

Kyiv National University of Trade and Economics
Department of Management

FINAL QUALIFYING PAPER

on the topic:

«Category management at the trade enterprise»
(on the materials of Globus-2013, LLC, Kotovsk)

Student of the 2^d year, group 7am
specialty
073 «Management»
specialization
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Kyiv 2020

Київський національний торговельно-економічний університет
Кафедра менеджменту

ВИПУСКНА КВАЛІФІКАЦІЙНА РОБОТА

на тему:

«Категорійний менеджмент на підприємстві торгівлі»

(за матеріалами ТОВ «ГЛОБУС-2013», Одеська обл., м. Котовськ)

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INTRODUCTION

Relevance of the research topic. One of the key concepts of management, which is directly related to the functions, goals, management process, as well as the work of managers and the distribution of powers between them to achieve a specific goal, is the category management system in the enterprise. The category management system of the enterprise is formed for the purpose of timely and high-quality implementation of all processes that take place in it.

Category management is painstaking work and it will be run all the time while the company exists. Enterprise should get ready for the fact that it will have to revise and remake a lot of things - the classifier, prices, calculation, the system of entering the goods into the database, analytics and even the structure of the company. For the assortment permeates the entire company through and through and requires an integrated approach to management.

Thus, the formation of an effective category management system within an individual enterprise contributes to the achievement of its goals and objectives. In the context of the above study of methodological approaches to the formation of the management system in the enterprise is an extremely important task.

Theoretical, methodical and practical aspects of the formation of the management system at the enterprise were studied by such domestic and foreign scientists as:

However, despite the numerous scientific achievements, the study of modern methodological approaches to the formation of the category management system at the enterprise requires further consideration, which once again proves the relevance of the topic of this final qualifying paper.

The purpose of the final qualifying paper is to study the theoretical and methodological foundations of the category management system at the enterprise and justify ways to improve it.

In accordance with this goal, the following tasks were set:

- to find out the essence and role of the category management system in the enterprise;
- to determine methodological approaches to the formation of the category management system at the enterprise;
- provide organizational and economic characteristics of LLC " GLOBUS-2013";
- evaluate the effectiveness of the enterprise category management system;
- to substantiate the directions of improvement of the enterprise category management system;
- to carry out a forecast assessment of the effectiveness of the implementation of the proposed measures.

The object of research is the process of forming a category management system in the enterprise.

The subject of research is theoretical, methodological and practical aspects of the formation of the category management system at the enterprise.

The theoretical basis of the study are the provisions of economics, the work of domestic and foreign scientists on the economics of services, organization and management of trade, the processes of trade and the consumer market.

Approbation of research results. According to the results of the research, the scientific article " Category management in the enterprise management system " was published in the Collection of scientific articles of students of KNUTE (Appendix A).

The scientific novelty of the obtained results is to improve the approach to the category management of the enterprise, which, in contrast to the existing ones, provides a choice of alternatives for development.

The practical significance of the obtained results is to develop recommendations for changing the system of category management in the existing enterprise.

Final qualifying paper structure. The final qualifying paper consists of an introduction, three sections, conclusions and a list of sources used. The total volume of

the final qualifying paper is 63 pages, including a list of used sources and appendixes - are used in the final qualifying paper. The final qualifying paper contains 24 tables, 5 figures. The list of used sources contains 45 names, set out on 5 pages. The final qualifying paper contains appendixes set out on 6 pages.

PART 1. THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF CATEGORY MANAGEMENT AT THE ENTERPRISE

1.1 The essence and application scopes of category management at the trade enterprise

Category management is the management of the store's trading assortment aimed at its development in accordance with the volume and conjuncture of consumer demand and subject to the efficient use of labor, material, financial and information resources.

The assortment management system in the category management allows to identify the correspondence between the interests of consumers, manufacturers and suppliers of goods.

Such scientists as Buzukova E., Vysochyn I. [3], Grosul V. [6], Kuznetsova S. [8], Sysoeva S. [11] and others studied the theoretical aspects of concepts, tasks, functions and methods of category management. Practical studies of this issue are reflected in the works of Baranovsky V., [2], Gonsky M. [4], Goncharova I. [5], Gurov N. [7], etc. However, despite the significant amount of scientific work, these issues remain unresolved. The aspect of formation of algorithm of introduction of categorical management at the enterprises of retail trade deserves special attention.

Category management performs the following functions:

- the store focus on the tastes and preferences of customers and the formation of the range in accordance with the conjuncture of consumer demand;
- independence and independence in decision-making of category managers who are personally responsible for the results of managing the product category;
- identification in the structure of the assortment of the store of product categories determined in accordance with the conjuncture of consumer demand;

- the indispensability of using modern information technologies in the management of the trading assortment, because category management has a systematic analysis of a large amount of information;
- continuous improvement and progression of the assortment array.

Category management as every management system implies the presence of a subject and a control object. The control object in this case is the shopping assortment of the store, although in practice the control process more often means the whole process - from the purchase of goods from manufacturers and suppliers to the sale of goods to customers.

The process of selling in stores begins when the person-buyer realizes that he has an unmet need. One way to meet the needs is to visit the store and purchase the necessary product. Therefore, the key task of retailers, regardless of their size and location, is to meet individual human needs. Retail is trying to link in a single chain the needs of customers and the range of goods sold in the store. Thus, the activities for the formation of the range and its management can be represented as three components:

- determination of the target group of buyers whose needs will be met;
- determining the magnitude of the actual demand of the target group of buyers;
- actions taken to increase the share of satisfied demand.

The means of satisfying human needs is a commodity. A commodity is anything that can satisfy a need or desire and is offered to the market in order to attract attention, purchase and use or consume. The market offers a huge number of products that not only meet human needs, but also offer different options to meet these needs. This set is classified on various grounds (on the basis of raw materials, on the basis of consumer destination) and in each trading company is combined into a range. The range reflects the fundamental differences between the goods and is a logical division of any set, formed on the most common grounds, into separate categories.

Today, in retail enterprises the functions of purchasing and selling goods are divided between the departments of purchasing and trade (sale), each of which focuses

on its own goals. Thus, the purpose of the procurement department, as a rule, is to purchase goods in demand at the optimal price for the trading company, to obtain the maximum possible discounts from manufacturers and suppliers. The trade (sales) department strives to sell the maximum volumes of goods. Each unit has its own purpose, which often leads to miscalculations in the size of purchased consignments of goods and the volume of their actual sale. As a result, a large amount of unsold goods accumulates in warehouses and counters, inventories increase. To reduce the level of inventories, the company has to resort to various methods of stimulating the sale of dependent goods, to develop marketing programs for the sale of balances.

And since each functional unit has its own goals and criteria for assessing efficiency (which do not always coincide with the interests of the enterprise as a whole), with such an organization of work inevitably there are managerial miscalculations caused by differences in requirements and approaches to product range. Unit employees often conflict with each other, and the process of agreeing on management decisions takes a long time. Therefore, this type of organization is effective only for small sizes of the range, usually sold in stores "near the house".

In modern supermarkets more than 20 thousand types and varieties of goods are sold, in hypermarkets it reaches 70 thousand units. In order to respond flexibly and quickly to changes in consumer demand with such a variety of trade range, it is necessary to concentrate its management functions - from procurement to sale - in a single center responsible for the entire cycle of goods movement. The key idea of this approach is the division of the range into components - product categories (classification groups, subsystems). This approach to management is called category management

There is no generally accepted definition of this concept in the economic literature. The most common is the definition of category management as an assortment management process in which each product category is considered as an independent business unit.

The main purpose of category management is a wide coverage of customers, maximum satisfaction of their needs and at the same time increase the efficiency of interaction between supplier and seller, increase productivity by reducing costs.

Central in the practice of category management is the allocation of unified centers of category management. As a rule, structures with matrix elements are used. Management in them is carried out not only vertically, but also horizontally. The category manager (horizontal), without becoming the general director (vertical) or even the head of department (vertical), influences activity of other divisions which functionality, one way or another, is connected with the basic business of the company. Category management allows to focus the responsibility for the purchase of goods and the volume of their sale in one hand - the manager of product categories, or category manager, who is responsible for the entire cycle of goods belonging to a clearly defined product category.

The commodity category manager must belong to the highest level of management of the trading company. The main functions of the category manager are:

- strategy development;
- responsibility for goods, logistics, marketing;
- sales analysis;
- optimization of retail space;
- optimization of costs associated with logistics.

In this case, the category manager considers the goods in conjunction with the services, relies on manufacturers and intermediaries, manages, focusing on profits. The object of management in category management is the retail range of the retail store, individual product categories, relationships and relationships between them, ie the entire sales system - from the purchase of goods from suppliers to the sale of goods to customers.

Consider the differences between category management and the traditional approach to assortment management (table 1.1).

Table 1.1

**The differences between category management and traditional approach
to assortment management**

Type of difference	Specific characteristics
The first difference is conceptual	Category management is based on a simple principle: from a strategic point of view, increasing the profitability of a retail company is possible only by maximizing the satisfaction of purchasing needs. With the traditional approach the starting point is not the buyer, but the product: trade what have.
The second difference is technological	Assortment management means managing not the entire range as a whole, but individual product categories. The category of goods is considered as an independent business unit and is formed as a set of goods that have similar, from the point of view of the buyer, characteristics.
The third difference is organizational	When using a modern approach to product range management, a new position appears - a category manager who is responsible for the entire process - from interaction with the supplier to order the sale of goods; accordingly, the organizational structure and distribution of responsibilities in terms of managing the company's commercial activities is changing.
The fourth difference concerns accounting	Within category management, each product category has its own plan for turnover and profitability, and costs are categorized to be able to identify the "return" of each product category, and, accordingly, to manage profitability.

Source: Developed by the author.

Thus, category and assortment management are not identical concepts. However, they are closely interconnected.

1.2 Category management methods at the enterprise: domestic and foreign experience

Category management is beginning to be actively used in the procurement activities of many large and well-known enterprises. The use of category management technology in procurement has allowed them to significantly reduce the cost of

components of a product, increase profitability. After analyzing the results of their work in the field of procurement, can be identify the following stages of implementation of category management in Ukraine.

1 stage. Analysis of not only the range of finished products, but the raw materials needed to produce it and ensure the functioning of the entire enterprise. This analysis should answer the following questions:

- how much do we buy?
- how often do we buy?
- how much do we spend on purchases?
- who is the consumer (external and internal)?

On the basis of the received data commodity categories are formed, and also categories of raw materials and materials are found out.

Stage 2. Assessment of real and potential suppliers, B2B market research. As a result, it is necessary to get a clear picture that will show the market opportunities of suppliers, as well as ways to meet the demand for raw materials.

Stage 3. Formation of procurement strategy and selection of suppliers. At this stage, it is necessary to determine the most optimal method of procurement for each category of raw materials, as well as to determine which of the suppliers meets the requirements. At the same time, should not be limited to those suppliers with whom company have long-term relationships. There are many other manufacturers and wholesalers on the market who have the necessary capabilities. Suppliers can be selected in any way. It can be an auction, a competition (tender), and a request for commercial proposals.

Stage 4. Establishing commercial relations with suppliers, assessing the discipline of supply, compliance with the terms of the agreement (contract), risk analysis. At this stage, the selection of suppliers can be carried out, which are rejected, find a replacement. In procurement logistics, this stage is called "supplier management".

Stage 5. Evaluation of the effectiveness and efficiency of procurement management based on category management. At this stage, key performance indicators are developed, which include the absence of supply disruptions, rhythmic supply, turnover of raw materials, reduced procurement costs, the number of claims on the quality of finished products, reducing the time of production and delivery to the market.

An example of the use of category management in Ukraine is the trading company "Metro Cash & Carry Ukraine". It's necessary to distribute the roles by categories in the trading company. There are 4 roles [1, p. 120]:

Traffic ("movement") products - a set of goods that are in demand among consumers and bring income to the company. The main categories of this group are: home-made meat products, frozen products, dairy products.

Power / Hero products - products for which consumers choose to buy a particular store, are most in demand and give the most profit. Such categories include: sausages, cheese, confectionery, coffee and tea drinks, household goods, beer, wine and more. Among them there is a category of Hero ("hero") - it's cosmetics or household chemicals, fresh meat.

Opportunistic products: Flowers and plants, frozen fish, tobacco, sporting goods, children's clothing, household appliances, seasonal goods, toys.

Essential products are products that must be sold in order to comply with the company's concept in meeting a wide range of customer needs. These include: bread, pastries, baby food, pet food, underwear, men's and women's clothing, and more.

At the same time, before start working with a category and decide on changes in the United States, choose one of the seven main strategies for the development of categories:

1. Strategy to increase the turnover of buyers Traffic: it is necessary to increase the number of purchases in the category and the number of people who came to the category, to create an influx of buyers in the category.

2. Strategy to increase the value in the category or increase the average Transaction check. Here growth is achieved by buying a larger range, or by buying more or more packaging of one name, or buying products from a higher price segment; in other words, more expensive.

3. Profit increase strategy, where the main task is to sell a more expensive product with a high margin.

4. The strategy of creating a cash inflow of Cash involves the inclusion of only the most liquid range, taken under the maximum deferred payments. Typically, this strategy of creating cash inflows and minimizing inventory on the shelf is chosen by stores that are rapidly opening new retail space and have a financial deficit.

5. Strategy of protection from the competitor and struggle against the competitor Turf protection. It is used when wanted to protect business from active competition. For example, the store has just opened and its task is to attract customers from the nearby open market (select). He focuses on this market in everything, does the same, but better in all directions: range, promotions, prices, advertising and so on.

6. Image enhancing strategy is to strengthen the role of the store in the market. For example, as stores for the whole family, stores with fresh pastries (no more than three hours of storage) or with a huge selection of ready-made products.

7. The strategy of creating interest in the store Excitement creating offers to stimulate impulse purchases and the influx of impulse customers through an unusual location, taking into account the associative series. For example, due to special operations on holidays: Valentine's Day, Christmas, US Independence Day, etc. Implementation of this strategy ensures loyalty to the store of regular customers and attracting new ones.

By the way, the emergence of category management is associated with the company Procter & Gamble [3] - a manufacturer, not a retailer. It was Procter & Gamble that developed the Efficient Consumer Response (ECR) program in the early 1990s, which became the starting point for developing a new approach. Efficient

Consumer Response is a management approach based on the study of consumer demand and the organization of deliveries and sales of goods in stores in accordance with this demand.

From the very beginning of its application, the ECR approach has allowed to achieve large sales and profit, as the retail network and the manufacturer jointly analyzed the sales and product range of the product category. The adjustments brought Procter & Gamble fantastic results: turnover growth in the category was 13-15%; increased profits, decreased turnover of goods category and inventory rates.

This successful experience was quickly adopted by other organizations, and today, according to ACNielsen, 98% of retailers and 89% of manufacturers in the US consider category management a critical business task [3].

In Ukraine, category management technologies within the framework of category management are implemented in largest retail networks (mostly all-Ukrainian), and at the moment there is an increased interest of many medium and small retail operators in this approach. The development of retail trade and distribution in Ukraine follows the path taken by the countries of Eastern Europe, so it can be assumed that the widespread introduction of category management in the practice of managing the range of retail enterprises is not far off. This opens up opportunities for manufacturers to increase the efficiency of their sales.

PART 2. INVESTIGATION OF THE CATEGORY MANAGEMENT SYSTEM AT THE ENTERPRISE “GLOBUS-2013” LLC, KOTOVSK

2.1 Analysis of the enterprise’ category management system and main results of its activity

The enterprise «Globus-2013» exists on the market of Ukraine since 2013. Since then, keeping pace with the times, company provide a variety of offices with everything that is needed: from household goods, stationery, paper and office equipment and consumables.

The researched enterprise is LLC «Globus-2013». The main characteristics of this enterprise are given in Table 2.1.

Table 2.1

General characteristics of the investigated enterprise

Full name	Globus-2013 Limited Liability Company
Abbreviated name	LLC «Globus-2013»
USREOU code	38701532
Date of registration	03.12.2013 (6 years 8 months)
Organizational and legal form	Limited Liability Company
Form of ownership	Non-state property
Main activity	47.41 Retail sale of computers, peripheral equipment and software in specialized stores
Address	Odessa region, Podilsk (Kotovsk in previous years), 40 Years of Victory Street 12

Source: Developed by the author.

In addition to retail trade in computers, peripherals and software in specialty stores, LLC «Globus-2013» also repairs computers and peripheral equipment, retails telecommunications equipment in specialized stores, and other types of retail trade in non-specialized stores. First point that should be oweviwed is one of the most common methods of analysis – SWOT. This method was developed by Albert Humphrey . With help of it, can be identified strengths and weaknesses, as well as opportunities and threats of company.

The pros of this method is that it allows to make strategically important decisions for the organization (table 2.2).

The SWOT analysis matrix is filled according to the following principle:

- 1) Field "S" - identifies the strengths of the enterprise, which can be used to determine the strategic direction of the enterprise, as well as to make strategically important decisions.
- 2) Field "W" - determines what strengths the organization can use to reduce its threats.
- 3) Field "O" - determines the capabilities of the enterprise in the presence of a large number of weaknesses.
- 4) Field "T" - identifies vulnerable vulnerabilities of the enterprise in terms of threats.

Table 2.2

SWOT analysis of LLC «Globus-2013»

Internal environment	
Strengths	Weaknesses
<ul style="list-style-type: none"> – qualified personnel – huge experience – low cost and price – good location – diversity on goods – customer loyalty 	<ul style="list-style-type: none"> – low level of motivation – company doesn't have a website and delivery – no opportunities to expand, because lack of capital – dependence on a small number of suppliers
External Environment	
Opportunities	Threats
<ul style="list-style-type: none"> – increase the level of motivation – to create a website and delivery 	<ul style="list-style-type: none"> – political and military situation in Ukraine (in the East of Ukraine - military conflict) – falling solvency power of customers – slow market growth

Source: Developed by the author.

The specifics of the activity of LLC «Globus-2013», namely, the provision of services in the field of computer repair and sale of spare parts for them, provides

appropriate organizational support. The organizational structure of the company corresponds to the specifics of the activity and has the following form (figure 2.1):

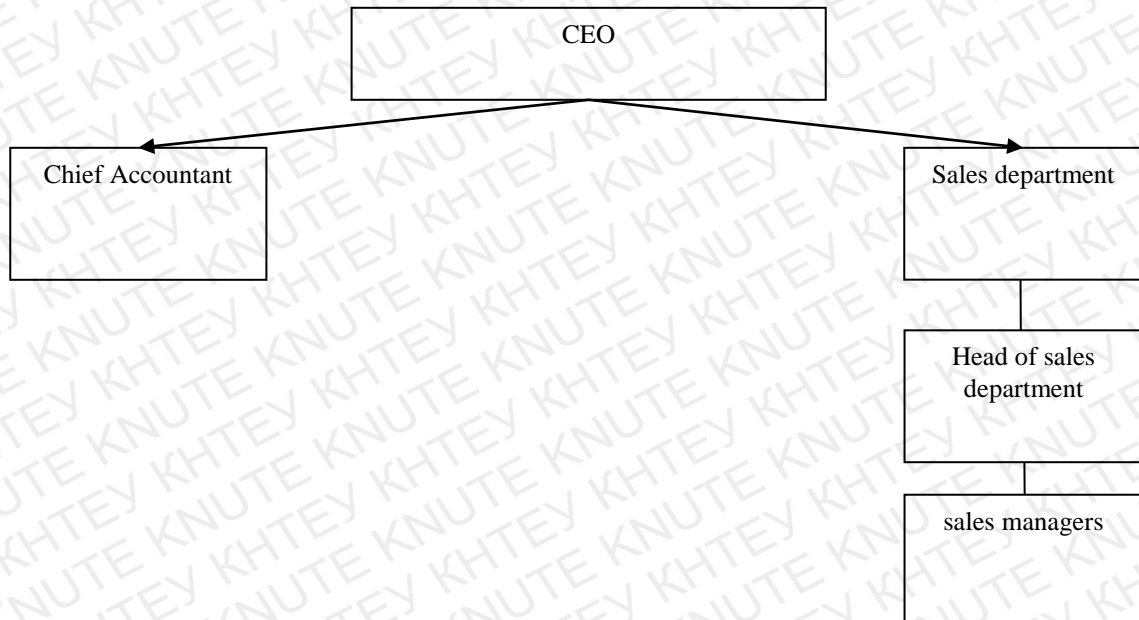


Fig. 2.1. Organizational structure of LLC «Globus-2013» (fragment)

Source: based on data from the enterprise.

From Figure 2.1, it seems the organizational structure of enterprise management is linear and functional and meets the needs of the industry.

In particular, line units make decisions and control, and functional units organize, plan, inform and advise.

The enterprise is headed by the general director to whom the chief accountant, department of sale of are subordinated.

The sales department is headed by the head of the department, who reports to two sales managers.

Also head of the department is responsible for the purchase of goods, analysis of major suppliers and determining the needs of consumers in various categories of goods. Head of sales department also execute:

1. Determines the composition of the product category:

- participation in the development and approval of the general strategy of the company's assortment together with the commercial director

- defining the role and formulating a strategy for categories in accordance with the needs of the target group of buyers;

- rotation of assortment within a category, input and output of goods;

- formation of an assortment matrix within certain product categories;

- search for new products and positions for a category.

2. Determines the price and methods of selling the goods:

- participation in the formation of plans for sales of the category together with the directors of stores and branches;

- participation in the development and implementation of the pricing strategy (together with the finance department and / or the commercial director, if necessary);

- coordination of work on the development, implementation and maintenance of a merchandising system (in terms of displaying goods on shelves and placing in promotional places);

- organization of product promotion on the market;

- organization and control over the performance of work to optimize prices;

- organization and control over the organization of promotions and marketing events.

3. Determines the procurement policy for goods and suppliers:

- organization and control over the optimization of the supplier portfolio;

- purchasing policy, placing orders and maintaining inventory at a given level;

- search and establishment of relationships with suppliers, negotiations with suppliers;

- organizing the procurement of goods, their delivery and storage (or the transfer of information to buyers);

- analysis of sales indicators and maintenance of economic indicators at a given level.

4. Analyzes the effectiveness of events and sales by category:

- work on cost optimization;
- compilation of comparative analyzes (ABC, XYZ, combined analysis) by category;
- analysis of the liquidity of goods and maintaining the level of turnover;
- taking measures to reduce the amount of illiquid goods;
- participation in the formation of plans for the implementation of the category together with the directors of stores and branches;
- analysis of sales and profitability of individual products and categories as a whole;
- analysis of customer satisfaction.

Accounting at the enterprise is conducted continuously from the date of registration of the enterprise.

The main responsibilities of the chief accountant include: control over the correctness and timeliness of settlements with the budget and business partners; accrual and payment of wages to employees of the enterprise; control over the expenditure of the wage fund; organization of preparation of relevant data for meetings, meetings, negotiations; organization and control of document flow; registration of accounting entries and their distribution; preparation and submission of financial and tax statements of the enterprise, etc.

Sales managers are engaged in sales, selection with the maximum benefit for the client, finding new customers and more.

System of category management at LLC «Globus-2013» is on the stage of development. Below, outlined pros and cons of existing system of category management inside the company (table 2.3).

Therefore, it's needed to analyze the main categories of goods. The research showed that the main part of the assortment is made up of: computers, peripheral equipment and stationery, mobile phones, headphones.

Table 2.3

Pros and cons of existing system of category management of LLC «Globus-2013»

Group of effect	Factor
Positive effect	A real tool for increasing the indicators of both the category and the whole assortment in general
	Reduce illiquid, low-turnover goods
	A real tool for increasing the indicators of both the category and the whole assortment in general
	Reduce illiquid, low-turnover goods
	Closer cooperation with suppliers
	The organizational structure of the network is optimized
	Customer satisfaction increases
Negative effect	Lack of clear strategic plans for the development of the company and stores
	Lack of trained specialists in the field of assortment management both at the level of management and at the level of performers
	Difficulties in perceiving suppliers as allies with whom to share information
	Lack of skills in working with new information technologies and computer systems

Source: Developed by the author (based on data from the enterprise).

ABC-analysis allows to optimize the product range for the near future, and for a stable position in the market, any company needs to have a portfolio of products balanced in such a way that it contains products with different stages of their life cycle.

Next, it is necessary to single out the groups of classification according to the Pareto principle, where 20% of the qualitative criterion determines 80% of the number of the selected set of objects (group A); group B – up to 15% of the profit and the rest – block C. The division can be different depending on the needs of the analysis.

Table 2.4 shows that the largest share in sales and revenues belongs to goods from block A: includes peripheral equipment - 80%. The next block B includes stationery – 15% and the last one block C – mobile phones, headphones, etc. – 5%.

The efforts of the enterprise should be focused on goods from subgroups included in blocks A and B, for them it is advisable to carefully monitor the dynamics of sales, fluctuations in demand, the breadth and depth of the assortment by product groups and brands, the migration of individual goods and brands from group to group, track the impact of various marketing activities on the pace of sales. For group B products providing an average contribution to total income (about 15%), efforts should be focused on moving to a higher income group. With regard to block C, it is rational to carry out a policy of its reduction in order to reduce low-productivity costs by removing from the assortment of goods that are at the stage of decline in their life cycle.

Table 2.4

ABC-analysis of the assortment of the LLC «Globus-2013»

Nomenclature	Trade turnover, ths UAH		Specific gravity		Group
	2018	2019	2018	2019	
Power supplies	35800	50098	30.44%	27.95%	A
Screens	18300	29789	15.56%	16.62%	A
Printers	15760	23456	13.40%	13.09%	A
Paper and pad	10789	15233	9.17%	8.5%	B
Desktop instruments	7890	14567	6.7%	8.12%	B
Writing instruments	7670	14101	6.52%	7.86%	B
Mobile phones	7456	13001	6.34%	7.25%	C
Mobile phone accessories	7389	10045	6.9%	5.5%	C
Batteries	6545	8906	5.56%	4.96%	C

Source: Developed by the author (based on data from the enterprise).

Everyone will make a conclusion, that company have quite strong position, but some aspects should be improved. Creation of own website with a delivery will open new opportunities and, moreover will increase the level of income, as a result, company

will have more resources to expand. In addition, changes in system of motivation can make positive effect on staff's work.

Ensuring the necessary level of service for wholesale buyers and the growth of the main economic indicators of the trading company largely depends on the rational formation of the range of goods. The formation of the range should be understood as the process of selection and establishment of the nomenclature of goods, which meets the demand of buyers and ensures high profitability of the trading company.

Thus, the enterprise has real problems in terms of product management: ineffective organizational structure, lack of automated orders, unity of principles for the development of both wholesale and retail, shortage of goods, etc. The current situation slows down the company's progress, does not give the desired results, and within the framework of the current state of affairs, the enterprise will not be able to develop its retail network to the desired level.

Within the framework of the enterprise, the most effective will be the introduction of category management, which will optimize all current processes, increase profits and allow stable development in the market.

2.2. Identification of strengths and weaknesses of the enterprise' category management system

Category management is the process of managing the trade range of the store in order to develop it in accordance with the size and structure of consumer demand and subject to the effective use of labor, material, financial and information resources.

On the basis of these provisions it will be allocated the basic elements of category management at the enterprises of retail trade below in Figure 2.2.

Based on these principles, it will be formed a mechanism for implementing a system of category management in enterprise.

First, it is necessary to conduct a marketing analysis of the market, to assess consumer demand and preferences, the state of the economy, the competitive environment, as well as relationships with suppliers. This stage is aimed at collecting and analyzing information about the state of the marketing environment. The most important task is to obtain information about the tastes and needs of consumers. Information can come from both official and commercial sources.

Let's start with the analysis of retail trade suppliers DKT, KADR, TechnoYUG, DTS and complex assessment of different indicators relatively suppliers (table 2.5), and then make a more detailed analysis by categories of goods (table 2.6-2.8).



Fig. 2.2. Basic elements of category management

Source: Developed by the author (based on data from the enterprise).

Table 2.5

**Complex assessment of different indicators relatively suppliers of the
LLC «Globus-2013»**

Indicators	Suppliers			
	DKT	KADR	TechnoYUG	DTS
Price	4	4	5	3
Product quality	3	4	5	5
Reliability of supply	3	4	5	4
Terms of payment	4	4	4	3

End of table 2.5

Indicators	Suppliers			
	DKT	KADR	TechnoYUG	DTS
Range	3	4	5	4
Remote supplier	3	3	5	4
Service	4	4	4	4
Σ	24	27	34	27

Source: Developed by the author (based on data from the enterprise).

Table 2.6

**Detailed analysis by first categories of goods and their price
of the LLC «Globus-2013»**

Suppliers	Computer accessories		
	Power supplies 500W/120mm fan	PC mouse M876	Keyboard NV-K888
DKT	700 UAH	65 UAH	650 UAH
KADR	670 UAH	54 UAH	590 UAH
TechnoYUG	560 UAH	45 UAH	550 UAH
DTS	780 UAH	70 UAH	690 UAH

Source: Developed by the author (based on data from the enterprise).

Table 2.7

**Detailed analysis by second categories of goods and their price
of the LLC «Globus-2013»**

Suppliers	Writing instruments		
	Alphabetical books	Accounting documentation	Notebooks
KADR	56 UAH	20 UAH	60 UAH
TechnoYUG	45 UAH	15 UAH	55 UAH

Source: Developed by the author (based on data from the enterprise).

Table 2.8

**Detailed analysis by third categories of goods and their price
of the LLC «Globus-2013»**

Suppliers	Laptops		
	Acer Nitro 5	Lenovo V340	HP Probook 445R
KADR	25990 UAH	20750UAH	22500 UAH
DKT	26340 UAH	21700 UAH	23590 UAH

Source: Developed by the author (based on data from the enterprise).

After analyzing the suppliers, everyone will conclude that TechnoYUG is the best option for cooperation on a permanent basis, as almost all indicators have received the highest rank. But if pay attention to the data of table 2.7., it's clear that KADR is the best supplier of laptops (lower price).

Let's try to assess marketing activity of LLC «Globus-2013» (table 2.9).

Table 2.9

Brief assessment of marketing activity of LLC «Globus-2013»

Element of marketing activity	Score in points (1-5)
1. Implementation of market segmentation	3
2. Studying the needs of consumers and meeting them in full volume	3
3. The degree of change in the range of goods over the past 3 years	2
4. Level of product quality control	4
5. Use of a trademark	2
6. The use of progressive sales methods	2
7. Level of service	4

Source: Experts estimates. Developed by the author.

The data in the table 2.9 indicate that not all elements of marketing activity are used often enough. To increase the competitiveness of the researched enterprise, it is possible to introduce a permanent system of discounts, which will attract consumers to stores.

The next step to analyze is Information technology. All processes in the company are carried out through the 1C software.

The program allows company to enable or disable the necessary functionality, which makes it convenient to work in it both at the system level for accounting for retail trade in a store or in a small wholesale warehouse, as well as a full-scale trading system with the ability to store goods in cells.

In addition, comparative table of pros and cons of 1C software is outlined below (table 2.10).

Table 2.10

Comparative analysis of pros and cons of 1C software

Advantages	Disadvantages
Full openness of 1C software products	Configuration, implementation and launch should be carried out by a qualified 1C-programmer
Unified technological platform	The need to order 1C support services
Internet addiction, provider dependency	Paid product updates
The need to support accounting decisions	Low security of information used by 1C

Source: Developed by the author (based on data from the enterprise).

Within the framework of this program, there are no automated orders, as a result, logisticians manually form orders, based only on the balances of goods and their sales, without taking into account the sales forecast.

Logisticians should always remember that the quantity of ordered goods must fully ensure the stability of the assortment and their uninterrupted sale before the next delivery, and at the same time exclude the formation of excessive stocks.

When determining this quantity, take into account the frequency of delivery of goods and their average daily sales, irreducible stocks and balances of goods on the day of delivery. This principle of operation becomes unrealistic with manual adjustments.

The situation is complicated by the fact that for those suppliers whose goods come directly to retail outlets, orders are formed by the merchandise experts of the stores. As a rule, such applications are created 2-3 times a week. Due to lack of time, commodity experts either do not create these orders, which leads to a shortage of goods on the shelves, or they form a demand with a surplus and not always for the correct positions.

Very often stores are overloaded with goods, a re-grading happens and within the framework of the "outflow" program (reduction of inventory) this product is sold at cost, as a result the company incurs losses.

Managers of the enterprise believe that it need to improve IT technologies, because introduction of trade and technological innovations in its activity will allow to receive a number of advantages:

- increase the capacity of cash lines;
- improve the quality of customer service;
- to create a new image of a trading company;
- redistribute staff responsibilities and increase time for customer consultations;
- track the movement of goods from manufacturers to the warehouse, from the warehouse to the trading floor;
- reduce labor costs associated with the inventory of goods;
- to increase labor productivity and efficiency of use of trade areas;
- increase turnover and profit.

Let's carry out distribution of roles of categories in LLC «Globus-2013». Brain Harris's Quadrant Analysis matrix was used for these purposes (figure 2.3).

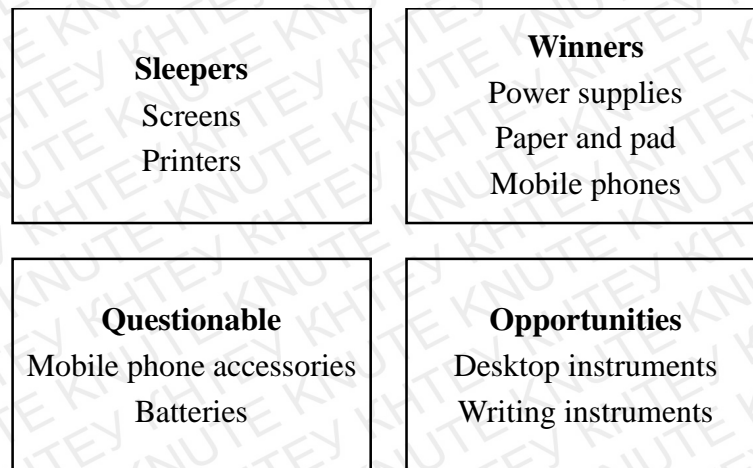


Fig. 2.3 Roles of categories in LLC «Globus-2013» according to Brain Harris's Quadrant Analysis

Source: Developed by the author.

For a more visual analysis of the assortment of goods, a characteristic of the assortment by the life cycle, as well as by the sectors of the matrix of the Boston Consulting Group are overviewed below.

The life cycle of goods was assessed based on the dynamics of the sale of certain groups of goods. At the same time, the correspondence of the groups to individual phases of the life cycle was adopted according to the following criteria:

- introduction - absent, since new assortment groups are preserved, have not been added;
- growth - sales growth rate is more than 10%;
- maturity - the sales growth rate is less than 10% or the sales decline rate is less than 5%;
- recession - the rate of decline in sales is more than 5%.

The correspondence of the assortment position to the matrix sector of the Boston Consulting Group was adopted according to the following criteria:

- stars - the share of sales is above average; growth rate over 10%;
- cash cows - the share of sales is more than average; growth rate less than 10% or decline in sales;
- problem - the share of sales is less than average; sales growth;
- dogs - the share of sales is less than average; decline in sales.

It's clear from the data in the Table 2.11 that the target assortment groups (star according to the BCG matrix and growth along the life cycle) for the enterprise are almost all goods, company should maintain them and strengthen. This indicates that these products occupy a leading position in sales. A growth strategy should be applied, and in particular a strategy to increase markets, as these products have a weak share relative to other products. Therefore, the company should improve its advertising policy by using new types of technologies to promote the product. Carry out promotions aimed at advertising the product.

Only writing instruments and paper and pad belong to Problem (table 2.11), they are subject to special study to determine whether they will be able to turn into stars using known investments, different tools.

Table 2.11

The assortment of goods in by the life cycle and the BCG matrix

Nomenclature	The share of products in total revenue from sales of the enterprise, %	Market growth rates	Market share	Characteristics of the share of the assortment position, by average	LC	BCG
Power supplies	27,95%	1,39	1,3	>	recession	star
Screens	16,62%	1,6	2	>	maturity	star
Printers	13,09%	1,5	1,3	>	maturity	star
Paper and pad	8,5%	1,4	0,9	<	maturity	problem
Desktop instruments	8,12%	1,8	1,1	>	growth	star
Writing instruments	7,86%	1,8	0,9	<	growth	problem
Mobile phones	7,25%	1,7	1,2	>	maturity	star
Mobile phone accessories	5,5%	1,3	1,5	>	recession	star
Batteries	4,96%	1,4	1,2	>	recession	star

Source: Developed by the author (based on data from the enterprise).

So, let's analyze the financial and economic activities of LLC «Globus-2013» on the basis of its balance sheet (Appendix B). A more detailed description of the current state of the balance sheet can be obtained on the basis of horizontal analysis.

From Table 2.12 the following conclusions can be made:

- in general, the number of assets more than doubled during the study period;

- the number of non-current assets has been steadily increasing over the past two years, as a result of which they increased by 286 thousand UAH. (or 227%);
- current assets increased by 219% over the past two years, but growth was volatile – in 2019 they decreased by 32% mainly due to a decrease in inventories by 57%.

Table 2.12

Horizontal analysis of assets of the balance sheet of LLC «Globus-2013»

Assets	Natural values			Absolute deviation			Relative deviation		
	2017	2018	2019	2018/ 2017	2019/ 2018	2019/ 2017	2018/ 2017	2019/ 2018	2019/ 2017
I. Non-current assets									
Incomplete capital investments	111	103	32	-8	-71	-79	-7%	-69%	-71%
Fixed assets	15	284	367	269	83	352	1793%	29%	2347%
Total non-current assets	126	388	412	262	24	286	208%	6%	227%
II. Current assets									
Stocks	3576,2	20967	8981	17390,8	-11986	5404,8	486%	-57%	151%
Money and their equivalents	460	469	1779	9	1310	1319	2%	279%	287%
Total current assets	7228,6	34172	23015	26943,4	-11157	15786,4	373%	-33%	218%
Total assets	7354,6	34560	23427	27205,4	-11133	16072,4	370%	-32%	219%

Source: Calculated by the author based on the financial statements of LLC «Globus-2013»

Let's evaluate the liabilities of the enterprise (table 2.13).

Table 2.13

Horizontal analysis of liabilities of the balance sheet of LLC «Globus-2013»

Liabilities	Natural values			Absolute deviation			Relative deviation		
	2017	2018	2019	2018/ 2017	2019/ 2018	2019/ 2017	2018/ 2017	2019/ 2018	2019/ 2017
I. Equity									
Share capital	15	15	15	0	0	0	0%	0%	0%

End of table 2.13

Liabilities	Natural values			Absolute deviation			Relative deviation		
	2017	2018	2019	2018/ 2017	2019/ 2018	2019/ 2017	2018/ 2017	2019/ 2018	2019/ 2017
Retained earnings (uncovered loss)	-5,7	-604	-8000	-598,3	-7396	-7994,3	10496%	1225%	14025 1%
Total equity	9,3	-589	-7985	-598,3	-7396	-7994,3	-6433%	1256%	- 85960 %
II. Long-term liabilities									
Total long-term liabilities	0	0	800	0	0	800	-	-	+100 %
III. Current liabilities									
Goods, works, services	5745,6	9913	12056	4167,4	2143	6310,4	73%	22%	110%
Payments to the budget	12	14	0	2	-14	-12	17%	-100%	-100%
Other current liabilities	1497,4	25148	18556	23650,6	-6592	17058,6	1579%	-26%	1139 %
Total current liabilities	7345,3	35149	30612	27803,7	-4537	23266,7	379%	-13%	317%
Total liabilities	7354,6	34560	23427	27205,4	-11133	16072,4	370%	-32%	219%

Calculated by the author based on the financial statements of LLC «Globus-2013»

From Table 2.13 the following conclusions about the dynamics of liabilities can be made:

- long-term liabilities appeared in the company only in 2019, before that they were absent and the dynamics of equity is negative.
- short-term liabilities for the study period increased by 317%, despite a slight decrease in 2018 by 4537 thousand UAH. (at 13%).

Assets and liabilities of the balance sheet have a rather positive dynamic.

Based on Table 2.14, everyone will make the following conclusions:

- in the structure of assets, most of the assets are current assets (98% in 2017 and 2019, and 99% in 2018). Non-current assets consist almost 100% of fixed assets.

Current assets have a more diversified structure, but the vast majority are inventories. In second place after inventories is receivables;

- current liabilities account for the largest share of liabilities. It is also worth noting the negative dynamics and structure of equity. Due to the negative value of equity in 2018-2019, the company had to compensate for its current liabilities (102% in 2018 and 131% in 2019).

Table 2.14

Vertical analysis of the balance sheet of LLC «Globus-2013»

Assets	Natural values			Absolute deviation			Relative deviation		
	2017	2018	2019	2018/ 2017	2019/ 2018	2019/ 2017	2018/ 2017	2019/ 2018	2019/ 2017
Assets									
Fixed assets	0%	1%	2%	1%	1%	1%	303%	91%	668%
Total non-current assets	2%	1%	2%	-1%	1%	0%	-34%	57%	3%
Stocks	49%	61%	38%	12%	-22%	-10%	25%	-37%	-21%
Money and their equivalents	6%	1%	8%	-5%	6%	1%	-78%	460%	21%
Total current assets	98%	99%	98%	1%	-1%	0%	1%	-1%	0%
Total assets	100 %	100 %	100 %	0%	0%	0%	0%	0%	0%
Liabilities									
Share capital	0%	0%	0%	0%	0%	0%	-79%	48%	-69%
Undivided profit	0%	-2%	-34%	-2%	-32%	-34%	2155%	1854%	4396 1%
Total equity	0%	-2%	-34%	-2%	-32%	-34%	- 1448%	1900%	- 2705 5%
Total liabilities	100 %	100 %	100 %	0%	0%	0%	0%	0%	0%
goods, works, services	78%	29%	51%	-49%	23%	-27%	-63%	79%	-34%
calculations with the budget	0%	0%	0%	0%	0%	0%	-75%	-100%	- 100%

Calculated by the author based on the financial statements of LLC «Globus-2013»

For clarity, based on Tables 2.13-2.14, let's construct figure 2.4.

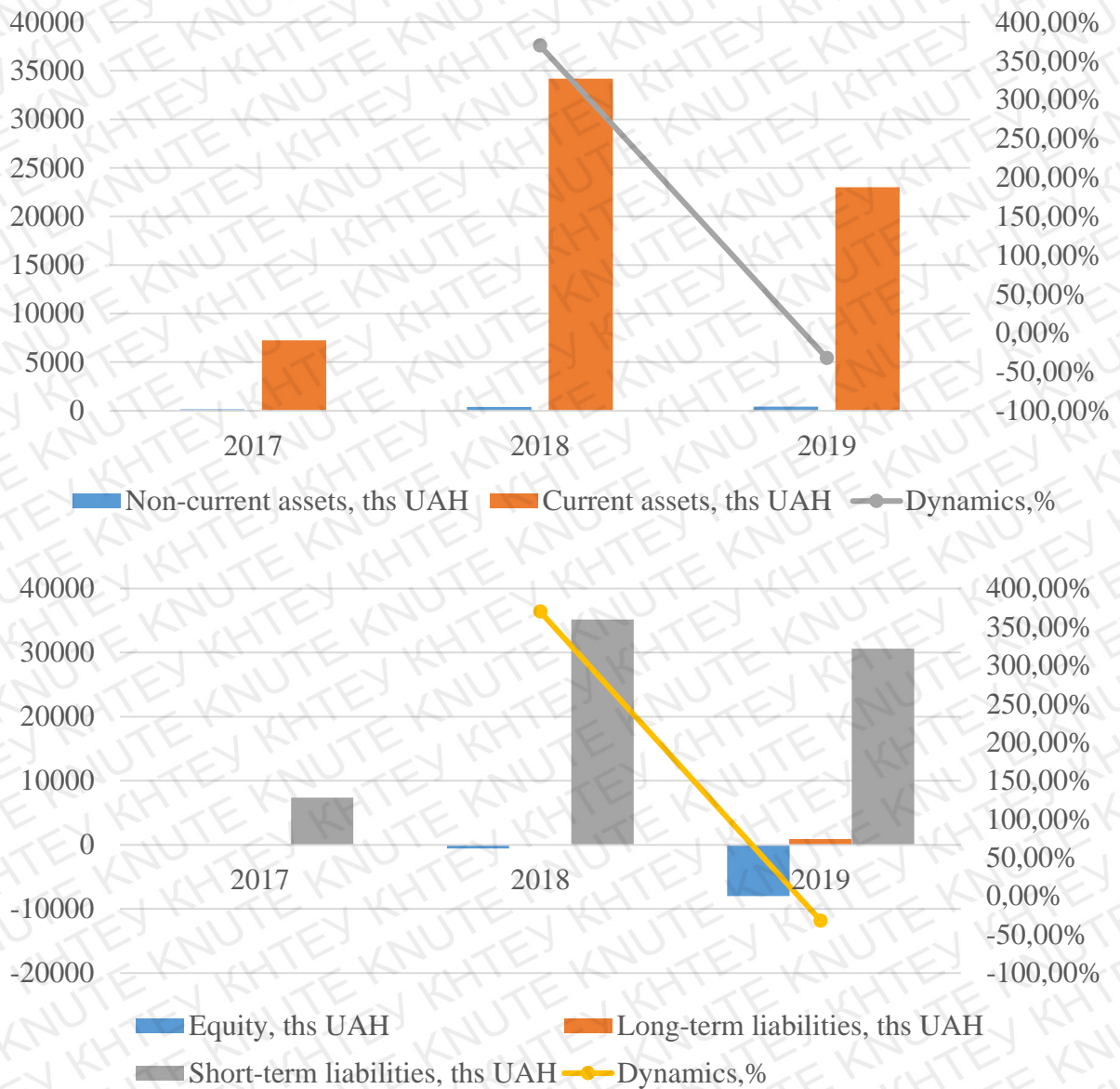


Figure 2.4 - Dynamics of assets and liabilities of the balance sheet of LLC "Globus-2013", thousand UAH

Source: Developed by the author.

Thus, in general, despite a slight decrease in assets and liabilities of Globus-2013 in 2019, the overall dynamics is positive. It only causes concern about the state of the company's equity.

Let's move on to the analysis of the financial results of LLC «Globus-2013». It will be performed their horizontal analysis.

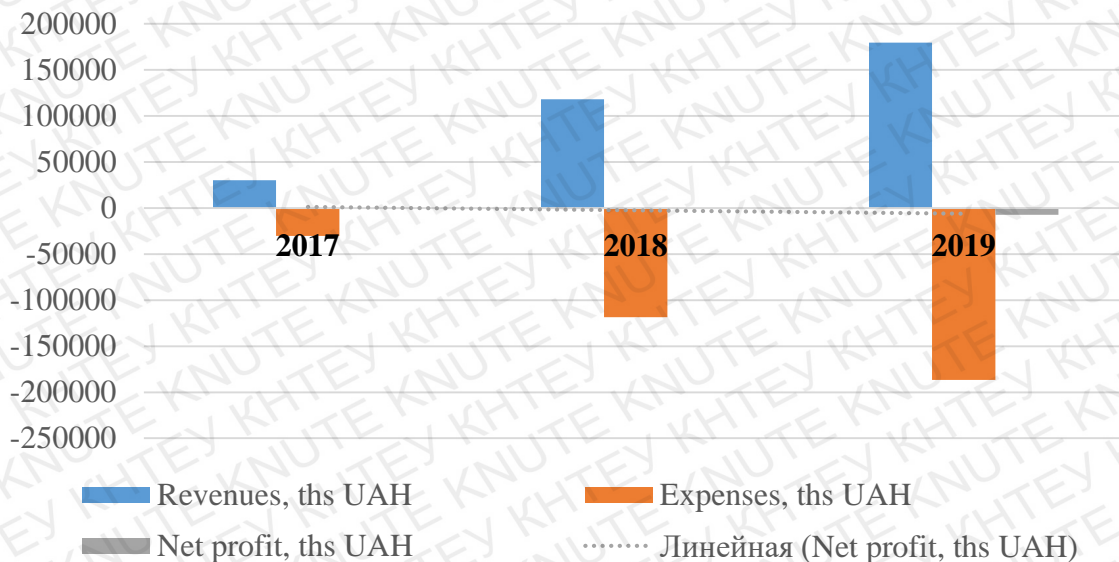
Table 2.15

Horizontal analysis of financial results of LLC «Globus-2013»

Feature	Natural values			Absolute deviation			Relative deviation		
	2017	2018	2019	2018/ 2017	2019/ 2018	2019/ 2017	2018/ 2017	2019/ 2018	2019/ 2017
Total income	30242,4	117924	179334	87681,6	61410	149092	290%	52%	493%
Total costs	30248,1	118511	186730	-88263	-68219	-156482	292%	58%	517%
Net profit	-5,7	-587	-7396	-581,3	-6809	-7390,3	10198%	1160%	129654%

Calculated by the author based on the financial statements of LLC «Globus-2013»

The next step is to construct a diagram 1.1. which is based on Table 2.16.

**Figure 2.5 - Dynamics of financial indicators of LLC «Globus-2013»**

Source: Developed by the author.

From Table 2.15 and Figure 2.5 only one conclusion can be made - that the company has been operating at a loss for the last 3 years. As a result, indicators of profitability, financial stability, etc. should be considered in order to understand further recommendations for the company.

LLC «Globus-2013» has catastrophic profitability indicators. Return on equity in 2018 and 2019 is positive only because both equity and net profit of the company were negative at that time.

In general, LLC «Globus-2013» has unsatisfactory indicators of financial activity. In particular, indicators of liquidity, solvency, financial stability, business activity and profitability indicate an unsatisfactory state of finances. The best solution will be to offer LLC «Globus-2013» to improve its activities, develop the range, diversify assets, reduce costs in order to reach the profitability of its activities.

PART 3. IMPROVEMENT OF THE CATEGORY MANAGEMENT AT THE ENTERPRISE “GLOBUS-2013” LLC, KOTOVSK

3.1. Justification and development measures for improvement of the category management at the trade enterprise

The study, which was conducted in the previous section, allows to conclude that the company is doing well, but financial indicators show that every year the net income, as well as the financial result is reduced.

In order to improve the company's performance in the domestic market, as well as to increase the profitability of the company, let's propose a number of measures that will contribute to this:

1. Increasing sales by optimizing the range;
2. Improvement of information technologies;
3. Satisfying consumers needs.

Next, consider the proposed measures in more detail (figure 3.1).

Every year the company becomes less profitable, company's activities become less efficient. In the process of analysis, a number of reasons were found:

- devaluation of the hryvnia, which contributes increase in the cost of goods, as goods are mainly produced by foreign companies;
- activation of competitors: transition to the marketplace system, strengthening of marketing activity, focus on different target audience;
- significant increase in the share of illegal equipment in the Ukrainian market of electronic devices.

It is necessary to determine solutions how to improve current situation (Figure 3.1)

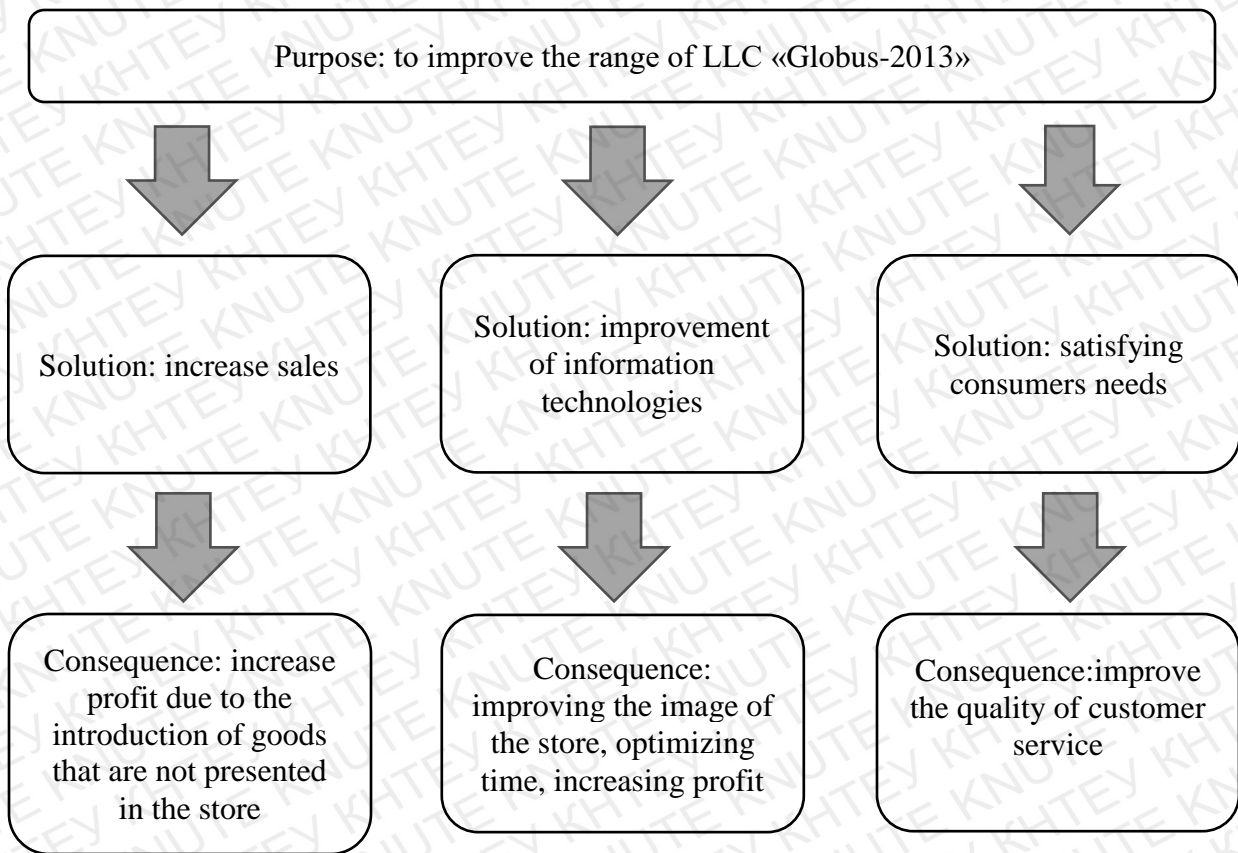


Fig. 3.1. The program of organizational measures of LLC «Globus-2013» and the consequences of their introduction

Source: Developed by the author.

The formation of the range of LLC «Globus-2013» involves the development of product strategy, the main purpose of which is to choose the optimal range that meets the needs of customers and gives a profit.

It is important for company to have rich and deep range as possible. First of all, there must always be essential goods on sale: chargers, components, stationery. There are some products that buyers usually prefer to buy in larger retail chains. This is usually due to the insufficiently wide range of a particular category of goods, so it is advisable to expand the choice of models, brands.

In addition, in the assortment of LLC «Globus-2013» should be goods that belong to the category of elite. As a rule, such goods have a high price and linger on the shelves

for a long time, but the presence of such goods is mandatory, as they raise the prestige of LLC «Globus-2013» in the eyes of buyers and allow to focus not only on the middle class but also on the well-off. These goods should be in limited quantities, as they are quite specific and long to wait for its buyer, as well as to avoid additional costs for storage and sale.

Assortment groups such as power suppliers, desktop instruments are frequently consumed. It is necessary to apply a diversification strategy to these product groups, to diversify the assortment of these product groups by expanding their breadth, depth (different capacities, weights, different types of packaging) and saturation (new brands, product varieties), so that in case of a drop in demand or the absence of a certain product, the buyer was able to purchase almost the same product.

Great suggestion can be to introduce automation of warehousing processes, which can increase the efficient conduct of business and increase the profits of companies. Modules of programs 1C: Enterprise, BAS on warehouse automation allow to keep the account of stocks in the uniform information base, to distribute the goods, to control stocks taking into account observance of rotation.

The rapid development of new technologies and its impact on the economic development of Ukraine determine the introduction of innovations in all spheres of economic activity, in particular in trade in goods and services. Operating in the era of "intellectual economy", innovation on the one hand and knowledge, skills, competencies of people on the other, become the leading factors of production, the basis of welfare, the engine of progress, new technologies and, consequently, improving the quality of goods and services. Thus, at the present stage of Ukraine's development, after the devaluation of the hryvnia, only those enterprises that flexibly adapt to today's realities, respond quickly to market demands, have well-organized production of competitive products, carry out effective personnel management and introduce innovations in their activities.

One of the serious marketing tools of a business that allows it to withstand the competition is a website today. In other words, this is a full-fledged electronic representation of a company or firm, which helps to significantly expand the market, increase sales, and increase brand awareness. The main task to create a web-site to sell a product. An important component here is the availability of "Contacts", namely the phone number and location. Such a web resource is rather difficult to create, since it is necessary to take into account the buyer's behavior when buying. The site's interface should be intuitive. An online store often consists of dozens and hundreds of pages dedicated to describing and displaying goods [44].

What web-site will give actually? In the Table 3.1 below it will be identified what benefits the company will have if create a personal site.

Table 3.1

Advantages of creating of web-site for LLC «Globus-2013»

Benefit	Clarification
There are no restrictions on attracting new customers	Geographically, the company is located in one city, so it cannot reach a potential audience outside its sphere of influence, but the Internet erases territorial restrictions.
All information is collected in one place	Customers at any time can get acquainted with the full range of goods or services in the catalog, find out the addresses of sales offices and contact numbers, clarify the terms of delivery and return, write a letter or order a call back - potential customers.
Sales growth potential	Customers select the best products and make decisions about buying or cooperating. Company inform customers about new arrivals, discounts, promotions and sales.
Additional marketing channel	A website is the cheapest and most effective way to promote most small and medium-sized businesses
Improving reputation	For any modern company, the site is an eloquent testimony to stability, success, ambition and confidence in the future. Professionally made resource, trendy design, impeccable usability - all this will show the seriousness of the company and respect for customers.

Source: Developed by the author based on [44].

The main novelty of recent years is the so-called concept of SoLoMo (Social, Local and Mobile). It is a combination of social network, geolocation and mobile platforms. Mobile applications are a prime example of SoLoMo technology. Thanks to a smartphone or tablet computer, such programs are always in hand [45].

The social component is constant contact with friends (via tweets or photos on Instagram, the buyer can immediately share with their friends interesting events or news from the store. Tell them about discounts and promotions, share impressions). Geolocation services allow real-time tracking of nearby outlets, no matter what country or city the buyer is in. And all this - with the help of mobile internet.

These technologies are already so firmly entrenched in modern life and only strengthen their position, so that the owners of retail outlets find it difficult to ignore this trend, so SoLoMo tools allow the retail business to withstand active competition. The most important role the organization assigns to work with clients. The organization needs to form a special Customer Relations Department. The work of the department is to identify customer needs, conduct research on customer satisfaction with the quality of service (service center, service staff, sales department), develop service improvements, negotiate with customers, take calls, and exercise administrative control over all departments of the organization. It is worth noting that the main feature of this department is online customer service, ie the complete absence of real meetings with the client, which at first glance calls into question the reputation and qualifications of the company.

To determine how the relationship between the customer and the sales manager, how effective the interaction, and most importantly, whether it meets the basic principles of partnership, in particular, longevity, consider the algorithm of interaction with the customer, developed for Globus-2013.

The algorithm corresponds to the main blocks of the program of work with clients and includes the following stages:

- preparation of presentation material, which plays the role of not only the information component, but also the business card of the enterprise, as the degree of information, service, use determines the positioning of the company;
- development of special programs for customers - loyalty programs, where in an accessible form provides data on the benefits that customers receive using these programs;
- establishing communication interaction through polite behavior, attentiveness, psychological factors have a special influence, but it is also worth paying attention to the development of different models of dialogues with clients, aimed at solving certain situations;
- control measures - assessment of customer satisfaction: a study of the effectiveness of the work performed, analysis of customer feedback, study of positive and negative feedback.

Now, it is necessary to evaluate the proposed measures to modernize the company and draw conclusions about the feasibility of each proposal in the next unit.

3.2. Predictive evaluation of the implementation of improvement measures at the trade enterprise.

Analysis of the activities of LLC «Globus-2013» revealed a number of problems in the category management of the organization. They adversely affect the work of the enterprise, its functioning and do not give the desired result. The introduction of category management as a new business process and related activities will allow the company to enter a new stage of development and minimize losses. It will also allow the enterprise to scale its business in a shorter period of time and at a minimum cost.

To implement the developed methodological framework for managing the company's processes in order to increase its financial efficiency, it is necessary to

consider the procedure for implementing activities, the expected period and responsible persons, and also calculate the costs.

Company can expand the assortment of sale of smartphones. Let's start with comparison of some of the most popular brands in world and choose the best option for implementation (table 3.2)

Table 3.2

Worldwide smartphone shipments

Vendor	2019 shipments (million)	2019 market share	2018 shipments (million)	2018 market share
Samsung	298.1	21.8%	293.3	21.1%
Huawei	240.6	17.6%	206.6	14.8%
Apple	198.1	14.5%	212.2	15.3%
Xiaomi	125.5	9.2%	120.6	8.7%
Oppo	120.2	8.8%	116.0	8.3%

Source: Developed by the author. [38]

Let's make more deep comparison of these brands (table 3.3).

Table 3.3

Comparison of the most popular brands of smartphones

Vendor	Producing country	Share in the world smartphone market, %	Number of smartphone models	The average price
Samsung	South Korea	21.8%	30	12000
Huawei	China	17.6%	14	5000
Apple	USA	14.5%	16	20000
Xiaomi	China	9.2%	8	7500
Oppo	China	8.8%	30	9000

Source: Developed by the author. [38]

Analyzing the comparative Table 3.3 of alternatives for smartphones it's clear that LLC «Globus-2013» can start selling the undisputed leader Huawei (the largest increase, the largest market share, the lowest average price).

So, cooperation with Huawei have the following advantages:

1. Rapid growth of market share, access to world leaders (fourth place in the world for smartphone sales);

2. The middle price segment, which is very attractive for consumers in Ukraine, where buyers are sensitive to price levels.

The possible appearance in offline and online stores of one of the leaders in the global smartphone market is, first of all, a plus for buyers who will be able to get a wider choice. Buyers will be able to take advantage of all the benefits: advantageous offers when buying new products, fast delivery, purchase on credit, official warranty and others.

Each project has certain advantages and disadvantages. SWOT-analysis allows to identify the strengths and weaknesses that require the most attention and effort from the company during decision-making and project implementation, as well as to identify threats and opportunities facing the company (table 3.4).

The purpose of the project is to assess the potential and environment of the project and act accordingly.

Consider the most important opportunity of the project to increase the demand for Huawei smartphones in the world, and the main threat is the non-acceptance of the product by customers. In order to reduce this threat, enterprise should work hard on the company's marketing strategy to promote a new product.

Table 3.4

SWOT-analysis of possible appearance in offline and online stores Huawei smartphones

	Strengths Opportunities	Weaknesses Threats
External environment	1. Smartphones will be presented in the middle price segment, which is positive for Ukraine, where buyers are very sensitive to price; 2. Increasing consumer loyalty to goods from China; 3. Growing market	1. A huge range of other smartphones on the market; 2. Possible errors in the promotion and positioning of new products on the market; 3. Strong competitors among smartphones with well-known, advertised brands in this price segment: Sony, Xiaomi; 4. Non-acceptance of the goods by buyers; 5. Political instability in the country.

End of table 3.4

	Advantages	Disadvantages
Internal environment	1. Attractive design of smartphones; 2. Price advantage (compared to smartphones with similar technical characteristics); 3. High quality after-sales service; 4. A wide range of goods.	1. Distrust of new products with buyers; 2. Errors in the promotion of goods; 3. Lack of experience in implementing such projects; 4. Lack of interest of retail network staff in project implementation.

Source: Developed by the author

Implementation of works on the project of introduction of Huawei smartphones in the range LLC «Globus-2013» will incur such costs as purchase costs, marketing, etc. The detailed structure of costs for the project is presented in Table 3.5.

For small businesses, a website is an effective multi-purpose tool that is sure to make a profit with minimal investment and enough attention.

Properly designed site attracts new customers and is a much more effective and cost-effective tool than outdoor advertising. The site automates the work of the company and saves employees time. It allows to keep potential customers informed about new products and events. Therefore, it is advisable for companies to pay attention to the development of their own site, taking into account all its advantages and relatively small costs.

Table 3.5

Content and costs of the project for the purchase and sale of Huawei smartphones

Name of the process	Duration of work, days	Costs, UAH
Project approval	4	2000
Market analysis	7	7000
Purchase of goods	20	100000
Sale of goods	90	60000
Evaluation of project results	5	8000
Total		177000

Source: compiled by the author on the basis of data from LLC «Globus-2013»

Possible structure of the site and its functions:

1. Product catalog. Thanks to him, the presented price list looks more clear and complete.
2. Templates of goods and their characteristics. Today, it can be easily made a huge number of templates and group them by product characteristics, specifying units of measurement and data types. All that is needed to do is select a template for a specific product and then see all the necessary characteristics to fill it out. Products can be filtered by the values of the characteristics.
3. Sorting of goods. There are several modes for sorting the list of goods, automate the formation of product menus.
4. Sort by category. All categories of goods represent a tree-like structure - due to this it is possible to display them from one category, as well as from many available subcategories.
5. News and articles. Interesting news can be posted in a specialized section.
6. Illustrations for printed materials. All news is supplemented by visual illustrations, which are automatically displayed in news lists.
7. Organize articles and news. There are several modes for sorting content, as well as the function of automatically creating a menu consisting of news.

Also, exist mechanism of complex automation of sites helps to process price lists, compare prices with suppliers and competitors, fill product cards with content, create an up-to-date product catalog.

Company may buy such services in order to eliminate errors in pricing, add content quickly. Elbuz company is the supplier of such services.

What benefits of outsourcing site management? Automation of the online store based on software from Elbuz will give [46]:

- Processing and comparison of price lists of suppliers in any format and structure.

- Sale of goods without investments from suppliers' warehouses, including dropshipping scheme. This is the best option for beginners, because there is no risk of being left with large balances in the absence of demand.
- Selection of profitable products from price lists by category, price, demand. The profitability indicator is important for understanding the success of business. Whether it is profitable or unprofitable.
- Downloading product cards from the websites of suppliers, competitors (parsing). Collecting data on the Internet is a routine, time-consuming work. Parsers will process a huge number of web resources as quickly as possible and find the required materials.
- Maximum expansion of the assortment with the highest liquidity. It must meet the price and functional requirements of the end user.
- Monitoring of competitors' prices, with our adjustments.
- The results of the ongoing analytics to build a winning strategy.

The creation of a database is the initial stage for the operation of an online store, there is no sales without a basic catalog of goods.

A modern catalog of goods must be created using an automation program, it will allow quickly create a database of an online store with product cards.

The source can be the price lists of suppliers in various formats and structures, download products from sites, including competitors' sites.

An automated solution for creating a database for an online store allows to add any number of products: with prices, availability, photos, characteristics. This solution opens up tremendous opportunities for quickly creating a basic catalog, an online storefront.

An online store can be built on their SaaS platform.

Using ready-made information from the E-Trade Jumper database, such problems can be solved (table 3.6)

Table 3.6

E-Trade Jumper database and its decision to solve problems with running category management at LLC «Globus-2013»

Problem	Decision
1. Creation of an assortment of goods.	It is better to create the maximum catalog of goods at the initial stage of creating an online store, this will immediately give a large coverage of buyers, a quick start of sales, quickly launch an online store and fill the online store with new products in the process
2. Expansion of the current range of goods.	The opportunity to add new ones to the existing categories of online store, thereby broadening the horizons of customers to increase the number of sales.
3. Creation of product descriptions.	When using the capabilities available within the database to fill the E-Trade Jumper online store, high-quality product cards for the online store, while saving the time and effort of employees.

Source: Developed by the author based on [46].

The program will solve problems and manage entire categories:

- Introduce category management into the company;
- Use automation tools;
- Be engaged in the strategic management of an online store;
- Centralized assortment management solution;
- Rapid expansion of the assortment of the online store within 24 hours;
- A smart and scalable approach to implementing assortment management.

The program allows to automatically update not only prices and availability, but also keep track of new products that appear in the price lists of suppliers, providing customers with a wide range of new products.

This is a guarantee that the buyer will be able to choose the right option and make a purchase from us.

The system rental costs from \$ 2.89 per day, and the purchase of a license is \$ 4720. There is an opportunity to purchase a trial version to evaluate the operation of this system and the usefulness of its use in the future [46].

Company can create a maximum catalog of goods at the initial stage and do other work, create a minimum of goods, launch an online store and, in the process, fill the online store with missing goods, which, by the way, have been traded for a long time by competitors.

The second option, fill the goods constantly, while it may turn out that the goods that literally added yesterday are no longer produced and sold on the market today.

Monitoring the prices of competitors from marketplaces. According to the average statistics, it takes almost 1 month to create a catalog of 1000 products in manual mode, provided that it will be generated for each product.

The Table 3.7 below can show the cost that is needed to create and run a site with a help E-Trade Jumper database.

Table 3.7

Cost of creating and running a site via E-Trade Jumper database

Content	Costs, UAH
An act of services provided for site development has been signed	50000
Paid for site development services	45000
The site is launched	35000
Total	130000

Source: Developed by the author based on [46].

To assess the effectiveness of the project it will be used the following indicators such as net discounted income (NPV), (table 3.8), profitability index (RI), discounted return on investment (DROI), return on investment (RI).

$$NPV = \sum_{k=1}^n \frac{B_t - C_t}{(1 + I)^n} - IC$$

where NPV - net discounted income;

B_t - project benefits in months T;

C_t - project costs in months T;

i - discount rate;

n - is the duration of the project.

Table 3.8

Evaluation of project effectiveness

Time period (t)	Investment, UAH	Income (B_t)	Discount rate, %	Discounted cash flow of the project, UAH
0	130000	-	-	-
1		50000	10	45454
2		59000	10	26818
3		85000	10	25757
4		90000	10	20454
5		140000	10	25454
6		150000	10	22727

Source: Developed by the author

NPV = 36664, is positive, so the project should be accepted for implementation.

The profitability index is calculated by the formula:

$$PI = \sum_{k=1}^n \frac{B_t - C_t}{(1 + I)^n} : IC$$

where RI - is the profitability index;

IC - initial spent investment capital.

PI = 1,28 > 1, so the project is accepted.

The discounted return on investment (DROI) is calculated by the formula:

$$DROI = \frac{NPV}{PV} = PI - 1$$

DROI = 0.28 > 0 - investment project is accepted.

It is necessary to determine the return on investment.

$$R = \frac{A}{I} \cdot 100\%$$

where I - is the value of the initial investment.

A - annual profit of the enterprise.

R=137,9

Thus, analyzing the calculated indicators, it can be concluded that the project is effective and can be funded.

Investment in the development of its own site and its maintenance, of course, is considerable, but it will increase the company's revenue several times. Nowadays, society prefers online ordering of different categories of goods, giving them this opportunity, especially in the context of the Covid-19 pandemic, the company will increase its importance in the local market. Elbuz company provides placement of our good via different programs for uploading goods (Tilda, Prom.ua), thanks to this company will be able to reach a new level of the market.

CONCLUSIONS AND RECOMMENDATIONS

The researched enterprise is Globus-2013 LLC. In addition to retail trade in computers, peripherals and software in specialty stores, Globus-2013 LLC also repairs computers and peripheral equipment, retails telecommunications equipment in specialized stores, and other types of retail trade in non-specialized stores.

The process of selling in stores begins when the person-buyer realizes that he has an unmet need. One way to meet the needs is to visit the store and purchase the desired product. Therefore, the key task of retailers, regardless of their size and location, is to meet individual human needs. Retail is trying to link in a single chain the needs of customers and the range of goods sold in the store.

Category management is becoming an integral part of all enterprises, but it is most important for companies operating in the retail market. The changing business climate is characterized by increasing global competition, so more and more companies are turning to the systematization of product groups, which is a positive strategic direction to gain significant competitive advantages.

The main purpose of category management is a wide coverage of customers, maximum satisfaction of their needs and at the same time increase the efficiency of interaction between supplier and seller, increase productivity by reducing costs.

Category management allows LLC «Globus-2013» to focus the responsibility for the purchase of goods and the volume of their sale. Manager of product categories, or category manager, who is responsible for the entire cycle of goods belonging to a clearly defined product category.

Category management is beginning to be actively used in the procurement activities of many large and well-known enterprises. The use of category management technology in procurement has allowed them to significantly reduce the cost of components of a product, increase profitability.

In conclusion, that company have quite strong position, but some aspects should be improved. Creation of own website with a delivery will open new opportunities and, moreover will increase the level of income, as a result, company will have more resources to expand. In addition, changes in system of motivation can make positive effect on staff's work.

Ensuring the necessary level of service for wholesale buyers and the growth of the main economic indicators of the trading company largely depends on the rational formation of the range of goods. The formation of the range should be understood as the process of selection and establishment of the nomenclature of goods, which meets the demand of buyers and ensures high profitability of the trading company.

Diversified product categories will help the company get out of a critical situation, because by deepening the range it will be possible to significantly increase demand for goods among buyers, and at the same time maximize profits.

Of course, now the company needs a lot of investment to expand the categories and equip its own site, but the result that can be achieved is worth the cost of resources, effort and time. The company needs an upgrade in IT technology, so it makes sense to think about a significant improvement in this aspect.

In general, Globus-2013 LLC has unsatisfactory indicators of financial activity. In particular, indicators of liquidity, solvency, financial stability, business activity and profitability indicate an unsatisfactory state of finances. Globus-2013 LLC need to improve its activities, develop the range, diversify assets, reduce costs in order to achieve profitability.

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APPENDICES

Appendix A

Київський національний торговельно-економічний
університет
Факультет економіки, менеджменту і психології
Кафедра менеджменту
Кафедра економічної теорії та конкурентної політики

**МЕНЕДЖМЕНТ:
ІМПЕРАТИВИ ТА ВИКЛИКИ**

Збірник наукових статей студентів денної форми навчання,
які здобувають освітній ступінь «магістр»
за спеціальністю 073 «Менеджмент»
спеціалізаціями «Управління бізнесом»,
«Торговельний менеджмент», «Менеджмент персоналу»,
«Управління в сфері економічної конкуренції»

Частина 2

Київ 2020

ЗМІСТ

ВСТУП

ТЕХНОЛОГІЯ ТА ФУНКЦІЇ МЕНЕДЖМЕНТУ В ОРГАНІЗАЦІЇ

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CATEGORY MANAGEMENT IN THE ENTERPRISE MANAGEMENT SYSTEM

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In the article the essence and application scopes of category management at the trade enterprise are analyzed. The necessity of using category management in the activity of the enterprise is proved.

У статті проаналізовано сутність та сфери застосування категорійного менеджменту на підприємстві торгівлі. Доведено необхідність використання категорійного менеджменту в діяльності підприємства.

Relevance of research. Nowadays, in order to succeed in the market, trade enterprises need to pay great attention to the implementation of advanced technologies of trade. Such technologies include (but are not limited) those that related to category management and merchandising in trade.

Category management (CM) became very important on order to achieve successful sales by category, increase profitability by reducing the number of illiquid and low-turnover items, optimize inventory, increase consumer satisfaction, etc. That is why the topic of our article is relevant.

A review of previous research publications. Theoretical, practical, and methodological aspects of category management at trade enterprises were reflected in the scientific works of foreign and domestic scientists. Those who have studied the problems of categorical management include such scientists as S. Basuroy, M. Mantrala and R. Walters [1], N. Morgan and R. Gooner [4], S. Sysoeva and E. Buzukova [6] and many others [2; 3; 5].

Some scientists (for example, S. Basuroy, M. Mantrala and R. Walters) have focused on how a shift to CM by a retailer affects its equilibrium prices, sales, and profitability in a competitive retail setting. Other scientists (for example, N. Morgan and R. Gooner) have paid attention on the features of category management of supermarkets and developed a comprehensive model of retail CM based on a synthesis of field interviews and relevant literature, especially work on governance value analysis theory.

However, the fragmentation of previous research and new challenges and changes in trade indicate the need for further study of the issues of category management.

The **aim** of our research is to define the features of category management and its place in the enterprise management system.

The main results of the research. The key objective of CM is to maximize the satisfaction of the demands of consumers, in such way improve the positive impact of interaction between the retailer and the manufacturer. The key concept of the position of a CM is to increase sales performance of the category while furthering positively to the bottom line and overall aims of the enterprise.

Another key reason for the development of CMs in enterprises is to fully develop not only one brand of product but to develop the entire category. If there are too many feature promotions on one brand of product and very limited feature promotions on the corporate brand or the competitor the prices and profits will become eroded and soon enough the one featured company will essentially have a monopoly of the category as the competitors fall off or become discontinued [3, p. 15].

In 1995, the Category Management Subcommittee of the ECR Best Practices Operating Committee and the Partnering Group Inc. published an important study: Category Management Report: Enhancing Consumer Value in the Grocery Industry. This report is basically the how-to of CM and tells about eight steps that are necessary for a proper implementation of CM by a retailer, enterprise.

The main steps in the CM process are drawn in fig 1.

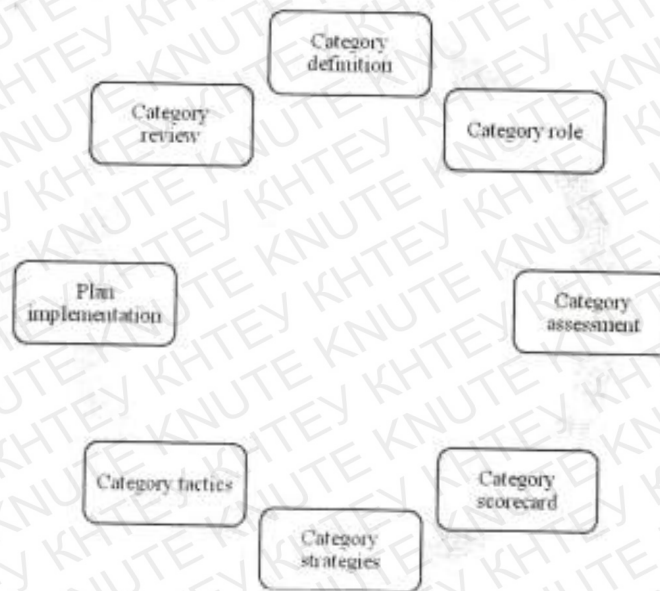


Fig. 1. The Category Management Cycle *

Source: [3, p. 15].

It is important to appreciate the cycle that surrounds category management in order to properly evaluate the outcomes of its implementation effectively. There are eight stages of this cycle, namely [1, p. 17]:

- Step 1: category definition. This is the 1st in the category planning process. The category explanation should involve all products that are either highly related, subject to operational constraints.
- Step 2: category role. This 2nd step assigns the category role based on a cross-category analysis that considers the marketplace, supplier, distributor, consumer.
- Step 3: category assessment. The 3rd step involves gathering and analyzing all relevant information and then evolving insights.
- Step 4: category scorecard. In the 4th step, performance measures are established to evaluate program execution, including target gross margins, return on inventory goals, service levels, etc.
- Step 5: category strategies. The most common category strategies involve receiving money, making a profit, etc.
- Step 6: category tactics. The 6th step involves the determination of optimal category pricing, promotion, assortment, and shelf management that are necessary to achieve the agreed-on role, scorecard, and strategies.
- Step 7: plan implementation. In general, this stage includes context of tasks, that should be done, their timeframes, and who is responsible for implementation. Moreover, this plan should involve start-date of every task.
- Step 8: category review. The last, 8th step includes the report of outcome. Reviews should be scheduled and established, with taking into consideration of all frames, listed in Step 7.

The next point for our discussion is a two areas of application of category management.

Category management is an organization's work system that allows you to effectively manage the assortment and implies certain rules for building the organizational structure. Category

management is applicable for retailers, is based on the principle of responding to consumer requests and uses the product category as the main unit of assortment management [6, p.13]. In practice, category management works in two areas: firstly, it is the organizational structure of the company, and secondly, it is an assortment management system (fig. 2).

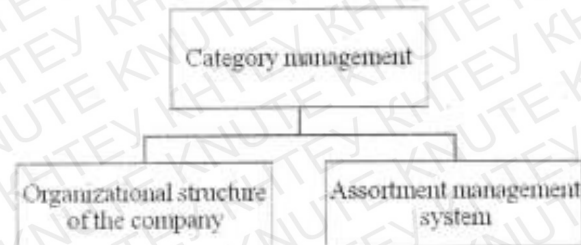


Fig. 2. Two areas of Category Management *

Source: [6, p. 13].

Let's consider both areas of category management in more detail [6]:

1. Category management in the organizational structure and business processes of the company. With the introduced category management, the retail company has a matrix organizational structure with certain rules for the interaction of departments. For everything that happens with the assortment, category managers are responsible. They are highly qualified specialists and essentially play the role of «directors of all categories». Other services in the company (marketing, logistics) do not work on their own, but fulfill the needs of category managers in terms of the movement of goods. The main person in this system is the manager. The requirements for him are really high – he purchase goods, and on pricing, marketing and sales.

2. Category management as a daily assortment management job. The choice of a company is one of the most considerable resources in company, but not every company ready to pay appropriate attention to assortment theme. When the company faces with problems, it tries to find out the key question. Sometimes the bottom of problem can be in ignoring assortment topic.

Of course, in order to effectively manage something or apply some advanced management technology, you need to know the advantages and disadvantages of the things that you plan to apply in practice. That is why it is logical to identify and compare the pros and cons of CM at the enterprise (table 1).

Table 1

Advantages and disadvantages of Category Management at the enterprise *

Advantages	Disadvantages
Optimizes organizational network structure and Interaction between all departments, first of all commercial department and retail department	Lack of organization in the network structure, unclear division of responsibilities between departments
Specifies the competitive strategy of the retail enterprise and plans for managing the range. The strategy becomes a clear direction for development, understandable for employees involved in managing the range	Reluctance of senior management to recognize the need for changes in the range management
Business processes are developed; documents are issued that regulate the range management. As a result, the network ceases to depend solely on people, the mechanism of work emerges, and new employees can easily master it	Lack of trained specialists in the field of assortment management both at the management level and at the executive level

Advantages	Disadvantages
The responsibility of each employee for the goods entrusted to him and the effectiveness of his work increases	Not taking into account the needs of customers when working with the range of the store
Customer satisfaction increases	Failures in the supply of goods due to the fault of suppliers and manufacturers
Increases the profitability of sales	Lack of skills in working with new information technologies and computer systems
The contradiction between the store and suppliers decreases	Lack of clear strategic plans for the development of the company and stores

Source: Developed by the author.

There are enough obstacles, but they not only hinder the implementation of category management, they hinder the development of the network as a whole. It is not possible to effectively manage the assortment where there is no normally structured database or no qualified staff.

There are several dozen criteria by which to evaluate the effectiveness / ineffectiveness of category management. Few networks can afford to evaluate and manage this criterion. At best, everything is evaluated shelf entirely, the whole category. The principles of brand variability have not been introduced everywhere, as a result of which there are irregular changes in the assortment matrix. It is possible to emphasize on very small innovative aspiration of category managers. After all, working with the matrix is not only working with leading brands, but also finding new products.

But if you do not navigate on long-term strategic plans for market presence, do not track changes in the external environment, one day you can get a hopeless lag behind competitors. Periodically, the category manager must evaluate the effectiveness of the management of the main activity associated with the optimal management of costs, sales and sales prices.

Conclusions. So, assortment (or category) management is important in any trade company. Category management is a difficult mechanism that simplifies work of company, helps to satisfy all groups of consumers simultaneously.

Category management is a management tool that determines evaluates and monitors the progress of the category business plan. The evaluation of results pursues the following goals: 1) Provides discipline and structure of the business process category management; 2) Affects the reaction of performers in the implementation of the motivation system.

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The paper is completed under academic advising of Doctor of Sciences (Economics), Professor PIATNYTSKA G. T.

Appendix B

Balance of Globus-2013 LLC for 2017-2019, ths UAH

Assets	2017	2018	2019
I. Non-current assets			
Incomplete capital investments	111	103	32
fixed assets	15	284	367
initial value	15	533	961
wear and tear	-	249	594
Other non-current assets	-	0	0
Total for section I	126	388	412
II. Current assets			
Stocks	3576,2	20967	8981
Inventories	-	19328	8151
Final product	131	1575	830
Cargo	-	64	0
Accounts receivable for products, goods, works, services	2345	3931	3130
Accounts receivable according to budget calculations	265,8	591	436
Other current receivables		4035	5886
Money and their equivalents	460	469	1779
Other current assets	476,6	4178	2790
Total for section II	7228,6	34172	23015
Balance	7354,6	34560	23427

Continuation of Appendix B

Liabilities	2017	2018	2019
I. Equity			
Share capital	15	15	15
Additional capital	-	-	-
Reserve capital	-	-	-
Retained earnings (uncovered loss)	-5,7	-604	-8000
Total for section I	9,3	-589	-7985
II. Long-term liabilities, targeted financing and provision			
Other long-term liabilities	-	0	800
Total for section II	-	0	800
III. Current liabilities			
Short-term bank loans	-	-	-
Current accounts payable for:	-	-	-
goods, works, services	5745,6	9913	12056
calculations with the budget	12	14	-
insurance calculations	28,6	13	-
payroll calculations	61,7	61	-
Other current commitments	1497,4	25148	18556
Total for section III	7345,3	35149	30612
Balance	7354,6	34560	23427

Appendix C

Financial results of Globus-2013 LLC for 2017-2019, ths UAH

Indicator	2017	2018	2019
Net income from sales of products (goods, works, services)	30242,4	117599	179196
Other income	-	325	138
Total income	30242,4	117924	179334
Cost of goods sold (goods, works, services)	-29740,3	-114316	-178622
Other expenses	-507,8	-4195	-8108
Total costs	-30248,1	-118511	-186730
Financial result before tax	-5,7	-587	-7396
Income tax	-	-	-
Net profit (loss)	-5,7	-587	-7396

Appendix D**Liquidity and solvency ratios of LLC «Globus-2013»**

Indicator	2017	2018	2019	Recommended value
1. Absolute liquidity ratio	0,06	0,01	0,06	0,15 – 0,2.
2. Current ratio	0,50	0,38	0,46	0,5 – 0,8
3. Total liquidity ratio	0,98	0,97	0,75	1 – 2.
4. Liquidity ratio for stock mobilization	0,55	0,61	0,35	0,5 – 0,7
5. Own solvency ratio	-0,02	-0,03	-0,25	-
6. Long-term financial security ratio	0,07	-1,52	-19,38	0,5 – 0,7

Indicators of financial stability of LLC «Globus-2013»

Indicator	2017	2018	2019	Recommended value
1. Financial stability ratio	0,00	-0,02	-0,26	0,6 – 0,7
2. Financial autonomy ratio	0,00	-0,02	-0,34	> 0,5
3. Debt ratio	789,82	-59,68	-3,83	Not more 0,5
4. Own working capital ratio	-0,02	-0,03	-0,33	> 0 до 10%
5. Maneuverability ratio	-12,55	1,66	0,95	0,2 – 0,5
6. Fixed asset ratio	13,55	-0,66	-0,05	Individual for each enterprise
7. The ratio of non-current and current assets	0,02	0,01	0,02	Characterizes the intentions of the enterprise

Continuation of Appendix D

Indicators of business activity of LLC «Globus-2013»

Indicator	2017	2018	2019	Recommended value
1. Total asset turnover ratio	8,22	5,61	6,18	Increment
2. The turnover ratio of inventories	16,63	9,32	11,93	Increment
3. Turnover ratio of work in progress	535,86	1068,37	2646,25	Increment
4. Turnover ratio of finished products	454,05	134,02	148,54	Increment
5. Receivables turnover ratio	25,79	37,48	50,76	Increment
6. The term of one turnover of receivables	14,15	9,74	7,19	Reduction
7. Accounts payable turnover ratio	0,61	1,55	1,36	Reduction
8. The term of one turnover of accounts payable	596,86	235,70	268,83	Reduction
9. Return on assets	4032,32	786,62	550,53	Increment

Profitability indicators of LLC «Globus-2013»

Indicators	2017	2018	2019	Recommended value
1. Profitability of the enterprise	-0,16%	-2,80%	-25,51%	Increment
2. Return on equity	-122,58%	202,52%	172,52%	Increment
3. Return on non-current assets	-9,05%	-228,40%	-1849,00%	Increment