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FUNDAMENTALS OF MERCHANDISING IN THE CONTEXT OF EVALUATING THE EFFECTIVENESS OF A SYSTEM OF ECONOMIC MECHANISMS AND INDICATORS

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Abstract: This article analyzes the economic mechanisms and key performance indicators used to evaluate the effectiveness of merchandising in retail enterprises. It highlights the impact of product placement, assortment management, and the utilization of retail space on sales results. The study employs methods of systematic analysis, comparison, and economic calculation.

Keywords: merchandising, retail trade, economic efficiency, sales revenue, gross profit, conversion rate, retail space.

Аннотация: В данной статье анализируются экономические механизмы и ключевые показатели оценки эффективности мерчандайзинга в розничных предприятиях. Подчеркивается влияние размещения товаров, управления ассортиментом и использования торгового пространства на результаты продаж. В исследовании использованы методы систематического анализа, сравнения и экономического расчета.

Ключевые слова: мерчандайзинг, розничная торговля, экономическая эффективность, выручка от продаж, валовая прибыль, конверсия, торговое пространство.

Introduction. In recent years, the assessment of the economic efficiency of merchandising in Uzbekistan's retail sector has gained strategic importance. In January 2025, the republic's retail turnover reached 26,977.9 billion soums, representing 109.2% of the figure for the same period in the previous year. Of this total, 22,299.8 billion soums (an increase of 111.0%) was generated by small businesses and private enterprises, while the volume of unorganized trade amounted to 2,916.0 billion soums (an increase of 114.4%). These figures highlight the growing economic potential of merchandising tools within the retail infrastructure. Furthermore, the rise in the number of retail establishments to 81,033 indicates an intensifying competitive environment, with the battle for consumer attention reaching a qualitatively new level. Under these conditions, the scientifically grounded refinement of economic mechanisms for evaluating merchandising efficiency has become a relevant area of research [1]. The economic essence of merchandising lies in influencing consumer behavior and increasing sales volume through product placement, visual communications, and promotional activities within the retail space. In international practice, key performance indicators for merchandising include "incremental sales" (the increase in sales volume resulting from a specific initiative), distribution coverage (such as the ACV — All Commodity Volume metric), and various other indicators. Specifically, in-store merchandising measures are categorized into four types: product placement alone, promotional display alone, a combination of both, and price reductions without additional promotional support. This classification enables an accurate assessment of the return on investment in merchandising. However, in the local context, a unified methodological framework for evaluating the

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effectiveness of merchandising has yet to be established, and many retail enterprises continue to rely on intuitive approaches.

Within the institutional environment of Uzbekistan, the legal framework governing merchandising activities is undergoing continuous improvement. Specifically, amendments to the retail trade regulations—approved by the Cabinet of Ministers—now require business entities to hold certificates of conformity for their goods and to comply with digital labeling requirements using identification tools. Furthermore, it has become mandatory to display the country of origin, the manufacturer's name, and the price on product labels and price tags within retail spaces. These requirements establish a legal foundation for the information-and-communication function of merchandising, ensuring the accuracy of commercial information provided to consumers. Additionally, the introduction of a "customs warehouse" regime (warehousing under customs supervision) for e-commerce platforms has created a new segment within the realm of online merchandising, necessitating a comparative analysis of performance metrics across both traditional and digital sales channels.

National statistical data provide an expanded quantitative basis for assessing merchandising effectiveness. A structural analysis of retail turnover reveals significant disparities in sales volume between large enterprises, small businesses, and individual entrepreneurs. For instance, in the Jizzakh region, individual traders accounted for 64.5% of total retail turnover in 2025. This structural characteristic underscores the need to develop a differentiated evaluation methodology, accounting for the fact that merchandising tools exhibit varying levels of effectiveness depending on the specific retail format. Moreover, within the existing system for evaluating the performance of retail enterprises, key indicators include sales profitability, revenue and profit per square meter of retail space, the share of operating expenses in revenue, and the proportion of loyal customers. Establishing a direct link between these indicators and the outcomes of merchandising activities remains an unresolved methodological challenge [3].

Main part. Economic mechanisms for evaluating merchandising effectiveness are based on quantifying the cause-and-effect relationship between a retail enterprise's marketing expenditures and its sales outcomes. Local research suggests that merchandising should not be viewed merely as a technique for product placement, but rather as a management tool that directly influences the consumer decision-making process. This approach necessitates a two-stage methodological framework for assessing merchandising effectiveness: the first stage involves measuring the reach and impact of merchandising activities, while the second stage focuses on their financial return.

In national academic literature, a system of indicators for evaluating the performance of retail enterprises has been developed, highlighting metrics such as sales profitability, revenue and profit per square meter of retail space, the share of operating expenses relative to revenue, and the proportion of loyal customers [3]. Although these indicators do not reflect the direct outcomes of merchandising activities, they can serve as baseline metrics for assessing changes resulting from merchandising initiatives. In international practice, quantitative metrics—such as the number of products displayed, click-through rates, add-to-cart rates, and the share of revenue generated through merchandising activities—are widely used to measure merchandising effectiveness. Integrating these metrics allows for a comprehensive assessment of both the communicative and economic effectiveness of merchandising.

In the context of Uzbekistan, the legal and institutional framework for merchandising activities has been significantly strengthened in recent years. Resolutions from the Cabinet of Ministers regarding the regulation of trade activities explicitly mandate that retail entities maintain records of their merchandise operations, ensure that imported goods possess certificates

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of conformity, and verify that retail facilities comply with established requirements [5]. These requirements bolster the information-provision function of merchandising and enhance the reliability of the commercial information presented to consumers. Furthermore, the implementation of a digital labeling system enables the monitoring of merchandising effectiveness at the individual product-unit level.

This study establishes a two-tiered system of indicators for evaluating the effectiveness of merchandising. The first level consists of merchandising activity indicators, which measure the scope of merchandising initiatives. The second level comprises economic return indicators, which evaluate the impact of merchandising expenditures on financial results. This system, integrated with existing national indicators, is proposed in the following format.

Table 1.

Integrated indicators for evaluating merchandising effectiveness

Indicator	Calculation formula
Merchandising coverage level	Number of retail outlets where merchandising activities were implemented / Total number of retail outlets × 100
Merchandising cost per unit of retail space	Merchandising costs / Retail space (m^2)
Increase in sales volume driven by merchandising	(Sales after the activity − Sales before the activity) / Sales before the activity × 100
Revenue per 1 m^2 of retail space	Total revenue / Retail space (m^2)
Share of operating expenses in revenue	Operating expenses / Total revenue

The advantage of this system of indicators is that it enables the evaluation of merchandising activities at both the process and outcome levels. Specifically, while metrics such as the scope of merchandising and costs per unit of retail space measure the intensity of resource utilization, indicators like the increase in sales volume and revenue per square meter directly reflect economic impact. Meanwhile, the share of operational costs allows for the monitoring of the cost-effectiveness of merchandising initiatives.

Conclusions and recommendations. The study demonstrates that economic mechanisms for evaluating merchandising effectiveness should consist of three interrelated components: merchandising activity indicators (scope, compliance with standards, visual impact), economic return indicators (increase in sales volume, revenue per square meter), and cost-effectiveness indicators (return on merchandising expenditures, share of operational costs). This three-component system allows for the assessment of merchandising activities at both the process and outcome levels and is designed to be integrated with existing national indicator systems. The study identified three primary challenges hindering the assessment of merchandising effectiveness and proposed specific solutions for each: establishing a procedure for the independent accounting of merchandising costs, standardizing a simplified "before-and-after" evaluation methodology for small enterprises, and harmonizing offline and online merchandising metrics. Implementing these solutions will enable the systematic monitoring of merchandising effectiveness and facilitate evidence-based management decision-making.

Based on the research findings, the following scientific and practical recommendations have been developed:

First, formalizing merchandising costs as a distinct object within management accounting.

Second, introducing a simplified methodology for evaluating merchandising effectiveness tailored for small retail enterprises.

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Third, developing a unified approach to harmonize offline and online merchandising metrics.

Fourth, utilizing public-private partnership mechanisms when implementing merchandising standards.

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