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STUDY THE SOURCES OF MARKET POWER OF RETAIL CHAINS

The main purpose of this report is to investigate the sources of market power of retail chains as well as to assess the extent to which these sources are defensible, taking into account the one hand, the competitive situation on the other hand, correlations between the current market forces and the positions of competitors.

Relevance. The development of retail chains is determined by the competitive advantages they provide to consumers. Over the last decade there has been strong interest of foreign retailers in the local market. National chains, in turn, expand their network of stores in different cities across the country, some of them adopt a policy of expansion abroad.

In a market with strong competition, survival and development of retail chains is related to the identification and use of sources of competitive advantage but also a permanent evaluation and analysis of their competitiveness. On this basis, draw conclusions and formulate recommendations for enhancing the competitiveness of retail chains.

The aim of the study. Along with opportunities for identifying and assessing the strength of market position in retail chains, particularly important for this study are determining factors of the sources of that power. This requires to analyze and assess the degree of complexity of research strength that make up the marketing position.

In literature from the perspective of the theory of distribution stands the importance of the following major sources of power in the market position of retail chains, namely:

- back vertically integrated with manufacturers and wholesalers;
- using his trademark;
- possession of preponderant information and logistics base.

Possibility of a reverse vertical integration are expressed on the one hand, in making direct deliveries from manufacturers and purchase them in large batches of goods, on the other hand, recall some of the functions of the wholesalers [2, p. 28]. Retail chains exhibit their power position in the channels of conversion through the following important economic tools and mechanisms:

- increased gross revenues by reducing the supply cost of production and increasing the level of trade margins;
- implementation of effective low for manufacturers and wholesalers of ways and forms of payment to the value of commercial transactions;
- making excessive demands on manufacturers to maintain the personnel performing the functions of the location and arrangement of the contract products of the shelves in chain retail stores;

•admission of incomplete discharge the responsibilities of retailers for determination of conditions for quantity of supply;

•set unreasonably high entrance fees for individual items of production of producers and requiring higher entrance fees for barcode;

•determination of inappropriate size penalties on manufacturers and wholesalers for minor deviations from contract terms, etc.

Imposed by retail chains contractual conditions create economic advantages for them as buyers, but do not protect equally the interests of producers, in their capacity as sellers [1, p. 6; 3, p. 17]. For these and other reasons, to create conditions for conflict and inconsistency in the positions at issue kanalovi partners.

Another significant source of strength in the market position of the retail chains have used their own brands [4, p. 38]. Trademarks as an object of intellectual property, creating additional economic effects in the value chain.

In this regard, recent empirical economic research among retail chains operating on the Bulgarian market, shows that over 92% of them offer products with its own trademark. From the survey results showed that the question "At what number of producers procure the production of products under your own brand?" The responses are distributed as follows: See Table 1.

Table 1

Retail chains in the procurement of producing under private brands

On how many manufacturers procure the production of products under your own brand?		Valid Percent	Cumulative Percent
Valid	to 5	7,1	7,1
	over 5 to 10	21,4	28,6
	over 10 to 20	-	-
	over 20 to 30	-	-
	over 30	21,4	50,0
	unspecified response	50,0	100,0
	Total	**100,0**	

Data from Table. 3.4.1. show the following:

•21,4% of cases assigned to more than 5 to 10 orders manufacturers to produce products under private brands. In this group of retail chains include chain of supermarkets "Elemag."

•A similar proportion - 21.4 percent - of respondents indicated that the award of more than 30 manufacturers, separated on identified criteria. With the highest relative weight here are retailers "Billa", "Kaufland" and "Piccadilly".

•Relatively low share of the surveyed chains - 7.1 percent - reported that the award of less than 5 orders manufacturers to produce products under private brands. Among retailers belonging to this group are building hypermarket chain "Praktis."

•Nearly half of surveyed retail chains do not mention the answer to the question.

In much more widespread use of own brands by retailers is conditioned by the action of these factors and conditions such as: generating additional kanalova force, a rise in gross income, building a distinctive competitive advantages, enhance the image of outlets.

Conclusion. Attempt to examine and interpret the nature of the complexity of the process management product range in retail trade and certain approaches related to its development, a basis for formulating the following major conclusions:

- Winning the market power of retailers position requires continuous improvement in the level of horizontal integration, greater concentration of commercial capital and the commercial sector, and growing share in total sales and service to end users.
- Retailers are becoming a strong market position in the distribution channels by establishing and maintaining a competitive advantage by determining the: back vertically integrated with manufacturers and wholesalers, using their own trademarks.

Superiority of retail chains in performance of their activities, they create lasting competitive advantages. It generates tangible and intangible assets in the form of controlled their relationships with partners kanalovite. The sustainability of this superiority makes retailers in moving targets, creating new advantages at least the same speed with which competitors copy the old.

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ВЫБОР ОПТИМАЛЬНОГО ВАРИАНТА СТРАТЕГИИ ЛИЗИНГОВЫХ ВЫПЛАТ

Исследованы возможные схемы и определены размеры лизинговых платежей, установлен наиболее выгодный вариант лизинговых платежей для конкретных условий