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CREATING A PRODUCT RANGE MATRIX IN E-COMMERCE

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The purpose of the textbook "Formation of an assortment matrix in e-commerce" is to help students acquire skills in the field of forming an assortment of e-commerce.The study manual is used within the discipline "sales management", "digital forms and methods of sales" and others. The textbook is prepared in accordance with the program of the discipline of the same name and is intended for students majoring in 38.03.06 "Trade business".

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Introduction

Modern retail is characterized by a high degree of competition. Therefore, one means of competitive struggle is the development of a product assortment.

A stable product assortment requires the constant availability of all product groups and subgroups, types, and varieties. Key parameters characterizing the effectiveness of an assortment are its flexibility and relevance. These reflect the ability of the assortment to change to best meet customer needs, taking into account their demand for key product items. Recently, the popularity of healthy eating among consumers has grown, leading stores to expand their selection of fermented milk products, vegetables, and fruits. Sometimes, stability is associated with the length of time that certain types, varieties, and SKUs are available for sale. In this case, assortment stability may depend, firstly, on the presence of stable demand and the constant replenishment of inventory for these products; secondly, on the absence or insufficient demand for products that are languishing in warehouses and on shelves; and thirdly, on the discrepancy between inventory and sales capacity. Therefore, product shelf life as indicators of assortment stability cannot be used to determine the rationality of an assortment. It's worth noting that the principles of product assortment in e-commerce are currently borrowed from traditional retailers, although the depth and breadth of product assortment is greater.

Identifying the factors that shape customer choice among online stores is crucial to improving the competitiveness of

e-commerce organizations. Despite the development of market relations in the Russian Federation, purchasing specific products remains a challenge for buyers. Often, only the most popular products are available. These products experience the highest turnover and are included in the largest number of orders. However, high competition means that such product assortments are offered by a large number of online stores, which in itself does not stimulate purchases. A survey revealed that most buyers prefer to purchase products by minimizing the number of orders, that is, by choosing a single online store. When making a purchase, all purchased products can be roughly divided into two categories: those that generate the highest revenue from online orders, and those whose availability in the retail assortment is a key sales driver. Their share in the product price structure may be insignificant, but they are the ones that determine the choice of an online store. Therefore, it makes sense for e-commerce companies to stock relevant products that competitors do not. This determines the significant role of both the breadth and depth of the product range offered to the end customer.

The goal of the textbook "Formation of an Assortment Matrix in E-Commerce" is to develop students' skills in the area of product assortment formation in e-commerce.

1. Modern approaches to the formation of the assortment matrix of trade

The availability of goods to end consumers is an important component of the population's quality of life. It is the trade that brings goods from the manufacturer to the consumer, forming the trade assortment. The current geopolitical situation is characterized by the ongoing policy of import substitution, which in turn occurs in the context of digitalization of the economy. In these circumstances, it is an important task for trade to ensure the availability of a wide range of goods. Range of goods has specific characteristics. There are six basic definitions that characterize the different sides of the range:

- Width of the range;
- Depth of the range;
- Stability of the range;
- Completeness of the range;
- Structure of the range;
- Extent of renewal.

The main properties of the range are the following: width, depth and stability.

Width of the range – number of existing groups and types of goods.

Depth of the range – number of different goods.

Stability of the range – provision of permanent range of goods of all groups, sub-groups, types and varieties, which must be in the store. Coefficient of stability range is defined as the ratio between the quantity of goods available for sale

and the number of goods that is stated for the store (required quantity).

Trade range consists of two major parts: food and non-food goods. The ratio of these parts, changing the ratio in time confirms the patterns of trade range development.

The ratio (most often in percentage) of goods allocated on any grounds in accordance with their quantity means the structure of the range. The share of food and non-food goods in their quantity is the structure of trade range.

he following stages can be distinguished, when embedding the principles of category management:

Stage 1. Formation of the category of goods – determination of categories and principles for grouping all the goods based on consumer decision-making tree

Stage 2. Determination of role of the category of goods under the Company's range policy – analysis of the capacities in relation to all levels of the category of goods by obtaining information about the market, customers, suppliers, competitors and retail operator

Stage 3. Evaluation of the category of goods – provision of the category of goods with specific role on the basis of all the data obtained during the analysis of the market's perspectives and behavior.

Stage 4. Formation of the standards for product category/ evaluation of the objectives of the category of goods – determination of standard values of specified indicators for each category of goods. Determination of the objectives and the indicators, which are to be reached with the categories of goods.

Stage 5. Determination of the strategy for the category of goods – development of marketing strategy, reflecting the

role of the category of goods and designed to reach the objectives.

Stage 6. Development of the tactics for the category of goods – development and implementation of tactical activities in the field of range and price policy, supply plan and movement of goods due the format of the store.

Stage 7. Execution of the plans related to the category of goods – execution of business plans specified for the category and represented in the implementation of the strategy or tactics.

Stage 8. Control and adjustment of plans – evaluation, monitoring and correction on continuous and periodic basis

Job description for the Category Manager:

- Maintains databases of suppliers within the category;
- Contacts suppliers;
- Studies new proposals from suppliers, analyses proposed range, makes decisions about adding them to the range matrix;
- Performs checks of the documents provided by suppliers together with the legal department and the security service;
- Solves disputable issues with suppliers in relation to conditions of supply, documents and payment for supplied goods;
- Implements promotions within the category;
- Responsible for the KPI of the category, implementation of plans and strategies, marketing plans, implementation of plans on marketing receipts from suppliers;
- Performs the work related to the planning of presentation of goods in the store;

- Responsible for the safety of all the funds and property of the Company.

Procurement process performed in retail companies is highly complex. It consists of preliminary, procurement and subsequent operations. Preliminary operations are the following: Studying and forecasting of consumer demand, preparation of orders for goods, preparation of operational orders for regular supply, analysis of relationships in the system of procurement, and the development of requirements for suppliers to improve the supply. These same operations include analysis and decision of the issues related to the goods and the trade companies, on which direct relations should be established, and what goods are advisable to buy through intermediary companies.

Procurement operations are the following: Conclusion of supply contracts, their extension, refinement, conclusion of individual transactions for the purchase of individual goods, receipt of goods and relevant payment.

Subsequent operations are considered to be the monitoring of contractual rights and procurement process in general.

Planning of procurement activites is performed in the following order:

- Collection of information on the basis of researches, study of specific magazines, catalogues, directories, oral information;
- Determination of the field of activity by studying already known and potential suppliers in terms of quality and prices of their goods, range of services provided, their reputation;
- Studying of goods by comparing them with the goods available on the market due to the quality;

- Analysis of the needs and capacities of potential suppliers;
- Calculation of the total needs, i.e. determination of the quantity of goods which;
- the store is needed, given the structure of the range of goods;
- Choice of procurement strategy on the basis of the following options: Wholesale procurement.

Regular procurement of small batches; as required;

- Operational decisions in the field of number and range, time of supply on the basis of financial ability and status of store procurement base;
- Control over the implementation of procurement activities (continuous or by random checks).

Retailers face the target to determine the proper quantity of bought goods for a certain period of supply, when organizing the procurement: Determine the quantity of procurement – to find the optimal quantity of the order, i.e. its level, at which the efficient use of non-trade premises can be reached, as well as inventory storage costs be minimized. All these factors are closely linked. For example, trying to reduce the level of inventory, there should not be no reduction in the level of customer service – the basis for the competitiveness of companies. Although frequent small orders to supply the goods reduce the inventory and consequently the need in storerooms, they also increase the costs related to the supply of goods.

It is rational to buy and sell only the limited number of items In the early stages of range formation in order to make commercial services focus on its efforts on quality improving and establishing standards for the quality of basic goods. Further expand of the range of goods is possible only after that.

Demand is characterized by payable demand of the population and is determined by the maximum ability of the buyers to pay for goods. The quantity of the demand is determined by the maximum number of goods that the buyer is willing to buy at the offered price for a certain period of time.

There are following types of demand:

- Macro-demand – demand for the goods of specific group of goods;
- Micro-demand – demand for specific goods;
- Realized demand – demand, ending by the buying;
- Unmet demand – demand for the goods that are not for sale;
- Forming demand – demand for new and less known goods.

Also, considering the relation of the buyer to the goods, there can be: well-defined demand, which does not allow the replacement of one product with the other; alternative demand, allowing the replacement, and impulse demand that occurs spontaneously under the influence of seen goods or trade advertising.

The main factors that form the demand are the following:

- Amount of available income of the population;
- Price level for the goods;
- Price level for the goods that replace the very goods in consumption;
- Price level for the goods that complement the very goods in consumption;
- Traditions of consumption;
- Intensity of advertising on the market;
- Season of the year;

- Expectations of consumers;
- Demographic characteristics of potential buyers (sex, age, nationality, professional membership, religious beliefs, etc.)

The influence of price on the quantity of demand is characterized by the so-called demand curve. Depending on the type of this curve, there can be distinguished: elastic demand, the quantity of which depends on the price of goods; and inelastic demand, which practically does not depend on the price. The second group includes the goods of prime necessity.

Between the quantity of demand for goods and the prices of the goods that replace them, is a direct correlation, i.e. the increase in the prices of replacing goods under consideration leads to the increase in demand. So, for example, the increase in the prices of tea, taking in consideration all other equal conditions, can lead to a greater demand for coffee, juice or soft drinks. Influence of changes in the prices on complementary goods will be reversed, i.e. the increase in the prices will decrease the demand for such goods. For example, increase in the price of sugar can lead to decrease the demand for tea and coffee, and vice versa.

The situation is not so simple, when the analysis of the influence of the buyer's income on the demand takes place. All the goods can be divided into two categories, depending on the nature of changes in the demand for the goods, considering changes in income: perfect goods, the demand for which is increased with the increase in income of buyers, and imperfect goods or goods of the lower category, the demand for which is decreased with the increase in income of buyers. It should be mentioned that the same goods can be perfect for one group of people of the population and imperfect to the other, depending on the level of income.

The intensity of advertising activity does not significantly influence the quantity of demand for goods of prime necessity, as well as the goods that are traditional in the region of the location of the trade company. In all other cases the increase in intensity of advertising activity leads to increased demand. However, such increase has its limits. It can be limited by market capacity and psychological characteristics of perception of advertising, when excessive intensity of advertising activity may lead to the opposite effect, i.e. to decrease demand.

It is very difficult to take into account the influence of expectations of all the buyers on the demand, because their changes are often random and can lead to a sharp increase in demand, for example, in expectation of higher prices, as well as the lower prices, when any information about new goods takes place.

And, finally, the demand for certain types of food, clothing, footwear and some other goods is subject to seasonal fluctuations. It must also be taken into account.

Everything mentioned above describes the demand for the goods related to a certain segment of the market (region, city, district), where the trade company is located. However, the existence of demand for goods in a certain segment of the market does not mean the demand for the same goods within a specific trade company. The competitiveness of the company, which is determined by many factors, as well as the number of competing companies must be taken into account for estimating and forecasting the demand in specific trade company. The main factors, influencing the competitiveness of the Company and the demand, shall be the following:

- Price level compared with the prices of competitors;
- Width of the range of goods;

- Quality of goods;
- Range of related goods;
- Availability and quality of additional services;
- Qualification of personnel;
- Location of the Company;
- Quality of advertising, etc.

In this context, the problems related to the analysis and forecasting the demand have become quite complex with the precise method of their solving to be depended on the type of goods or relevant group, as well as the type of demand and the objectives of the analysis.

Analysis of realized demand is to examine the structure of the sale of goods and the movement of registered inventory. Actual sale of goods for a certain period of time can be calculated from the ratio of goods balance:

Source information for the calculation of realized demand is the data on inventory at the beginning and the end of the period studied. Inventory data can also be considered. The data on the receipt of goods can be taken from invoices and waybills.

For products with longer retention periods the study of realized demand is to be supplemented by inventory analysis. The data on the level and the range structure of inventory allows to judge on trends in demand; compliance of goods procurement to the structure of demand of buyers; identify the goods of slow turnover.

Analysis of the dynamics of actual commodity turnover with an option to compare results allows to determine trends in the development of intra-group structure of satisfied demand for individual products. If there is a sustained change trend of satisfied demand with an opportunity to calculate the expected

value of the demand for the coming period, it can be completed with various methods used. The most popular method is a prognosis of rolling average trend.

As we can see from the ratios, this method takes into account only the overall trend of demand changes and does not consider time dependencies (for example, seasonal demand fluctuations), and also does not provide an opportunity to determine the nature and level of influences on the listed above demand factors. To study the issues, we need to use methods of correlation and factor analysis, as well as various methods of approximation and determining trends, it is possible with the use of specifically developed and widely available computer software. However, even in this case, accurate forecasting of the demand is not always possible, because many random factors affect it. Therefore, all the described methods can only be used for approximate estimation or for prognosis of sufficiently stable product demand.

Study of unsatisfied demand is made by recording requirements of buyers. It is important to record not only the product name and frequency and mass demand level, but also product features like color, size, style, variety, etc. An average purchase sum multiplied by the number of cases of unsatisfied demand help us to calculate the volume.

The emerging demand for various products can be studied using methods like trade fairs and exhibitions, show rooms, surveys of buyers (both oral and written), tastings, as well as through special observations over sale processes of new or unknown products.

The benefit the method of surveys is that a single survey provides a whole set of information: emerging trends in demand, requirements of buyers regarding consumer properties of the

goods, information about satisfied and unsatisfied demands, average size of a purchase, frequency of purchases of the product, average price that meets the expectations of customers, as well as expected number and demographic characteristics of potential buyers. It is also important to choose a correct number and composition of the respondents to have a representative group, reflecting the range of customers.

The obtained data must be considered as a source for determining potential sales volumes. Nevertheless, in conditions of wide interchangeability of products, overall excessive supply comparing to demand and with actual competitions the results gained will not reflect actual demand of population for a particular product. Therefore, to improve the accuracy of the calculations it is necessary to adjust them considering actual sales volumes.

Suppliers may be:

- producers and manufacturers;
- foreign suppliers (importers);
- wholesale companies;
- individuals (mediators).

We can highlight the following sources of information about suppliers:

- database (including proprietary);
- market research (third party and proprietary);
- commodity exchange;
- wholesale fairs;
- exhibitions and trade fairs (organized by producers);
- advertising messages (radio, tv, newspapers, magazines, catalogs, Internet);
- special offers with product information (quantity, price, delivery conditions, etc.) sent by suppliers to potential cus-

tomers. Offers can be firm (for supply to a single potential customer; it contains the period the seller does not offer consignment of goods to another buyer) and free (free goods offer to the general public);

- a visit to the manufacturer of goods.

Provider search criteria are different – product price; product quality; product range; terms and conditions of delivery; terms of payment; lot size, etc. There is a large number of factors to be taken into account when choosing a supplier, as well as it is not possible for quantified evaluation of some of the factors. It causes a real challenge to select a supplier.

In different situations every criterion for every supplier is different. If the company focuses on the upper price segment, the criteria can be product quality; product range; terms and conditions of delivery.

If the company focuses on the lower price segment, the main criteria will be price ones as they effect on the total cost of the purchase of products.

Regarding a wholesale commercial company enterprise we have to admit that different partners supply different commodity. Accordingly, for every product the criterion of supplier selection will be different.

Supplier selection belongs to the tasks of multicriterion optimization. The tasks are selections of one of multiple Pareto points. When selecting a supplier they used to use the method of task combination for a single criterion.

To determine the importance of the criterion we can use the method of expert evaluation. it is based on opinions of specialists:

- through creation of an expert council developing a single opinion as a result of a discussion;
- by compiling and averaging evaluations performed by independent experts.

When selecting a supplier with the expert evaluation method you have to compile a list of all the factors that will be taken into account. Usually, all the factors are divided into two groups: major factors to be included in the late supply agreement, and additional factors that may not be described in the additional agreement, but have a significant impact on the final supplier selection.

The essence of the method is to assign a value to each supplier with points, then the points of each supplier are summarized. The importance (significance) level of each of the mentioned when selecting a supplier will be different, and you have to take it into account when summarize the points given.

To determine the weight of each criterion you can use the pairwise comparisons.

The scheme of the pairwise comparisons method is sensitive to fulfilling the matrix. 3 more or less equal factors can form so-called cycle with the 1st factor is better than the 2nd one, the second one is better than the 3rd one, but the 3rd one is better than the 1st one. It is also not possible to fill the matrix with correct values considering a coherence. Considering several factors (one is better than another) and when there are more of them than items in the scale, the excessive factors need to be assigned the same weight but it is not correct. Moreover, consistency requirements imposes certain restrictions on the weights, not allowing to use a series of numbers. Increasing scale would lead to nowhere, because the score made by a human using a 100 points scale is practically impossible.

The method of expert evaluation provides only the quantitative picture. It is only about the importance of the criteria, but not about losses of the company. For that you can create a matrix with rows assigned to prospective suppliers and columns assigned to criteria. Accordingly, table cells have to be filled with estimated cost, losses, risks, etc. for the company.

For example, if a criterion is related to a price of a supplier, an appropriate cell has to be filled with a cost for purchase, if a criterion is related to a location of a supplier, a cell has to contain cost for transportation, if a criterion is related to reliability of a, a cell has to contain cost to cover a risk with its probability.

Then sums for all rows are output and a supplier with optimal conditions is selected.

Building a table like that may be made repeatedly, built tables may be aggregated with each other, and the value may vary due to lower cost for transportation of the goods, bigger lots, volume discounts, etc. Nevertheless, building a table like that can uniquely determine the most advantageous supplier list for the company as well as alternatives, and can help to evaluate options considering even minimal differences that cannot be reflected with a five-point scale, etc.

The application of the strategy is optimal in the case of recurring purchases of goods, because constant adding up the influence of random factors declines and prognosis is the most accurate.

2. Fundamentals of forming an assortment in the context of digitalization of trade

In today's world, the use of digital technologies in all areas of society, including trade, has become widespread. One such technology that helps to increase the availability of goods to end consumers is e-commerce.

Nowadays a lot of purchases are effected by using Internet technologies. It is possible due to a number of factors, such as saving the customer's time, easement of choice, the possibility of both self-pickup and delivery in a short time. In modern scientific literature, e-commerce is considered as the main promising trade, it is determined that the percentage of traditional trade will steadily decrease, both basing on the replacement of traditional trade forms with electronic ones, and due to increasing the penetration of Internet technologies in trading business. Modern Internet technologies means a high degree of integration of different forms of trade, determining the customer choice, which operations must be carried out in an electronic and which in a traditional form. Nevertheless, the influence of competition on the Internet is greatly shown which largely affects the efficiency of economic activities of organizations using electronic commerce technologies. All this determines the relevance of the solution of such a task as the search for ways to improve competitiveness in electronic commerce.

To solve this problem, most authors propose, first of all, the implementation of various sales promotion programs

based on the mechanisms of promoting the electronic commerce website in the network. Also traditionally, as a direction of competition, we can distinguish the conduct of suitable price policy. Agreeing with the expediency of these proposals, it should be noted their insufficiency due to both the high degree of competition and the easy copying of different e-commerce models.

One of the factors that mainly determine the efficiency of economic activities of trade organizations is the one of goods offered by them to the customer. The problem of assortment formation in trade organizations is considered in a great number of modern works. However, the formation of assortments in e-commerce has its own traits that are not fully represented in modern literature.

Nowadays the principles of assortment formation in e-commerce are borrowed from the traditional form, although the depth and breadth of the assortment in electronic commerce are bigger. However, if the customers buy some expensive or rare goods, the majority of them agree to wait. It allows organizations of Internet trade to implement the selling to order. In this context the great division of the assortment into two parts – the goods sold from the warehouse and which are sold to the order – has great potential. This approach plays a special role in the case of regional Internet trade, where low population density doesn't' allow stores to form a product assortment. It makes possible to create an organic assortment matrix according to the consumer needs. It is necessary to take into account that the assortment policy should mainly meet the demand, avoiding a decrease of trading stock turnover. There must always be key products in the assortment matrix of an online store that determine

demand, including its seasonal nature, and also product offers that include complementary goods.

The finding of factors that form the customer choice of an online store is important in solving the problem of increasing the competitiveness of e-commerce organizations. Despite the development of market relations in the Russian Federation, buying some goods is still a problem for the customer. There is often only an assortment of goods for sale that are most popular for the customer. There is a maximum turnover due to these goods, they are present in the maximum number of orders. But a high level of competition leads to the fact that such goods assortment is offered by a large number of online stores, without stimulating purchases. The survey found the majority of customers prefer to buy goods, minimizing the number of orders, that is giving preference to one chosen online store. Forming the buy, all purchased goods can be divided into two categories – goods that bring the biggest income in the Internet orders and also those goods whose presence in the trade assortment is an important factor of sales promotion. Their part in the structure of the goods cost may be insignificant, but exactly these products determine the choice of an online store. In this case, e-commerce organizations should have the goods in assortment that are absent from competitors. It determines the big role of both the breadth and depth of the goods assortment offered to the final customer.

It will be noted that for different products the ratio of the availability of the main product and the additional one, which will be purchased in common, varies widely. In particular, it is possible to name brands of digital cameras, for which it is quite

difficult to find a extra battery especially of manufacturer that the customer wonders.

The process of purchase using the technology of distance trade in its classical form involves the delivery of goods. It should be noted that the conditions of the goods vary for different online stores. It is not profitable for the customer to make small purchases as the cost of delivery will be comparable to the price of the goods ordered, and in some cases it is impossible due to the restriction of the minimum order amount. According to aforesaid the buyer seeks to minimize the number of orders. In this context, the presence in the assortment of a large number of related products influences on both the number of search operations and the perception of the online store. It is important to note that independently of time spent on the site choosing goods to the basket, if any item is not found, the consumer throws the entire cart and leaves the site.

The role of related products can't be undervalued since choosing the main product, customers often drop the cart and go to other sites if they cannot find an addition to the main product. Most often it happens in online electronics stores, where the important factor is the compatibility of purchased devices with each other.

Also on the FMCG market, a lot of customers choose goods of certain brands to which they are most loyal. Therefore, the insufficient breadth and depth of the assortment in any market segment leads to the loss of customers and also to lost income.

Potentially large e-commerce organizations have in their assortment a great number of product groups and types and it characterizes a stronger intersection of assortment matrices than in traditional trade stores. The reasons of this phenomenon

include the absence of the need to give place on the shelf, the opportunity to keep goods in a centralized warehouse, the organization of numerous goods for the order. Nowadays a great variety of online stores create the pickup points.

Often related products are not included by the customer in the basic order, but they are chosen by him on receipt of the goods. It defines the high importance of having related products at pickup points.

The classical way to attract customers to the site is its promotion in search systems. The purpose of such promotion is often to represent the site on the first pages of search systems. It is necessary to consider that the promotion of different words in search systems is associated with numerous costs. In this case there is a great potential not only of the advertising of main goods but also one of their complementary goods, which influence on the formation of the customers channel.

The competitiveness of an online store depends on the convenience of buying goods by the customer. Historically, a number of products are most suitable for selling through the Internet, for example, digital goods, and also when delivery of goods is necessary, while the sale of other goods on the Internet was difficult. The particularity of Internet trading is the absence of a preliminary acquaintance of the customer with the ordered goods, except using his virtual presentation. The examples of such goods are clothing and shoes – when a customer buys these goods the buyer as minimum, he wants to try on a product, and often evaluate visually its consumer properties. However, the effective implementation of such goods will be done because of sufficient product assortment, which will allow the customer to deliver the necessary number of product units.

For organizations that chose e-commerce as the main model of their activities, the use of traditional trade technologies particularly self-pickup, also leads to increase their competitiveness. Self-pickup service allows to offer an additional product assortment for implementation, which should be present in the points of self-pickup of goods. This way to receive goods is connected with the time spent by the final customer, which also determines the feasibility of forming the whole basket purchase in the minimum number of stores. Furthermore, when the customer receives his goods, he can buy a number of complementary goods that are available at the self-pickup point.

Using Internet technologies, the customer learns about proposed goods assortment and forms his choice without leaving home. It reduces the possibility to offer the customer some substitute products, so in absence of proposed product, he just leaves the site of a store. In this case it is necessary, firstly to expand the proposed product assortment, and secondly, it must have the most complete representation of the product assortment on the store's website, made so that the customer can pay attention to the availability of substitute products making consumer choice. There are numerous signs by which goods are sorted on the website of the online store. Sorting by price (usually by price increase), or by popularity among customers is the most used. Sorting by demand of customers has greater potential for future development. Now the demand for one or another product is often used as the key of this sorting. In particular, to increase business image, it is possible to add goods with a good reputation among customers in the noted list, while real demand for them in a store may be absent due to the high price of them. Also, a customer's recognition has a positive effect on

the business image of a trade organization. In this case, it is possible to use the list of customers data to form it – first of all, it is its geographical location, which, before authorization of the customer, can be determined by its IP address (or if it is necessary it can be defined by the customer, which also has a positive effect on business image of the online store). After the authorization of the customer as such a parameter, it is advisable to use the addresses of previous deliveries of goods.

For a number of product groups it is also possible to use additional parameters, such as the weather at the customer's location. The consideration of such additional factors contributes to the recognition of the customer, and, as a result, to the increase of the customer's loyalty to a trade organization.

It is also important to note the possibility of release among the list of popular goods whose implementation is most appropriate for a trade organization.

Approximately the perception of site design is important for one third of customers. That's why, in modern online stores great attention is paid to the design of the site. However, it will be remarked that the speed of the Internet of different users is currently different. Moreover, the replacement of wired Internet with radio frequency technologies leads to a decrease of the average speed of loading page. Also the portable devices are used today to access the network. These devices don't have the performance of a desktop computer. Due to the analysis of online store sites in the network it was found that today there is practically no processing of page load time.

An example of the implementation of such processing is the proposal to switch to a light version of a page on the Yandex-mail site after as some time passes. However, this approach is

hardly used in Internet trading. As a solution of this problem, we can propose the formation of a list of the offered assortment positions during the page loading process. If the first part of the goods offer is transferred quickly enough, the customer should be offered a number of related products, promotional offers and so on. While during slow loading it is important to offer only a hard grouped product assortment with the necessary minimum of advertising information.

Currently, there are a great number of trade organizations offering identical products on the global Internet. The customer can buy one or another product, choosing the most advantageous offer. Often, several stores can offer the same options for selecting the same product. Thus, e-commerce organizations should take advantage of customer loyalty tools to increase sales and stability of purchases. So it is reasonable to form the loyalty not only to a particular store, but also to the marketable goods assortment. It will be remarked that the conduct of advertising campaigns aimed at advertising the marketable goods, contribute to the growth of sales both in the store and among competitors.

Besides all promotional activities must be coordinated with the commodity manufacturer or the official distributor. The mechanism that allows a trade organization to have its own product assortment, which can't be copied by competitors and advertising rights belong to the trade organization, is the mechanism of using its own trademarks.

Thus, it can be expected that the use of own trademarks will be as effective in the e-commerce. As it was said earlier, if in the traditional retail trade the process of integration of retail chains and their monopolization of the market in large cities is almost

completed and moves to the regional level, then in electronic commerce this process is in its development stage.

Nowadays, a greater number of people buy everyday goods online. The customers often prefer to buy periodically the same goods, forming ready-made baskets. So the stability of the product assortment play an important role. It is reasonable to introduce widely the mechanism of its own trademarks. This mechanism allows online stores to keep the stability of the assortment with independence from different manufacturers.

Great influence on the competitiveness of the trade organization has an image and business reputation. Currently, in spite of the long enough period of existence of Internet trading in the Russian Federation, a great majority of the population is afraid to do shopping in the online stores. As it was shown above, although the price plays the main role in increase of competitiveness, the possibilities of price competition due to the easy copying of e-commerce models are extremely low and lead to a decrease of the income of the trade organization. In this context, the use of mechanisms aimed at improving the business image of a trade organization has a great potential. Such mechanisms include the presence of a beautiful design of the site, its place in search systems, the presence of its own stationary network. Also the assortment of goods has an important positive influence. . After the analysis, it was found that about 30 percent of customers, choosing a single-demand product and its availability in those stores where they made a purchase more than once, either won't consider competitors' offers at all, or they'll be ready to buy goods even at a higher price. In this case it is necessary to note the importance of the presence in the assortment of both the goods of the main specialization of the

online store, and other product groups that are not related to the specialization of the store.

The important factor to improve the competitiveness of trade organizations are their own trademarks. In the organizations of traditional trade, this mechanism were widely developed, but in modern electronic commerce the potential of its own trademarks is used very little, which limits the possibilities of competition only by the image of the online store, but the consumer preferences for goods are not used.

Traditionally, the main direction of increasing the competitiveness of economic activity of Internet trading is website promotion on the Internet. The solution of this problem in many cases is connected with the choice of a set of certain keywords, which largely characterize the product assortment. It will be noted that the cost of promotion of certain keywords is very different and the most frequently bought products have the maximum cost of promotion. In this context, the product assortment should contain products that are most effective in terms of product offering.

The immediate decision about including some products in the assortment and excluding others is very important in solving the problem of improving competitiveness in e-commerce. The technology of electronic commerce has a great potential in the formation of the assortment based on the analysis of consumer preferences. If to identify the demand for goods that are not available for sale, traditional trade shops need to do marketing research, in particular, customers' surveys, to give additional tasks to sellers, while e-commerce stores firstly need to analyze the actions of the customer on their website. Such actions may be search of customers' demands, their different

modifications, time to browse directories and many other parameters.

With a fully automated online trading system, you can use an automatic algorithm that allows to form purchases of goods not only based on data on the sale of goods, but also to predict demand based on certain actions of the site visitor. In turn, it makes possible to more quickly respond to demand, paying attention at consumer preferences.

In the modern world, social networks developed a lot. The different social networks are used by different customer segments. Many trade organizations have an active policy in social networks, which is an active feedback channel between the seller and the customer, which determines the assortment of e-commerce organizations.

E-commerce technologies have a great potential to form feedback channels with the customer. In particular the customer's visit of the online store gives the information about the geographical location of the customer, used device to access, in some cases about gender, and other information. Analyzing such information, it is possible to make a conclusion about the portrait of a potential customer, his psychological groups. One of the most popular devices for network access is Apple technics. Nowadays researchers formed a portrait of the user of Apple technology. This portrait is different from the standard portrait of the Android user, which differs from user of the desktop computer. Using the received information, the online store can optimize the assortment policy.

In modern conditions, electronic commerce has a great, insufficiently used feedback potential. As a standard technology, it is proposed to evaluate the quality of the store, write a review,

often for a reward, and a number of other approaches. However, the feedback potential also allows the optimization of the assortment, identifying customer demand.

In traditional trading, one of the main factors of loyalty is direct contact with the direct seller. If the customer identifies a defect of goods, in the traditional trade it is possible to return the goods to the store. However, in the distance trade it is laid down by statute stipulated, in a real situation it causes some difficulties. In this case, it is important to provide feedback with a customer. Such feedback should provide the return through the minimum actions of the customer on the site, and also a mechanism of the implementation of the potential return should be clear for the customer before making a purchase. In modern conditions, online stores often make purchase return falsely difficult to not lose income from returning. To sum up, this approach allows to raise the benefits of a concrete order, but completely lose the customer if there is the need f returning.

However the ordered goods are often associated with the location of the customer. In this case, it is important to create a list of recommended products not only based on the popularity of the product among customers, but also on the basis of data of its location and current climatic conditions.

It is necessary to note that at present a greater number of goods is implemented through the online stores. The assortment with sales promotion, has a great influence on the competitiveness of organizations in the trading area of electronic commerce. Moreover, in the situation when most sales promotion methods lead to rising costs, since they are used by almost all trade organizations, the role of the range of goods becomes more and more actual. Currently, the range of large online

stores is much deeper and wider than the range of stationary outlets. Nevertheless, it was found that other opportunities to optimize the range as a method of competitive struggle are not widely used.

At present, the gradation of the range of goods, which determine the consumer choice from the goods that form the purchase sum, is not widely used. It is also important to single out product categories that form impulse demand – such goods should be offered at least at pickup points, and possibly at courier delivery, in the case of using vehicles and small sizes of the goods. In modern Russian e-commerce, despite the development of large online stores, in contrast to traditional trade, the potential of their own trademarks is practically not used, which limits the possibility of competition, having a great potential for competition. To solve the problem of forming an assortment, it is proposed to analyze completely the customer's activities on the site, his search queries, navigating the site and other actions. In turn, it makes possible to identify both the goods to be included in the range or exclusion from it, and the definition of the role of various goods in the range.

The task of increasing customer loyalty is important in modern electronic commerce. Despite the long period of the existence of Internet technologies in commerce, the level of distrust of Internet purchases is currently high. Today it is important to search for ways to attract customers to the field of online trading. One of these ways is the formation of the assortment of e-commerce organizations and its presentation on the website of the online store.

Considering the task of forming the range of goods, it will be noted, first of all, the importance of the presence of related

products. As it was shown, modern large Internet hypermarkets sell a large number of different product groups, often unrelated to each other. It is due, firstly, to the desire of the customer to minimize the number of purchases. Also, there is a great potential of introducing its own trademarks in electronic commerce.

The task of forming the range of goods is connected with its presentation to the final customer. So, the consideration of the features of the site display on any device. It is also important to sort the product list received by the customer.

Ensuring the availability of familiar products in stores is crucial. The use of digital technologies can improve the supply of goods to consumers.

The task of developing a product assortment can be addressed in the following ways.

The first of these, which most quickly ensures product assortment, is the development of parallel imports. In this case, if an official supplier refuses to supply a product, alternative supply channels are organized. In this case, the supply volume depends on available resources, which reduces the size of the purchased lot. Often, these are small retailers that also need to solve the problem of selling their goods. The current level of digital technology development has largely predetermined the expression of the information component as a separate service in the e-commerce infrastructure – marketplaces have become increasingly popular. The attraction of numerous independent sellers and the creation of the necessary conditions for trading activities have all contributed to the development of marketplaces as places with the widest and deepest product range.

The development of marketplaces as platforms where the vast majority of products can be purchased with minimal time

investment has demonstrated their important role in the development of e-commerce assortment. Often, products listed on marketplaces are available in the seller's online store at a significantly lower price, and the purchasing conditions are no worse than on the marketplace. Therefore, listing products on the marketplace allows buyers to quickly be informed about the availability of a particular product. It's also worth noting the ease of searching for products using a mobile app.

Modern digital technologies used in order processing allow for a shift from the "basket" concept to the "purchase" concept. Thus, during the order placement process, the transition from the basket to the completed order is minimally cumbersome, and upon receipt of the order, the order number is no longer required – a digital customer code is used. This largely eliminates the need to create a complete shopping basket – it's possible to purchase any item immediately, without worrying about what else needs to be purchased – a task that can be resolved later. The use of mobile devices allows potential consumers to make their selections regardless of location, taking advantage of available time slots. This allows for more information, leading to a more informed purchasing decision.

A key factor in the development of parallel imports is the delayed order fulfillment, as well as the ability to customize it, allowing for customized sales. Digital technologies during order processing allow for advance information about the parameters of a customer's selection, allowing for the purchase of the required item and the delivery of the desired product to the customer's location. Using a digital pre-order system also offers a number of advantages for the seller. First and foremost, it reduces the need for working capital. Payment is made at the

time the order is placed, possibly before the seller actually purchases the goods. Furthermore, the risk of illiquid inventory accumulation is reduced, as the goods are purchased specifically for the buyer.

Delivery services for goods from abroad are already being implemented. This service significantly expands product selection, offering customers a range of items not currently widely available on the market, including brands known to the customer but no longer available. Customers can purchase these products almost as easily as they would any other available product. The downside is the significant time lag between placing an order and receiving it. However, digital technologies make it possible to purchase goods without wasting time, which enhances the shopping experience. In the changing geopolitical environment, this allows customers to maintain their familiar product range, at least for the time needed for import substitution to develop in the product they have chosen. As noted earlier, such purchases are characterized by a long time lag and a higher degree of risk. Although this is a negative factor for the customer, it provides a competitive advantage for domestic producers, which has a positive impact on import substitution.

As mentioned earlier, a temporary solution to this situation is the delivery of goods from abroad under parallel import conditions. A more promising direction for developing product offerings is the introduction of similar products. One of the problems of the current geopolitical situation is the disappearance of well-known brands from the market. Parallel import conditions make it impossible to guarantee after-sales service or the availability of consumables. However, in today's

environment, a brand is merely an intangible resource that is also an object of economic turnover. The purchase of popular brands by consumers, especially by the older generation, leads to unnecessary expenses. Given the possibility of selling the brand and, consequently, the lack of quality guarantee, it makes sense to develop sales of lesser-known manufacturers, where the brand value contributes less to the product price. In this regard, a positive effect of developing digital communications is the formation of customer reviews.

Import substitution is the most promising way to expand the product range. Positive developments include domestic production, addressing the issue of manufacturer warranties, and minimizing brand fees. However, buyers are forced to purchase products under unfamiliar brands.

As mentioned earlier, marketplaces have become widespread in today's environment. By integrating a large number of sellers into their catalogs, marketplaces enable a number of domestic manufacturers to enter the market without having their own resources to develop their sales operations. This allows for the preservation of a broad product range in the current geopolitical situation.

The multi-format nature of marketplaces has a positive impact on the development of e-commerce in Russia. Single-brand stores are also popular among buyers of a specific brand. Prices in such stores are often higher, but when purchasing, buyers are confident in the authenticity of the product. Organizing your own retail network is a complex economic challenge, but focusing such retail on online technologies significantly contributes to its solution. The use of digital technologies helps build customer loyalty and attract customers to the store. The development of

in-house production allows us to fully address customer needs at the design stage, without having to modify an existing product. A key competitive advantage of domestically produced goods is proximity to potential customers and the ability to quickly receive feedback. Interaction with customers takes place through digital communication channels, allowing us to obtain the necessary information in the shortest possible time.

Regional specialization is a characteristic of the Russian Federation's commodity market. Consumer attitudes toward product performance may vary across geographic, climatic, and other conditions. Digital technologies allow for more accurate consideration of these characteristics.

Historically, distance selling has been a solution to the problem of product assortment development in regions with low population density. A positive trend in recent years is the fact that regions are the main drivers of growth in the share of online sales in Russia. The development of e-commerce as an integral part of distance selling in the regions is undoubtedly a positive development. While developing a wide and deep product assortment in large cities with high population density does not lead to a sharp decline in inventory turnover, developing a deep assortment is economically unprofitable for retailers in conditions of limited demand. Inventory turnover depends on two factors: inventory level and turnover, which is directly related to consumer demand. In this regard, consumer demand, and consequently inventory turnover, is influenced by population density, as well as the level of awareness of product availability at a given store. In this regard, digital technologies in distance selling enable improved product availability, which directly impacts the population's standard of living.

The development of import substitution requires targeted government support, particularly for small businesses. The effectiveness of such support is directly linked to the availability of information about current conditions, needs, and emerging problems. This information is collected most effectively using digital technologies.

Digitalization enables the automation of product flows in the context of import substitution. In particular, an increasing number of products are being labeled using the "Honest Sign" system. This labeling allows buyers to be confident in the quality of the product and its expiration dates. For domestically produced goods, this labeling occurs throughout the entire supply chain, starting directly from the manufacturer, which increases the level of product acceptance. Furthermore, the presence of a product in digital government information systems in itself leads to increased loyalty.

3. Trademarks and private labels

In modern trade, the role of competition is great. In this regard, trade organizations need to find additional means to stimulate sales and increase customer loyalty.

The most common of these sales promotion tools that are widely used in modern conditions is their own trademarks. Own brands determine the customer's loyalty to a particular retail chain, which, in turn, has a positive effect on its sales. Own trademarks are an important intangible resource of a trade organization, when used directly, the rights to the brand remain with the trade organization, and not the manufacturer. In modern conditions, the cost of a product sold under its own brand is usually lower than its analogues, while ensuring an acceptable level of quality.

Currently, a number of retail chains use the practice of giving gifts to customers when certain purchase conditions are met. Such conditions can be the purchase of a certain amount or certain goods, the sale of which is most promising for the retail network.

One of the successful ways of using our own trademarks is to transfer the value of goods sold under our own brand to the value of other goods that usually have a higher value, while goods under our own brand are sold as accompanying souvenirs. The desire of the buyer to reduce the time spent on the process of buying and selling goods leads to the fact that the goods are purchased in sets. In such a set, you can usually select some key product that determines the buyer's choice of the

organization. If there is loyalty to a particular trade organization, such a product becomes a related product sold under its own brand. Such an example is the sale of souvenirs together with other goods.

The experience of using own brands is also widespread in cross-marketing. This approach is often used for trade organizations that sell different product categories. The direct cost of a related product sold under its own brand is insignificant, but it determines the possibility of selling more expensive products. It should also be noted that the practice of implementing the trade fee is different for small and medium-sized organizations. Thus, the sale of related products has an impact on taxation. This increases the efficiency of sales by creating the most favorable offer for customers.

The potential for selling related products under their own brands also plays an important role in the economic activities of organizations operating in areas related to trade. In this case, the brand potential of such an organization allows you to sell related or souvenir products at prices that are several times higher than their traditional cost in everyday conditions. In turn, the presence of such products in the consumer has a positive effect on the brand image. In this regard, when selling souvenir products, it is advisable to have in the assortment both goods, the sale of which is aimed at making a profit, and those goods, in particular durable goods, which in the future will have an impact on the brand image.

In the modern world, intangible assets play a huge role in the results of economic activity. The same product sold under different trademarks may have completely different consumer values. Moreover, this cost may differ at times, that is, the cost

of the trademark in the price of the product exceeds all other components. This is why large manufacturers of goods often sell products made in accordance with their order by other manufacturers. At the same time, the consumer does not even realize that he's buying a product from a world-famous manufacturer with large capacities, however, the product can actually be produced by a completely different company. This fact is beneficial for each of the parties – the consumer eventually gets the product exactly the quality that he expected – the quality is controlled by the owner of the trademark, the real manufacturer has the opportunity to expand the sales market, the owner of the trademark can concentrate on its own production. Thus, for a number of products, the production company acts as a wholesale distributor using its private label.

Retail chains also widely use the mechanism of their private labels. The use of its private label allows trade organization to conduct sales promotion policy not only in the field of trade services, but also in the field of goods. The sales promotion program allows trade organization to retain its rights even in the event of a break with the manufacturer of the product, which reduces the risk of non-return on investment.

One of the sales promotion tools, receiving widespread in modern conditions, is its private labels. Private labels determine the loyalty of the customers to a retail chain, which in turn has a positive impact on sales. Private labels are an important intangible resource of the trade organization, according to which the trade organization still has the rights for the brand, not the producer. The value of the goods, sold under own brand, in the modern conditions is usually lower and ensures an acceptable level of quality.

Private label is a trademark owned by the retailer. This brand can repeat the name and logo of the retail chain or have its own specially designed name, but its manufacturing and marketing is exclusively controlled by the retailer. The first private labels at the European market appeared in chain stores in the UK. At the end of the XIX century old British chain Sainsbury's launched a project for the sale of bacon under its own brand, and in 1924 Tesco announced about private label (Tesco Tea) sales.

One of the most successful areas of use of own brands is the value transfer of the goods sold under its own brand, the price of other goods, usually of great value with products under its own brand sold as a complement gifts. The desire of the buyer to reduce the time required to process the purchase and sale of goods leads to the fact that the goods were bought in sets. This set is usually possible to identify some key commodity that determines the choice of the organization by the buyer. If you have a loyalty to particular trade organizations, such item becomes a related product sold under its own brand. Such example is the implementation of souvenirs together with other goods.

The experience of own brands use is also widely spread in the cross-marketing. Often this approach is used for the trade organizations, which sell various product categories. The cost of related products sold under own brand is insignificant, but it determines the possibility to sell more expensive goods. It should also be noted that the practice of trade collection is different for small and medium-sized organizations. Thus the sale of related products influences the taxation. It increases the sales efficiency by generating the most attractive offer for the customers.

The prospects of related products sale under own brand also plays an important role in the economic activities of organizations operating in areas related to the trade. In this case the potential of the brand of such organization allows selling the related or souvenir products at the prices several times higher than their traditional cost in everyday conditions. In its turn the possession of such goods by the consumer positively affect the brand image. In this regard when selling the souvenir products it is expedient to have in the assortment both the goods, which sale is aimed at profiting, and the goods, particularly durable goods, which will in the future affect the brand image.

The retail chains seek to capture the new territories and to increase their market share by opening the new outlets, but face the problem of competition. Often the new shops open almost next door to the competitor sharing the market with it. Accordingly this situation is characterized by the constant redistribution of customer flows between stores.

In the competitive environment the usual methods of stimulation are sometimes not enough. It is necessary to win the loyalty of customers to a particular retail chain, since the assortment matrix almost all networks is the same.

Own brands can be distinguished as one of the methods of formation of customer loyalty in conditions of constant redistribution of customer flow. In the modern literature the presence of own brands in the assortment of goods sold is defined as an important intangible resource of trade organizations directly affecting the efficiency of economic activities.

Own brand name, as opposed to the brand of manufacturers, is a resource fully-owned by the retail chain. A trading network initiates the creation of a unique product, which will

make it differ from many others. It is worth noting that own brands are the intangible assets and intellectual property of a trading network, which is protected by law, so it is forbidden to sell the products under own brand of another store.

The goods subsequently sold under own brand can be manufactured by both the distribution network and independent manufacturers. Given the limited resources of a trade network the expenditures onto non-core activities are often economically inexpedient. In this connection the mechanism of own brands is designed for outsourcing, that is, the network orders the goods under its own brand from an independent manufacturer in the necessary quantity and according to the criteria that suits it. Usually small private enterprises are such manufacturers.

The main advantage for the consumer is the low cost of goods sold under own brand, while the consumer is guaranteed a certain level of quality. Usually the quality of these products is closely related to the positioning of the trade network at the market.

In its turn, the benefits of own brands for a retail chain, as it has been shown, include the full right to manage this resource. A trading network can differentiate the manufacturers, including increasing the volume of sales by engaging new one. Own brands are becoming so popular and efficient way to enhance the customer loyalty that some networks have at once several types of own brands.

It should be noted that own brands are not only the products, which can be seen on the shelves of a specific network, they are own brand and business reputation. In this regard the quality of products sold under their own brands should be closely monitored, as it has a strong effect on the customer loyalty.

The advantage of signing a contract for the supply of goods under own brand for a manufacturer first of all consists in the expansion of markets for its products. In addition, often the retail chains offer to conclude a contract on favorable terms, and the manufacturer does not bear any additional costs for the promotion of its products sales.

Currently own brands are also going through a transformation and the brands, which price at the premium segment stores several times exceeds the actual purchase price, are appearing, but at the moment it is rather an exception than the rule. Accordingly, it is possible to note the considerable prospects of own brands development in the high-price segments.

In this situation it is expedient for the trading networks to have in their product matrix several own brands, which are positioned at different segments of customers. In particular, other methods to stimulate sales, rather than price incentives shall be applied to such brand. The creation of an appropriate brand image in respect of the buyers shall be attributed to such methods. To this end, it is important to use the positive reputation of the trade network in the advertising of own brands. Such trade mark must be differentiated from the goods of lower price segments. The trade organization must carefully control the quality of such goods, including with the use of mystery shopper method. A deterioration in the quality of goods sold under own brand leads to the loss of business reputation of the trade network.

The small manufacturers do not have the proper capacity to enter the market. The use of own brands of large retail chains allows within a short time ensuring the sale of own products, which in its turn will increase the efficiency of trade in the Russian Federation.

It may be noted that the use of own brands has the great prospects both for the development of manufacture and the higher efficiency of retail chains. The introduction of brands of high price segments has the greatest prospects due to their low prevalence at present.

The same product sold under various brands can have a completely different user value. Moreover, this cost may be several times higher, that is, the value of the brand in the price of the goods exceeds all other components. For this very reason, the major manufacturers of goods often sell the goods manufactured on their order by other manufacturers. In this case, the consumer does not even realize that buying the goods of a world-know manufacturer having the large capacities, nevertheless the real product can be manufactured by a completely different company. This fact benefits each of the parties – the consumer ultimately gets the goods of the quality he presupposed – the owner of the brand controls the quality, the real manufacturer also has the opportunity to expand the market, while the owner of the brand can focus on its own manufacture. Thus, for a number of goods the manufacturing enterprises acts as a wholesale trading one, which uses its own brand.

The retail chains also widely use the mechanism of own brands. The use of an own brand allows the organization carrying out the trade policy stimulating sales not only in the field of trade services, but also in the area of goods. A carried out program of sales promotion allows a trade organization keeping its rights even in the event of termination of the contract with the manufacturer of the goods, which leads to the mitigation of risks of non-return on the investments made.

The fact that for a buyer the commodity, which has no material basis, has the value is the specific feature of the sale of digital goods. However, the uniform style of such framework is also stimulates the higher sales efficiency.

Own brands are quickly becoming recognizable among the customers of retail networks. The presence an the assortment of own brands makes it unique, the competitors can not have such products. Different trade organizations operate the trademarks differently: they may be a part of assortment or the entire assortment, the goods under own brands can be positioned as affordable and as the goods with a certain level of quality.

Selling the goods under own brands the sales organizations can allocate for them the best location in the trading floor, thus stimulating the sales. Provided recognition of the goods they themselves due to the mutual arrangement in the trading floor can provoke the demand for other goods, which the trade organization needs to sell in the near future.

Own brands positively affect the efficiency of regional goods distribution. Many manufacturing facilities are located in the regions. The small manufacturers do not have the capacity to carry out the market research and to forecast the demand accurately. All this leads to an increase in the inventory losses. The use of technology provided by the owners of trade marks leads to a reduction of losses and increase in the efficiency of economic activities of the regional manufacturers.

Traditionally in the major cities there are any retailers with the high recognition. While in the regional trade there are the individual trade organizations of small size. In this situation the purchase of goods under any known trademarks can increase the efficiency of economic activities of commercial organizations.

The use of several of own brands has certain prospects. As it has been mentioned earlier, it is possible to promotion own brands, as well as one brand due to the accumulated potential of another brand.

A trademark is a sign to distinguish goods and services produced or provided by a company from those of others.

The main purpose of a trademark is to provide consumers with options to customize goods (or services) of a company and keep the aside from identical or similar products offered by competitors. Consumers who are quite satisfied with the quality of specific products will likely purchase and use them again. For that, the buyers need to be able to recognize the products easily from other identical or similar goods.

Giving companies an opportunity to differentiate their products from those produced by competitors, trademarks play a pivotal role in the branding and marketing strategy of the company. It helps to create the image and reputation of the product for consumers. The image and reputation creates trust to serve as the basis for the loyal clients of the company. Customers often develop emotional attachment to certain trademarks, based on a set of desired quality and characteristics of products of those trademarks. In addition, trademarks promote the growth of investment of companies to maintenance and further improvement of the product quality to keep up the attraction of the products with the positive reputation.

Registration received in accordance with the trademark law, provides the company with the exclusive rights to prohibit all sale of identical or similar goods using the trademark or a sign similar to it. If the registration is not made for this case, the investment to product promotion on the market may be useless

as competing companies will be able to use this or similar trademarks for identical or similar goods. If a competitor starts using use identical or similar trademark, consumers may be misled and purchase products from the competitor believing he/she buys a correct product. It would not only reduce the costs of the faking company and mislead the buyer but also could cause damage to the reputation and image of the honest company, especially if the competitor's products are of low quality. In addition, the registered trademark may be subject to the issuance of licenses to other companies, thus providing an additional source of income for the company, or serve as a basis for agreement on a franchise. In some cases, a popular registered trademark with good reputation can be used to obtain financing from banks, who start understanding the value of brands for success in business.

The process of private labels development includes the following stages.

The first stage begins with the process of market research in the area a new private label will operate at. The market can be defined geographically or in terms of the operational scope and a type of consumers. A new name must be consistent with the language and culture of the target audience, must take into account the operational scope (for example, whether we are dealing with a domestic product or with a professional tool), social and educational status of consumers.

Once you have defined customer group, you should review the product (second stage). You must have a full understanding of the nature, functions and key benefits of what you are going to give the name to before we can tell something good about it. You should focus on the specific properties and positive qualities that distinguish the product from competitors.

The third stage is to formulate the content of the message embedded in the private label (slogan). And all information collected during data retrieval should be used to define only determining factors, e.g. those that really affect the customers' preferences.

The fourth stage (synthesis) should help to reduce the message embedded in the private label (slogan) to a simple picture, concept or topic that can be turned into a single word or short phrase. Names can be: words (including loanwords, fantasy words, created from two words, etc.), letters, numbers, drawings, three-dimensional signs, holograms, color or a combination of colors. It is important to take into account not only the appearance of your future trademark, but how it sounds. (it is desirable to specify several options)

At the fifth stage you have to check state registration options of your prospective private label.

Finally, at the sixth stage you tune your private label and its final design.

The introduction of goods under private labels in the range of Russian trade organizations was quite unsystematic. Perekrestok is believed to be the first Russian trade network to offer such goods: the own drinking water appeared in the network in 2001. Private labels were becoming increasingly popular in subsequent years. The trade networks began to sell a variety of food and non-food products under their private label, most of which were the fast-moving consumer goods. When deciding on the choice of a product for sale under private label, it is necessary to know which product categories are the most promising in this segment.

The expediency of sale of this or that commodity category under private label directly depends on the opinion of con-

sumers. A survey allows assessing the perception of consumers of various goods under private labels. At the beginning of 2017, 350 residents of Moscow aged 18–25 were questioned. The results showed that currently, the following goods are the most attractive for the consumers in the segment of private label: among non-food products – the paper and wet wipes and among food products – the bottled water. Spices and seasonings, bread, juices, ice cream, frozen vegetables, cereals, and grains are also perceived positively. However, the consumers are not ready to buy decorative cosmetics, perfumes, vitamins, beer, baby food and strong alcohol under private labels, that is, the product categories in which the brand and high quality are of particular importance. In addition, the respondents noted that relatively low prices are the main incentive to purchase the goods under private labels and low quality is the main reason for refusal to purchase. On the whole, the results of the survey confirmed that the product category is essential when choosing between a private label and manufacturer's trademark.

Thus, the correct choice of product categories is one of the most important tasks in the management of private labels. The fast-moving consumer food and non-food goods with low loyalty to the brand are suitable for sale under a private label. Since the poor quality is the main reason for refusal to purchase the goods under a private label, the product categories in which the quality is easy to assess when buying are preferable. Non-alcoholic beverages, including bottled water and juices, dairy products, cereals and grains, frozen vegetables, spices and condiments, bread, confectionery, various types of canned products, tea and coffee, snacks, wet wipes, paper napkins and other cotton-paper products, house cleaning agents, etc. are suitable

for sale under a private label. These goods under a private label of a trade organization can successfully compete with similar products under the brands of manufacturers and to surpass them in the minds of consumers in terms of quality and price. The correct choice of product categories will improve the efficiency of management of private labels and assortment on the whole, which in turn will contribute to the improvement of the final economic results of a trade organization.

The development of the system of market relations in the world economy has gradually led to the increasing role of intangible resources in trade. The market research results play an important role in enhancing the trade organization performance. In the planned economy system the volume and assortment of goods being on sale was determined by the plan tasks received from the parent organizations, but in the current conditions of market trade and tough competition the trade organizations independently form their own assortment policy.

At the end of the twentieth century there was a rapid development of the Internet-forms in the modern trade. E-commerce is characterized by a high degree of competition. It is caused by both the wider consumer choice among a large number of online stores and by the fact that the e-commerce subjects have enough broad possibilities for the analysis of economic activities of competitors. In these circumstances the price of goods being on sale is an important factor in the competition for the buyer. However, the lower entry barriers are the distinctive feature of electronic commerce, which has led to the emergence of a large number of unscrupulous traders, which, in its turn, has led to an increase in the role of intangible resources, in particular, the image in the electronic commerce.

Often the buyer fears to purchase goods in an unknown online store, which makes the role of the business reputation of a trade organization very important.

When deciding where to purchase a buyer is mainly guided by the reviews in the social networks, Internet forums, and conferences. Thus, the competitive position of a trade organization operating in the Internet is mainly determined by its image and established business reputation. Many buyers prefer to purchase goods using ex-services. However, the upkeep of a pick-up point, especially in conditions of a small flow of orders, considerably increases the costs of an Internet-shop. The legislation of distance selling gives the buyer the right to return a purchased item. However, the e-commerce business scheme often presupposes the absence of any points with the convenient transport accessibility.

The Internet forms of commerce allow the manufacturers selling the goods directly to end consumers without forming their own trade network. In this situation the manufacturer initially possess such intangible resource as the guarantee of the high quality products declared company and the absence of counterfeit goods. This resource allows setting the slightly higher prices, arranging a minimum number of pick-up points, offering relatively long delivery terms, but the existence of such a resource, as the quality guarantee, allows such shops gaining a large enough flow of customers.

The development of network forms of trade has led to the widespread dissemination of private labels. This allows the networks managing the intangible resources associated with the existing goods leaving to the manufacturer the production function alone. A trading network on its own conducts a campaign

forming the competitive advantages and preserves them in the event of a change of manufacturer. Thus, in modern trade the organizations form not only the resources that are specific to the trade sector, but also use a part of the resources directly related to the product. The own trademarks are such resource. An own trademark, unlike the manufacturers' brands, is a resource totally owned by the trading network. A trading chain initiates the creation of a unique product, which will make it stand out among many others. It is worth noting that own trademarks are the intangible asset and the intellectual property of a trading network, which is protected by law, so other stores have no right to sell the products under someone else's own brand.

The goods subsequently sold under its own brand can be manufactured by the sales network and by the independent manufacturers. In view of the limited resources of a trade network the costs onto the non-profile activity are often inexpedient. In this regard, the mechanism of private labels is designed for outsourcing, i.e. a network orders a product under its own brand from an independent manufacturer in the volumes and on the criteria, which it considers fit. Usually the small private enterprises are such manufacturers.

As has been mentioned earlier, in electronic commerce the price competition has an important role. It defines the important competitive advantages of the Internet units of trade networks.

On the other hand, a high price competition leads to the need to search for the new competitive advantages. Such competitive advantages may be formed with the help of intangible resources. It should be noted that in case of sale of goods under the brands of the manufacturers an Internet company has

no rights to them and cannot make full use of this resource in its activity. In this regard, the use of own trade marks is very promising.

In their turn the benefits of own trade marks for the trading network, which carries out its activity using the Internet, include the right to manage this resource. A trading network can differentiate suppliers, including increasing the sales volume, if necessary, by engaging new ones. The private labels are becoming such a popular and efficient method to enhance the customer loyalty that some networks have several kinds of private marks. It should be noted that the private labels are not only the products, which can be seen on the websites of a particular network, but also its own brand and business reputation. In this regard, the quality of the goods sold under own trade marks must be carefully monitored, because it has a strong impact onto the customer loyalty.

Currently the private labels are also undergoing a transformation and the brands, which in the premium segment stores several times exceed the actual purchase price, appear, but at present it is rather an exception to the rule. Accordingly, the development of private labels in the high price segment is very promising.

In this situation it is reasonable for the organizations of the Internet commerce to use in their product matrix several private labels, which are positioned in different consumer segments. In particular, other methods of sales promotion, rather than price incentives, shall be applied to such trade marks. It would be reasonable to include the creation of a relative image of such trade mark among the consumers into such methods. To this end, it is important to use the positive reputation

of trading network in the promotion of a private label. Such brand must be differentiated from the commodities of the lower price segments. A trade organization shall carefully monitor the quality of such products, including using the mystery shopper method. A deterioration in the quality of products sold under such brand leads to the loss of business reputation of a trade network.

In most countries, in accordance with the law, the seller must provide the buyer with the basic information about the product and about itself. However, many buyers wish to obtain the additional information, which cannot be attributed to the basic information. This task is particularly important in the premium segment. The distance selling is characterized by the fact that the buyer has no direct contact with the product purchased and has the opportunity to get acquainted with the product only through the description on the site. Although the obligation to provide the consumer with the main properties of the goods is stipulated by the law, the buyer wants to receive some information, which is necessary for him/her personally by virtue of the expected specific features of use of the goods. Such information can be obtained only by the direct contact, but as of ordering the goods are at the seller's place and such contact can be provided only by the seller. The sale of goods under own trade marks provides the assortment stability, which makes it easier to advise the buyer, characterizes the prospects for promoting not only the store, but also the product in social networks. A customer can't obtain such information in another shops, which solves the problem of the possibility that the buyer seeking the information in another store can buy the product there, if is offered the most advantageous conditions.

Thus, the absence of any information on this product reduces the competitiveness of the store, which is a significant problem. On the other hand, the high-quality advice, which can't be obtained from other trade organizations, stimulates the transition from viewing information about the goods to purchasing them. It should be noted that a poor consultation by the members of an online store adversely affects the competitiveness, which makes requirements to the personnel tougher. Different categories of buyers prefer different ways of obtaining such advice, a number of buyers prefers the "live chat" with the consultants and other customers – the communication in writing. To reduce the costs of the buyer a seller may use the special free phone numbers or callback service.

Not only employees of the online store, but also other users on the network may inform the buyers. In this case, there is no need for additional staff costs and training, and the buyers usually have greater trust to the reviews such buyers as themselves. The guest book may have the same function. In this case the online store faces the dilemma how to deal with the negative feedback. On the one hand, their presence negatively affects the reputation of the store, on the other hand, the presence of only positive feedback dramatically reduces the confidence of buyers in such reviews. The correct reaction of the store to the negative feedback may solve this problem. In this regard the description of positive characteristics of the goods, which in the sale of own trade marks form the image online store in general is very promising.

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