are in some cases rather blurred. Since physical stores begin to go online, creating their own websites, and online stores rent or buy premises to organize distribution points it is hard to separate these two groups. Significant differences, however, in most cases consist in positioning and the method of attracting and processing customers. Internet-oriented enterprises often consider physical store, not as a shop for working with a client, but only as logistics distribution points.

Retail customers are the most interesting group, as they purchase goods with the maximum markup for their own cars. The increase in the number of retail customers leads to an increase in profitability, but is fraught with a number of difficulties. Processing retail customers takes more time than wholesale, since in most cases wholesale customers send a ready list for a quote, and a retail customer needs advice.

According to the received information from LLC TLX Trading service stations formed about 47% of total purchases, physical shops about 19,5% and web-stores about 15% (Fig 2.4).

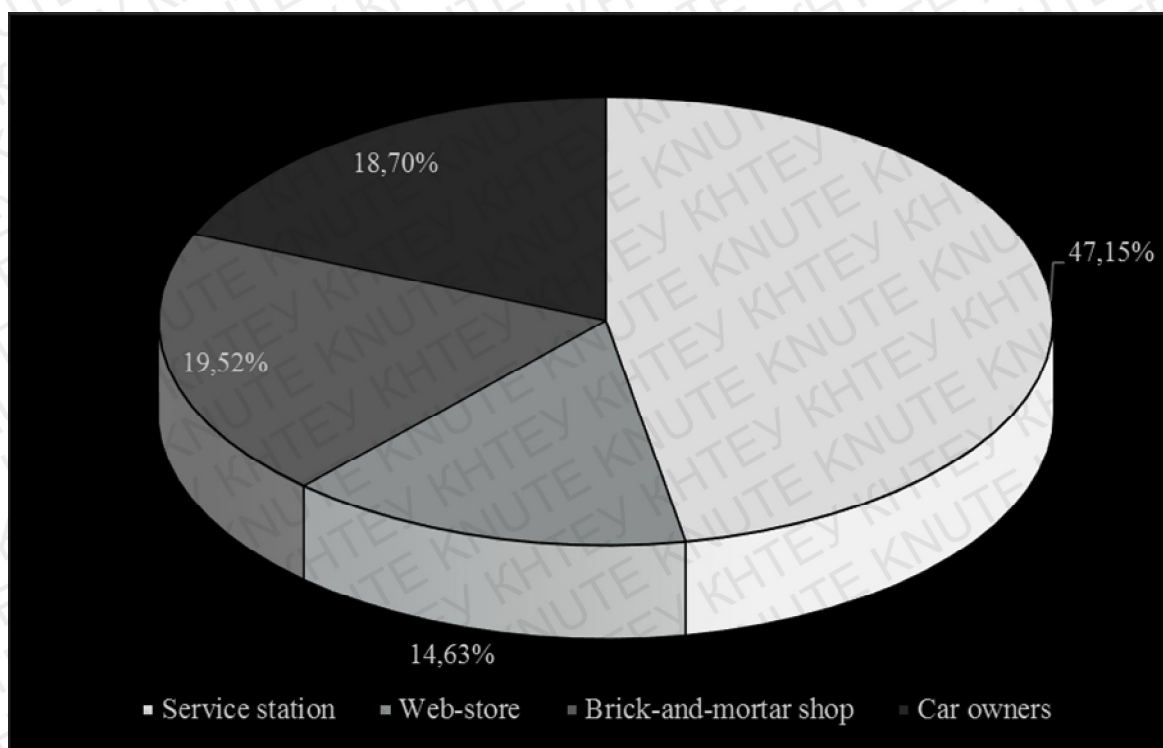


Figure 2.4 “Structure of LLC "TLX Trading" sales by type of client in 2017”

Source: made by author, based on Annex F

Direct sales to car owners formed about 19% in 2017 . Today, the company seeks to increase this volume, as retail consumers today due to social-economic situation in Ukraine seek for cheaper spare parts in Internet and want to buy them directly from importers. Processing of retail client requests also gives firm opportunity to collect information and capture market trends.

At the moment, the company does not have a clear methodology for setting discounts for intermediaries. According to the internal report for 2017, the average discount:

- for service stations was 11.5%;
- online stores - 13.5% ;
- physical stores - 13%.

Considering the use of retail discounts for regular customers, the average discount for retail sales for the same period was 2.5%. Thus, we can assume that the

average enterprise discount for 2017 was 10,40%. Knowing the profitability of sales and the weighted average discount, we can calculate that the weighted average markup is 18.37%

According to the company, almost 50% of the sales of goods accounted for the city of Odessa and another 12% for the region (see fig 2.5).

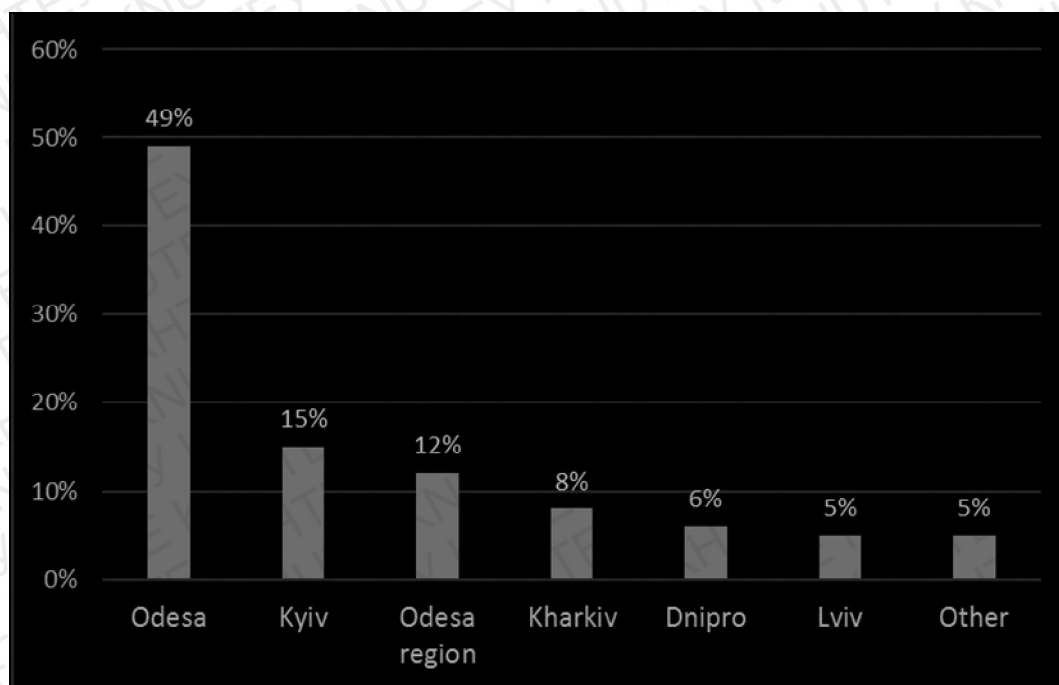


Figure 2.5 “Geographical structure of LLC TLX Trading distribution”

Source: made by author, based on Annex G

This situation is the result of the lack of regional points of sale and warehouses that could compete at the local level. Delivery to another city of Ukraine using such transport companies as New Mail or Ying Time takes 1 day (received the next day from the day of dispatch) and imposes additional costs on the buyer, which reduces the company's ability to compete in price. In order to remain competitive in the markets outside the Odessa region, the company is forced to set a 15% discount for wholesale buyers. Thus, it can be calculated that the average discount level for all sales in the Odessa region was approximately 7.5%

To assess the effectiveness of the distribution policy of the company, it is also necessary to analyze the quantitative indicators of LLC TLX Trading economic activity. Based on the theoretical methodology and available data, the most representative indicators were selected. According to internal report expenses for

distribution activities growing every year, from about 197 ths. UAH in 2015 to 341,5 ths. UAH in 2016 and at last reached 432,9 ths. UAH in 2017 (tab 2.8)

Table 2.8

Quantitative indicators of the effectiveness of distribution policy

Indicator/Year	2015	2016	Coefficient of grow	2017	Coefficient of grow
Expenses for distribution activities, ths. UAH	196,83	341,46	1,73	432,82	1,27
Revenues from sale, ths. UAH	1299,00	2610,90	2,01	3605,60	1,38
Profit before taxes, ths. UAH	62,30	36,20	0,58	218,60	6,04
Inventory, ths. UAH	2424,80	2707,40	1,12	1810,10	0,67
Return on sale, ths. UAH	4,80%	1,39%	0,29	6,06%	4,37
Inventory turnover rate, per year	0,69	0,89	1,29	1,30	1,45
Distribution capacity of expenses	15,15%	13,08%	0,86	12,00%	0,92
The share of unrealized products in the value of the commodity mass	144,45%	111,90%	0,77	77,19%	0,69
The coefficient of increase of sales from the increase of distribution expenses		1,16		1,09	

Source: made by author, based on Annexes B, C, D, [50]

Distribution costs include all expenses associated with the sale of goods, salaries of persons associated with the sale, advertising costs and rent, website maintenance costs. Considering that the rental costs for the company have not changed during this period, it can be assumed that the changes in distribution costs are mainly related to advertising expenses, support for the site and changes in the payroll fund. As we see, the growth of distribution costs correlates with the growth of sales and the increase in the turnover rate of inventory, what is visualized in the figure 2.6.

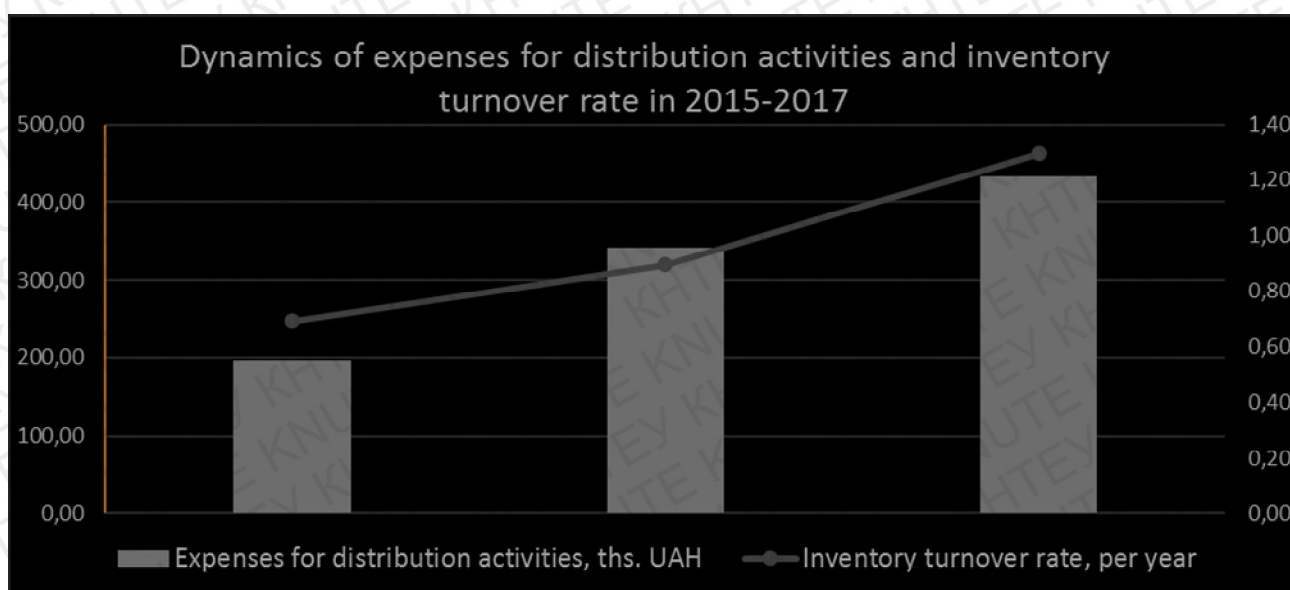


Figure 2.6 “Dynamics of expenses for distribution activities and inventory turnover rate in 2015-2017”

Source: made by author, based on Annexes B, C, D, [50]

Active growth of sales volume and increase of inventory turnover rate is a positive dynamic for the company and indicates the correctness of the direction of distribution policy. It should also be noted that the coefficient of increase of sales from the increase of distribution expenses is more than 1, what indicates that growth of sales expenses by 1 percent leads to an increase in the company's income by more than 1.09 percent. The share of unrealized products in the value of the commodity mass indicator represented that in 2015 and 2016 volume of sold goods was less than inventories 144,45% and 111,90% respectively. Such situation indicates that most of goods just stay at warehouse and distribution network is weak. But this figure decreases every year, thus showing an improvement in business activity of the enterprise. As for the size of inventories, it is ambiguous to estimate their decrease in 2017. Since it shows that sales begin to exceed the import of products and it is possible that the company will not keep up with the demand to replenish its stocks. To avoid this situation, one possible option is to increase the markup with increasing demand, thus speeding up the process of returning the invested funds

2.3 Assessment of the enterprise competitiveness in the automobile spare parts market

Before assessing the competitiveness of the LLC TLX Trading and its position in the market of automotive spare parts, it will be logical to determine what constitutes the competitiveness of a trading company.

From the point of view of A. Mazaraki, competitiveness as a category reflects economic relations with regard to the creation and implementation of a complex of competitive advantages that are inherent in a market entity [23]. For the company, competitiveness is also may be defined as the ability to provide products and services as or more effectively and efficiently than the relevant competitors. In accordance with international scientific experience, the assessment of competitiveness largely consists in the study of the market in which the enterprise operates and the comparison of its features and trends. Professor of the Harvard Business School M. Porter determines the competitiveness of the enterprise as the ability to successfully operate in a specific market (sales area) in this time period by issuing and marketing competitive products and services[29].

M. Porter shows five factors that, in his opinion, have the greatest influence on the competitiveness of the enterprise:

- the struggle with existing competitors;
- threats from newcomers;
- opportunities for bidding with suppliers;
- the ability of consumers to make their own choices and to bid on them;
- threats from alternative products and services (analogue products) [29].

In assessing the competitiveness of the enterprise, in addition to the potential of the company in the current time, should take into account the prospective potential of the enterprise. This is especially true for Ukrainian enterprises, since some of them are currently uncompetitive due to lack of financial resources, ineffective management and other reasons. According to Balabanova L.V. and Balabanets A. V. competitiveness of an trade enterprise is largely depend on the organization of its

distribution. With effective sales management the company develops and earn profit [7].

Thus, the competitiveness of a trading company is determined, above all, by its ability to effectively meet the needs of consumers, its competitive advantages in terms of price, quality or customer service in a specific market or area.

Turning to the review of the market of auto parts, you should also indicate the features of the functioning of trade enterprises in Ukraine such as:

- Lack of a strategic approaches to sales activity of the enterprise;
- Insufficient knowledge of current and future market conditions;
- Unemployment of enterprises to changes in demand;
- Imperfect system of informational support of marketing activities.

The problem of information support and communication efficiency is one of the most important in trading enterprises. Yes, there is still no stable system for exchanging information on the distribution, inventories and sales of goods between business entities. There is also no information on the state and factors of demand, trends and forecasts of its development. Such problems typical not only for LLC TLX Trading but also for most of Ukraine companies. It should also be clarified by studying the market of auto parts in Ukraine, we are faced with a lack of statistical information and marketing research that would help to study the competition in this market in more detail. It should also be taken into account that the segment of the automotive market is saturated with gray intermediaries and dealers, which distorts data on the real situation on the market.

The auto parts market satisfies the needs of the population, enterprises, organizations in the relevant products and services for the purpose of efficient and expedient use of motor transport. It is a component of the market of goods and services, its specific component. If we evaluate the world market, then we can agree with the authors who argue that the world market is a global system that regulates the supply and demand balance, and the regulator is international economic relations.

Proceeding from the foregoing, we can determine that the domestic auto parts market is a complex system of relations for satisfying the demand of consumers of

goods and services for the purposeful use of motor transport, machines and mechanisms on the road.

The auto parts market is to some extent a reflection of the market for cars sold and operated in Ukraine. The price of components varies depending on the speed of delivery of a specific detail, the rarity of the car model in the Ukrainian market, the reputation of the supplier and other factors.

The market of spare parts and other automotive components is characterized by a high level of competition. This trend is associated with a large number of operators in the retail and wholesale market. The analysis of the modern auto parts market in Ukraine shows that the Ukrainian auto parts market is characterized by fragmentation - a huge number of small and semi-legal operators prevails.

The global trend of replacing expensive, original spare parts with cheap ones has acquired a special distribution in the CIS countries. Recently, experts (for example, from Jasticars) are talking about a stream of low-quality fakes from China and South Korea.

Using data from the State Statistics Service of Ukraine, we can calculate that the majority (more than 80%) of auto parts sold both in retail and wholesale are imported and their share has slightly increased over 4 years (see table 2.9).

Table 2.9

Dynamics of auto spare parts turnover in Ukraine by manufacturer, ths. UAH									
		2014		2015		2016		2017	
Wholesale	Total	12624562,8		18325483,4		27850524		33839448,2	
	Ukrainian	1705474,9	14%	2629598,5	14%	4256943,4	15%	4347615,7	13%
	Imported	10919087,9	86%	15695884,9	86%	23593580,6	85%	29491832,5	87%
Retail		2014		2015		2016		2017	
	Total	5572850,9		6679238,5		8290288,7		6685203,0	
	Ukrainian	1050057	19%	1349615,1	20%	1546340,9	19%	1220346,3	18%
	Imported	4522793,9	81%	5329623,4	80%	6743947,8	81%	5464856,7	82%

Source: made by author, based on [70]

Taking into account that the LLC “TLX Trading” operates in the market of imported auto parts, it will be logical to compare its performance with the indicators of the market of imported spare parts in Ukraine. Obviously, the company's share in the total auto parts turnover is extremely small, the company's annual turnover in 2017 is 0,012% percent of total wholesale of auto parts and 0,07% percent of total retail trade of imported spare parts in Ukraine. Such a small market share is not surprising, since it has already been mentioned that the auto parts market is fragmented into many medium and small enterprises. It should also be borne in mind that the company LLC “TLX Trading” is highly specialized and deals with auto parts mostly for Toyota cars.

In this case, it would be logical to consider the dynamics of the growth of turnover in the auto spare parts market. The indicators for 2014 were taken as the basis for calculations. It is also important to take into account inflationary processes that can distort market data. To adjust for inflationary processes in calculating sales growth, we use the Consumer Price Index (CPI) and calculate the growth rate using the following formula:

$$T_g = (Tr_n / CPI_n) / Tr_{n-1} \quad (2.1)$$

where, T_g – Temp of growth;

Tr_n - turnover of current period;

Tr_{n-1} – turnover of previous period;

CPI_n – Consumer Price Index at the of current period.

After analyzing the results of the comparison of the dynamics of the growth of the auto parts market and the dynamics of the increase in the company's revenues, it can be concluded that the company's revenues are growing faster than the market volume of auto parts, for both wholesale and retail enterprises (Fig 2.7)

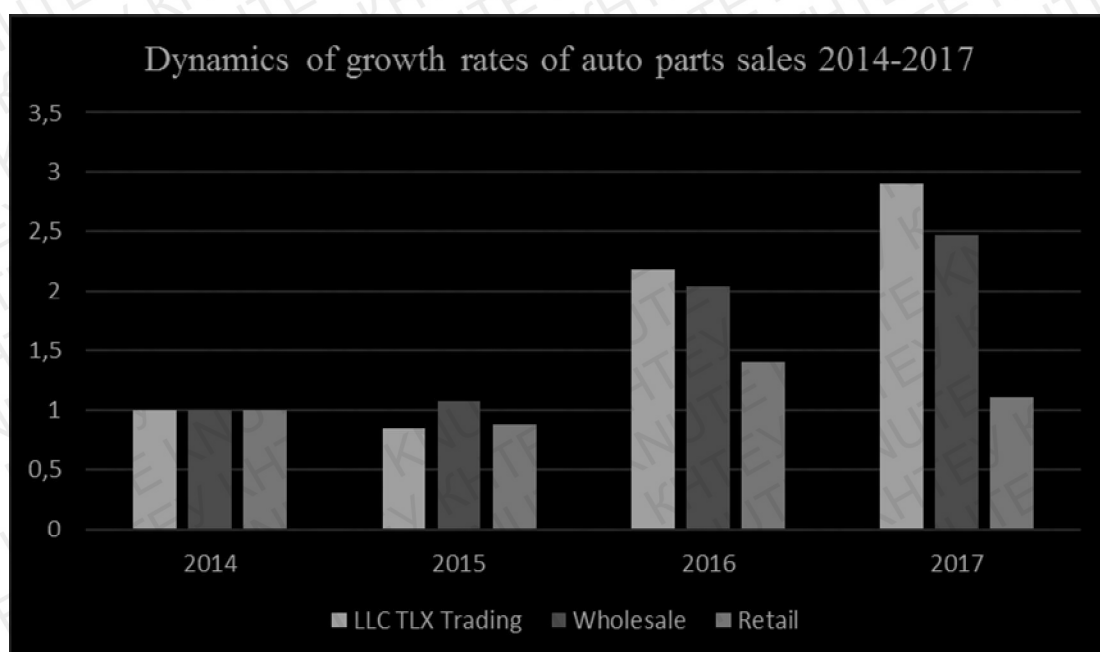


Figure 2.7 “Dynamics of growth rates of auto spare parts sales in 2014-2017”

Source: made by author, based on [70]

It is also necessary to mark the tendency of active growth of sales volumes of wholesale enterprises in relation to retail companies. This trend may indicate the strengthening of the position of wholesale companies in the market and business consolidation.

The indicator of Resale for the market of auto parts of Ukraine was 2.3-2.4 from 2015 to 2017 (tab. 2.10).

Table 2.10

Dynamics of Intermediaries participation in spare parts market

Indicator/Year	2014	2015	2016	2017
Wholesaler to wholesaler sales (W2W), ths. UAH	8189750,4	10698119	15874163,6	19878076,1
Resale Indicator (or Intermediaries Indicator)	2,85	2,40	2,33	2,42
% of W2W sales	64,87%	58,38%	57,00%	58,74%

Source: made by author, based on [70]

After falling in 2015 from 64.87% to 58.38% of such sales, their share did not change significantly in the following years. The market of auto parts in Ukraine is saturated with intermediaries, sales from one enterprise, which is engaged in wholesale of auto parts to another, account for about 60%. There are at least 2 intermediaries on average between the importer and the final buyer. Thus, it can be

concluded that there is a potential in the market both for direct sales and for the use of intermediaries in distribution.

Comparison of general market indicators of business activity with similar indicators of the LLC “TLX Trading” allows us to approximately estimate the effectiveness of the company's distribution activities. The average market inventory turnover ratio for auto parts increased from 4.92 to 6.20 for companies whose main activity is wholesale and dropped from 4.78 to 4.03 for retailers (figure 2.8).



Figure 2.8 “Inventory turnover ratios in auto spare parts market 2015-2017”

Source: made by author, based on Annexes B, C, D, [70]

Exploring the market of auto parts in Ukraine, we should turn our attention to some key players in this market in order to compare the distribution activities of the company and analyze the market situation.

Inventory turnover ratios of LLC “TLX Trading” in 2015-2017 much lower, which confirms that the distribution system of the company needs significant improvement. But as mentioned above, there is a tendency to reduce the period of inventory turnover. In percentage terms, the increase in inventory turnover ratio for LLC TLX Trading is 87%, what more than the average market ratio for wholesale companies which amounted for 26% [70].

Exploring the market of auto parts in Ukraine, we should turn our attention to some key players in this market in order to compare the distribution activities of the company and analyze the market situation. To assess the competitiveness of the

company in the auto parts market, it is necessary to study the activities of other companies that are direct or indirect competitors. For this, a list of the most well-known players in the auto parts market for foreign cars in Ukraine was compiled. Unfortunately, the market is highly saturated with small companies, so it is not possible to consider the activities of all possible competitors. The activities of these companies were analyzed with focus on the characteristics of the distribution system. (table 2.11)

Table 2.11

Comparison of competitors by main characteristics

Company / Indicator	Avto.pro	Exist	Elit	Technomir	Inter-cars	LLC TLX Trading
Wholesale	+	+	+	+	+	+
Retail	+	+	+	-	-	+
Trade network in Ukraine	-	+	+	-	+	-
Own service-network	-	-	+	-	+	-
Delivery to service stations	-	-	+	+/-	+	-
Online payment	-	+	-	-	-	-
International Company	-	+	+	-	+	-
Own Import	-	-	+	+	+	+
Brand cooperation	-	-	-	-	+	+

Source: made by author, based on [50],[52],[53],[54],[56],[57]

The activities of each company represented in Table 2.11 were analyzed. If the company met the required parameters, used such a distribution tool, or provided the functionality similar to the one indicated in the table, then the corresponding patch was indicated by a plus, if not - by a minus.

Avto.pro is a internet platform which connect traders and customers. This company does not provide any activity of trading or importing goods themselves. Avto.pro offer you just place your list of spare parts in the base and wait when any customer interested in your proposal [52]. This is new type of bussines for Ukraine, when intermediary not imposes its markup, but only connects buyers with seller. Model of interactions for such type of web-platform detailed in figure 2.9.

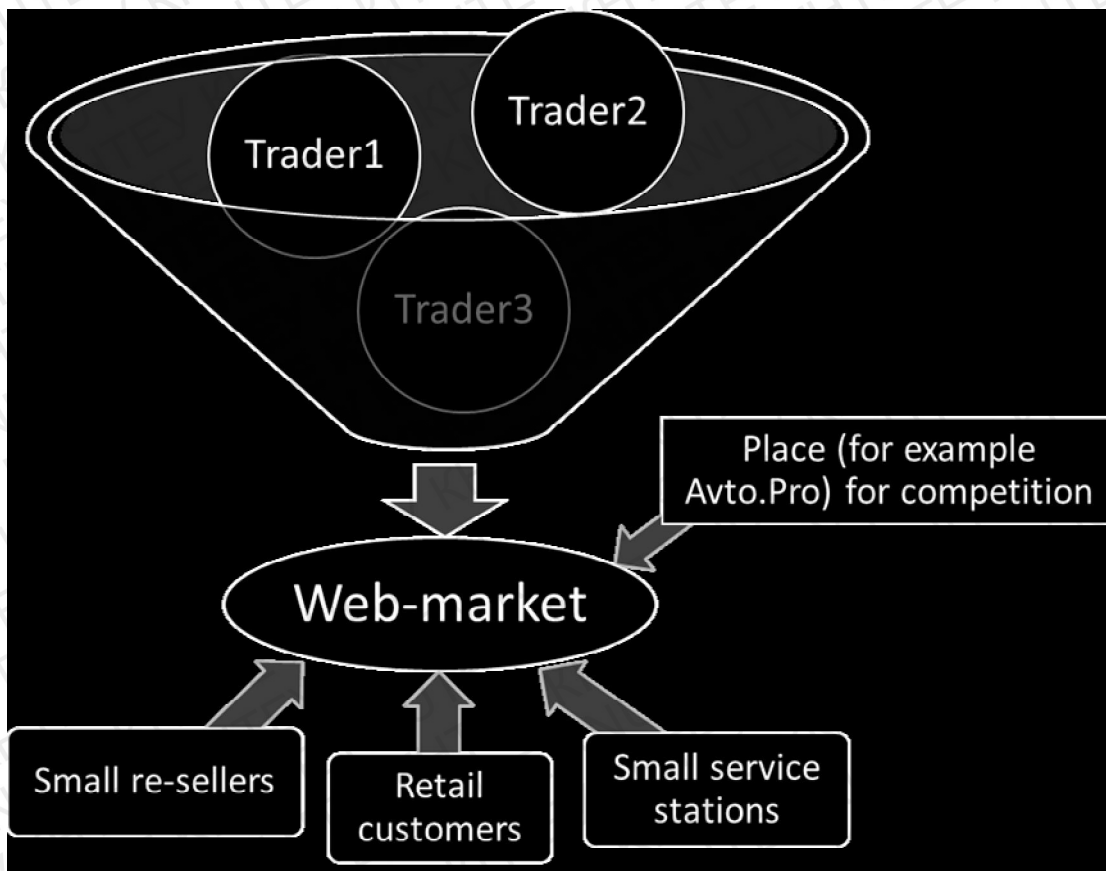


Figure 2.9 “Model of web-market interactions”

Source: made by author, based on [52]

As we see from figure 2.9, all traders on equal terms put up their offers in a market where the buyer can compare all the conditions. But in this case competition is increasing and the main factor for attracting the customer is the price, then the speed of delivery and finally the credibility of the seller. This situation forces sellers to adjust and lower prices in order to be competitive. Avto.pro uses the standard for the Internet "pay per click" and other monetization options, thereby guaranteeing yourself earnings and without imposing a margin on the final price, which advantageously wins among other online stores. At the same time, Avto.Pro's target audience is advanced auto-owners, small traders and service stations, who cannot afford to work with large suppliers due to small turnover. Small resellers and service stations using Avto.Pro get competitive prices and a wide range of products using someone else's availability. The main point that separates Avto.Pro from a wide range of retail customers is the specifics of the selection of spare parts for cars, as this

requires certain knowledge, as well as distrust of unfamiliar merchants, who usually do not have their own Internet resources.

"Exist" is also web oriented company, but place itself not as a market for free intermediaries. Exist is a web-store which trade auto spare parts using warehouses and availability of other suppliers and importers . Exist operates in several CIS countries and have own network of brick-and-mortar stores, which they use as location for delivery of the goods (see figure 2.10) [54].

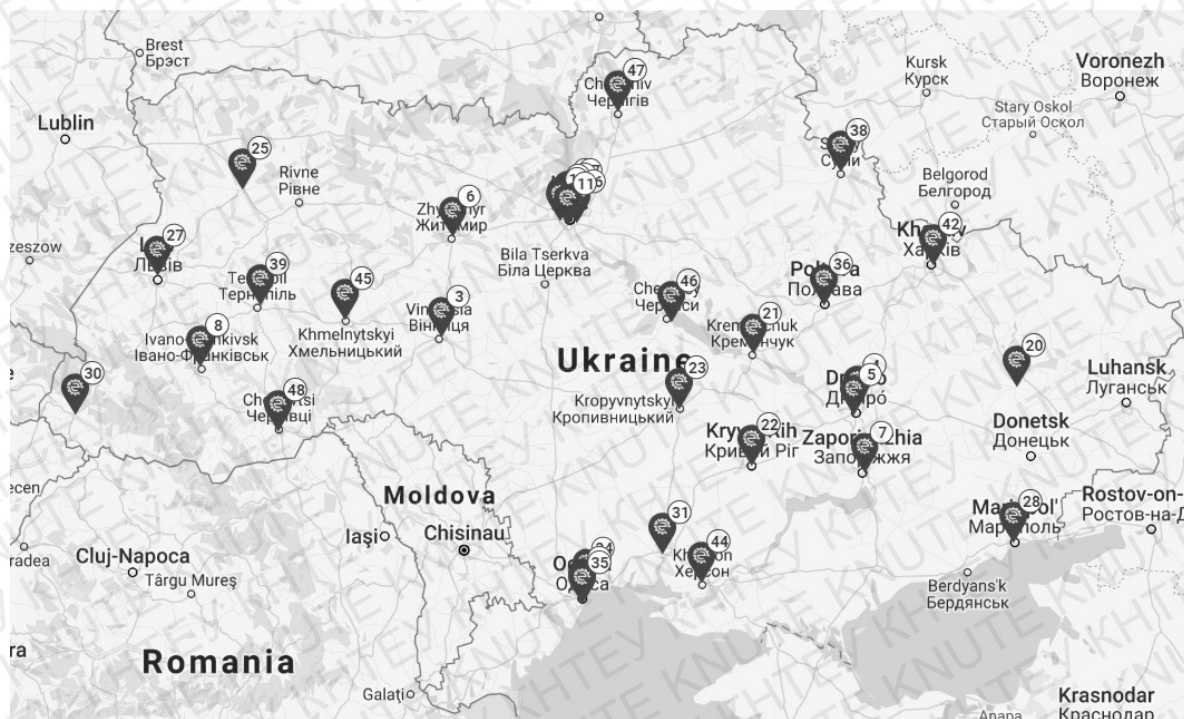


Figure 2.10 “Trade network of LLC “Exist-Sit” in Ukraine”

Source: [54]

The Exist company (Exist-Sit LLC) offers its customers the opportunity to pay directly on the web-site, as well as a convenient catalog for the selection of parts and a huge variation of replacements and analogues [54]. One of the significant drawbacks of the company is that the company lays its own margin on final price of spare parts, what reduces its price competence with Avto.Pro and other online-stores. However, being an branch of the Russian “Exist”, the Ukrainian branch has the opportunity to count on the availability and supply from CIS countries to improve its product range, as well as to use ready-made technological solutions. Considering the

international aspect, it should be noted that the political situation between Russia and Ukraine significantly weakened the position of this player in the auto parts market.

LLC "ELIT-Ukraine" is a part of ELIT Group - one of the leading suppliers of auto parts in the territory of Eastern European countries [53].

In 1995, ELIT Group was bought by the large Italian company Rhiag which network represented in figure 2.11.

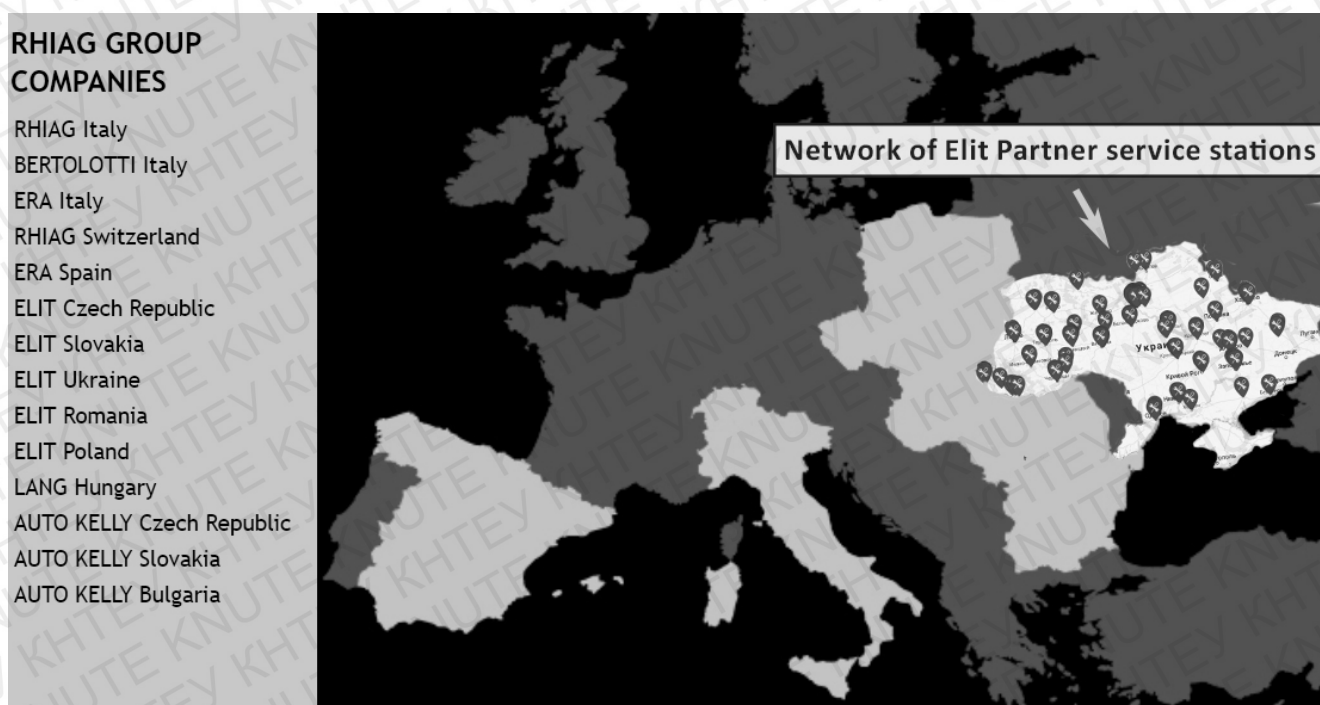


Figure 2.11 “International network of Rhiag group and Elit Partner service stations network in Ukraine”

Source: [53]

In 2015, the largest US auto parts supplier, LKQ Corporation, announced the signing of a final agreement to acquire the holding company Rhiag-Inter Auto Parts Italia S.p.A (Rhiag). Thus, the international relations of the Ukrainian branch of Elite allow them to have reliable supply chains for auto parts and implement already proven solutions in the field of wholesale auto parts [53].

Distribution policy of "ELIT-Ukraine" is aimed primarily at wholesale trade and to cooperate directly with service centers. The company practices active cooperation with the owners of the primary station, which includes:

- equipment for service;
- delivery of auto parts;

- training of service personnel;
- inclusion in the network of service centers Partner Elite [53].

In this way, the company guarantees itself a reliable demand, making service stations highly dependent on cooperation with the “Elite”. “ELIT-Ukraine” also have a network of warehouses and trade points over Ukraine, primary in big cities like Kiev, Odessa, Dnipro and so on. Elit’s delivery logistics focused on delivery to service stations but for retail customers such activities are provided too.

“Technomir” and “Intercars” both importers, which deal only with wholesale customers. “Technomir” is a ukrainian company, which deal with original spare parts and analogues for foreign cars. The «Tehnomir» company's activities more focused on the import logistics and sale of spare parts from its warehouse, the company does not open many trade points in Ukraine, and prefers warehouses near big cities. At the same time, the company, as well as Elite and Intercars, delivers spare parts to a service stations in Kiev in order to compete with huge spare parts suppliers. Perhaps later this practice will spread to Odessa and other ukrainian cities. The company also provides wholesale buyers the ability to automatically upload a warehouse availability to their web resources using Application Programming Interface technology (API). Such a system operates in the request-response mode passing information directly between two web resources. The distribution policy of the company also includes the retention of wholesale buyers through the system of discounts, which depends on the volume of purchases. This business model allows you to reduce the cost of advertising, rent of commercial premises, salaries of sales staff [57].

Inter Cars Ukraine is a division of the international company Inter Cars S.A. as well as a member of the purchasing union ATR International AG. Inter Cars has 243 branches in Poland and 250 offices in 15 European countries: Czech Republic, Slovakia, Slovenia, Hungary, Croatia, Romania, Bulgaria, Lithuania, Latvia, Italy, Bosnia and Herzegovina, Greece, Estonia, Moldova and Ukraine. Inter Cars Ukraine is one of the leaders in the distribution of auto parts in Ukraine. During the 17 years of its existence, Inter Cars Ukraine opened 28 branches in different regions of

country. This is one of the largest network of affiliates in the auto parts business. In October 2011 the solemn opening of the new Logistics Center took place 7 km from Kiev. The total storage area of the new Logistics Center is more than 11,000 m². The logistics center is equipped with the most up-to-date automated conveyor system and scanner system of accounting of European-level goods, which is the newest in Ukraine [56]. For wholesale intermediaries, the company offers the following benefits:

- high level of service delivery;
- developed logistics network;
- on-line access to resources of Inter Cars Ukraine;
- marketing support;
- staff training;
- warranty, technical and advisory support [56].

This company has strong connections with parts manufacturers such as DENSO, TRW, and others, which allows them to purchase parts of these brands without intermediaries and with more convenient terms.

It should be noted that LLC “TLX Trading” also pays special attention to the product range. In contrast to all enterprises listed above, the company chose a narrower specialization for itself, selling spare parts mainly for Toyota cars. Thus, the company has the opportunity to work out its assortment in more detail and stand out among the competitors. It should also be noted that the company also trying to work directly with manufacturers using its own trademarks to distribute products. According to the price comparison conducted by the brand of filters “MKF”, cooling radiators “ColDog” and “MarkBest” these brands fit perfectly into their price category and are cheaper than many auto parts from other manufacturers, such as Sakura, Knecht, JS Asakashi, Nissens etc [50].

Summing up the analysis of the market of auto parts and companies ranking in this market, you should pay attention there are a huge number of small and medium-sized trading enterprises in the auto parts market.

One of the tools that we can use in order to make conclusions about the competitiveness of LLC TLX Trading in the automotive market is the classic SWOT analysis represented in Table 2.12.

Table 2.12

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> - Narrow specialization - Network of stores in Odessa - Own brands with competitive prices - Recognizable name with a good reputation in the market 	<ul style="list-style-type: none"> - Insufficient development of distribution system - No local representatives, warehouses or stores in other Ukraine cities - No strong cooperation and delivery to service stations - Lack of financial resources - Insufficiently developed information and communication system
Opportunities	Threats
<ul style="list-style-type: none"> - Growth in the auto parts market - Development of international logistics, simplified delivery and communication - Active development of internet technologies 	<ul style="list-style-type: none"> - Strong competitors with wide network and international connections - Socio-economic instability - Reducing the share of Toyota cars in the market in favor of other cars - Competition with gray dealers and counterfeit parts

Source: made by author, based on [6]

According to SWOT nowadays LLC “TLX Trading” have a lot of trouble the company may face. The main problem of the spare parts market in Ukraine is strong competition and the presence in the market of international companies with which one will have to compete anyway. A possible way out of this situation is cooperation with strong players using their distribution network to distribute their goods, or cooperation in the field of imports. The LLC TLX Trading should not be limited to the borders of Ukraine, as we see most suppliers of auto parts, sooner or later begin to expand to other countries. Internet distribution has a huge potential, which, according to statistics, is growing every year. Although there are also competitors in this field, but not all of them have physical stores with which you can build long-term relationships with retail customers. Very unpleasant for the company is a low level of inventory turnover. This situation can be caused by both the weak development of the distribution network and the wrong product policy. However, the trend to reduce the

period of inventory turnover indicates that the company is working and is gradually improving in this direction.

CONCLUSION TO THE CHAPTER 2

LLC "TLX Trading" is a trading company whose main activity is import and distribution of auto spare parts. Considering all the financial and economic analysis, we can make a conclusion that LLC TLX Trading is developing relatively well. The main negative points in the economic activity of the enterprise are low business activity indicators, absence of non-current assets, and low profit. Through the researched period of 2014-2017 the enterprise left the loss zone and became profitable. It can be concluded that the company does not use its assets effectively, which impedes the increase of trade turnover and increase of profitability. For a company is possible to follow some tendencies towards positive changes, such as reduction of turnover periods, absence of any significant debt obligations, increase in turnover and assets.

The company does not have a distribution network in Ukraine, all trade shops are concentrated in Odesa, this situation is reflected in the geographical distribution structure of the company, where 61% of sales accounted for Odesa and Odesa region.

Summarizing the analysis of the distribution policy of the LLC TLX Trading, we may identify the following weaknesses of the distribution policy:

- absence of regional warehouses, sales outlets or representatives;
- lack of synchronization between the 1C system and the website;
- lack of online payment options on the website;
- the availability of stable ties on a contractual basis with intermediaries;
- lack of clear pricing policies for brokers and direct sales

Solving all the problems described above LLC «TLX Trading» has a prospective to run the economic activity more successfully in future years.

The auto parts market in Ukraine is highly competitive, consisting of many medium and small sellers and an intermediary. In such a situation, the company must

remain competitive and actively develop in order to improve its economic performance, or at least remain at the same level.

PART 3. RECOMMENDATIONS FOR IMPROVING THE DISTRIBUTION POLICY OF THE IMPORTING COMPANY TLX TRADING

3.1. Justification feasibility of introducing measures to improve LLC “TLX Trading” distribution policy.

After analyzing the company's activities and its distribution policy, it can be concluded that the LLC TLX Trading's distribution policy can be improved with the help of a number of solutions. Nowadays, besides positive tendency in economic indicators, inventory turnover ratio stay low compare to the market average. The profitability of the company also remains low within 4-6%, which is not enough to actively improve the distribution network. The presence of serious competitors on the market and the general tendency for new competitors to appear on the market and the strengthening of the positions of existing ones leads us to the need to improve the company's distribution activities. Having studied the company's activities, the main features of the auto spare parts market and the activities of competitors, there are three main areas of improvement may be defined, the need for which is beyond doubt (see table 3.1).

Table 3.1

Strategical directions of distribution policy improvement

1) The need for geographic expansion
2) The need to improve the website as a distribution channel. Information and communication technologies.
3) The need to improve cooperation with service stations

Source: made by author, based on [50]

First of all, the company should take action to expand its activities to other cities of Ukraine and possibly send spare parts abroad. Most of the competitors considered by us, the companies open their branches and representative offices in many large cities, such as Kiev, Dnepropetrovsk, Kharkov, Lvov, etc. According to

the analysis of contextual advertising in the Google search engine, about 29% of queries on keywords chosen for advertising the company's product range fall on Kiev, the capital of Ukraine (fig 3.1).

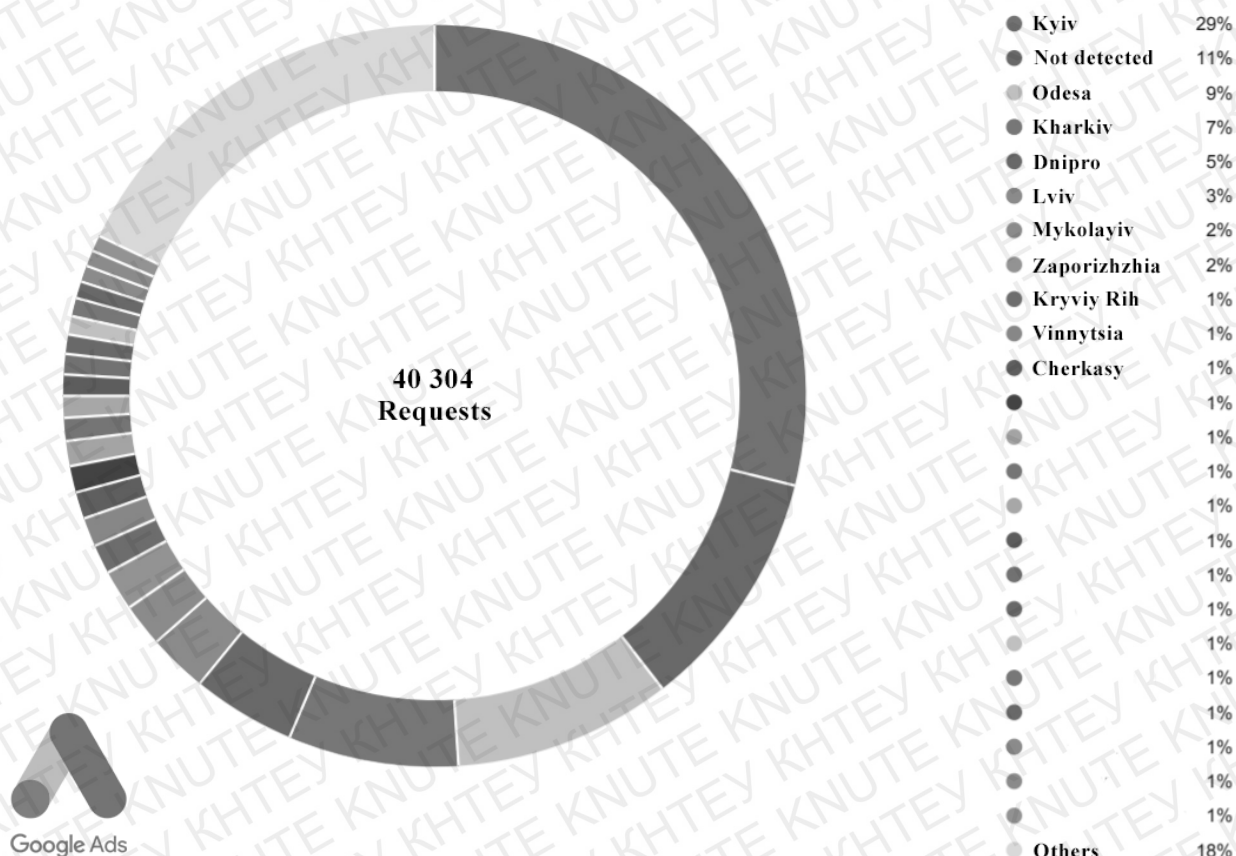


Figure 3.1 “Web-requests for Toyota-Lexus spare parts in Ukraine”

Source: [50]

Next after Kiev, followed Odessa - 9%, Kharkiv - 7% and Dnipro - 5%, about 11% of users who were looking for auto parts could not determine the location. If you compare this with the distribution of the company's sales, it is obvious that potential of Ukraine spare parts market is not used fully.

It is logical that, according to research of UkrAvtoprom in the first seven months of 2018 Kiev was the largest regional market for automobiles in Ukraine, every third new car sold in the country receives the Kiev registration. By region, the rating of registered new cars in 2017 is as follows:

1. Kyiv - 36% of the total;
2. Kharkiv region - 8%;
3. Dnipro region - 8%;

4. Odesa region - 6%;
5. Kyiv region - 6%;
6. Lviv region - 5%;
7. Zaporizhia region - 4% [47].

Taking into account the specialization of the LLC TLX Trading should also clarify that in 2018 from January to August, the Toyota RAV-4 crossover became the second most popular car in Kyiv, with 563 residents of Kyiv choosing to do so. The top ten most popular cars also included Toyota Camry and Toyota Corolla [67]. The level of popularity of Toyota cars in the city of Kiev can also be confirmed by the presence of five Toyota centers and two Lexus centers. What is proof of the demand for this car by residents of the city. The important factor is that at the moment the company does not even have a partner representation in other cities of Ukraine, which could promote exclusive brands in local markets.

The inability to ensure the distribution of auto parts in Ukraine without regional offices, warehouses and retail outlets is due to the specifics of the car service industry. According to surveys of owners of large service stations the main factor that influences their choice of suppliers except pricing, is the speed of delivery and availability [65]. So having a regional warehouse or outlet with an internal warehouse, it is possible to supply auto parts for service centers on the same day, as all the auto parts suppliers in Ukraine discussed above do. Providing quick service to service centers is very important. The service station does not make sense to delay the repair work, since the more cars the service station has time to service, the greater will be the income of the enterprise.

In addition to the development of sales in Ukraine, there are options for sending auto parts to neighboring countries. The development of delivery and customer acquisition via the Internet can help increase the sales market for an enterprise. Interesting is the market for automotive products in the Republic of Moldova. Toyota brand cars are the 4th most popular among locals. In 2017, residents of Moldova purchased 538 new Toyota cars, which is a 50% increase compared with another year. If this trend continues, then Toyota may have occupied a

dominant position in this market in a couple of years [66]. Considering that the Moldovan market is much less than in Ukraine, the level of competition here is noticeably weaker. The product range is smaller, which allows the company to have an advantage over local distributors.

In order to assess the markets for auto parts of the Moldavian Republic and Kiev, together with the Kiev region in quantitative terms, will be introduced coefficients of auto spare parts sales potential which based on data of new vehicle registrations in 2017 and the total population.

$$C_{sp} = N * 0,7 + P * 0,3 \quad (3.1)$$

,where N- number of new car registrations;

P- Population;

C_{sp} – Coefficient of auto spare parts sales potential.

Comparison of the potential for sales is presented in table 3.X

Table 3.2

Market sales potential evaluating

Indicator / Region	Moldova Republic	Odesa region	Kyiv + Kyiv region
Number of new cars registered in 2017	5512,00	3879,30	27155,1
Population, million	3,55	2,396	4,634
Coefficient of potential for auto spare parts sales	1,4	1,0	5,5

Source: made by author, based on [48], [67], [70]

It can be stated that both the Moldavian Republic and the Kiev region (including the city of Kiev) may be of interest from the point of view of expanding the distribution network.

In order to determine how efficiently it would be to supply auto parts to the Republic of Moldova, it is necessary to compare prices in the domestic market of Moldova. To carry out such a comparison, the most competitive product group was chosen - “Air filters and car interior filters” distributed by LLC TLX Trading under the “MKF” brand. These filters are purchased directly from the manufacturer’s factories in South Korea and China. In Ukraine LLC TLX Trading has registered its own trademark - “MKF” under which the filter spreads further. For comparison, the

prices in the domestic market of Moldova Republic were selected the two most popular resources for the purchase of auto parts - Automall.md and Exist.md (branch of Exist Russia). Before making a comparison, we will compile a table of data required for the calculations of the export operation represented in Table 3.3.

Table 3.3

Initial data at 20.11.18

Exchange Rates USD - UAH	27,57
Exchange Rates USD - MDL	17,12
Product code:	8421
Custom Duty	0
VAT	12%
Transportation costs	20 USD for 5 KG

Source: [62], [72], [73]

As in the Moldavian Republic the national currency MLD is used, in order to bring to a single unit of account all prices were converted to the international currency USD at official rates on 11/20/18 [73]. Also, transportation costs were used according to the tariffs of the International delivery of the “NovaPoshta” and “Intme” transport firms. According to the Customs Tariffs of the Republic of Moldova, automobile filters included in category “Centrifuges, including centrifugal dryers; equipment and devices for filtering or purifying liquids or gases” with code 8421 and the customs duty for import filters according to this category is 0% [62].

In order to compare prices after importing filters in the Republic of Moldova, 14 positions were selected from the presence of LLC “TLX Trading” for which wholesale prices were taken. To calculate price of spare parts in Republic of Moldova after importing VAT was added to the invoice value, and transportation costs distributed relative to the weight and volume of filters [16].

For comparison, similar brands were taken – JC Asakashi, Bosch and Blue print. These are well-known brands of automotive filters that are present in many countries around the world. The results of the study are shown in Table 3.4 and

clearly demonstrate the price competitiveness of the filters of "MKF" in the market of auto parts of the Moldavian Republic.

Table 3.4

Price competitiveness of automobile filters «MKF» in Moldova Republic

Name	#	Price in USD					
		Automall.MD	Exist.MD	LLC TLX Trading in Ukraine	Exported in Moldova	Difference with Automall.MD	Difference with Exist.MD
Air Filter	MFAL0089	3,40	3,39	2,39	3,38	-0,02	-0,01
Air Filter	MFAL0092	4,77	4,77	3,48	4,60	-0,17	-0,17
Air Filter	MFAL0100	3,45	3,55	2,14	3,10	-0,35	-0,45
Air Filter	MFAL0106	4,01	4,01	2,94	3,99	-0,02	-0,02
Air Filter	MFAL0120	4,15	4,13	2,94	3,99	-0,16	-0,14
Air Filter	MFAL0123	5,81	5,95	4,43	5,66	-0,15	-0,29
Air Filter	MFAL0130	4,15	4,01	2,90	3,95	-0,20	-0,06
Air Filter	MFAL0131	3,97	3,87	2,76	3,79	-0,18	-0,08
Air Filter	MFAL0132	4,72	4,69	3,45	4,56	-0,16	-0,13
Air Filter	MFAL0134	3,13	3,15	2,18	3,14	0,01	-0,01
Air Filter	MFAL0136	4,78	5,02	3,48	4,60	-0,18	-0,42
Air Filter	MFAL0137	3,88	3,95	2,83	3,87	-0,01	-0,08
Air Filter	MFAL0141	3,65	3,81	2,61	3,62	-0,03	-0,19
Air Filter	MFAL0143	4,77	4,77	3,48	4,60	-0,17	-0,17
	TOTAL	293,19	295,35	210,01	284,21	-8,98	-11,14

Source: made by author, based on [49], [50],[51], [55],

As we see from table 3.4, the difference in price between the automotive filters sold on the market of auto parts in Moldova and the «MKF» filters from 0.01 to 0.42 USD in favor of the filters of the company LLC “TLX Trading”. We can also calculate that “MKF” automobile filters on average on USD 0.13 cheaper than the analogues of competitive brands selling on the website Autotall.md and on 0.16 USD than filters selling on the Exist.md. On the basis of the calculations made, it can be concluded that the export of auto parts to Moldova is effective in terms of expanding the distribution market for the company.

The need to develop a website as a distribution channel is driven by the active growth of the IT industry and the involvement of people in buying online. In the work were indicated such trends in the field of IT and new technologies as:

- increase in the number of retail purchases online;

- using the website as one of the main channels to influence the client;
- website as a channel for collecting information and customer feedback.
- use of omni-channel approach to processing clients;
- The use of new technologies to automate the processing of orders;
- technology tracking the delivery of goods and etc.

In the Ukrainian market of auto parts, albeit with a delay of relatively more technologically developed countries, this trend also occurs. Most suppliers of auto parts have their web-site, or in any way presented on the Internet. To grow the number of independent platforms by type Avto.Pro, allow small suppliers to exhibit their products and, without monetary investment, appear on the top positions in the ranking of search engine positions. Companies such as “Exist” already support online payment orders [].

Some companies starting to use API to information sharing and order automation. Large suppliers of auto parts, as Intercars and ELIT are beginning to automate their logistics routes and use sales management systems such as CRM. Improvement in this direction is necessary for any company, otherwise it will be in a noncompetitive position. According to the developer of online stores for auto parts "Alzap", there has been a significant and steady increase in completed orders online, as well as an increase in the amount of the average check in online stores. If the increase in the average check amount is largely a consequence of inflationary processes, then the increase in the total number of orders indicates an objective growth in online sales in the field of auto parts (fig 3.2).

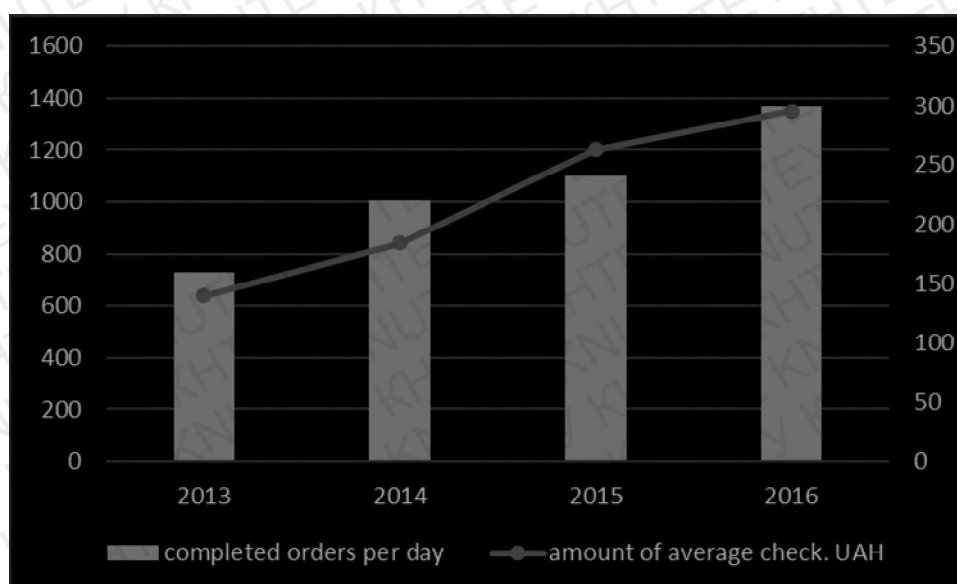


Figure 3.2 “Trends in e-commerce in Ukrainian auto spare parts market”

Source: [39]

The need for active promotion and promotion of the website of the company LLC “TLX Trading” is also due to low rates of site traffic relative to competitors (table 3.5)

Table 3.5

Comparison of attendance rates of online auto parts stores

Web-site	Exist.ua	Japan-cars.ua	Autoklad.ua	Avto.pro	Ukrparts.com.ua	TLX.UA
Visitors	2236	648	1484	3732	1874	212
Comparatively TLX.UA, times	10,55	3,06	7,00	17,60	8,84	1,00

Source: made by author, based on [60]

As we can see from the statistics of web-resources attendance, the web-site of the LLC “TLX Trading” is visited ten times fewer than the Exist site and 17.6 times less than Auto.Pro. The gap with other companies selling auto parts is not so critical, but it still shows how the company did not use the potential of auto parts sales via the Internet. The most significant is the attendance of Japan-cars.com.ua, since this online store has a similar assortment, and does not belong to the large Ukrainian distribution networks. But its result is still about 3 times better than for www.tlx.ua [60].

The research provided by Verein Freier Ersatzteilemarkt e.V. (VREI) and research and consulting company 2HMforum shows that auto parts are increasingly

sold through the Internet. According to data compiled in 6 European countries, up to 14% of the volume of automotive spare parts is sold online [64]. By 2021, experts predict even an increase in e-commerce to 18% of the total market (table 3.6).

Table 3.6

Forecast of online sales growth in 2018-2021 years

Indicator/Year	2017	2018	2019	2020	2021
% of internet sales in auto spare parts market	14%	15%	16%	17%	18%
Projected growth in sales of auto parts via the Internet in Europe (to 2017)	1,00	1,07	1,14	1,22	1,29

Source: made by author, based on [64]

Therefore, the development of the Internet site as a sales channel, as well as other modern technologies is a necessary component of the development of a company selling auto parts.

Today, the company does not have a clear policy regarding the establishment of discounts for wholesale and retail customers. This is a serious problem as it comes to horizontal conflicts in distribution channels and forces managers to spend time on individually identifying discounts for each counterparty. Such a system is inefficient and practice shows that most companies on the market use a discount system with distribution by volume of purchases, in which buyers fall into several categories, for which their discount is set depending on purchases every month. Horizontal conflicts in the distribution system can occur when one of the participants being at the same level with other intermediaries feels disadvantaged in the process of delivering goods to the consumer of course. Therefore, to avoid such conflicts, most managers recommend that companies with a large number of intermediaries involved in sales activities use clean and transparent conditions that will be understood by all participants in the distribution chain. Another important point is that in such a specific market as the auto parts market for a company it is difficult to realistically assess the sales opportunities of intermediaries, therefore the assignment of discounts in manual mode can often be accompanied by an incorrect assessment of the value of the intermediary for the company.

Service centers are basic intermediaries in the sale of auto parts. All car owners can be grouped into two groups:

- those who buy spare parts on their own;
- those who trust the purchase of auto parts service center.

According to a survey conducted by the Association of Automobile Dealers of Ukraine in 2014 and 2016, from 40% to 48% of motorists buy spare parts directly in the service center or even provide it to the master [67].

Many service centers with a good reputation, in order to increase profits, introduce a repair policy exclusively with their spare parts, which they purchase from suppliers.

Today, the company does not actively interact with the service station.

There are no agreements on:

- mutual attraction of clients;
- warranty when installing auto parts on the selected service station;
- delivery and transportation of auto parts to the service station;
- testing of new product samples at service stations.

Thus, the need for significant changes in the distribution policy of the company is beyond doubt. A number of areas have been identified, systematic improvements in which will allow to bring the company's sales to a new level.

3.2 Development of a set of measures aimed at improving of LLC “TLX Trading” distribution policy.

The organization of product sales and distribution is a key element of the marketing and the final complex in the entire activity of the LLC “TLX Trading” bringing the product to the consumer. In order to maximize the turnover and profit it is necessary to carry out a number of activities. The development of measures to improve distribution policy consists in identifying the company's weak sides and their subsequent elimination, as well as in using its strengths

As already indicated earlier, the distribution policy is a complex of decisions and actions regarding distribution of a company. To improve distribution policy, a

system of tasks and actions aimed at increasing the company's sales market, attracting new and retaining existing customers was developed.

After analyzing the activities of the enterprise, all actions of improvement of distribution policy may be consolidate into several generalizing blocks:

- web-improvement;
- distribution network expansion;
- establishing connections with service centers.

To improve work with retail customers, website optimization implies the following goals:

- entrance to the top positions at key search queries;
- simplifying the search and selection of auto parts on the site, creating convenient catalogues;
- improving the convenience of delivery and payment for goods on the site;
- the general usability of the site (friendly interface);
- convenient informative-communicative system (communication with managers, timely reminders and notifications)

For wholesale buyers, a web-site is primarily an online warehouse that must be available 24/7 and provide convenient data for processing about price, availability, analogues and delivery times.

Improving the website as one of the distribution channels is aimed at both retail and wholesale customers. The main steps in improving the existing functionality are presented in the figure 3.3.

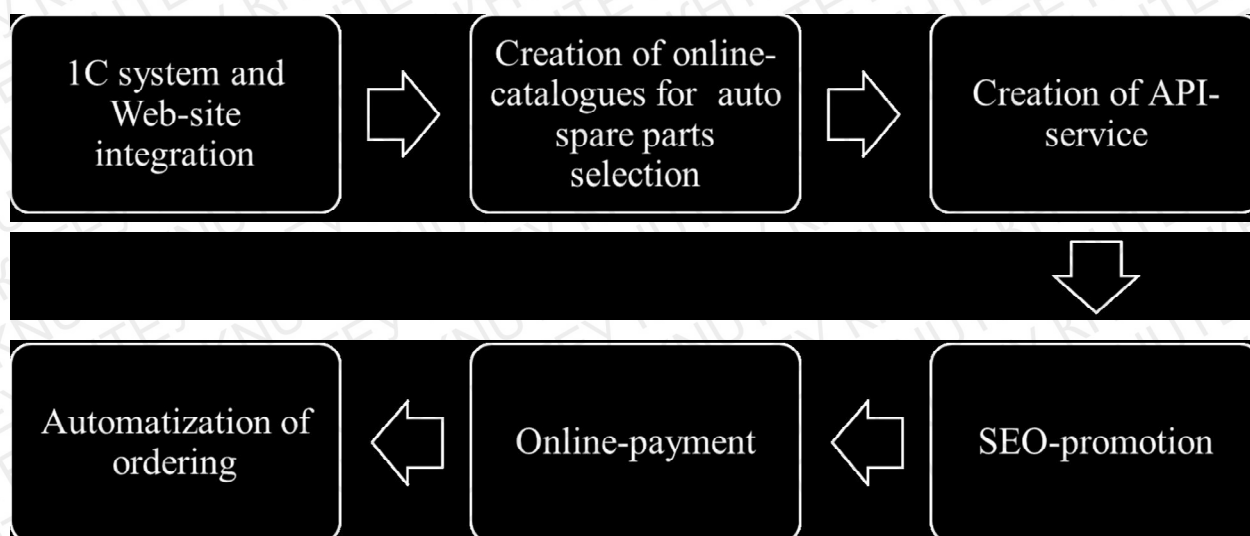


Figure 3.3 “Steps of web-improvement for LLC “TLX Trading”

Source: made by author, based on [11], [37]

The developed scheme is designed for phased implementation, where each stage is the addition of a new functionality or the solution of a technological problem. The first step is the integration of the 1C accounting system and the website database, which includes the synchronicity of the following processes:

- synchronization of the client base;
- synchronization of customer balances;
- synchronic sales orders;
- synchronization of payments.

This stage is basic, as further improvement of the web-site without its integration with the accounting system will accumulate the total amount of work for managers, reduce their efficiency and speed of processing orders.

The second stage is creation of online-catalogues for auto spare parts selection. This step includes the marketing and advertising component of the web resource. Primarily aimed at familiarizing with new brands, attracting the attention of customers and simplifying the selection of the right part.

The third step – “creation of Application programming interface or API” aims to intensify work with online stores through the transfer of data from web-site to web-site. The development of the API implies the possibility of an online store to download the availability of spare parts online and display it on its website. Thus,

online stores get rid of the need for constant download of price lists, which simplifies the work and allows data on the availability of auto parts on the site of the intermediary to be always relevant.

Next step – SEO-promotion, which assumes work on the internal site optimization, the use of micro-markup, content management and other ways to increase the site's rating in Google search results and other search engines.

Online-payment is function which getting needed in any modern web-shop, some of Ukrainian online spare parts shops already propose such functionality to their customers. This function aims primarily retail consumers, because in this case, the bank commission for servicing is added to the final price.

According to the tariff grid of the company Trade-Soft developers, who are engaged in technical support of the company's website, the introduction of such improvements and SEO optimization of the site will cost the company 6 000 UAH per month

The last step – automatization of order provides for a number of automation processes such as:

- automation of orders from the intermediary through the API;
- automation of orders to the supplier through the website;
- automation of tasks to the courier for delivery.

This stage looks more at a future perspective, and is feasible as the company grows and the budget for Internet promotion increases. The main goal of introducing these innovations is to simplify work for managers and other personnel involved in sales, which leads to an increase in the number of orders processed

Cooperation with service centers is a key point in the company's activities. Here one should take into account the international experience of such companies as ELIT and Inter-cars, which have been working in the auto parts market for more than 5 years and have representative offices in all regional centers of Ukraine. Based on their activities and international trends in distribution, 6 main areas for interaction with service centers were developed and represented in figure 3.4

Delivery to service stations

Creation of list of “recommended” service stations for auto-owners

Testing of new brands with special prices

Mutual guarantee

Cooperation in ordering to Japan, USA and EU

Deferment of payment

Figure 3.4 “Concept plan for link building with service stations”

Source: made by author, based on [53], [54], [56]

Delivery of auto parts to the service station is convenient both for the service centers themselves and is also a desired improvement from the buyers. A similar service is already used by such companies as Inter-Cars, Exist, ELIT-Ukraine.

Making a list of "Recommended service stations" implies the creation of a long-term and reliable relationship between a service center and an auto parts supplier. For its part, the supplier undertakes the obligation to recommend the service station for car repairs for its retail customers and provide a guarantee when installing auto parts at this service station. Employees of the service center, in turn, recommend purchasing parts at LLC “TLX Trading” trade shops and conduct regular purchases. Mutual cooperation also includes testing imported parts from foreign factories. The supplier may provide deferred payment services for employees of the workshop. This is an important point in work, since payment for car repairs at a service center is often made upon repair.

At the moment, the company does not have a systematic approach to managing discounts for customers. Discounts are assigned manually or in bulk at once to all intermediaries. Such an approach, as mentioned earlier, can lead to horizontal

conflicts among intermediaries. This situation, in our opinion, deprives the company of part of the profits and leads to inefficient distribution.

Diversification of turnover discounts is more reasonable and requires less management control and leads to process automation. A similar approach is already practiced by other large companies in the sale of auto parts (Technomir, Exist, Intercars etc.). Large service stations that are ready to cooperate and mutually support the sale of auto parts can be considered exclusive. Among the intermediaries for whom exceptions can be made to the parties of increasing discounts, service centers, online stores not dealing with importing products, as well as large auto shops specialized in European or American cars can be distinguished. All of the above are not direct competitors, so the discount policy in relation to them may be softer.

The last direction to improve the distribution policy of the LLC “TLX Trading” is “distribution network expansion” which implies the penetration and use of the potential of the local markets of Ukraine and neighboring countries. Given the limited resources of the company, as well as a high percentage of loans in banks, we cannot immediately recommend the company to open its branches in other cities of Ukraine, as the cost of purchasing or rental of premises will deal a heavy blow to the replenishment of the inventory whenever possible. Therefore, a phased strategic plan was developed, the implementation of which depends primarily on the availability of free resources. The phased plan is designed to use the existing capabilities of the company and the efficient use of resources and represented in figure 3.5



Figure 3.5 “Strategic plan of distribution network expansion of the distribution network”

Sorce: made by author, based on [6]

At the first stage, the priority task for the company is to search for representatives of intermediaries in other cities of Ukraine, such as Kharkov, Dnipro and Kiev, to expand sales market with help of local intermediaries.

As we have already found out in paragraph 3.1 auto parts imported by the company LLC “TLX Trading” to Ukraine after export to the Moldova Republic may be also competitive in the local market of spare parts. One of the ways to discover the auto parts market of the Moldavian Republic is cooperation with a local intermediary. So the local unit "Exist" of a company that sells auto parts, but is not an importer could become an intermediary in the distribution of auto parts LLC “TLX Trading”, adding to the list of brands of automobile filters “MKF” and cooling radiators “CoolDog”. Delivery is planned on FCA terms, what minimizes the costs of operation for the company, whose duties will include only delivery to the carrier in Odessa. Given the presence of courier with his own car in the company additional costs is so small and hard to calculate that they can be neglected.

Considering the potential of Kyiv, as the largest city of Ukraine, in which for 2017 new car registrations were about 6 times more than in Odessa, the opening of local points of sale is necessary for the development of the company's distribution

network. At the same time, it is necessary to take into account the costs that will arise in connection with the opening of the rental shop, the payment of wages to workers and the cost of transporting goods between cities. After analyzing the prices of real estate, wages and taking into account the experience of transportation in Odessa, a table of costs was compiled, which is presented in figure 3.6.

Warehouse rent
•Average rent cost 9 000 UAH per month
Seller-storekeeper
•Salary 6 000 UAH per month
Courier with car
•Salary 9 000 UAH per month
Kyiv-Odesa transportation
•Average cost 3 000 UAH per month
Shop in Kyiv
•Average rent cost 30 000 UAH per month

Figure 3.6 “Average costs for distribution network expansion in Kyiv”

Source: made by author, based on [38], [58], [61], [74]

Because of the low profitability of the company and the lack of available funds, the company can not afford to purchase warehouses or shops, as this greatly affect the possibility of purchasing parts from suppliers. Therefore, the expansion of the distribution network should be carried out by leasing. The first step may be renting a warehouse and hiring a salesman-storekeeper who will deal with the issuance of auto parts. Opening a new issue center will remove a number of inconveniences for potential customers:

- the need to wait for delivery of the order one or more days;
- the need to pay shipping.

As a result, it is planned to gradually reduce the discount for buyers as the delivery methods improve. If we take as a basis the weighted average discount for the

Odessa region, then it is 7.5%(see Annex G). Therefore, the expansion of the distribution network in Kiev also implies an increase in sales profitability.

The next steps as the company increases its turnover will be the introduction of the delivery of auto parts to the service station, which will remove the territorial restrictions on trade and the opening of retail outlets. That will help increase the number of retail customers.

3.3 The forecasted improvement of the LLC “TLX Trading” enterprise economic activity indicators as a result of proposed changes in the company’s distribution policy.

The most important step in the process of developing a distribution policy improvement is the prediction of the results of the implementation of improvements. Forecasting should be under a theoretical substantiation, and practical understanding of the characteristics of the company

In order to assess the impact of improvements in the distribution policy of a company on its economic indicators, it is necessary to predict the values of economic indicators for future periods and then adjust it to reflect the impact of the recommended changes in distribution policy. Considering that the data for assessing the impact of cooperation with service centers on the company's economic performance is not enough, the forecast will include only data on the possible expansion of distribution policy and optimization of the company's web resource

In order to evaluate the benefits received by companies from introducing into the distribution policy the improvements proposed in paragraph 3.2, we will make a initial forecast without influence of improvement measures up to 2021 using the MS Excel tool FORECAST.ETS.

This tool calculates or predicts a future value based on existing values by using the AAA version of the Exponential Smoothing (ETS) algorithm. Confidence interval – 0,95.

The initial or base forecast of LLC “TLX Trading” Revenues from sales represented in Table 3.7.

Table 3.7

Initial forecast without implementation of changes

Indicator/Year	2017	2018	2019	2020	2021
Revenues from sale	3605,6	4348,419	5151,923	5955,427	6758,931
Profit before taxes, ths. UAH	218,6	277,4891	368,9547	460,4203	551,8859
Return on sale growth rate	1	1,052548	1,181221	1,275173	1,346786

Source: made by author, based on Annexes B, C, D

According to the predicted data, the level of revenue from sales of the LLC “TLX Tradin” will increase up to 4 348 ths. UAH in 2018, 5 152 ths. UAH in 2019, 5955,4 in 2020 and reaching 6,759 thousand UAH in 2017. The ratio of increase amounted for about 20,6% in 2018, 18,5% on 2019, 15,6% in 2020 and 13,5% in 2021 (fig 3.7).

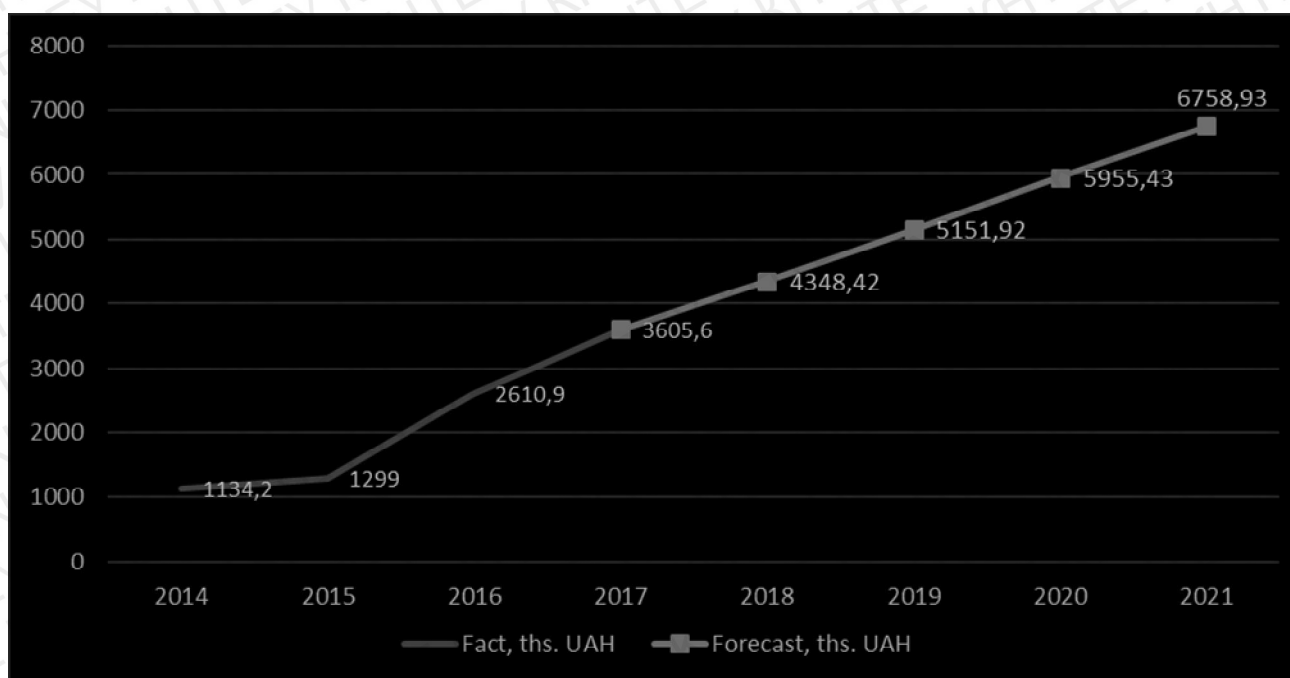


Figure 3.7 “Initial forecast of LLC “TLX Trading” net revenue from sales in 2018-2021”

Source: made by author, based on Annexes B, C, D

According to the results of the base forecast using same tool MS Excel FORECAST.ETS for the net profit of the enterprise before tax payment, the profit of

the enterprise will also grow and will reach 277,49 ths. UAH in 2018, 368,95 ths. UAH in 2019, 460,42 UAH in 2020 and about 552 ths. UAH in 2021 (see figure 3.8).

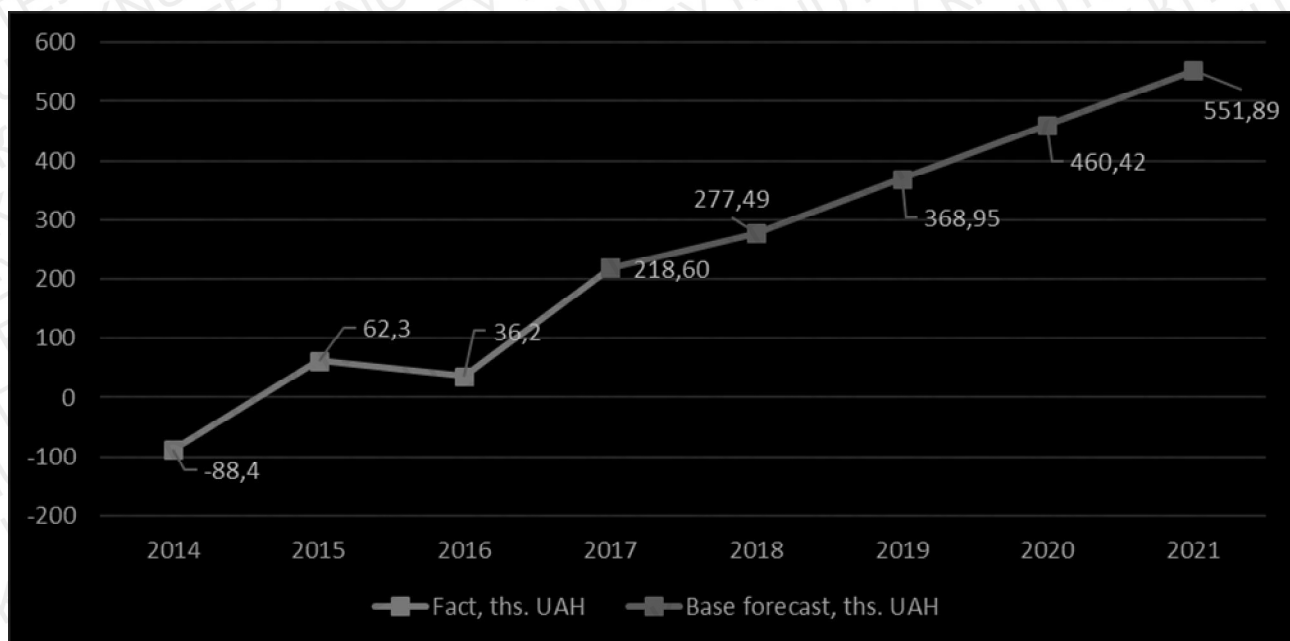


Figure 3.8 “Initial forecast of Net profit before taxes in 2018-2021”

Source: made by author, based on Annexes B, C, D

The increase rate amounted 27% in 2018, 33% in 2019, 24,8% in 2020 and 20% in 2021. After making a forecast about the growth of revenue from sales and net profit, return on sale growth rate can be calculated. The forecasted growth rate in return on sales will amount 1,05 in 2018, 1,18 in 2019, 1,27 in 2020 and 1,35 in 2021 (tab 3.7).

Also, in order to be able to assess the impact of changes in distribution policy, let us assume that for a basic forecast, the geographical structure of an enterprise’s income, as well as the ratio of sales via the website to total revenue, did not change during 2018–2021. So, according to the company's sales structure for 2017, the volume of sales via the Internet amounted to 46.6%, which in terms of money amounts to 1679 ths. UAH.

In order to assess the impact of Internet promotion on the company's sales, it is necessary to assess the potential for increasing sales by conducting optimization processes and web promotion.

The basis for the construction of the forecast was taken data of the company LLC “TLX Trading” in 2017 (see Annex I):

- Average check – 1150 UAH;
- Average order quantity per day – 4;
- Weighted average profitability of Internet sales - 8.5%;
- Visitors per day – 212.

In order to assess the potential impact of the SEO promotion of the website, we set targets for attendance at the level of indicators of the online store of Japanese auto parts – Japan-cars.com.ua – 725 visitors per day. Using the data of the company, we can calculate what percentage of visitors to the website makes a purchase. Taking the average check, the number of visitors and the percentage of visitors who make a purchase, it is possible to calculate the economic result of the company achieving its attendance targets. To estimate the revenues from online sales (R) only due to web-improvement actions we need to calculate formula:

$$R = (Cn * Qon * 365) * Iign - (Vn * P) \quad (3.2)$$

- ,where C - Average check, UAH in n period;
- Qon – Quantity of orders per day in n period;
- Iign – Projected growth in sales of auto parts via the Internet;
- Vn – Net revenue from sales in n period, by base forecast
- P - % of online sales in total

To calculate Net profit before taxes increase due to web-improvement need to made calculations according to the next formula:

$$Pn = Rn * Pi * Irg - Cwi \quad (3.3)$$

- , where Pn – Net profit befor taxes in n period;
- Rn – Revenues from online sales in n period;
- Pi – average weighted return from sales online in 2017;
- Irg – return on sale growth rate (base forecast);
- Cwi – Costs for web-improvement activities.

Results of the calculations presented in table 3.7

Table 3.7

Forecast of Net profit increase due to web-improvement

Indicators	Current	Forecast
------------	---------	----------

	2017	2018	2019	2020	2021
1	2	3	4	5	6
Average check, UAH	1150	1150	1150	1150	1150
% of visitors, who makes order	1,89%	1,89%	1,89%	1,89%	1,89%

Table 3.7 (continued)

1	2	3	4	5	6
Target attendance	212	340	469	597	725
Target order quantity	4	6	9	11	14
Projected growth in sales of auto parts via the Internet in Europe	1,00	1,07	1,14	1,22	1,29
Return on sale growth rate (base forecast)	1,00	1,05	1,18	1,28	1,35
Revenues and Costs, ths. UAH					
Revenues from online sales	1679	2692,74	3714,39	4728,13	5741,86
Revenues from online sales, taking into account the growth of online commerce	1679	2881,23	4234,41	5768,32	7407,00
Revenues from online sales only due to web-improvement	0	856,32	1835,34	2995,08	4259,61
Revenues from Internet sales for the baseline forecast	1679	2024,90	2399,07	2773,23	3147,39
Increase of profit from web-improvement	0	76,61	184,27	324,64	487,63
Web-improvement costs	0	72,00	72,00	72,00	72,00
Net profit before taxes increase due to web-improvement	0	0,79	84,00	182,58	290,07

Source : made by author, based on Annexe H

Based on the conducted research and relevant calculations, it is possible to predict that the implementation of recommendations for optimizing a web resource and achieving target results will allow increasing the company's revenue from Internet sales by 856.32 thousand UAH in 2018, by 1835.34 thousand UAH in 2019 by 2995.08 thousand UAH in 2020 and by 4259.61 thousand UAH in 2021 relative to the baseline forecast.

According to the geographical distribution structure of the company, Odessa and Odessa region account for 61% of the company's sales. To assess the impact of the expansion of the distribution network on the company's economic performance, it is necessary to calculate the potential revenues of the company as a result of a change in the company's geographical distribution structure in accordance with the coefficients of the sales potential of auto parts calculated in paragraph 3.1. The expenses of the company for the expansion of the distribution network, calculated in

section 3.2, will also be taken into account. To calculate the company's potential revenues from the expansion of the distribution network, the company's revenues in Odessa and the Odessa region were taken as the basis. Also, to more adequately assess the gradual progress with regard to the use of market potential, such an indicator as “Use of sales potential” has been introduced. Thus, in our calculations, we lay a time lag when a company enters a relatively new local market.

To calculate the company's increase in revenues from the expansion of the sales network for the Kyiv region and Moldova Republic, we need to make calculations in accordance with the following formula:

$$R_{inc} = I_{mupn} * I_{msp} * R_b + I_{kcpn} * I_{ksp} * R_b - I_{kup1} * R_b \quad (3.4)$$

,where I_{mupn} – Coefficient of use of sales potential in n period for Moldova Republic;

I_{msp} - Coefficient of sales potential for Moldova Republic;

R_b – Revenue of sales in Odessa region (by base forecast);

I_{kcpn} - Coefficient of use of sales potential in n period for Kyiv region;

I_{ksp} – Coefficient of sales potential for Kyiv region.

The results of these calculations are presented in Table 3.8

Table 3.8

Forecast of profit increase due to distribution network expansion

Indicators/Years		2017	2018	2019	2020	2021
Use of sales potential	Odesa	100%	100%	100%	100%	100%
	Moldova	0,00%	30,00%	60,00%	100,00%	100,00%
	Kyiv region	4,49%	25,00%	50,00%	75,00%	100,00%
Potential revenues in ths. UAH	Odesa	2199,416	2652,54	3142,67	3632,81	4122,95
	Moldova	0	1145,18	2713,58	5227,99	5933,35
	Kyiv region	540,84	3634,12	8611,26	14931,44	22594,65
	From distribution in Kyiv according to base forecast	540,84	652,26	772,79	893,31	1013,84
Increase in revenues due to distribution network expansion, ths. UAH	in Kyiv region	0	2981,85	7838,48	14038,13	21580,81
	in Kyiv and Moldova together	0	4127,04	10552,06	19266,12	27514,16
Weighted average discount	for Moldova Republic		13%	13%	13%	13%
	for Kyiv region	15%	12%	10%	8,00%	7,50%

Profit from distribution network expansion	0	167,00	701,70	1793,19	3000,88
Additional costs		228	384	540	1008
Net profit/loss due to distribution network expansion, ths UAH		-61,00	317,70	1253,19	1992,88

Source: made by author, based on Annexes B, C, D, F, G [6]

So the growth of income from the expansion of the distribution network amounted to 4,127.04 thousand UAH in 2018, 10,552.06 thousand UAH in 2019, 19,266.12 thousand UAH in 2020 and 27514, 16 thousand UAH in 2021

In table 3.8 are also calculated net profit/loss due to distribution network expansion. Before calculating this indicator it was necessary to take into account a number of factors determining the level of profitability:

- 1) For 2017, the weighted average markup level was 18.37%.
- 2) Due to the fact that sales to the Moldavian Republic go through a large intermediary for the company's products a wholesale discount of 13% is established
- 3) Since the opening of a retail outlet in Kiev provides number of convenience for the buyer, such as the absence of a time delay in delivery from Odessa, the introduction of delivery to the service stations, the absence of delivery charges and the increase in the number of retail customers, it is assumed that the weighted average discount for customers to the level of Odessa, which is 7.5%
- 4) It is necessary to take into account the growth rate of the basic forecast profitability (return on sale growth rate).

Also in the calculations it is necessary to take into account the cost of distribution development in Kyiv, which included the cost of:

- 1) Warehouse rent, 1 salary for seller-stockkeeper and transportation costs in 2018;
- 2) Warehouse rent, 1 salary for seller-stockkeeper, 1 salary for courier with car and transportation costs in 2019
- 3) Warehouse rent, 1 salary for seller-stockkeeper, 2 salaries for courier with car and transportation costs in 2019
- 4) Warehouse rent, shop rent, 2 salary for seller-stockkeeper, 2 salary for courier with car and transportation costs in 2019

Summarizing all aspects of the calculations mentioned above, the calculations were performed using the following formula:

$$P_{den} = R_{kdn} * (I_{gbn} * M)(1 - D_{kn}) + R_{mdn} * (I_{gbn} * M)(1 - D_m) - C_n \quad (3.5)$$

,where Pden - net profit/loss due to distribution network expansion in n period;

Rkdn - increase in revenues due to distribution network expansion in n period for Kyiv region;

Igbn – coefficient of return on sale grow in n period (by base forecast);

M – average weighted mark-up in 2017;

Dkn - % of average weighted discount in n period for Kyiv region;

Rmdn - increase in revenues due to distribution network expansion in n period for Republic of Moldova;

Dm - % of average weighted discount for Republic of Moldova;

Cn – expenses for distribution network development in n period.

Thus, according to the results of this study and calculations, the change in net profit from the potential expansion of distribution to the markets of the Republic of Moldova and the Kiev region was -61.00 thousand UAH in 2018, 317.70 thousand UAH in 2019, 1253.19 thousand UAH in 2020, and 1992.88 thousand in 2021.

The geographical structure of the company's sales will change in accordance with the sales potential in the Kiev Oblast (including the city of Kiev) and the Republic of Moldova (see figure 3.9)

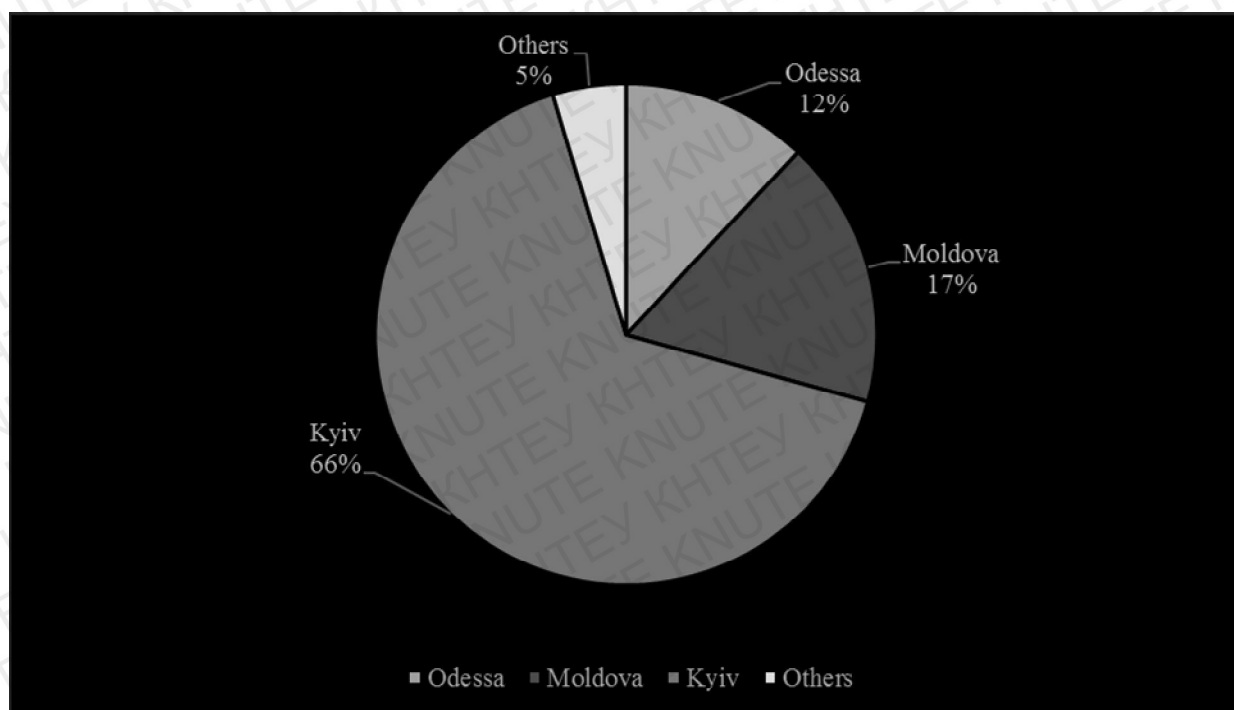


Figure 3.9 “Geographical structure of distribution in 2021, taking into account the expansion of the distribution network”

Source: made by author, based on Annexes B, C, D

In order to calculate the income and profit indicators for the company as a result of the improvement of the distribution policy of the company, it is necessary to add the calculated or increased indicators of profit and income in the corresponding periods to the base forecast (table 3.9).

Table 3.9

Forecast of financial indicators of LLC “TLX Trading” in 2018-2021

Year	Base forecast	Potential improvement from web-site optimization	Potential improvement from distribution network development	TOTAL
	Revenues from sales, ths. UAH			
2018	4348,42	856,323	4127,04	9331,78
2019	5151,92	1835,34	10552,1	17539,3
2020	5955,43	2995,08	19266,1	28216,6
2021	6758,93	4259,61	27514,2	38532,7
	Net profit before taxes, ths. UAH			
2018	217,279	-60,998	0,78745	157,069
2019	770,655	317,697	84,0038	1172,36
2020	1896,19	1253,19	182,582	3331,96
2021	2834,83	1992,88	290,067	5117,78

Source: made by author, based on Annexes B, C, D, F, G, H

The data from Table 3.9 is imposed on the figure 3.10 and we get a comparison of two forecasts - initial and improved.

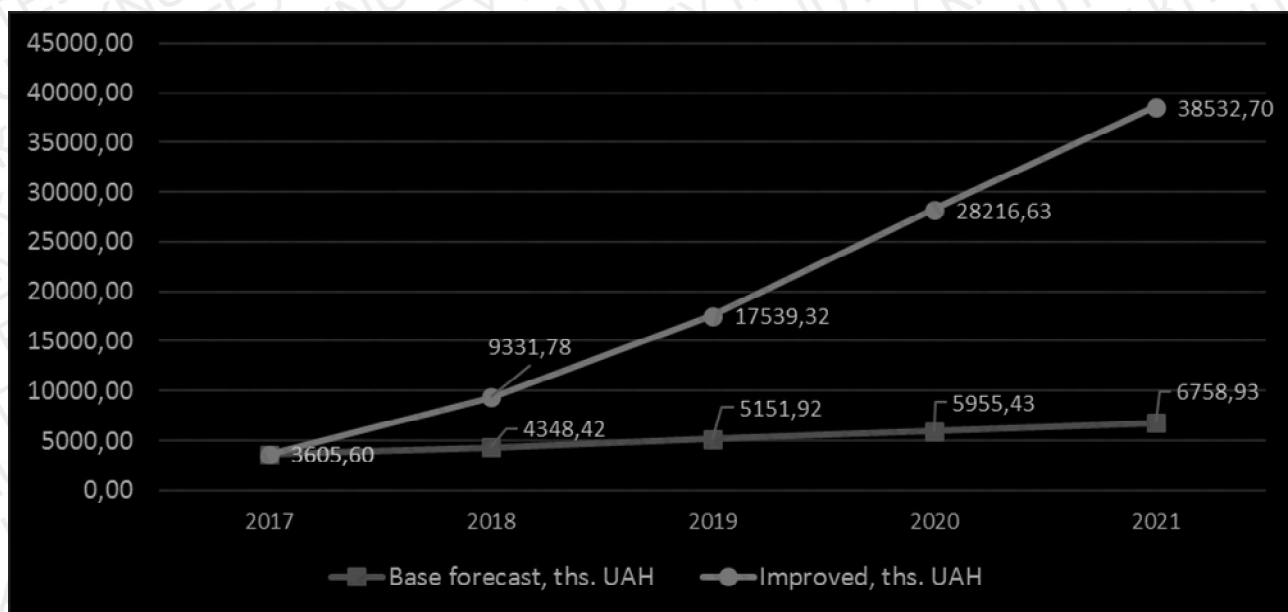


Figure 3.10 “Forecast of net revenues from sales of LLC “TLX Trading” after improvement in distribution policy

Source: made by author, based on Annexes B, C, D

Improved forecast includes potential revenues as a result of changes in distribution policy. According to the figure 3.10, we can conclude that as a result of the improvement of the distribution policy, the company's revenue from sales can potentially amount to 9331.78 thousand UAH in 2018, 17539.3 thousand UAH in 2019, 28216.6 thousand UAH in 2020 and 38532.7 thousand UAH in 2021.

The increase rate for company's revenue from sales amounted 158,81% in 2018, 87,95% in 2019, 60,88% in 2020 and 36,56% in 2021.

Revenues from sales according to improved forecast more by 114,60% in 2018, by 240,44% in 2019, by 373,80% in 2020 and by 470,10% in 2021.

Comparing the results of the basic forecast with the forecast of potential improvement due to changes in sales policy, it can be said that the net profit before tax levels also increased (figure 3.11)

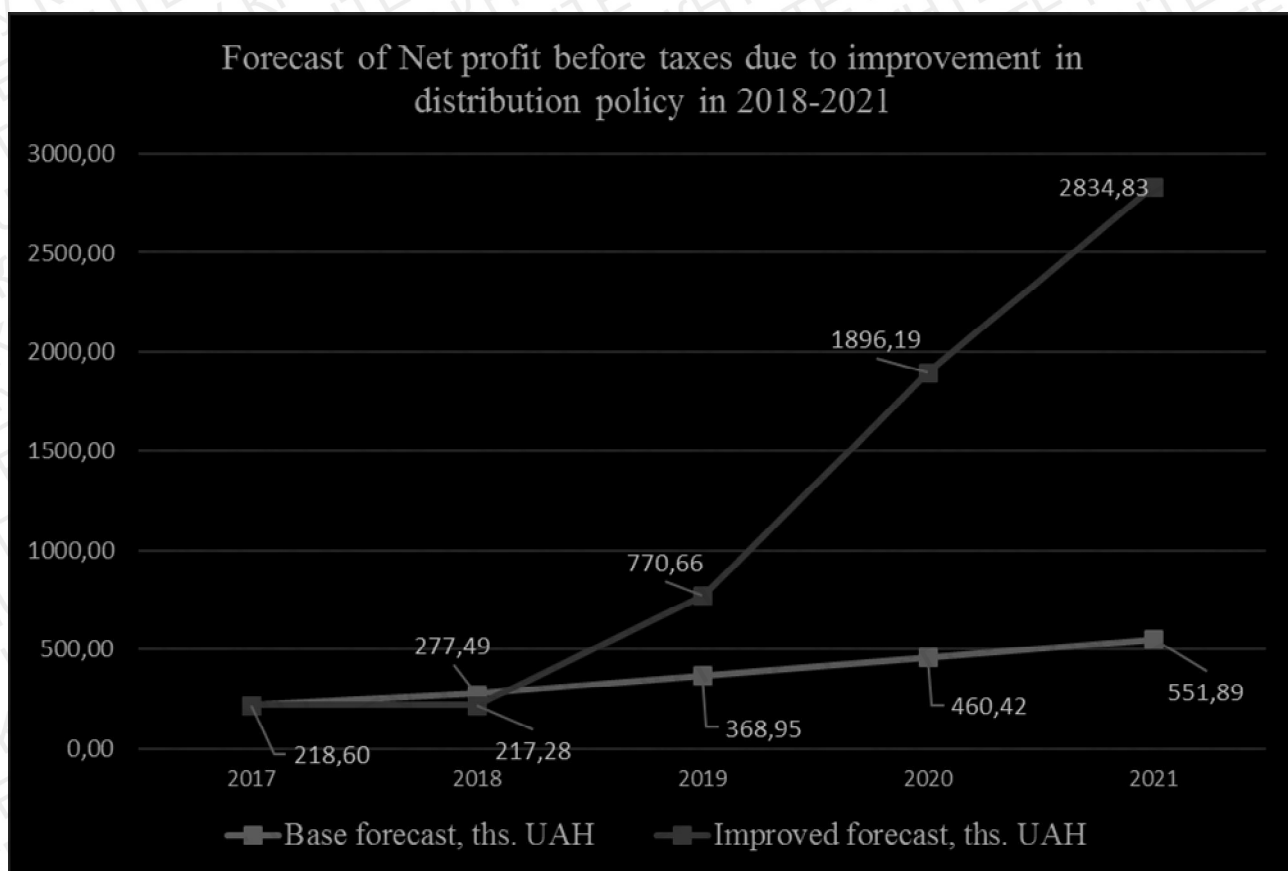


Figure 3.11 “Forecast of net profit before taxes of LLC “TLX Trading” due to improvement in distribution policy in 2018-2021”

Source: made by author, based on Annexes B, C, D

Despite a slight drop in profits due to the emergence of new operating expenses as rent for premises, salaries for workers and transportation costs in 2018, we can further predict stable and fast growth in the company's net profit before taxes up to 770,66 ths. UAH in 2019, 1896 ths. UAH in 2020 and 2834,8 ths. UAH in 2021.

In 2018 net profit before taxes according to improved forecast will be by 60,21 ths. UAH less than in base forecast, but in 2019 results of improved forecast will amount more by 401,70 ths. UAH, in 2020 more by 1435,77 ths. UAH and in 2019 more by 2282,95 ths. UAH.

Thus, can be concluded that the recommended changes in distribution policy, namely the financial costs of optimizing the site and expanding markets, will positively affect the company's economic performance.

CONCLUSION TO THE CHAPTER 3

The need to improve the distribution policy of the LLC “TLX trading” is due to the high competitiveness of the market for the sale of auto parts in the main sales region - Ukraine, as also because of low economic indicators, such as turnover rate and return on sales. The potential increase in sales in such regions of Ukraine as the Kiev region and the city of Kyiv, as well as in the Republic of Moldova, makes it possible to assume that at the moment the company does not use all the opportunities for the development of distribution.

Based on a study of the auto parts market and the potential for improving the LLC “TLX Trading” distribution policy, a number of recommendations were developed to improve the company's economic performance.

Recommendations include:

- the use of financial resources to optimize the company's website as a promising distribution channel;
- expanding the company's sales markets including international cooperation and opening local representative offices in the cities of Ukraine.
- link building with service stations as a main intermediary connecting company with final customer.

Based on the analysis of the potential for increasing sales due to the introduction of the recommended changes into the distribution policy of the company, and with the help of MS Excel calculated tools, a forecast has been made from 2018 to 2021. The forecasted values of potential revenue from sales for the company amounted: 9331.78 thousand UAH in 2018, 17539.3 thousand UAH in 2019, 28216.6 thousand UAH in 2020 and 38532.7 thousand UAH in 2021. The company's forecasted net profit before taxes amounted 217,28 ths. UAH in 2018, 770,66 ths. UAH in 2019, 1896 ths. UAH in 2020 and 2834,8 ths. UAH in 2021.

The forecast values, which take into account the potential for improving the distribution policy of the company, significantly exceed the initial forecast without taking into account the improvements in the distribution policy.

CONCLUSIONS

The main result of the work is a theoretical generalization and solution of the scientific and practical task - the development of practical recommendations for improvement of LLC “TLX Trading” distribution policy.

1. Studied scientific research and methodological approaches to the formation of distribution policies, its essence and the goals it pursues. On the basis of scientific approaches of domestic and foreign scientists definition of distribution policy, was proposed. Distribution policy is a complex of planned actions and decisions which are based on a clear understanding of the methods chosen by the management to deliver the goods to the place where the final consumer can acquire them in order to satisfy their needs.

Consider the main aspects, then systematized approaches to assess the effectiveness of distribution activities of the enterprise. Evaluation of the effectiveness of distributional policy consists in a comprehensive analysis of the enterprise's activities, its financial and economic indicators, market conditions, distribution network features and the degree of satisfaction of the distribution channel participants.

2. Trends affecting international distribution policies are studied. The most significant of them are highlighted, namely:

- spreading of the Internet and growth of e-commerce;
- growth of consumer sophistication;
- activation of introducing technologies to improve logistics
- disintermediation;

The strongest among these is the trend to increase the influence of the Internet on sales worldwide. The development of the Internet blurs the boundaries of states and allows people to purchase goods and services around the world, thereby increasing competition, but at the same time giving you the opportunity to distribute products in foreign markets. The development of the Internet also implies changes in consumer behavior, they are becoming more demanding of the convenience of buying, speed of delivery and other services associated with the sale of goods. Consumers now have the opportunity to compare the products of one seller with a several others, without going outside their own home or office. Consumers combine the use of physical stores, applications and web-sources for a greater user experience, which leads to the conversion of multi-channel approach into omnichannel by distributors. Many experts point to a declining trend of middlemen from the sales chain; more and more buyers, both wholesale and retail, have the opportunity to buy directly from the manufacturer.

3. The company's financial statements were examined. Summing up the analysis of the company's financial and economic indicators, the following conclusions can be made regarding the company's activities:

- the company is in the process of growing;

- the company has no significant debt, which is a positive factor in its financial stability;
- the percentage of profitability of the company is at a very low level, which led to low rates of profit and even loss in 2014;
- the company has a very low inventory turnover rate;
- the company has no non-current assets, which makes it dependent on the rent for the necessary premises and increases operating expenses.

Through the researched period of 2014-2017 the enterprise left the loss zone and became profitable. It is also worth noting the trend of growth rate of inventory turnover and income of the enterprise.

3. Analyzed the market of auto parts of Ukraine, as well as the potential of the auto parts market of the Republic of Moldova. The auto parts market in Ukraine shows a steady upward trend, it is fragmented and saturated with a large number of small and medium sellers, which leads to high competition. There are various distribution models on the market, ranging from pure intermediation to concentrating on import operations and solely wholesale. Today, the company is in a vulnerable position, given the presence of strong competitors in the face of such companies as Exist, ELIT, Inter-cars, etc.

4. Based on the study of theoretical material, analysis of the enterprise activities and the automotive spare parts market, the recommendations to improve the distribution policy were developed. The recommendations include:

- the use of financial resources to optimize the company's website as a promising distribution channel, in order to attract new buyers and improve usability for both retail sales and cooperation with intermediaries;
- expanding the company's sales markets including export operations to Republic of Moldova and opening local representative offices in the cities of Ukraine;
- link building with service stations as a main intermediary connecting company with final customer.

5. According to the developed recommendations for improving the sales activity of the company, a forecast was made for the period from 2018 to 2021. The results of the calculations showed that the introduction of changes in the distribution policy of the enterprise would have a positive impact on its economic performance, significantly increasing the company's income and net profit

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ANNEXES

Annex A

Analysis of the external environment of distribution activity

Analysis of internal conditions of distribution activities

Determination of the general objectives of the enterprise

- Strengthening of competitive positions in the market
- Maximizing profits
- Increase market share
- Sustainability and effectiveness of e-business

Planning of distribution

E-commerce goals

- Satisfying consumer demand
- Establishing a direct contact between the importer and the final buyer, without intermediaries
- Discovering new markets
- Informing customers about changes in prices, assortment and stocks
- Collecting and processing of customer data, creating feedback channel

Distribution tasks

- formation of consumer preferences and stimulation of their purchase;
- sales and payment for goods and services
- providing users with online information on products and services

Planned solutions

- Planning volumes of sales of goods in physical and quantitative terms according to market conditions and opportunities of the enterprise
- Price planning based on the online environment;
- Development of an online marketing strategy and sales plans

Managerial decisions about distribution policy

Managerial decisions of

- the types of intermediaries and their role in the chain of sales;
- price structure for end user and intermediaries;
- optimal structure, methods and distribution channels;
- offering additional services
- informational support
- the definition of directions in the field of marketing communications
- development of delivery and payment options

Distribution control

- comparing actual results with planned

Annex B

Додаток 1
до Положення (стандарту) бухгалтерського обліку 25
"Фінансовий звіт суб'єкта малого підприємництва"

ФІНАНСОВИЙ ЗВІТ
суб'єкта малого підприємництва

Підприємство	Дата (рік, місяць, число)	КОДІІ
ТОВ "ТЕЛІКС ТРЕЙДІНГ"		2016 01 01
Територія	Котівка	за СДРПОУ
Організаційно-правова форма господарювання	Товариство з обмеженою відповідальністю	за КОАТУУ
Вид економічної діяльності	Роздрібна торгівля деталями та приладами для автотранспортних засобів	за КОІФІГ
Середня кількість працівників, осіб	3	за КВЕД
Одиниця виміру:	тис. грн з одним десятковим знаком	
Адреса, телефон	Одеська область, Біляївський район, с. Котівка, 1	0487999091

1. Баланс на 31.12.2015 р.

Актив	Форма № 1- м		Код за ДКУД
	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
I. Необоротні активи			
Незавершені капітальні інвестиції	1005		
Основні засоби	1010	0.0	0.0
первісна вартість	1011		
знос	1012	()	()
Довгострокові біологічні активи	1020		
Довгострокові фінансові інвестиції	1030		
Інші необоротні активи	1090		
Усього за розділом I	1095	0.0	0.0
II. Оборотні активи			
Зпаси	1100	872.7	2424.8
у тому числі готова продукція	1103	872.7	2424.8
Поточні біологічні активи	1110		
Дебиторська заборгованість за товари, роботи, послуги	1125		
Дебиторська заборгованість за розрахунками з бюджетом	1135	116.4	510.9
у тому числі з податку на прибуток	1136	0.2	2.2
Інша поточна дебиторська заборгованість	1155	0.1	2.1
Поточні фінансові інвестиції	1160		
Гроші та їх еквіваленти	1165	47.8	73.4
Витрати майбутніх періодів	1170		
Інші оборотні активи	1190		
Усього за розділом II	1195	1037.0	3011.2
III. Необоротні активи, утримувані для продажу, та групи вибуття	1200		
Баланс	1300	1037.0	3011.2

Annex B (continued)

Annex B (continued)

Пасив	Код рядка	На по- звітного року	звітного періоду
1	2	3	4
I. Власний капітал			
Зареєстрований (пайовий) капітал	1400	3000.0	3000.0
Додатковий капітал	1410		
Резервний капітал	1415		
Нерозподілений прибуток (непокритий збиток)	1420	-201.4	-150.8
Неоплачений капітал	1425	(1799.5)	(1439.5)
Усього за розділом I	1495	999.1	1409.7
II. Довгострокові зобов'язання, цілонове фінансування та забезпечення			
III. Поточні зобов'язання			
Короткострокові кредити банків	1600		
Поточна кредиторська заборгованість за:			
довгостроковими зобов'язаннями	1610		
товари, роботи, послуги	1615	18.7	1589.3
розрахунками з бюджетом	1620		
у тому числі з податку на прибуток	1621		
розрахунками зі страхування	1625		
розрахунками з оплати праці	1630		
Доходи майбутніх періодів	1665		
Інші поточні зобов'язання	1690	19.2	12.2
Усього за розділом III	1695	37.9	1601.5
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами шибуття			
Баланс	1900	1037.0	3011.2

2. Звіт про фінансові результати
за 2015

Стаття	Код рядка	Форма № 2-м	Код за ДКУД	1801007
		За звітний період	За аналогічний період попереднього року	
1	2	3	4	
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	1299.0	1134.2	
Інші операційні доходи	2120	123.4	31.9	
Інші доходи	2240			
Рамок доходи (2000 + 2120 + 2240)	2280	1422.4	1166.1	
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	(1141.4)	(965.2)	
Інші операційні витрати	2180	(218.7)	(289.3)	
Інші витрати	2270	()	()	
Рамок витрати (2050 + 2180 + 2270)	2285	(1360.1)	(1254.5)	
Фінансовий результат до оподаткування (2280 – 2285)	2290	62.3	-88.4	
Податок на прибуток	2300	(11.7)	(4.6)	
Чистий прибуток (збиток) (2290 – 2300)	2350	50.6	-93.0	

Керівник

(підпис)

Яцикний Костянтин Валерійович

(підпис, прізвище)

Головний бухгалтер

(підпис)

Яцикний Костянтин Валерійович

(підпис, прізвище)

Annex C

Додаток 1
до Положення (стандарту) бухгалтерського обліку 25
"Фінансовий звіт суб'єкта малого підприємства"

ФІНАНСОВИЙ ЗВІТ
суб'єкта малого підприємства

Підприємство	Дата (рік, місяць, число)		КОДИ	
ТОВ "ТЕЛІКС ТРЕЙДІНГ"			2017	01 01
Територія	Котівка	за СДРПОУ	34784264	
Організаційно-правова форма господарювання	Товариство з обмеженою відповідальністю	за КОАТУУ	5121080302	
Вид економічної діяльності	Оптова торгівля деталями та приладдям для автотранспортних засобів	за КОПФГ	240	
Середня кількість працівників, осіб	3	за КВЕД	45.31	
Одиниця виміру:	тис. грн з одним десятковим знаком			
Адреса, телефон	67633, Одеська область, Більшівський район, с. Латівка, вул. Хаджибейська, буд. 1	0487999091		

1. Баланс на 31.12.2016 р.

Актив	Код рядка	Форма № 1-м Код за ДКУД 1801006	
		На початок звітного року	На кінець звітного періоду
1	2	3	4
I. Необоротні активи			
Незавершені капітальні інвестиції	1005		
Основні засоби	1010		
первісна вартість	1011		
знос	1012	()	()
Довгострокові біологічні активи	1020		
Довгострокові фінансові інвестиції	1030		
Інші необоротні активи	1090		
Усього за розділом I	1095		
II. Оборотні активи			
Запаси	1100	2424.8	2707.4
у тому числі готова продукція	1103	2424.8	2690.9
Поточні біологічні активи	1110		
Дебіторська заборгованість за товари, роботи, послуги	1125		
Дебіторська заборгованість за розрахунками з бюджетом	1135	510.9	487.1
у тому числі з податку на прибуток	1136	2.2	
Інша поточна дебіторська заборгованість	1155	2.1	45.7
Поточні фінансові інвестиції	1160		
Гроші та їх еквіваленти	1165	73.4	40.1
Витрати майбутніх періодів	1170		
Інші оборотні активи	1190		
Усього за розділом II	1195	3011.2	3280.3
III. Необоротні активи, утримувані для продажу, та групи вибуття	1200		
Баланс	1300	3011.2	3280.3

Annex C (continued)

Annex C (continued)

Поясн.	Код рядка	На п	
		звітнього року	звітнього періоду
1	2	3	4
I. Власний капітал			
Зареєстрований (пайовий) капітал	1400	3000.0	3000.0
Додатковий капітал	1410		
Резервний капітал	1415		
Нерозподілений прибуток (непокритий збиток)	1420	-150.8	-132.3
Неоплачений капітал	1425	(1439.5)	(1139.5)
Усього за розділом I	1495	1409.7	1728.2
II. Довгострокові зобов'язання, цільове фінансування та забезпечення			
III. Поточні зобов'язання			
Короткострокові кредити банків	1600		
Поточна кредиторська заборгованість за:			
довгостроковими зобов'язаннями	1610		
товари, роботи, послуги	1615	1589.3	1545.8
розрахунками з бюджетом	1620		6.3
у тому числі з податку на прибуток	1621		6.3
розрахунками зі страхування	1625		
розрахунками з оплати праці	1630		
Доходи майбутніх періодів	1665		
Інші поточні зобов'язання	1690	12.2	
Усього за розділом III	1695	1601.5	1552.1
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами збиття			
Баланс	1900	3011.2	3280.3

2. Звіт про фінансові результати
за 2016

Стаття	Код рядка	Форма № 2- м Код за ДКУД 1801007	
		За звітний період	За аналогічний період попереднього року
1	2	3	4
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	2610.9	1299.0
Інші операційні доходи	2120	98.0	123.4
Інші доходи	2240		
Разом доходи (2000 + 2120 + 2240)	2280	2708.9	1422.4
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	(2293.3)	(1141.4)
Інші операційні витрати	2180	(379.4)	(218.7)
Інші витрати	2270	()	()
Разом витрати (2050 + 2180 + 2270)	2285	(2672.7)	(1360.1)
Фінансовий результат до оподаткування (2280 – 2285)	2290	36.2	62.3
Податок на прибуток	2300	(17.7)	(11.7)
Чистий прибуток (збиток) (2290 – 2300)	2350	18.5	50.6

Керівник _____ Яіцький Костянтин Валерійович
(підпис) (підпис, прізвище)

Головний бухгалтер _____ Яіцький Костянтин Валерійович
(підпис) (підпис, прізвище)

Annex D

Додаток 1
до Положення (стандарту) бухгалтерського обліку 25
"Фінансовий звіт суб'єкта малого підприємництва"

ФІНАНСОВИЙ ЗВІТ
суб'єкта малого підприємництва

Підприємство	Дата (рік, місяць, число)	КОД ФІ
ТОВ "ТІ ЕЛ ІКС ТРЕЙДІНГ"	за СДРПОУ	2018 01 01
Територія	за КОАТУУ	34784264
Латвія	за КОПФІ	5121080302
Організаційно-правова форма господарювання	за КВЕД	240
Товариство з обмеженою відповідальністю		45.31
Вид економічної діяльності		
Оптова торгівля деталями та приладами для автотранспортних засобів		
Середня кількість працівників, осіб		
5		
Одиниця виміру:		
тис. грн з одним десятковим знаком		
Адреса, телефон		
67633, Одеська область, Білгородський район, с. Латвія, вул. Хаджибейська, буд. 1	0457999091	

1. Баланс на 31.12.2017 р.

Форма № 1- м Код за ДКУД 1801006

Актив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
I. Необоротні активи			
Незавершені капітальні інвестиції	1005		
Основні засоби	1010		
первісна вартість	1011		
знос	1012	()	()
Довгострокові біологічні активи	1020		
Довгострокові фінансові інвестиції	1030		
Інші необоротні активи	1090		
Усього за розділом I	1095		
II. Оборотні активи			
Засоби	1100	2707,4	1810,1
у тому числі готова продукція	1103	2690,9	1810,1
Поточні біологічні активи	1110		
Дебіторська заборгованість за товари, роботи, послуги	1125		
Дебіторська заборгованість за розрахунками з бюджетом	1135	487,1	133,4
у тому числі з податку на прибуток	1136		
Інша поточна дебіторська заборгованість	1155	45,7	46,8
Поточні фінансові інвестиції	1160		
Гроші та їх еквіваленти	1165	40,1	236,3
Витрати майбутніх періодів	1170		
Інші оборотні активи	1190		18,6
Усього за розділом II	1195	3280,3	2245,2
III. Необоротні активи, утримувані для продажу, та групи аліуття	1200		
Баланс	1300	3280,3	2245,2



Annex D (continued)

Annex D (continued)

Пасив	Код рядка	На початок звітного року	на кінець звітного періоду
1	2	3	4
I. Власний капітал			
Зареєстрований (щайовий) капітал	1400	3000.0	3000.0
Додатковий капітал	1410		
Резервний капітал	1415		
Нерозподілений прибуток (исповратний збиток)	1420	-132.3	46.9
Неоплачений капітал	1425	(1139.5)	(1139.5)
Усього за розділом I	1495	1728.2	1907.4
II. Долгострокові зобов'язання, цільове фінансування та забезпечення			
III. Поточні зобов'язання			
Короткострокові кредити банків	1600		
Поточна кредиторська зобов'язаність за:			
довгостроковими зобов'язаннями	1610		
товари, роботи, послуги	1615	1545.8	187.0
розрахунки з бюджетом	1620	6.3	39.1
у тому числі з податку на прибуток	1621	6.3	39.1
розрахунки зі страхування	1625		
розрахунки з оплати праці	1630		
Доходи майбутніх періодів	1665		
Інші поточні зобов'язання	1690		111.7
Усього за розділом III	1695	1552.1	337.8
IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття			
Баланс	1900	3280.3	2245.2

2. Звіт про фінансові результати
за 2017

Форма № 2-м Код за ДКУД 1801007

Стаття	Код рядка	За звітний період	За аналогічний період попереднього року
1	2	3	4
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	3605.6	2610.9
Інші операційні доходи	2120	48.3	98.0
Інші доходи	2240		
Разом доходи (2000 + 2120 + 2240)	2280	3653.9	2708.9
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	(2926.1)	(2293.3)
Інші операційні витрати	2180	(509.2)	(379.4)
Інші витрати	2270	()	()
Разом витрати (2050 + 2180 + 2270)	2285	(3435.3)	(2672.7)
Фінансовий результат до оподаткування (2280 – 2285)	2290	218.6	36.2
Податок на прибуток	2300	(39.4)	(17.7)
Чистий прибуток (збиток) (2290 – 2300)	2350	179.2	18.5

Керівник

Головний бухгалтер



Яцький Костянтин Валерійович

(підпис, прізвище)

Яцький Костянтин Валерійович

(підпис, прізвище)

ЗВІТ ПРО ПОПОВНЕННЯ ЗАПАСІВ

2015			2016			2017		
Постачальник	Країна-виробник	Сума, тис. грн	Постачальник	Країна-виробник	Сума, тис. грн	Постачальник	Країна-виробник	Сума, тис. грн
	Японія	1091,84		Японія	825,95		Японія	621,07
	Японія	424,60		Японія	444,74		Японія	417,27
	США	359,64		США	412,13		США	0,00
	США	236,17		США	141,69		США	403,93
	Південа Корея	581,26		Південа Корея	416,78		Китай	586,53
				Китай	334,61			
ВСЬОГО:		2693,50			2575,90			2028,80



Автозапчастини
оптова та роздрібна
торгівля

ЗВІТ ПРО СТРУКТУРУ ЗБУТУ

2017 рік			
	Товарооборот, тис. грн	У %	Середньозважена знижка
СТО	1700,04	47,15%	11,50%
Інтернет-магазини	527,4993	14,63%	13,50%
Магазини	703,8131	19,52%	13%
Роздріб	674,2472	18,70%	12,50%
Усього	3605,6	100,00%	
Середнє			10,40%

Від 11.08.18



Автозапчастини
оптова та роздрібна
торгівля

ЗВІТ ПРО СТРУКТУРУ ЗБУТУ

2017 рік		
Терит. одиниця	у тис. грн	у %
Одеса	1766,74	49%
Київ	540,84	15%
Одеська область	432,67	12%
Харків	288,45	8%
Дніпро	216,34	6%
Львів	180,28	5%
Інші	180,28	5%

Від 10.08.18



Автозапчастини
оптова та роздрібна
торгівля

ЗВІТ ПРО РЕЗУЛЬТАТИ ПРОДАЖІВ ОНЛ

Рік	2017
Середній чек	1150 грн
Середня кількість оплачених заказів на день	4
Відсоток від продажів фірми	46,60%
Середньозважена націнка	8,5%

Від 10.08.18