Algorithm of Forming the Category Management in the Diy Market Segment

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ABSTRACT

The aim of the paper is to formulate a scientifically grounded and expedient for use in practice algorithm of the formation of category management in the DIY segment. The subject of research is not only this technology but also its commercial exploitation. The basic hypothesis is that category management which is understood as the formation and implementation of the technology management of the product range by using information and innovation support, strategy generation and methodical use of management tools for making the key competence and ensuring long-term competitiveness of the enterprise. Category management is developing fast in Ukraine and provides a balanced work of the company in any segment of the market that is connected with the retailer. The growing domestic market is attracted by the world's foremost «Do It Yourself» (the "DIY") trading format. This tendency is stipulated by an increase in consumer requirements, not only in the quality of goods, but also in the technology of the process of making a purchase. The implementation of category management program is not always perceived by the staff as it is a relatively new area of work. The point is that the introduction of category management is most likely connected with a change in the structure of purchases and sales. The practical significance of the research results is related to the possibility of using them directly by entrepreneurs when assessing the implementation of category management.

INTRODUCTION

The deceleration of the growth rate of domestic market, decrease of consumers' purchasing activity cause aggravation of systemic contradictions in the activity of enterprises. Misleading orientation of enterprise management for the use of outdated management tools leads to the decrease in the efficiency of activities, curtailment of programs of socio-economic development, the destabilization of internal processes and the destruction of the hierarchy of organizational values.

In difficult economic conditions, the key issue for enterprise management is the search for new sources of competitive advantage, where the formation of commodity category roles can be a factor that will positively influence their implementation into activities.

Category management is developing fast in Ukraine and provides a balanced work of the company in any segment of the market that is connected with the retailer. The growing domestic market is attracted by the world's foremost «Do It Yourself» (the "DIY") trading format. This tendency is stipulated by an increase in consumer requirements, not only in the quality of goods, but also in the technology of the process of making a purchase. Supermarkets and hypermarkets have more attractive terms of trade, a wider range of products and additional services. These factors are decisive in the process of allocation of the Ukrainian retail market and, most of all, they determine the consumer loyalty. Unlike many other segments, for the DIY market the crisis has become not only the cause of the downturn, but also the motivation for managerial change and business process optimization. Networks reviewed the product range, supplemented it by groups of goods corresponding to the changed price request of buyers, held measures for price containment and began to actively develop the franchise.

With the help of marketing, merchandising and assortment management techniques, we can conclude that it is appropriate to combine them in certain categories with common features to optimize product performance.

The main task of the retailer is to allow consumers to choose the desired product under the stock, quality and price. If the range of goods is significant, and there is a severe competition, the traditional functionally-specialized organization of retail management leads to a decrease in the overall efficiency of the business as a whole. The purpose of category management is to maximally meet the needs of consumers and to increase the efficient interaction between the supplier and the seller.

The implementation of category management program is not always perceived by the staff as it is a relatively new area of work. The point is that the introduction of category management is most likely connected with a change in the structure of purchases and sales. This strategy is directed primarily at the realization of those programs and tasks that are followed by discrete companies and retail networks, meeting the needs of the consumer, therefore the main instrument of effective enterprise management is not the production process or the implementation process, but the effective category management, including self-skillful formation of commodity category roles.

1. LITERATURE REVIEW

Brian Harris, the founder of the consulting firm «The Partnering Group, TPG», has formalized category management more than 29 years ago, and his Haris model still remains the basis of classical science of category management.

Category management was born in the supermarket trade format, when the owners of one of the stores found that they can group goods in unusual way for them and evaluate the range not as a set of individual goods, but as a product mix taking into account the key views of the consumer.

The first publications on category management belong to foreign authors, in particular, G. J. Verra (1994), M. Durban (2007), M. G. Zenor (1994), F. Speer (1994) and others. The writings of these scholars reveal the specific provisions of the new management concept and describe their implementation at Western businesses. For Ukraine, the research of category management is a relatively new direction. In our opinion, the most interesting are the works of such authors as O. N. Mirgorodckaya (2014), Y. V. Biliavska (2018), C. V Balakirev (2006), O. Kreschenko (2013), S. V. Sysoieva (2010), N. K. Moiceeva et al. (2005). The most recent publications by scholars and practitioners are mainly focused on introduction of category management in the practice of business

management, as well as on the implementation of certain of its functions and tasks (Abdoli et al, 2017; Moraru et al, 2017). Despite of the fact that scientific research has been completed, the problem still remains not researched enough, and it is quite obvious that in the fullest possible sense the formation of the tendencies of category management of trade in enterprises is uncovered, yet there is no universally accepted definition of this concept in the economic literature.

2. THE AIM AND OBJECTIVES OF THE STUDY

The aim of the research is to formulate a scientifically grounded and expedient for use in practice algorithm of the formation of category management in the DIY segment. According to this goal, the following tasks are:

– to identify the main premises that should be used as the basis for such algorithm;
– to offer an algorithm of the methodical approach to the formation of balanced category management of the enterprise;
– to develop economic-mathematical model of formation and development of category management of the enterprise in the segment DIY;
– to show the possibilities of improving the results of control of category management by constructing a map of consumer perceptions of product categories roles.

3. CONDUCTING RESEARCH AND RESULTS

The most common is the definition belongs to N. B. Gurova (2018): "*Category management is a process of managing the range in which each category product is considered as an independent business unit*." The main objective of category management is the wide reach of customers, maximum satisfaction of their needs and simultaneous increase of the efficiency of interaction between the supplier and the consumer, increase productivity by reducing costs.

It is difficult to disagree with the opinion of O. Kreschenko (2018), who considers the category product as an independent business unit within the strategic business unit, because *"category business unit should develop an independent strategy of behavior in the market (even radically different from the overall strategy). However, this strategy must necessarily be an integral part of the overall strategic portfolio and coordinated in the main positions (finance, trade, pricing and other types of policies)"*.

We should also consider the idea of V. Zateykin (2003), who, views the category management as *"... the process of management of an item in which each category of goods is considered as a domestic business unit, and aims at maximally meeting the needs of the consumer, on the one hand, and increasing the efficiency of work between the producer and retailer, from another"*.

The theoretical aspects of category management are described in the works of O. Voitzekhovskiy (2018) as *"... a process that takes place between the blocks of the logical chain, where the categories are controlled as strategic twin-units and provide improved financial results due to the need to satisfy the needs of the consumer"*.

The term "category management" given by N. K. Moiceeva, T. N. Golikov and Y. C. Dolgachev (2015) is interpreted as *"... a process of management of trade activity, when each category of goods is considered as a separate business unit, where the main goal is the maximum satisfaction of the consumer's needs and the enhancement of efficient cooperation between producer and retailer"*.

A. Vellhoff and J. E. Mason (2017, p. 39) determine the category management differently: *"This is a process, in which the unit of management is a product category, not a single brand"*.

As S. Balakirev (2006) defines, the category management is *"… the system of management of an assortment, in which the distinction is made in the structure of the product categories, followed by their management as independent business units"*.

Ukrainian and foreign scholars identified a number of issues related to the new management concept - category management. Often in scientific works, the research of category management comes to general description of its character and future benefits from the introduction into the business activity. However, there is a lack of attention towards the research of the object of management in the category management, therefore, in the context of solving problems of implementing category management into the domestic retail, the search for object of management is crucial. As a result of the conducted research of scientific sources, practices of the companies involved in trade and using the target, system and process approaches, it is offered a corrected definition of the concept of "category management", which is understood as the formation and implementation of the technology management of the product range by using information and innovation support, strategy generation and methodical use of management tools for making the key competence and ensuring long-term competitiveness of the enterprise.

3.1. The problem of formation of category management

The theoretical and methodological foundations of the study are classical and cognitive theories of management, the base of the systematic, evolutionary, situational, synergetic and procedural approaches, legislative and regulatory documents governing activities related to the management of the roles of a product category. While researching, the following set of general scientific and special methods was used: analytical, historical and logical generalizations, induction and deduction, citation, concretization, analysis and synthesis. It was used to clarify the conceptual apparatus and to identify the key features of individual definitions, analysis of approaches to cumulative category management, and the role of product categories; economical and practical methods (selective observation, comparative and techno-economic analysis, grouping on the precise use of software MS EXCEL, STATISTICA) - for the purpose of visual representation of the results of the researches, the updating of the dynamics of changes in the economic indicators of the active enterprises in the DIY segment for the investigation of the process of formation the product category roles; graphic analysis (Microsoft office) - for the visual display of analytical research materials; marketing and sociological research (surveys), as well as expert evaluations - for building a consumer perception map of product categories.

The number of product categories depends on the specificity of the enterprise. The format in the DIY segment can have 400 categories / subcategories. Each of them plays an important, but variable role in achieving goals. The management of the company (retailer, producer) which is involved in the control of product range should form a completed list (classifier) of the categories that will be used by the entire enterprise in the DIY segment and probably by its business partners. Despite the market format, category management of the enterprise will always be based on the key premises given by B. Haris. By adapting them to the conditions of domestic business and real-time mode we provide the following Figure 1.

While forming a list, irrespective of its place in the chain «manufacturer - retailer» an enterprise should be guided by the basic principles. Roles of the product category are intended to allow better use for the benefit of the consumer behavior that makes purchases in different categories. The process of the role of product categories can be divided into the following stages: clarification of the role of a specific product for the enterprise, which will be applied within the existing assortment matrix of the enterprise; indication of roles for each category of goods; division of resources among the prevailing categories based on these roles. The general scheme of the process of management of the commodity category at the pre-trading level is pre-set at the Figure 2 [2, p. 87].
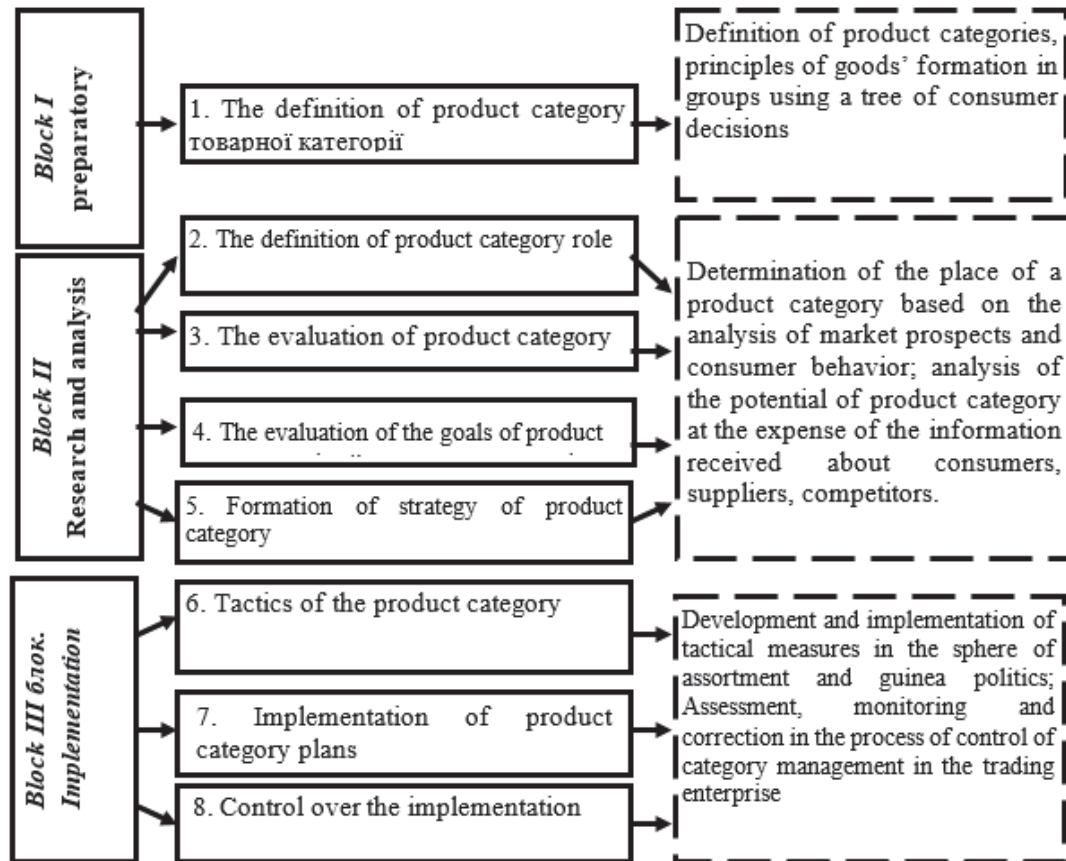
Figure 1. Premises of category management
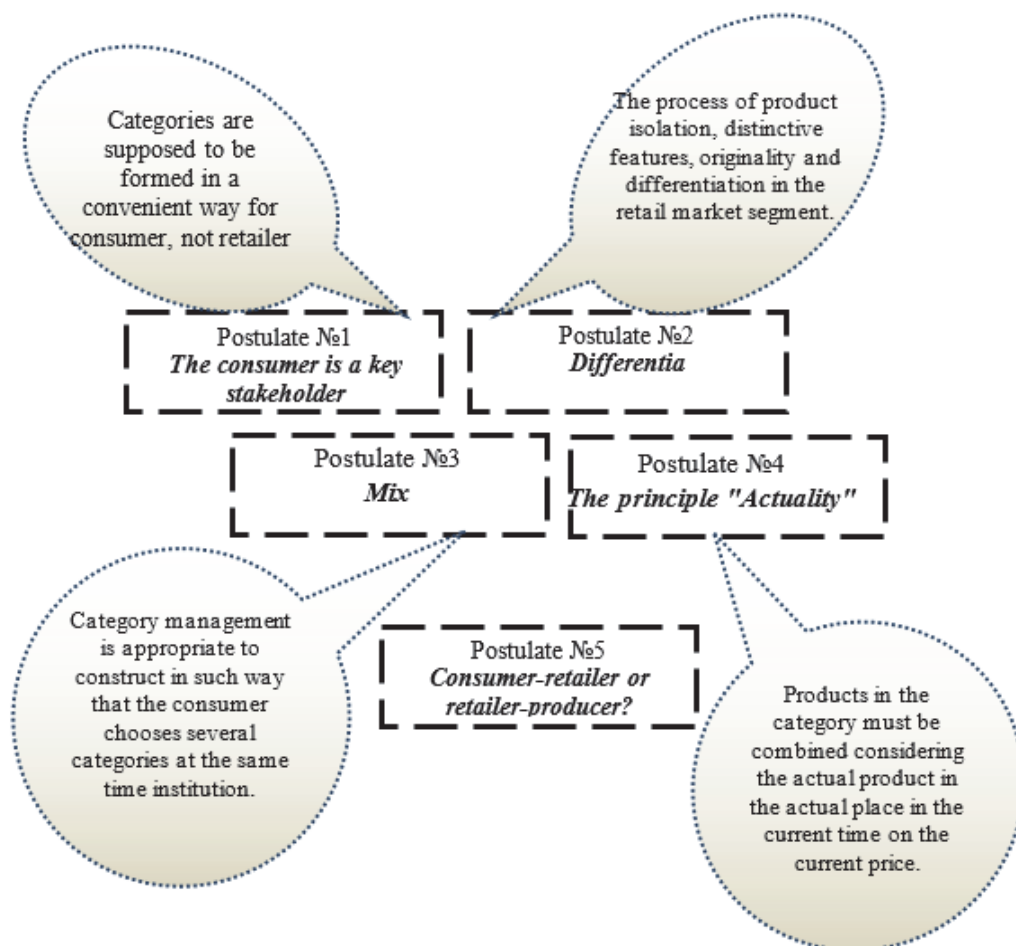
Source: it is worked out by authors

During category management development it is necessary to identify the main development zones, a perspective direction for the revival and improvement of the assortment of the enterprise. The most successful is the second stage of implementation of category management - placing the roles for product categories.

Determination of the list of roles to be used within the range of matrix adopted by the company in the DIY segment. The role of the product category is very important stage for cooperation between the consumer and the seller. Depending on the relevance of the product and its popularity, the stores allocate the necessary square, shelves, apply different approaches from the side of advertising, develop a system of discounts, and this is all to ensure that the consumer in any case noticed and drew attention to this product.

Therefore, the main purpose of the category management is in the maximum satisfaction of the needs of the buyers on the one hand, and in the promotion of efficient cooperation between the producer (the supplier) and the networks of retail trade, on the other. Thus, a category manager is a person with a higher qualification. He is responsible for collecting work on purchasing and procuring goods from a definite, well-formed group, maintaining business ties with suppliers or retail operators, seeking ways to optimize the costs of delivery and logistics, organizes and supervises promotional activities.

Figure 2. The scheme of control of the product category at the enterprise in the DIY segment

Block I preparatory

1. The definition of product category товарної категорії

Definition of product categories, principles of goods' formation in groups using a tree of consumer decisions

Block II Research and analysis

2. The definition of product category role

3. The evaluation of product category

4. The evaluation of the goals of product

5. Formation of strategy of product category

Determination of the place of a product category based on the analysis of market prospects and consumer behavior; analysis of the potential of product category at the expense of the information received about consumers, suppliers, competitors.

Block III блок. Implementation

6. Tactics of the product category

7. Implementation of product category plans

8. Control over the implementation

Development and implementation of tactical measures in the sphere of assortment and guinea politics; Assessment, monitoring and correction in the process of control of category management in the trading enterprise

Source: it is worked out by authors

3.2 Algorithm for the formation of category management

Investigating the algorithm for forming the roles of a product category in the DIY segment, an analysis of scientific and methodological literature on the subject of research has shown that, as a rule, all approaches to evaluation are based on such methods of scientific research as comparative, statistical, factor analysis, method of expert assessments. We believe that these methods are not isolated from each other, but they are connected and complement each other. Each of the proposed stages of the process of forming the roles of the product category involves implementation of specific works to the category management. When forming the list of categories, management should consider that the category management primarily contributes to the management of enterprise revenue.

For this reason, while exploring the rationalization of the development of category management of trade enterprises, the focus should be given on those factors that help category managers to work with the maximum efficiency and benefit, rather than using strict rules and norms of behavior and result orientation.

Thus, we offer an algorithm for the formation of balanced category management of the enterprise, the main stages of which are shown in Figure 3.

Figure 3. The algorithm of the methodical approach to the formation of balanced category management of the enterprise in the DIY segment
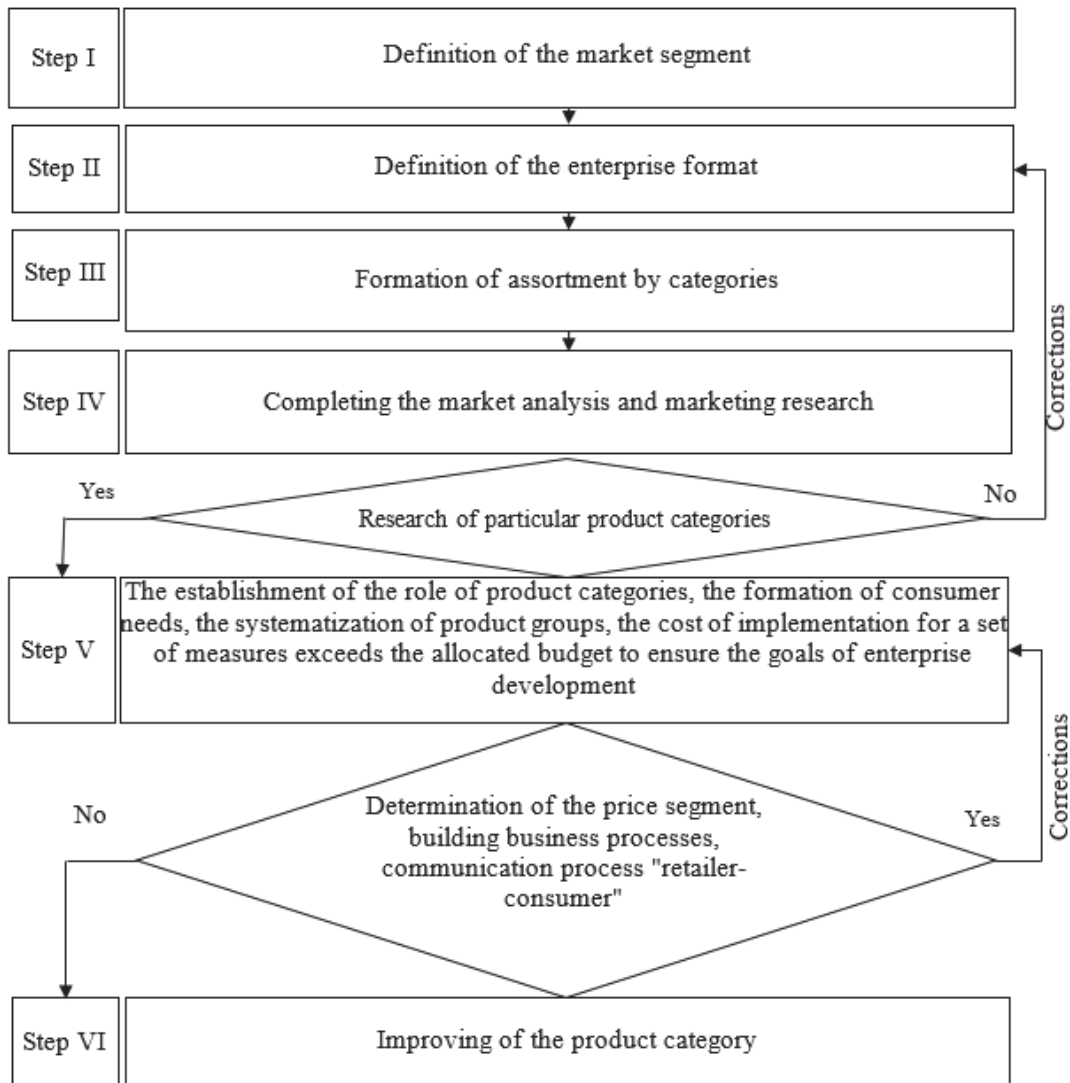
The application of this approach allows to ensure the harmonization of existing category management with the objectives, strategy and resource capabilities of the enterprise. The next stage is the mathematical analysis of the model. At this stage of the economic-mathematical modeling, the mathematical measures of the study are used. In particular, the important point is to prove there is a solution to the set problem.

In the process of forming a role of product category of enterprise in the DIY segment, the preparation of the outgoing information is the most intensive phase of economic and mathematical modeling, since it is not limited by passive data collection.

Mathematical modeling imposes strict requirements for the information system. At the same time, it is necessary to consider not only the possibility of preparing the information on the level expected, but also the cost for preparation of the information arrays. During the preparation of information, the methods of probability theory, mathematical statistics are used for the organiza-

tion of sample surveys, evaluation of the reliability of data. For systemic economic and mathematical modeling of forming the roles of product category, the results of operation of some models are the source information for others.

The numeral solution of the stage of economic-mathematical modeling includes the development of algorithms for the formation of roles of product category of enterprise, the preparation of programs on the PC and the direct conducting of calculations. At the same time, some difficulties are caused by the large dimensionality of economic problems. Usually calculations based on the economic-mathematical model have a diverse nature. Numeral solution significantly complements the results of analytical research, and it is the only option for many models.

At the stage of analyzing numeral results and their use of economic-mathematical modeling, the most important question regarding the correctness and completeness of the modeling results and their applicability both in practice and in order to improve the model is solved.

The use of numeral modeling results in economy is directed to solve the practical problems (analysis of economic objects, economic forecasting of practical and social development, and making control decisions at all levels of the economic hierarchy).

The determined stages of the economic-mathematical modeling of the algorithm for the formation of the roles of product category in the DIY segment are closely interrelated, in particular, there might be reversed ties of the stages. Thus, at the stage of constructing the model, it may become clear that the problem statement is either controversial or leads to complex mathematical model; in this case, the initial setting of the task must be adjusted.

Most often, the necessity of return to the previous stages of economic-mathematical modeling occurs at the stage of preparation of the outgoing information. If the necessary information is missing or the costs for its preparation are too large, it is necessary to return to the stages of the task statement and its formalization to adapt to the information available to the researcher. Economic-mathematical modeling has a cyclic nature. Disadvantages that cannot be corrected at the certain stages of the simulation are eliminated in subsequent cycles. However, the results of each cycle of economic-mathematical modeling have a completely independent value. If we start a research from constructing a simple model, we can get useful results, and then continue creating more complex and advanced model, which includes new conditions and more accurate mathematical dependencies.

The model of cyclical development is characterized by historicity and inevitability of processes associated with changes in economic power, economic and social potential of an enterprise due to the passage of particular phases of life cycle of the roles of product category in the DIY segment. In order to optimize the final results, the profile of product category roles should be adapted to the changing factors of the internal and external environment of management. For example, at the stage of fading development of an enterprise it is necessary to make changes to transfer the roles of the product category of the enterprise to the market type.

Based on the above definition, we will build an economic and mathematical model that will allow us to make optimal decisions in process of forming category management in the DIY segment, regardless of its size, specialization, while ensuring the uniqueness of each enterprise. By formalizing the target installations and limiting the management of category management in the DIY segment by linear programming, we have the following:

$$\sum_{i=1}^{I} r_i \cdot X_i \to \max \quad , \qquad (1)$$

$$\begin{cases} \sum_{i=1}^{I} a_{ij} \cdot X_i \leq A_j, j = \overline{1,J} \\ \sum_{i=1}^{I} b_{im} \cdot X_i \leq B_m, m = \overline{1,M} \\ X_i \geq 0 \end{cases}$$

, (2)

Where

i - is the index of category management in the DIY segment;

I - the number of components that can form (be part of) category management;

X_i - variables characterizing the i component (component or constituent) of category management;

r_i - change in the level of category management due to the formation or improvement of the i component of category management;

j - index of the resource necessary for the formation / improvement of components of category management;

J - the number of names of resources necessary for the formation / improvement of the components of category management; a_{ij} - volume of j resource necessary for the formation or improvement of i component of category management;

A_j - the boundary (maximum possible) volumes of the j resource that an enterprise has (can spend) on the development of its category management; m - index of the method (or a set of management measures) for the formation / improvement of the components of category management;

M - number of methods (or sets of management measures) for the formation / improvement of components of category management;

b_{im} - the magnitude of the risk of loss due to the formation or improvement of the i component of category management in the m way (or subject to the implementation of the m-set of management measures);

B_m - the maximum acceptable for the enterprise value of the risk of losses due to the formation / improvement of category management in the m way (or subject to the implementation of the m totality of management measures).

Note that X_i can be represented both in points and in the form of coefficients when specific quantitative indicators are used for evaluation. With the use of scores, the variable cannot exceed the upper limit of the scoring scale, it means that X_i will be limited both from the bottom and from above: $0 \leq X_i \leq X_i^*$ where X_i^* is the maximum possible score for the selected scale.

A simplex-method was used to the developed economic-mathematical model for determining the density of connection or establish the fact of multicollinearity and the sequential exclusion of random components of the model. Thus, a system of constraints is formed, and it consists of the groups of components of category management: definition of a category is construction of product classifier; the role of category which is accepted to divide according to the following principle: basic, seasonal, target, comfortable; rating category is to analyze information on the market share of each category or individual product groups; the purpose by category indicators is to fix goals that the company seeks to achieve; category strategy; action plan: category tactics is to determine the number of manufacturers in the category, conduct an ABC analysis; project implementation; evaluation of results are usually based on the results of quarterly reports.

In order to determine the susceptibility to the formation of category management, it is necessary to conduct a questionnaire of the heads of the enterprises' departments in the DIY segment. This will reveal the state of preparation of the enterprise to change. Before introducing changes in the enterprise, it is necessary to determine the level of employee's susceptibility to innovation. To this end, we propose the following methodology for assessing the effectiveness of forming product category roles with the help of questionnaires.

To determine the importance of the statement given in the questionnaire, the employees are asked to use five possible answers: disagree (1 point), rather disagree (2 points), not sure (3 points), most likely agree (4 points), totally agree (5 points). From each statement it is necessary to select a point, which evaluates the most positions, the value of the estimates obtained (Ki).

Each statement is assigned a degree of significance for the trading company on a tribal scale, where 1 point is the least significant statement, and 5 points is the most important statement. We will note the received subjective point as Ki. An empirical assessment is a derivative of the value of a factor as to its importance:

$$P_{emp} = K_i N_i, \qquad (3)$$

where *P emp* – is empirical assessment;

  Ki – the point;
  Ni – the importance of the factor.

There can be any number of evaluated statements (criteria), but the susceptibility of staff to innovation is determined only by the ratio of the points of ideal and real assessments which is the level of improved category management. However, the decisions cannot be based only on the sum of points of empirical assessment. It is necessary to determine the ratio of the empirical assessment obtained by the survey to ideal assessment, which is defined as the product of the importance of the factor to the maximum possible score (the maximum possible score is 5).

$$M_{ideal} = N_i Z_{ideal}, \qquad (4)$$

where *M ideal* - is perfect assessment;

  Ni - importance of the factor;
  Z ideal - the maximum possible score.

The obtained ratio is an index of category management (an index of preparation for the adoption of innovation strategy). The index of category management, which shows how empirical evaluation differs from the ideal, is calculated as the ratio of the sum of estimates and characterizes employee readiness for change:

$$I_{km} = \sum P_{emp} / \sum M_{ideal}, \qquad (5)$$

where *I ikm* - is an index of category management;

  P emp - empirical evaluation;
  M ideal - the maximum possible score.

In order to achieve the maximum effect from the introduction of category management, the most relevant is the use of action in relation to the groups of goods and increase the scope of services. If we want to create a constant demand for products, we should invoke an interest of a consumer in the fact that our product is the best, the price is acceptable and service remains in per-

son's memory as pleasant. Therefore, as category management is a system of assortment management, which is based on marketing principles (targeting the target audience) and aims to maximize company profits, then both the manufacturer and the distributor, and retailers must do this.

The value of the index of category management in the DIY segment should be at least 0.5, the lower index values indicate that improvements will not be perceived, and category management is not innovative and relevant in the enterprise. However, the high value of the index does not mean that the company is actively introducing innovations. The creative and innovative abilities of category managers, their awareness of the need to implement improvements only create a favorable basis for change. The ability to realize the innovative potential of employees and the company directly depends on the general state of the market.

3.3. The results of application of the algorithm offered

We should consider the results of use of the proposed algorithm on the example of the leading enterprises of the DIY market in Ukraine. The effectiveness of the economic and mathematical model has been tested at the enterprises and found that they need to establish public relations, improve marketing and advertising and systematic work on formation and building the organizational capacity. Economic-mathematical modeling has made it possible to identify the relationship between the effectiveness of category management and its financial and economic indicators. The dependence is based on the increase of expenses for elimination the defects of identified groups of category management's components. Thus, optimization of category management's components minimizes the loss of financial resources in the structure of total costs of the enterprise. The calculation of the index of category management according to the established method for enterprises in the DIY segment is presented in the Table 1.

Table 1. Index of category management according to the established method for enterprises in the DIY segment («Epicenter K Ltd»)

No	Factor	The importance of the factor N_i	The point K_i*				Empirical evaluation of P emp «Epicenter K Ltd»	The maximum possible point Z ideal	Ideal point of M_{ideal} «Epicenter K Ltd»
			1	2	3	4			
1	Definition of the market segment	0,07	5	5	3	4	0,35	5	0,35
2	Define the enterprise format	0,09	5	5	4	5	0,45	5	0,45
3	Formation of assortment by categories	0,08	3	4	2	2	0,24	5	0,4
4	Completing market analysis and marketing research	0,09	3	4	3	3	0,27	5	0,45
5	Research of particular product categories	0,05	3	3	2	3	0,15	5	0,25

№									
6	The establishment of the role of product categories	0,08	3	3	3	3	0,24	5	0,4
7.	Formation of the needs of the consumer	0,09	4	4	3	4	0,36	5	0,45
8	Systematization of product groups	0,08	4	4	3	4	0,32	5	0,4
9	Determination of the price segment	0,1	3	3	2	3	0,3	5	0,5
10	Construction of business processes	0,08	3	3	2	3	0,24	5	0,4
11	Communication process «retailer-consumer"	0,09	3	3	3	3	0,27	5	0,45
12	Improving of the product category	0,1	4	4	4	4	0,4	5	0,5
Total		1	-	-	-	-	3,59	-	-
Index of category management ($\sum P\ emp\ /\ \sum M_{ideal}$)									0,72

Note: Ki* indicators are summarized as a result of questionnaire survey of category managers (5 people) selected for research: 1. Epicenter K Ltd.; 2. LLC "Leroy Merlin"; 3. LLC "33 square. meter "; 4. LLC "New Line". The maximum Z ideal point for all businesses is 5. The empirical P emp and the ideal Mideal scores are calculated according to the formulas presented in the algorithm by text.
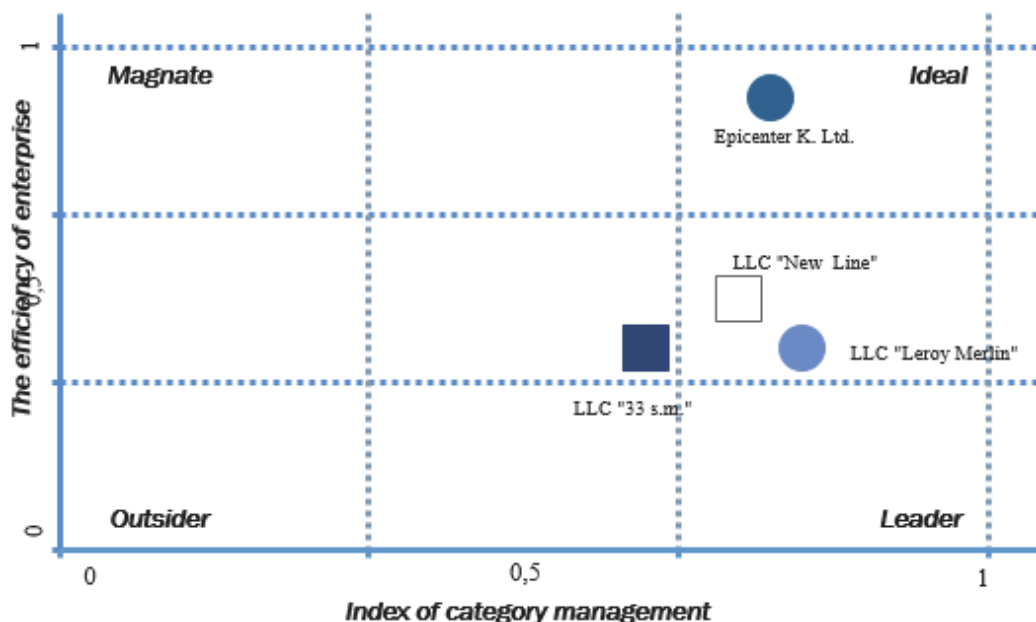
Source: it is formed by authors

According to the results of the approbation of the economic-mathematical model and the definition of category management's index of enterprises in the DIY segment in Figure 4, we offer a map of consumer perceptions of product category roles, which consists of four segments, each of which has certain limits.

The ideal among all of the enterprises is LLC Epicenter K, which occupies a leading position and more closely approximates to the ideal situation. Also, LLC "New Line", which declared itself as an enterprise with a strong resource potential, a strong market position, high prospects and a mighty variety of product categories, became one of the leaders in the ideals.

Unfortunately, none of the enterprises of our research was in the "Magnat" segment (such enterprises have large resource opportunities, which should be directed to the right course for the transition to a group of enterprises - ideals). Enterprises which belong to the «Leader» group have more limited financial, labor, informational and technical capabilities. Despite this, the level of category management is high enough, which is a positive phenomenon and can facilitate the transition of enterprises to the "Ideal" group. This requires investments in enterprise development, the search for cheap sources of resources, and so on. And, the last group - "Outsiders", which have very weak positions in the market. This happens due to inadequate funding, development and awareness. To survive, they need capital investment and a change in development strategy or liquidation. Thus, we can observe a fairly stable state of category management in the DIY segment in Ukraine.

Figure 4. A map of consumer perceptions of product categories roles

Source: it is formed by authors

As a result of answering to the set goal we have revealed that according to the priority of implementation the main measures defined by the actual values of the hierarchical system of indicators are: zooming of enterprises' trading due to the expansion and deepening of the range, the efficiency of cooperation and responsibility of all participants in the trade and processing chain in the management material, financial, organizational and information resources; use of modern management techniques in the range of unquestioning balancing assortment and pricing and conform to international standards of quality and safety; increasing customer loyalty; increasing the interest of partners in cooperation with enterprises and trade through the introduction of new programs of integration and the creation of vertically integrated industrial and commercial complexes; increase investment in environmental programs, creating the image of a socially responsible company, increased motivation and effectiveness of the employers, because of the clear division of functional responsibilities, the introduction of tangible and intangible incentives, as well as new training programs with the category management.

CONCLUSION

Within the above-mentioned postulates and the established requirements for a category manager, it should be noted that the key point is that the retailer works together not only with the consumer, but also with the manufacturer. So, the retailer provides sales data for categories on their network, defining the role of the category it plays. The manufacturer, who has an expertise in the category, purchasing behavior studies, and sales data from the entire market, gives recommendations to the retailer about the strategy and tactics of category development.

In the development of retail it became clear that offering the same brands on shelves, they risk losing uniqueness in the eyes of the consumer. With the growth of competition among retailers, they need to find their own distinctive feature to differ themselves from competitors. In order

to do this, they need to have a clear strategy for each category, which includes defining its role, ways of promoting products, pricing, principles of merchandising.

In a harsh competitive struggle, using the consumer satisfaction index, trade managers will be able to focus their attention on the critical success factors of the category management in the enterprise, which are associated with increased customer satisfaction.

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