

IMPROVING THE PRODUCT POLICY OF DOMESTIC INDUSTRIAL ENTERPRISES

Bazarova Mamlakat Supiyevna

Senior Lecturer, Asian International University

Abstract: The article covers the importance of commodity policy and assortment in domestic industrial enterprises, the role of identifying low-profit goods in the assortment and optimizing production costs by improving commodity policy.

Keywords: industry, assortment, commodity policy, BCG Matrix, industrial marketing.

In a competitive market, running a successful business consists not only in producing high-quality, advanced products that meet global market demands — this accounts for only half of entrepreneurial success. The other half lies in knowing how to sell and provide services. It is necessary to generate consumer interest in the company's products. In this regard, the availability of high-quality goods and the identification of low-profit items within the assortment policy are considered important criteria.

In the Decree of the President of the Republic of Uzbekistan Sh.M. Mirziyoyev dated February 7, 2017, № PF-4947 “On the Strategy of Actions for Further Development of the Republic of Uzbekistan,” it is not without reason that the priority was set to “bring industry to a qualitatively new stage through the intensive development of high-tech processing sectors, primarily on the basis of deep processing of local raw materials, and the production of finished products with high added value, thereby further modernizing and diversifying the industry.” Indeed, industrial enterprises account for a significant part of the products manufactured in the country.

Currently, special attention is being paid to the rapid modernization and technical re-equipment of enterprises, and the establishment of new, modern production capacities in such sectors as automotive and gas-chemical industries, electrical engineering and textiles, food and pharmaceuticals, agriculture and food industry, information and telecommunications, and other areas based on advanced technologies.

The role of industrial marketing in the development of marketing strategies of industrial enterprises is invaluable. Industrial marketing serves as the theoretical basis for developing strategies for every unit of the enterprise. Industrial marketing is the sale of goods and services to industrial and institutional clients. These include manufacturing companies, government institutions, utilities, educational and medical institutions, wholesale and retail traders, as well as other organizations.

In the strategic development of the marketing system in industrial enterprises, the company's business portfolio matrix is a two-dimensional model that compares the strategic position of each type of business activity. One of the widely used methods in evaluating the quality of modernized company activities is the matrix analysis of the business portfolio. The business portfolio matrix is a table that compares the strategic state of each structural unit of the modernized company. The matrix can be built based on any pair of indicators characterizing strategic conditions.

Of particular importance are industry growth rates, market share, long-term attractiveness of the industry, competitiveness, and the stage of development of the product or market. Typically, one axis of the matrix represents industry attractiveness, while the other reflects the position of a specific type of activity. Three types of business portfolio matrices are widely used: the

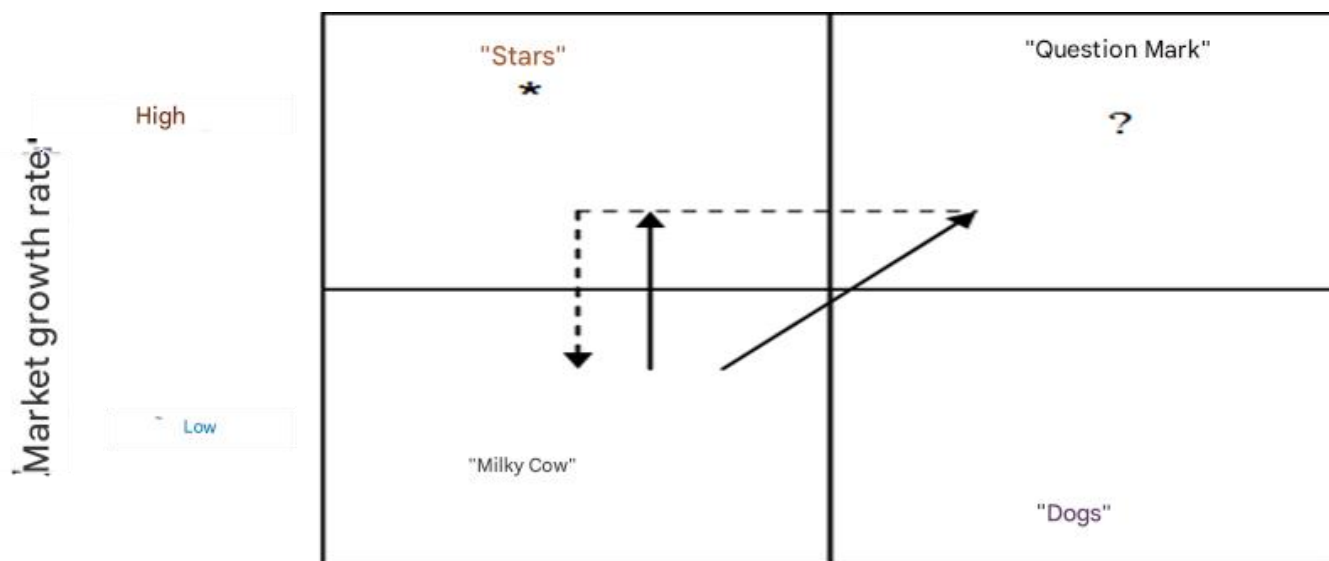
“growth/share” matrix developed by BCG, the industry attractiveness/competitive position matrix created by General Electric, and Hofer A.D. Little’s life cycle matrix.

The BCG matrix compares and analyzes the position of a diversified company’s business units based on indicators of industry growth rate and relative market share. The most widely used labor activity portfolio matrix, consisting of four quadrants, was developed by the leading consulting company Boston Consulting Group (BCG).

The formation of assortment policy in industrial enterprises is considered an important direction in many studies. One of the most widespread methods of analyzing enterprise activity and developing marketing strategies for assortment is the matrix method. The product assortment portfolio matrix consists of two-dimensional indicators that reflect the positions of the enterprise’s activity strategy. The BCG or “growth-share” matrix has four quadrants, constructed using sales growth rates and relative market shares.

In the four-quadrant matrix, types of production or products are placed in circles. Their placement is determined based on calculations of market growth rates and the relative market shares of products. In shaping the product strategy of manufacturing enterprises, it is recommended to use the model known as the BCG matrix. To use this method, the BCG matrix must first be constructed.

Figure 1. “Growth-Market Share” Matrix.



To construct the BCG matrix, two indicators are used:

1. Growth rate of the product market or sales volume of the product;
 2. Relative share of the enterprise in the market compared to its main competitor.
- Each of the four quadrants requires different approaches in terms of financing product manufacturing and developing product strategy:
- **Quadrant 1 (Stars):** high market growth rate and high relative market share. Strategies should focus on strengthening and expanding production.
 - **Quadrant 2 (Cash Cows):** low market growth rate but high relative market share. These generate more income than the funds required to maintain market share. They serve as sources of financing for diversification or research and development.

- **Quadrant 3 (Dogs):** low market growth rate and low relative market share. Continuing their production requires high costs, with little chance of improvement.
- **Quadrant 4 (Question Marks):** high market growth rate and low relative market share. They have development opportunities as the market expands, but without financial support, they risk turning into “Dogs.” Strategies here should focus on increasing market share and reinvestment.

In practice, to use the BCG matrix correctly in developing product strategy in manufacturing enterprises, it is necessary to accurately assess the market growth rate and the enterprise’s relative market share. When assessing the market growth rate, it is recommended to use reporting data not exceeding one year. In the research process, methods such as grouping, structural analysis, and BCG analysis are applied.

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