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## CLASSIFICATION OF THE COMMODITY STRATEGIES

**Abstract.** In the article the theoretical and methodological position of the classification of the commodity strategies are examined. The individual policy options, their main advantages and disadvantages are generalized. It is proved that the presence of one or many commodity strategy defines the production and management structure of the enterprise. It's noted that the strategy of concentration on one area of activity, closely linked with the implementation of the overall competitive strategy — leading on the basis of lowering the costs. It is shown that the diversification strategy involves the penetration into new spheres of activity, not previously typical for the enterprise, designed to amend, supplement or replace the product, which has already produced by the no less important strategic partner. Vectors of fusion strategy or buy are generalized and its major landmarks are identified.

**Keywords:** classification, commodity strategy, the strategy of concentration and diversification strategy.

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## КЛАСИФІКАЦІЯ ТОВАРНИХ СТРАТЕГІЙ

**Анотація.** У статті досліджено теоретичні та методичні положення класифікації товарних стратегій. Узагальнено окремі варіанти стратегій, їх основні переваги та недоліки. Доведено, що наявність однієї або багатьох товарних стратегій визначає виробничо-управлінську структуру підприємства. Зазначено, що стратегія концентрації на одному напрямку діяльності тісно пов'язана з реалізацією загальної конкурентної стратегії — лідирування на основі зниження витрат. Показано, що стратегія диверсифікації передбачає проникнення в нові сфери діяльності раніше не характерні для підприємства, покликані змінити, доповнити або замінити продукцію, що вже випускається не менш важливим стратегічним партнером. Обґрунтовано вектори стратегії злиття або купівлі та визначено її основні орієнтири.

**Ключові слова:** класифікація, товарна стратегія, стратегія концентрації, стратегія диверсифікації.

## КЛАССИФИКАЦИЯ ТОВАРНЫХ СТРАТЕГИЙ

**Аннотация.** В статье исследованы теоретические и методические положения классификации товарных стратегий. Обобщены отдельные варианты стратегий, их основные преимущества и недостатки. Доказано, что наличие

одной или многих товарных стратегий определяет производственно-управленческую структуру предприятия. Отмечено, что стратегия концентрации на одном направлении деятельности тесно связана с реализацией общей конкурентной стратегии — лидирования на основе снижения затрат. Показано, что стратегия диверсификации предполагает проникновение в новые сферы деятельности ранее не характерные для предприятия, призванные изменить, дополнить или заменить продукцию, которая уже выпускается не менее важным стратегическим партнером. Обоснованы векторы стратегии слияния или покупки и определены ее основные ориентиры.

**Ключевые слова:** классификация, товарная стратегия, стратегия концентрации, стратегия диверсификации.



Every company is constantly wondering: "What is the consumers' needs are not satisfied?", "What affects the needs and how they can change?", "What new ways of meeting the needs can offer?" And others. The issue of forming an effective product strategy is urgent, so how good is the result of the company, the source of his income, the basis of the operation and Development. Today, in a competitive environment, it is the properties and characteristics of the goods production and determine the management structure of the company.

Analysis of recent publications on issues. Considerable work towards solving the problems of effective formation of commodity strategy already conducted such domestic and foreign scientists as Kotler, G. Amstronh, J. Lambe, N. Kudenko V. Verloka, Y. Romanenko, AI Starostin, E. Romat etc. Meanwhile, today, still there is no consensus classification commodity strategies.

The purpose of the article. The article is determination and synthesis of theoretical and methodological regulations classification product strategies, their strengths and weaknesses.

Presenting main material. The presence of one or many commodity strategies determines production and management structure of the enterprise, its advantages and disadvantages.

Consider some options strategies, their main advantages and disadvantages.

The strategy of concentration ("strategic focus") on one line of business, is closely linked with the implementation of the overall competitive strategy - based on leading for reducing costs.

The main competitive advantage of

companies that have chosen this strategy concentrations are determined by:

- a high degree of specialization and professionalization activities;
- ability to establish the use of production potential of the company in the most efficient mode;
- use of accumulated enterprise experience to identify and capture the most promising approaches to improving production technologies and / or customer satisfaction;
- innovation in the product itself (service) and / or any other subsystem Enterprise (part of the "chain of value");
- transformation of the competitive advantages resulting from the chosen strategy and the possibility of rapid innovation in the stable image of the company leader, company formation "best of the best" in production "strategic focus".

Specialized firms realize the benefits of large systems and have economies of scale, but it is achieved in the case of large strategic service management zones with more or less stable characteristics. If needs change, every company sooner or later faces the following questions, the answer to what makes leaders think about the future, to prepare for this future:

- «What is the consumers' needs are not satisfied?"
- «What affects the needs and how they can change?"
- «What are the new ways to meet the needs can offer?"
- «What can invite competitors to meet the needs of changing?"
- «Which satisfy enterprise needs?"
- «Is it necessary to diversify the business, if - yes, to what extent and what kind?"

- «What new market positions the company should take now in order to achieve good results in the future?"

- «What are the opportunities of acquisitions of new investments, industries, experts?"

The difference between the average and the best companies is that the latter does not "respond" to changes, and consciously preparing for the future by developing appropriate strategies [1, p. 148-150].

The strategy of diversification - the process of penetration into new areas previously not typical for the company, designed to edit, add or replace products that are produced.

Conditions that encourage executives to make decisions about diversification, are:

- "usual" for the enterprise market saturated, shrinking demand (basic products have passed the stage of "fading" in its "life cycle");

- company has financial resources that can be invested in other businesses;

- the opportunities (development, production capacity, raw materials, qualified personnel) to create a synergistic effect between existing and new activities;

- antitrust regulation does not allow to further develop production in developed industries;

- Diversification allows you to reduce the level of taxes due to development activities, which are benefits;

- diversification creates opportunities to enter international markets;

Diversification allows you to develop long-term cooperations with progressive (first - research) organizations in order to

create long-term competitive advantage.

In recent years formed a new vision of the diversification strategy. Like every economic phenomenon, diversification has positive and negative consequences.

The strategy of related diversification is to use at least one of the available factors of production, technology, suppliers, raw materials or similar techniques and «know-how» Management, marketing and use of personnel; he channels ozpodilu and marketing aimed at the same customers, to empower satisfy consumer needs. Related diversification may be more or less close depending on the extent of use of existing production and trade and marketing conglomerate potentsialu. Stratehiya and unrelated diversification means the development of new products and services. Their differences are characterized mastered connection with activities, unrelated diversification in the new product is a complement to the core, promotes its sales in major markets; while conglomerate diversification of new goods not related to primary needs not only new production, but also a new sales system, focusing on new customers with other needs. In unrelated diversification, changes affecting the productive capacity and lack of principle. Conglomerate diversification may be regarded as creating a "state within a state" A strategy of diversification conglomerate chosen in the following cases: □ the company has a very large investment opportunities and have a number of poor but the rich prospects for firms seeking partners; □ company creates new production by his account in promising market segment; □ company working in the field of special cycles caused by seasonal or specific demand, that is, with a significant decline in production; Under these conditions it

can search activities with less pronounced cyclical characteristics; □ company that has a large debt, seeking freedom from debt firm to rebalance the capital structure and create opportunities for additional loans; □ company has three - four unrelated activities and creates within each of these related groups; □ company buys and create "from scratch" new activities to achieve the minimum required parameters that define targets rozvytku. Konhlomeratna diversification can be used for stock management qualitatively high level that allows:

- o have accurate information about the case in each of diversified divisions;
- o understand the nature and contribution of each of the areas in the final results of the company in general;
- o be able to influence the plans and activities of each of the diversified units to ensure their required contribution to overall company goals and strategies [2, c. 50-52]

.pri sufficiently broad diversification, the company faces challenges that are quite difficult to solve:

- search of highly qualified professionals who have efficiently managed by each of the various activities. Even in the presence of experts, a new line of business, through conglomerate diversification needs "their" system management, leading to complications enterprise management system in general;
- the central administration management, regardless of any level of autonomy of the newly established direction, must assess the its strategic initiatives not only in form but also in content. This requires additional "non-core" knowledge managers who can not always be replaced by general erudition;
- develop a common business strategy is complicated because it is difficult to assess the impact unrelated to the other, the direction of the base areas. In such circumstances, new synergies

towards equated to zero, which is not always correct. In managing the "portfolio", ie decisions on input / output of some "business" (activities), is used quite a number of criteria for which the alternatives are selected (eg, mutual support, sharing of capacities and skills, etc.). These criteria do not always work to determine the benefits of unrelated other direction;

- the theory of conglomerate diversification is used to improve the sustainability of the company and increase profitability through more attractive from this point of view, the strategic areas of management. However, in practice, the benefits of "balanced" deficiencies related costs and difficulties in the development of these new areas of diversification diyalnosti. Konhlomeratnu can not exclude strategic alternatives enterprise development as other areas may be at a stage of decline or reached the limits of its development due to the size of the market segment [3, c. 101]

In developed market economy, the argument for conglomerate diversification, in addition, can be "attractive offer", ie when the "do not buy can not be due to the most favorable conditions." To find a compromise, every company that focuses on the development of unrelated or conglomerate diversification should determine for themselves the limits of this process:

- between the least, minimal level of diversification necessary to achieve their goals and strengthen their competitiveness
- between the maximum level of diversification when with increasing complexity of the system remains neyu. Nesporidnena handling or conglomerate diversification is implemented as great normally three ways: 1. merger or purchase 2. creating a new trend of using internal capabilities of the enterprise; 3. The creation of a joint pidpryyemstva. Kozhen of them has advantages and nedoliky. Stratehiyi

merger or purchase has the following advantages: □ quick entry into the market (with the right choice of option purchase / merger); □ obmynannya barriers of this type as patents, technological inexperience of personnel, access to reliable sources, sometimes - brands, distribution channels etc. □ know the scale of operations and market reputation; □ quick start production (sometimes conduct business without interruption). Do her flaws include: • the need to risk quite high amounts; • forced merger ("hostile takeover") creates a conflict in which the benefits can not be used; • the purchase price of the company depends on its state: a) high price for a successful company; b) low price for the company, which has some trudnoschi. Stratehiya create a new trend of using internal capabilities of the enterprise has the following advantages: □ the need for smaller amounts that the company can allocate for a certain period; □ «nevorozhyy" effect on the balance of supply / demand in due to the gradual entry into the industry; □ accumulation of personal experience with the development of a new direction (as business start from the beginning); □ to plan their own development pace, taking into account the rate of development of the industry - especially in the "young" haluzyah. Do its disadvantages are: • slow development of new areas of activity, accompanied by a decrease in performance of the enterprise as a whole; • the need to develop new production capacity, non-core for the company, so there is a big risk that is not achieved the results hoped for; • conflict between "old" and "new" areas for investment in the fight for development; • complexity of supply-side management system and the need to overcome internal and external barriers to reduce the scope rozvytku. Stratehiya

diversification ("cut-off superfluous") exists in the form of decisions on deinvestuvannya or elimination of certain activities [4, c. 45-48]. The need for such strategies can occur at any stage of the company. For example, the phase origin - with focus on the most promising areas of activity, the growth phase - when choosing the direction of concentration on a certain market segment at the stage of maturity - while reducing "portfolio" and to improve the manageability of enterprise, the phase of decline - the rejection of old fields and the development of new, that these strategies are used when there is a problem of choice: whether to continue operations in a particular direction? Over time, the market situation is changing, and that gave earlier gains and gradually loses its advantages. Unsightly viable activities should be reduced, eliminated or cut off, with these strategies may be used consecutively or independently; Their rates depend on the situation in which the company found itself, and activities in respect of which a strategy. Quite a number of areas requiring pre-planned "out of business" [5, c. 140-142]. Reduction (deinvestuvannya) may be used if rather slowly declining market or drop a competitive advantage. "Cutoff excess" helps balance the "portfolio" by depriving areas that have lost their competitiveness and turned into a "black hole" in which "fail" of resources. "Cutoff" is usually made in two forms: a) providing virtually complete independence autonomous organizational formation. To their list can get even units that operate efficiently, whose activities are poorly linked to major areas. The decision on the use of this approach in a simplified form - is the answer to the question: "If this activity is not carried out by us, or we were trying to organize today." Independent (subsidiaries) unit management solution



can retain more or less close relationship with the main enterprise, b) for other unit owner. In this case there is a problem of profitable sales that you can solve identifying those organizations to which "ugly" for the vendor branch may be "attractive" to potential buyers. This buyer may pay a high price. Money from the transaction seller can use to grow your business in a way that it appears to be most effective. In addition, the cut-off, as mentioned, increases manageability pidpnyemstvom.Stratehiya liquidation. The effects of various strategies. For odnoproductovoyi, highly specialized firm it means stopping its activities. For companies with a diversified "portfolio" it can mean reduction of activity in the period. At best the elimination of a direction "paves the place" for a perspective that promotes long-development; and at worst - is a harbinger of bankruptcy [6, c. 91]. Trying to preserve "all that we" without periodic liquidation "that outlived", leading to loss of resources and time that liquidation can occur with minimal losses. The art of management lies in the fact that timely and accurately identify situations where recovery "turn" is possible, and when - the elimination of the most effective zahodom.Nevminnya implement "the strategy of elimination" on the one hand, it is dangerous for the economy of the enterprise, and with the other - for the image, reputation as a company and its reorientation kerivnystva.Stratehiya (changing "strategic focus"), decrease (reduction) or restructuring (changing value of commodity strategies) belongs to the so-called "health strategies", ie they are developed then, when the company found itself in a difficult situation due to various reasons. For example, the situation in the economy, which adversely affects the development

of the company in general, the presence of large volumes of transactions in the industry, which has lost its appeal and is in the process of decline; low levels of company management or in its subsystems responsible for a particular area of activity, and so on. Reasonable reorientation, reduction or restructuring can only be spent depth analysis and diagnosis of the real causes of decline in the company, reflecting a crisis situation. Identifying the causes and the type of crisis allows to develop adequate strategies and measures for their implementation. Depending on the causes of the crisis in the development strategy reorientation use the following approaches: □ development of measures to restore the required level of profitability of the types of goods that the company produces; □ development and implementation in certain areas of strategy "harvesting" and "cutoff unnecessary" and the funds collected - expanding more promising areas; □ savings of all types of costs in the production of the whole range of products; □ review the structure "portfolio": sales (closing) unpromising direction and development (mastering) activities in promising areas; □ replacement management personnel responsible for the activity through which the company found itself in crisis; □ development programs to improve the efficiency of enterprise zahalom.Pereoriyentsiya - a long-term process by which changes occur in the target company guidelines and the conditions for its further development in overcoming crisis sytuatsiyi.Stratehiya reduction - a defense strategy that is different from both the strategies to reduce and reorient the strategy [7, c. 12-15]. "Reduction" - a temporary retreat under the influence of negative realities: the uncertainty of the situation after the new law; deterioration in capital structure;

crisis, which emerged as a result of the very rapid development; difficulties in supplier or customer; force majeure and so on. Such a strategy, there is usually an alternative to basic strategies. Go to it is caused by negative circumstances that provided a scenario or not (in this case, the company may find itself in an acute crisis) and the end of her performance - the termination of the "adverse" factors and parameters returning to "normal development". "Reduction" is the following ways: a consistent, tightly planned transition to the economy in order to enhance or minimize losses during the "departure"; whereby stored, usually all directions. However, in this case reduced (stops) hiring of new staff; postponed the deadline for projects requiring additional investment; there is a delay in the acquisition of new equipment and improve the use of existing, reduced volumes of low-profit goods, reduced procurement of inputs, closing outdated capacity (temporarily or permanently - time will tell), etc; naybezperspektyvnishyh selection of activities that have a "portfolio" and use them to reduce or reorient strategies. This contributes to the reduction strategy for the company zahalom.Perehlyad and selecting "weak areas" portfolio "occur sequentially. At each stage the problem is solved, what areas (business) are subject to recovery to a greater or lesser extent and costs required for this. Foreign authors compared this process with determination plan surgery, during which there will be "cut off" the least profitable non-core (side) activities that give minimum contribution to the welfare of the company. This process is unpopular, but necessary, because each company at certain periods of time decides how many activities we can perform at the required level of competitiveness? Sometimes years of

effort can not pick one or the other direction to the desired level; rejection of it is the most effective zahodom.Kombinovani strategies can be used in various combinations, which are caused by factors affecting the company. Combinations of different sequence and scope of interaction at different stages of company development. The variety of combinations allows each enterprise to form their own, unlike other strategy. Conclusions and recommendations for further research. Summarizing the above mentioned, it can be argued that, in modern terms, every company interested in the effective management of its activities. In particular, he must know what kind of product strategy and choose how to successfully manage the implementation of it. The choice of product strategy depends on the situation in which the company. One of the important questions of strategy development process is the classification strategies. The study of contemporary theories of domestic and foreign scientific schools indicates a wide variety of strategies, but also classifications. Classification complicating factors is that most strategies can not be uniquely identified by one of the signs. This greatly complicates the scientific substantiation and practical application of known strategies.

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