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## MANAGING THE COORDINATION AND ORGANIZATION OF BUSINESS ACTIVITIES

### Koordinasiyanın idarə edilməsi və iş fəaliyyətinin təşkili

#### Xülasə

Demokratik idarəetmə üslubu, işçilər biznes qərarları ilə bağlı rəy bildirə və ya məlumat verə bildikdə istifadə olunur. Avtokratik idarəetmə biznes sahibinə bütün qərarların qəbul edilməsinə və şirkətə biznes mühitində rəhbərlik etməyə cavabdeh şəxs olmasına imkan verir. Hər bir işçi üçün mümkün olan ən yaxşı iş mühiti yaradıldıqda, bu, paternalist idarəetmə kimi tanınır.

**Açar sözlər:** *marketing, alqoritm, biznes, idarəçilik, işçi*

#### Resume

Democratic management style is used when employees are able to give feedback or input on business decisions. Autocratic management lets the business owner be the person in charge of making all decisions and leading the company through the business environment. When the best work environment possible is created for each employee, it's known as paternalistic management.

**Key words:** *marketing, algorithm, business, management, employee*

Marketing analysis of a market involves researching its structure in order to identify unreached segments and search for market opportunities. The past few years, the companies of the financial sector focus on the efficiency even better because of an economic crisis which can be experienced in a year. Because of this the many times obsolete benchmarking systems modernization became important. The main purpose of market analysis is to provide material sufficient to support the assumption that the offered product has a steady demand and can be sold in a competitive environment.

There are many options for market analysis with different numbers of stages and different content of these stages. The choice of the market analysis option is made based on the specifics of the tasks facing the marketer, as well as the specifics of demand and competition. Therefore, to conduct market analysis, you cannot simply take and fill in a certain ready-made template [1].

The standard market analysis algorithm usually consists of several main stages, which can be implemented in a different sequence:

Stage 1. Description of the product - implies a description of the scope of the product, its consumer properties and features. The analysis of these parameters is carried out in the form of a table based on objective parameters (weight, price, properties, etc.) or through an assessment in nominal scales (on a point system). Peer reviews, focus groups and consumer conferences are used as sources of information [2]. The purpose of the characteristics of the goods: to form a trade proposal, to formulate the advantages of the goods from the point of view of potential consumers.

Stage 2. Determination of the market capacity - implies a description of the target groups of product consumers (type, need, territory), the degree of market saturation and an assessment of effective demand. The sources of information are data from government statistics, consulting organizations and trade intermediaries, as well as the observation method. The purpose of determining the capacity of the market: to predict the potential and structure of sales, to identify the nature of consumer demand [1].

Stage 3. Analysis of competition - involves the analysis of marketing strategies and tactics of competitors, the share of the target market occupied by them is investigated [7]. The analysis of these parameters is carried out in tabular form by means of a quantitative (in rubles, pieces, etc.) or qualitative (in percentage) assessment. Observations or expert opinions of resellers are used as sources of

information. The purpose of the analysis of competition: to identify the features of competition in the market, to take into account the experience of competitors and to avoid waste of funds [3].

Stage 4. Determination of the commodity boundaries of the market - implies the calculation of the market share of the product in comparison with the products (analogues and substitutes) of competitors. The sources of information are data from government statistics, consulting organizations and trade intermediaries, as well as the observation method. The purpose of determining the commodity boundaries of the market: to identify the market share occupied and to determine the potential for its expansion due to the market share of competitors [8].

Stage 5. Determination of the geographical boundaries of the market - involves the analysis of the sphere of influence of the potential distribution infrastructure. Knowing this sphere of influence, the elimination method can identify that part of the market that is not covered by the existing distribution infrastructure. Ready-made external sources of information and internal statistics of the enterprise are used as sources of information. Totality provides an organization's efficiency to the employees' performance, so to the insurance of the efficient function essential the measurement of the single colleagues' performance [5].



Market segmentation. Market segmentation with the allocation of target markets, as well as the development of marketing complexes and marketing strategies for them is the result of marketing analysis. The task of marketing is to segment the market in such a way as to ensure the optimal location of outlets according to two main criteria: "proximity" and "popularity".

Therefore, firstly, segmentation is a strategy used by the seller to concentrate resources in the target market and optimize their use. Secondly, segmentation is an algorithm for analyzing the market by a seller to better take into account its features [4]. Two concepts should be separated:

- Signs of market segmentation are highlighted features of consumer behavior, by which one can judge that the market is amenable to segmentation. There may be many such signs, but all of them are based on one thing - the presence of imbalances in demand in the market [2]. For example, not all consumers are willing to regularly purchase diapers or motorcycle parts.

- Criteria for market segmentation are the criteria by which target audiences are distinguished from the set of market participants. There can also be many such criteria, but they are all focused on the needs

of potential buyers. For example, since baby diapers are most often bought for children under 2 years old, the presence of children under 2 years old in households is the basis for assigning households to a certain market segment [7].

Summarizing, it can be noted that market segmentation is a marketing method, with the help of which an enterprise divides the product market according to significant features for itself into segments that are isolated target audiences.

Market segmentation is designed to identify unmet needs of customers and offer goods to target groups of buyers on time [1]. Here it is appropriate to recall the words of the classic of American management theory Peter Drucker, "If a firm does not segment the market, then the market segments the firm."

For example, a customer urgently needs nails. He, most likely, will not look for advertisements for the sale of nails, compare prices and quality. He'll just go to the nearest nail shop he knows and make a purchase.

The main rule of segmentation in marketing is that segmenting should not be buyers, but their needs, supported by effective demand. Here it is important to remember the so-called. the Pareto effect: "80% of goods by volume of sales are bought by 20% of consumers" (industrial marketing) or "80% of sales are 20% of the most bought goods" (consumer marketing).

Market segmentation is carried out to identify target markets that require the development of special strategies for promoting goods, a unique organization of infrastructure and sales promotion. When conducting segmentation, any market environment can be represented as a combination of four main components:

1. Consumers as carriers of unsatisfied effective demand.
2. Counterparties, as partners in the joint promotion of goods to the market.
3. Competitors as an external alternative for consumer demand.
4. Suppliers, as the primary source of economic activity in the market.

All of the above entities have a decisive influence on the sales of products and at the same time are amenable to segmentation themselves. Therefore, it is advisable to conduct marketing analysis of the market in four directions at once:

I. Segmentation of consumers. The consumer market segment consists of consumers who have similar preferences when choosing products and react in a similar way to measures to generate demand. It is assumed that these are potential buyers with similar needs for the products offered.

It is not so important what characteristics (gender, age, income, etc.) potential buyers have. Much more important is how they relate to the product. For example, some buyers do not buy milk because of too large a package (1 l), or because of low fat content, or because of the dry concentrate used in the manufacture of the product.

The choice of buyers in favor of the proposed product will be only when the product meets the individual needs of each customer. Unsatisfied consumers are unreached market segments [3].

II. Segmentation of counterparties. The counterparty market segment is a sales channel for products. Its attractiveness is determined by its bandwidth and consumer coverage. Counterparties are intermediaries who, for a fee, perform functions of promoting goods to the market that the seller does not want or cannot perform on his own. Hence follows the simplest algorithm for segmenting counterparties:

- Division of counterparties according to the criterion of dependence into those with whom the enterprise is forced to interact and those who are forced to interact with it. Example: The counterparty is a large wholesaler or retailer who controls the distribution network and requires a cash bonus for "entering the market". Or, on the contrary, the counterparty is experiencing difficulties in assembling the product range and is ready to make significant concessions.

- Separation of counterparties by the criterion of throughput depending on the actual or potential sales indicators. Example: The counterparty is able to provide the planned sales volumes of products on the terms of exclusivity (market consolidation). Or, conversely, in order to achieve the planned sales indicators, many competing counterparties are required.

-Division of counterparties according to the criterion of market coverage, depending on the market share occupied by each of them. Example: The counterparty controls a significant part of the market and has a developed distribution infrastructure. Or, conversely, the counterparty is one of the many entities operating in the selected market and depends on changes in market conditions.

There may be more specific criteria for the segmentation of counterparties (by service level, work experience, payment terms, urgency of contracts, etc.). The main thing here is to correctly determine the objective factors that determine the behavior of counterparties and offer the terms of cooperation that are most beneficial for both parties.

III. Segmentation of competitors. Competitors characterize the market for products. Their competitiveness is directly related to the product and market life cycle. Competitor performance is an indicator of a company's missed market opportunity.

Hence follows the simplest algorithm for segmenting competitors through the analysis of market opportunities:

1. Division of market opportunities into "already mastered" and "not mastered by anyone". For example, the introduction to the market of a product with qualitatively new properties automatically forms a new market for it by reducing the existing market of competitors and potential consumers of their products.

2. Separation of "already mastered" market opportunities according to the degree of their development. We are talking about the use by the seller of his own competitive advantages (prices, sales and promotion methods) in relation to similar parameters of competitors operating in the market.

3. Allocation of "useful" and "useless" experience of competitors' market activities (benchmarking). In the case of using benchmarking, it is possible to single out the leader (s) of the market, whose successful experience will be generalized, analyzed and used for subsequent reproduction.

IV. Segmentation of suppliers. Suppliers define the basic component of marketing activities - costs. Suppliers are marketed to the same extent as other participants in the enterprise's marketing environment.

In this sense, vendor segmentation is similar to counterparty segmentation.

1. Separation of suppliers according to the criterion of dependence into those with whom the enterprise is forced to interact and those who are forced to interact with the enterprise. Example: Purchases from a supplier make up a significant proportion of its sales, which gives the company the opportunity to bargain favorable terms of delivery.

2. Separation of suppliers according to the terms of supply, depending on the distance, urgency of contracts, the amount of supplies, service, etc. Example: Suppliers are located at different distances from the plant and supply their products on different terms. The task of the marketer is to choose the best option. This activity belongs to the field of marketing logistics.

Traditionally, in Azerbaijan business practice, the function of selecting suppliers lies with the supply service of enterprises. The situation is somewhat simpler when segmenting the market for industrial goods. Here, the segments are distinguished according to the criterion of the scale of activity, geographical location, industry affiliation or the nature of the activity (manufacturer, importer, processing company, etc.).

In addition to the above, there may be other approaches to market segmentation. For example, targeted segmentation is possible in accordance with the requirements of the enterprise management (deal only with equipment manufacturers or wholesale consumers, etc.). However, subjectivity in decision-making inevitably increases the number of mistakes made and leads to stagnation and loss of market share.

Another variant. Segmentation can be carried out based on an analysis of past activities to determine the segments in which the highest profit was achieved (sales volumes, etc.). This is the so-called retrospective analysis based on a comparison of past sales figures. Its main drawback is its failure to analyze potential market opportunities. Tactically retrospective analysis is a quick and reliable method. Strategically, this approach sooner or later also leads to the loss of the market.



Key parameters of market segmentation: the relevance of the selected segment; quantitative parameters of the segment (market niche, capacity); the competitiveness of the product in the selected segment (positions won, image); the difficulty of mastering the selected segment; quantitative parameters of sales in the segment (profitability and cost); the prospects of the selected segment, etc.

The size of the target market as a result of successful segmentation is a critical metric for marketing performance [5]. Typically, a 10% increase in market share is accompanied by a 4-5% increase in average profit margins. At the same time, for different sectors of the economy, the effect of market share on total profit is different. On average, in markets with few competitors, the profitability of the business of market leaders is 20-30% higher than that of outsiders [8].

Evaluation of the effectiveness of market segmentation and adaptation of the sales system to it is carried out by analyzing the structure of sales. Two options are possible here:

Option 1. Analysis of the structure of sales by segments. Segmenting performance is low if the product's sales volume in the target market does not meet expectations. For example, after targeting a product for a certain category of consumers, they planned to occupy at least 60% of the market, but only 35%.

This means that the segmentation was carried out ineffectively and the marketing policy needs to be adjusted. If the targets are met or exceeded, it means that the market segments are defined correctly and everything is in order. This approach can be applied when it comes to promoting in one target market.

Option 2. General analysis of the structure of sales. Segmenting performance is low if the sales mix for the entire market does not meet expectations. For example, after entering a new market with a large assortment of products, deviations in sales indicators amounted to more than 15% of the planned ones. Somewhere there may be a value greater than planned, and somewhere less, but not as expected.

This means that either the capacity of the target markets was incorrectly determined, or the market segments were incorrectly identified [6]. This approach can be applied when it comes to entering a new market with a large assortment of goods.

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