

Scientific and Theoretical Basis for the Use of Merchandising in Increasing Retail Turnover

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ABSTRACT

The need to use merchandising in the competitive environment that arises in the retail business as a result of the development of retail trade in Uzbekistan is justified. The article analyzes the indicators of retail trade turnover in Uzbekistan. The scientific and theoretical aspects of using merchandising as a marketing strategy are highlighted.

KEYWORDS: *retail, retail turnover, merchandising, marketing mix, competitive environment, visual merchandising, merchandising elements, advertising, promotion.*

Introduction

At the current stage of economic reforms in Uzbekistan, it is planned to accelerate innovation and digitization in the economy. Particular attention is paid to the welfare of the population, ensuring the saturation of markets with goods and services. As a result of diversification and localization in the industry, the production of finished products has also increased. As a result, retail trade turnover is growing. In 2021, Retail commodity turnover, including catering organizations, through all sales channels, amounted to 249,493.3 billion dollars [11].

The new Development Strategy of Uzbekistan for 2022-2026 sets specific goals for the development of trade services. These include the creation of 130 modern markets and shopping malls through the development of trade and road services in the regions of the country, as well as 65 large and 5,000 small service facilities for the development of road infrastructure [1].

As a result of the development of retail trade in Uzbekistan, competition among retailers is becoming more intense. This, in turn, is leading to a struggle to gain a competitive advantage among retailers. As a result, retail companies with a strong material and technical base are leading the competition by placing goods in their stores and trade halls, creating billboards, lighting, warehouses on the inside and outside of the store. That is, such companies use merchandising services.

This article describes the scientific and theoretical basis for the development of merchandising in retail.

Literature review on the topic

In the modern world, merchandising plays an important role in the trading business, and its role is constantly increasing as trade develops. There are many definitions of merchandising. Well-known Russian authors Ruben and Kira Kanayan believe that merchandising is the marketing of retail electricity, the development and implementation of methods and technical solutions aimed at improving the supply of goods where consumption comes from traditional shopping [5]

Another Russian expert, Taborova L.G. gives the following definitions: "merchandising is understood as a whole system or set of measures aimed at promoting a particular product, brand or merchandise in the market." American authors Berman B., Evans J., and Joyel R. "Merchandising is

the purchase of certain goods or services and offering them in those places, at those prices, and in quantities (volumes) that allow retail to achieve its goals. activities. "

According to J. Nordfalt, the display of goods is one of the key elements of the merchandising system. Often, the introduction of merchandising begins with monitoring and analyzing the presentation of goods. In this regard, five main trading tools can be identified:

location and display area of goods in the product line;

product line location and display area;

the order of the trading floor;

special schemes;

use of promotional materials [4].

In most research related to merchandising, merchandising is described as a trade management technology implemented in a retail enterprise and involves a set of different activities. British researchers R. Warley and M. Rafik argue that merchandising as an activity is associated with the design of store activities, packaging and display of goods [6].

In another study, R. Warley argued that merchandising should include all the physical features available in stores, noting that merchandising includes the design of shelves, racks, showcases, retail space, and more. past [7].

Many foreign authors describe merchandising as the organization of the presentation of goods in a commercial enterprise. In later times, the definition of merchandising is often supplemented by the word "visual" [8].

Merchandising is used to deliver a product without the involvement of sales staff. Elements of merchandising include: interior design, outdoor equipment, lighting, advertising and other visual elements, product placement equipment and creative approaches to composition [8].

In addition, foreign merchandising in foreign studies includes all the elements that can affect emotions, including, at first glance, non-visual things such as music and fragrances [8].

The opposite of this approach is described in the Oxford Business Dictionary (Business Dictionary), where merchandising is interpreted as an attempt to sell goods or to sell them in places where they are displayed through advertising and other attributes [9].

The same point of view mentioned earlier was previously asked by French merchandising experts A. Wellhoff and J.-E. Masson. They understand everything to do with the display of goods on the retail platform: "first, its availability, then its presentation, preferences, availability of labels (informative, if necessary). Its sphere of influence is with the walls. is a limited space [10].

Research methodology

A statistical analysis of retail trade indicators of the Republic of Uzbekistan was conducted to highlight the scientific and theoretical basis for the use of merchandising in increasing retail turnover in retail trade enterprises. In particular, the method of comparative analysis of retail trade turnover in the section of food and non-food products and retail trade enterprises in 2010 and 2015 was used. Abstract-logical thinking, scientific observation, synthesis, induction and deduction methods were also used to illuminate the theoretical foundations of merchandising.

Analysis and results

The most effective type of sales services is retail, the development of which will greatly contribute to

the development of future development programs of manufacturing enterprises. Increasing incomes, welfare and quality of life in Uzbekistan, increasing demand for a wide range (assortment) and quality goods and increasing the production of consumer goods as a result of the conditions created by our government for entrepreneurs lead to an increase in retail trade turnover (1- table).

Table 1. Indicators of changes in the structure of retail trade turnover in Uzbekistan¹

№	Indicators	2010 year		2015 year		2019 year	
		billion, soums	Share%	billion, soums	Share%	billion, soums	Share%
1	Total retail trade turnover, including;	21872,8	100,0	71184,1	100,0	166094,4	100,0
1.1.	Food products	10583,7	48,4	33757,2	47,4	69142,9	41,6
1.2.	Non-food products	11289,1	51,6	37426,9	52,6	96951,5	58,4

The data in Table 1 show that in 2010-2019, the retail trade turnover in the country increased by almost 1.5 times. Per capita retail trade turnover during the study period increased by 1.4 times in the country.

Commercial service is a direct service of a person to a person. It is a factor that ensures the movement of material goods (goods) from one place to another and indirectly affects consumers.

The number of retail businesses is also important in providing trade services. As a result of the development of entrepreneurship, especially family business, the number of retail and catering enterprises is growing. Table 2 shows the change in the number of retail and catering enterprises in Uzbekistan.

Table 2. Analysis of changes in the number of retail and catering enterprises in Uzbekistan²

Indicators	Years			In 2020, the rate of change is in%	
	2010	2015	2020	Compared to 2010	Compared to 2015
Number of retail outlets	87514	102756	144875	165,5	141,0
Number of public catering establishments	14726	10709	15954	108,3	149,0
Tents and kiosks	7255	4436	6947	95,7	156,6
In rural areas					
Number of retail outlets	31868	38548	49000	153,7	127,1
Number of public catering establishments	4254	2005	1747	41,1	87,1
Tents and kiosks	1799	804	2109	177,2	262,3

The increase in the number of retail enterprises and the increase in their retail turnover are intensifying competition among them. In a competitive environment, every retailer is moving to the use of innovative technologies. One such innovative approach is merchandising. Merchandising has

¹Official site of the State Statistics Committee of the Republic of Uzbekistan. <https://stat.uz/uz/rasmiy-statistika/internal-trade-2>

²Trade in Uzbekistan. Statistical collection. Calculated on the basis of data for 2010-2015-2020. Data were obtained from the beginning of the year

long been used in retail trade in Uzbekistan.

Merchandising is part of the marketing process and represents a way to sell goods in retail. Merchandising is a set of activities aimed at promoting goods and brands used by retailers.

Retail covers all the functions in the sales process, from the purchase of goods from the manufacturer to the final consumer. Retail functions include: store operations, personnel management, financial control, product promotion, information systems and merchandising. While merchandising is just one of these features, it is central to retail. Merchandising serves to support the efficient sale of goods in retail enterprises.

A number of authors consider merchandising as a function of retail management. Of course, merchandising is related to retail management, but it is radically different from traditional methods of sales management. Along with merchandising marketing, which is one of the tools influencing the sales process, it serves to increase the sales turnover of the retail business.

Appearance of a retail enterprise, its internal structure, equipment, shelves, ordering of products on the shelves (brand, size, price increase or decrease, etc.), regulation of the flow of customers, decoration of the sales hall, etc. merchandisers deal with issues.

Merchandising is more effective in conjunction with marketing activities. In particular, there are special functions of merchandising on the elements of the marketing complex. Table 3 lists the tasks of merchandising in relation to the marketing mix.

Table 3. Elements of the marketing mix and related merchandising functions

Marketing-mix	The task of merchandising
Product	Decision-making on the sales range (adaptation of the range to the needs), methods of presentation, placement and display of goods on the trading floor; Ensuring the quality of goods offered for sale; Packaging products and creating packaging design in order to increase sales.
Price	Improving pricing strategies, introducing flexible pricing policies and shopping conditions for stores; Storage of products in stores, optimization of costs for logistics services.
Place	Creating an individual store environment using a combination of architecture, design and emotional stimulation; Improving store layout, placement of departments and different groups of goods to create maximum attractiveness of the place of sale for the buyer; Creating an effective navigation system on the trading platform.
Promotion	Improving the types and methods of using advertising and information in outlets; Preparation and placement of promotional materials containing information about the product directly at the place of evaluation before the consumer selects and purchases options; Advising on the characteristics and advantages of goods in accordance with the specifics of service at the point of sale; Activities to promote specific products in the store and participate in the formation of demand.

It is known from the practice of trade that the purchase of goods is solvent for the buyer and the goods are made only when he needs them. But in order to buy a product, you need to know its consumer characteristics. In addition, the market usually has several products that meet a single need, and the buyer is forced to choose from them. A product with unknown consumer characteristics is not bought in such a situation, although a person is always a little worried about the news. One of the main tasks of merchandising services is to remove this barrier, create demand and stimulate sales.

When using elements of merchandising, the type of product, the stages of decision-making on the purchase depending on the type of product are also taken into account. Elements of merchandising are a key factor influencing a buyer's decision to purchase in a retail space.

Table 4. Types of goods and stages of decision-making on shopping in the store's sales area

Purchase type	Procurement decision stages					Elements of merchandising
	Understanding the need	Information search	Product selection	Valuation of goods	Purchase of goods	
Clearly planned purchases (consumer goods)					+	Ensure that the product is always available
Partial Planned Purchase (Extended Products)		+	+		+	Effective placement of goods in the trading hall and display of goods. Presentation.
Unplanned or impulsive purchases (products in different groups will be cheaper)	+	+	+		+	Effective placement of goods in the trading hall and display of goods. Presentation.

The formation of the demand consists in informing the customer about the availability of the product, informing him about the needs to be met by the product, proving the quality of satisfaction of these needs and providing evidence. Demand-building activities culminate in advertising, exhibitions and fairs, PR, personal sales, in short, the formation of a perception of the product in the minds of consumers through merchandising, and ultimately the decision-making process about the purchase.

Sales promotion measures are aimed at the buyer who is familiar with the consumer characteristics of the product through personal experience. The objectives of the sales promotion event are to ensure the subsequent purchase of the goods, ie to ensure the repurchase of the buyer, the purchase of large batches, and to improve the regular trade relations between the retailer and the buyer.

In short, merchandising is a process aimed at increasing the turnover of a retail business and ensuring the continuity of customers in the trading floor.

Conclusion

Merchandising is a technology of customer communication that develops within non-personal communication channels. Its role is constantly growing in the context of global competition, expanding opportunities to communicate with consumers, the constant entry of new sellers into the

market, oversupply of products, reduction of free time allocated for the purchase of goods and services. Leading retailers in the fight for the consumer do not spare any funds to study the behavior of consumers in developing their marketing strategy.

Based on the results of the research, we express merchandising as follows:

First of all, merchandising is the skillful placement of goods in retail as a means of attracting consumers, the technology of laying on the shelves.

Second, merchandising is a means of directly influencing consumer behavior in the retail space, the final choice of the purchasing decision-making phase.

Third is the training to take on the attitude of success and achievement while undergoing emotional states.

Fourth is the direct advertising of goods in the retail hall, the tasting of samples, the placement of POS materials about the price, the brand, that is, the means of advertising.

Merchandising is just one of the links in the effective operation of the store.

Before planning a set of merchandising and other sales promotion activities, it is necessary to:

define the concept of the store - how it attracts the buyer and how the goods are sold;

determine the main circle of buyers; for this, consumers are segmented, 1–2 basic and several secondary groups are distinguished;

clarify the parameters of the main consumer (his age, gender, income level, marital status, education, preferred form of recreation, etc.) and features of its purchasing behavior (what he buys most often, why he makes purchases in this particular store, what he wants to receive, what services he expects);

study the composition of competitors and the range of their products (who really competes with this store, what advantages do competitors have, their price level and composition of services, which of the competitors can enter the market in the near future);

develop and implement an assortment policy (create a product classifier and an assortment matrix), draw up an assortment structure;

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