

## STRATEGIC DIRECTION OF TRADE IN THE OREL REGION

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An important strategic direction in the development of trade is building an effective commodity distribution system in accordance with the requirements of the innovative development of the economy. Addressing this issue will allow to meet the needs of the population and ensure the profitability of the business entities. The existing regional programs to support small businesses, in most cases based on the allocation of considerable financial resources did not create a systemic effect at the level of the country as a whole.

Domestic trade is important for the effective development of national economy. It defines the possibilities of manufacturers on delivering the goods to the real and potential consumers. Trade is one of the major branches of economy from the point of view of the creation of the added value, the maintenance of employment and the receipt of tax revenues. Its level of development directly influences the quality of life of the population. The development of trade of the Russian Federation considerably lags behind the western countries.

As of July 1, 2010 there were: 3814 shops, of which 777 specialize in food commodities, 1844 - non-food items, 1193 - with a mixed range, 14 retail markets in 5416 trading places, 33 fairs, organized by the local authorities outside of the markets in 5264 trading places, 905 objects of small retail trade in the regional consumer market. The scope of trade in Orel Region is now a multi-functional, multi-level, industry investment attractiveness of the regional economy. It performs important economic and social functions, including keeping a decent standard of living, employment, small business development and other tasks to ensure the economic stability of the region.

In the field of trade and catering area more than 41 thousand people are employed. For the last year the number of employees in the trade area has increased by 3%, plus 1300 workplaces created in addition. The average salary of workers of trade in the end of 2009 was more than 11 thousand roubles.

The trade in the Orel region has the following problems:

◆ a large number of intermediaries in the wholesale market;

◆ placing of the enterprises of retail trade is spontaneous, territorial availability of the goods isn't provided;

◆ the trade sector in the region has a low level of information support of its activities and consumers;

◆ there is no monitoring of trading and market conditions;

◆ there is no integrated system of retraining and upgrading the skills of the workers in this sphere.

On the surface there is a significant increase in the network of trade. The trend is generally favorable for the region's economy and consumers, but there is a risk of excessive reduction of the share of small and medium-sized businesses up to its complete disappearance in some local markets.

It is necessary to develop the mechanism of effective interaction between the suppliers of the goods, the manufacturers, the consumers, that allows realizing the actions set forth above.

Marketing (trading) cooperative societies carry out production collection and sale, storage, sorting, drying, packaging, packing and transportation, concluding transactions, carrying out commodity market studying, advertising of this production.

In accordance with our proposed scheme the participants of a cooperative association shall include:

- 1) manufacturers of raw materials;
- 2) processing enterprise;
- 3) marketing center;
- 4) wholesale and retail trade;
- 5) end users.

The parent company in this cooperative association must act as a marketing research cen-

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ter to achieve the desired market position. The marketing center carries out two principal activities. One of them is connected with the physical transporting, storage, processing and transferring raw materials and finished goods from the manufacturer to the consumer. The other kind of activity is connected with the processes of exchange, formation of demand and pricing in the market system. The marketing center is better than other participants of association and is predisposed to be the integrator and coordinator of activities.

Besides marketing cooperatives, the creation of purchasing cooperative societies can be a reasonable thing to do. The purpose of a purchasing cooperative society is the collection of demands from different enterprises on purchasing the same production or goods for dictating conditions to suppliers, including making joint efforts:

- ◆ decrease in procurement prices at the expense of the volume;
- ◆ eliminating middlemen;
- ◆ reception of commodity credits and delays of payments;
- ◆ logistics optimization;
- ◆ flexible use of circulating assets of the enterprises.

An effectively functioning purchasing cooperative society should have stable contracts with manufacturers and the general logistics. The purchasing cooperative society for our model includes:

- ◆ an enterprises of retail trade;
- ◆ a management company;
- ◆ a distribution center;
- ◆ an information-consultation center.

The creation of a purchasing cooperative society is impossible without diplomacy, and high level of trust between the partners and strictly following the enterprise ethics.

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