

THE RETAIL ASSORTMENT: THEORETICAL AND METHODOLOGICAL ISSUES AND INTERPRETATIONS

Modern retailers have a variety of tools enabling them to carry out analyses in the specific trends of the retail assortment. It is extremely important to duly assess the situation in the retail premises. Managers are faced with making complicated decisions related to strategy development, selection and formation of retail assortment, pricing, movement and presentation of the goods in the store. Retail assortment structuring is especially important among this set of decisions.

The main goal of this paper is to interpret some methodological formulations about retail assortment structuring and the need to implement it in order to fully satisfy consumer demand and to reach the desired retail assortment development.

The goal of the study outlined in this way sets forth the following body of the paper.

In broad terms, retail assortment management aims to best satisfy the consumers' demands, respectively, to increase the share of sales made by the company. The part of the assortment that satisfies the formation of the demand by certain factors, such as volume, structure and price, for example, passes into the sphere of consumption and is characterized, on the one hand, by the absolute amount of expenditure of the population to purchase goods, and on the other hand – by the cash receipts from the sales of goods, i.e. the sales volume.

The sales volume appears to be one of the most significant indicators of the company's performance, as the revenues from sales and the profit depend on it ultimately. At the same time, the sales volume characterizes the realized demand and is, therefore, a result and a main criterion of the assortment management effectiveness.

According to the goal set in this paper, the clarification of the nature and importance of assortment management by commodity categories require that adequate theoretical arguments and, if possible, empirical results should be presented, which are essential for the issues discussed.

Essentially, assortment management implies a complex study of: the market, organizing sales, servicing, advertising, and coordinating the design, scientific and technical activities.

Such a study helps the formation by the company of a particular assortment concept to which it can direct its activities. In the specialized literature the existing methodological views and models of assortment management by commodity categories developed and evolved after 1960. During this period, the theoretical and practical foundations were placed in the studies related to the optimization of shelf space allocation in the stores. In 1961 a group of researchers led by W. Tucker, developed and proposed a model for the allocation of goods based on the dependence on the elasticity of supply and demand, on the one hand and, on the other hand – on the quantity of goods placed on shelves in the store [5].

The renowned authors M. Brown and J. Lee argue that the effective use of available shelf space and the efficient selection of retail assortments lead to an increase in retail productivity [5]. This is a successful determinateness of conditions, factors and relations between them within the retail system. Substantiating the need for such an approach can lead to the following: on the one hand, the level of labour productivity of retail workers is determined by factors, including the sales volume and structure, as well as the breadth of the assortment and on the other hand, the increase in productivity and, hence retail effectiveness, must be one of the leading goals of management.

In 1973 R. Curhan determined the allocation of shelf space and offered valuable maxims of a conceptual model and experimental studies of the relationship between space, allocation for a certain product and unit sales [7]. A similar approach was adopted by the theoreticians E. Anderson and N. Amato and was implemented through their mathematical model for simultaneously determining the optimal brand collection and display area allocation [3].

The arguments of N. Borin, P. Farris and J. Fieland stand out among the many scientific formulations. These authors carried out fundamentally important studies. They developed one of the first assortment management models by commodity categories, which integrates the shelf space allocation and the solutions for the stocks [4]. This model determines on the one hand, the retail assortment as a set of commodity categories, and on the other – the shelf space allocation. The cited theoreticians seek and justify the economic effects of consolidating and coordinating the managerial decisions on assortment, shelf space and the level of stocks.

In 2001, G. Cachon offered a model for the shelf space allocation that maximizes the profit of the retail premises at the expense only of duration, i.e. the shelf life of the stocks [6].

In the following years the research in assortment management by commodity categories was enriched and developed. In their theoretical and methodological formulations a group of researchers led by V. Kondalintsev defined it as a process of assortment management in which every commodity category is regarded as a separate business unit [1]. The theoreticians stick to the understanding that this type of management is the centre of responsibilities for the effectiveness of the retailing process and requires competencies in marketing, logistics and finance.

The complex and important nature of assortment management by commodity categories was analyzed and evaluated by the Russian scholar V. Snegireva. In her work in this trend the author claims that "... assortment management by commodity categories – this is an independent type of professionally carried out activities aimed at developing the assortment in accordance with the demand volume and structure at the fullest and most effective use of the financial, material, information and labour resources" [2].

This type of management implies assortment sub-division by commodity categories taking into account consumers' requirements, the responsibilities for the cycle of category movement, as well as treating each commodity category as a mini-enterprise within the framework of the company with its own budget, pricing, purchasing policy, etc.

A significant part of the retail assortment management is its structuring. The main task of structuring is to establish a certain order in the retail assortment, allowing an adequate subsequent control. Retail assortment structuring should be

based, and stem from the general concept of a company development and its position in the market. Therefore, a need arises to create both a commodity classifier and an assortment matrix.

The attempt made to examine and interpret the nature of assortment management and structuring by commodity categories gives grounds to draw the following major conclusions:

- The adduced theoretical arguments lead to the need for applying an integrated approach to the component areas of the assortment management and structuring by commodity categories.

- In modern interpretations assortment management by commodity categories is built on the optimization of all operations relating to commodity categories considered as a component level of the commodity classifier.

- In methodological terms, it is essential to decide to create an own assortment matrix and to manage and evaluate it in order to successfully structure and consequently develop the commodity categories.

In the context of the problems discussed we can summarize that this scientific trend looking for new approaches, methods, dependences and tools for consolidation and expansion appears necessary in the course of enriching the knowledge in the field of assortment management and structuring by commodity categories.

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