ASSORTMENT POLICY IMPROVEMENT OF THE MEGOGO COMPANY

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This article is devoted to the improvement of theoretical and methodological provisions and the development of practical recommendations for managing the assortment policy of IPTV services in conditions of market uncertainty to increase efficiency. The author’s definition of assortment policy is submitted. The main structural elements of the assortment policy are characterized: by product management, assortment management, and product item elimination. The assortment policy management algorithm is presented. The main properties of the assortment are summarized and the characteristics of their measurements are given. A model of situational analysis and enterprise management in conditions of uncertainty has been developed. The article proposes the improvement of the assortment policy in the digital television market. A brief overview of the IPTV and OTT markets is provided. It has been established that Megogo is the leader of IPTV television and direct OTT services in Ukraine. An analysis of the company’s assortment and value chain was carried out. The main areas of improvement of the assortment policy of Megogo have been identified. The company’s situational management algorithm has been developed. The effectiveness of the proposed measures to improve the assortment policy for the Megogo company was evaluated.

Keywords: assortment policy, improvement, IPTV, digital television, OTT platforms, model, situational analysis, conditions of uncertainty.

In the given study, the authors analyzed theoretical and methodological aspects and developed practical recommendations for managing the assortment policy of IPTV services in conditions of market uncertainty to increase efficiency. The key structural elements of the assortment policy are identified: product management, assortment management, and product item elimination. The assortment policy management algorithm is presented. The main properties of the assortment are summarized, and the characteristics of their measurements are provided. A model of situational analysis and enterprise management in conditions of uncertainty has been developed. The article proposes the improvement of the assortment policy in the digital television market. A brief overview of the IPTV and OTT markets is provided. It has been established that Megogo is the leader of IPTV television and direct OTT services in Ukraine. An analysis of the company’s assortment and value chain was carried out. The main areas of improvement of the assortment policy of Megogo have been identified. The company’s situational management algorithm has been developed. The effectiveness of the proposed measures to improve the assortment policy for the Megogo company was evaluated.

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Problem statement. Enterprise management is a complex and responsible process. Effective management decision-making allows the company to adapt to changes in the business environment and ensure stable development. In addition, understanding the needs and problems of the target audience helps the company to create a product that meets their requirements.

According to experts’ forecasts, the IPTV television market will develop in Ukraine and in the world, which represents an increase in potential users and an increase in the audience of IPTV platforms. However, with the development of alternative methods of online entertainment, OTT (Over-the-top media service) services should convey the advantages of their range in a more personalized way and create a unique experience for users from viewing content and interacting with the platform. One of the most important parts of the structure of marketing activity of any enterprise is product policy, which plays an important

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role in the formation of product demand and its successful placement on the market.

Analysis of recent research and publications. Many foreign scientists worked on the topic of product policy and the creation of a perfect assortment policy. According to the study [1], it is the most important tool of the marketing mix, which consists of creating a combination of individual products that have advantages from the point of view of buyers. Regarding research [2], "assortment policy is a policy, the essence of which is to determine the nomenclature of manufactured and sold goods, products taking into account own capabilities, capabilities of suppliers and partners, market needs, degree of risk, business conditions and price dynamics ...". The classic of marketing, F. Kotler, provided the following definition: "assortment policy is the formation and maintenance of an optimal structure of goods that are produced and sold taking into account the current and future goals of the enterprise" [3].

A significant number of Ukrainian economists, such as N. Kubyshina and O. Zozulyov [4], E. Krykavskyi [5], and others, dealt with the problems of product policy and continue to deal with them. However, problems in the formation of an effective assortment policy remain timely, in particular in the field of IPTV services.

Formulating the purposes of the article. The purpose of the study is to improve the theoretical and methodological provisions and develop practical recommendations for managing the assortment policy of IPTV services under conditions of market uncertainty to increase the efficiency of use.

Methodology. The research is based on the following general scientific and specific research methods: systematization and generalization (analysis of the concepts "assortment" and "assortment policy", classification of approaches to assortment management); methods of analysis and synthesis (analysis of the external and internal marketing environment); statistical methods; planning methods.

Presentation of the main research material. As already mentioned, one of the most important parts of the structure of marketing activity is precisely the product policy. A component of this is the assortment policy of the company. According to the authors' views, assortment policy is a strategic area of enterprise assortment management, which is designed to balance product demand and supply to achieve specific business goals.

In the process of conducting its activities, the company often focuses on communication and pricing activities, in the desire to convey the advantages of its products to consumers as quickly and comprehensively as possible, maximizing profits. However, it often happens that the problem lies in the low-quality operation with one's assortment and the use of a limited number of possibilities. The main structural elements of the assortment policy are product management, assortment management, and item elimination (Fig. 1).

The assortment policy management mechanism consists of the main algorithmic actions presented in Fig. 2.

The main subject of assortment policy is assortment. The power behind the assortment is its structure. It includes the organization and classification of goods and services provided by a business or a department store. This structure can vary depending on the type of business and the company's strategy. In addition to the structure of the assortment, the company's goals and the peculiarities of introducing diversity into the market are integrated into the assortment [6]. Along with the structure, the assortment also has the following power: breadth, breadth, depth, durability, novelty, rationality, and harmony. Also, you can specify the main authorities in the assortment and the measurements in Fig. 3.

So, summarizing, we can say that assortment policy is a complex of strategic and tactical decisions related to the selection, placement, development, and management of the assortment of goods or services offered to a trade organization. This policy defines which products or services will be included in the assortment, how they will

![Figure 1. The structure and objectives of the assortment policy](source: developed by the authors)
be presented, and how the assortment will interact with the organization's strategic and marketing objectives.

In classical marketing, there are well-established methods of research and assortment policy management, for example, matrix, consumer, econometric, product perception space method, etc. However, are all these methods relevant in modern conditions? After all, most of them were structured and formalized at the end of the 20th – the beginning of the 21st century. Most of the traditional methods are not able to take into account the

Figure 2. Assortment policy management algorithm

Source: developed by the authors based on [4]

Figure 3. Properties of the assortment and their metrics

Source: developed by the authors
pace of market and economic changes, which the world economy has demonstrated in the last 5 years.

As of 2023, it is increasingly difficult to manage the company's marketing strategy and assortment policy, in particular, relying on generalized methods of analysis. Yes, they strive for universality, but in modern conditions, a personalized and unified approach to the analysis of specific cases is important. In the context of this study, the term "situational marketing management" can be proposed, the essence of which is that at all stages of decision-making: from analysis to the direct implementation of decisions in practice, the key aspect is case experience and situational reaction to the action of individual factors and factors impact.

As part of the proposed "situational management", a separate model should be created for the analysis of the company's activities, which should take into account all the unique features of the market and consumer needs. That is, management should be carried out based on planning situational reactions to certain factors, which can be taken both from one's own experience and from the experience of competitors, taking into account the influence of the market situation. Such an approach will allow adapting to rapid changes in the market and among technologies, as a result of which the opportunity for additional profit maximization should open up. This model should include elements of flexibility, continuous learning, and agility to help the enterprise navigate uncertainty. The basis of an enterprise that adopts the principles of situational management should be an Agile structure. Thanks to this, the company adopts a flexible organizational structure that allows quick response to changing market conditions. Teams become cross-functional and decision-making authority is decentralized, enabling faster adaptation to new trends and technologies. At the same time, constant monitoring of market data, customer feedback, and new technologies is crucial. Advanced analytics and artificial intelligence are used to identify patterns, identify trends early, and make quick decisions based on data, in short, it can be described as "real-time Data-driven management".

If we describe the proposed model of management and research in the context of assortment policy, an important aspect of it will be the agile approach in the creation and development of new products. Product development cycles must be shortened, which requires the implementation of iterative development processes such as Agile and DevOps. This allows the enterprise to quickly respond to the changing needs of customers and technological progress. The model of situational case management to ensure the sustainability of the enterprise is characterized by adaptability, innovation, customer orientation, and a proactive position regarding changes. It allows the enterprise not only to survive but also to thrive in an unpredictable business environment characterized by rapid market changes and technological progress. In the context of research and assortment policy management, this approach will allow enterprises to concentrate on their activities and the specifics of the conditions that have developed in the market. This is especially relevant for digital markets, which are more prone to technological changes and innovations. The model of situational analysis and management is presented in Fig. 4.

Therefore, regarding the assortment policy, the proposed approach will allow for an assessment of the personalized problems of a specific company in a specific market. Turning to the purpose of the presented research, the main applied direction is the improvement of the assortment policy in the digital television market. The scientific and technical definition characterizes digital television as a television broadcasting technology in which signals are transmitted in the form of a sequence

![Figure 4. A model of situational analysis and management in conditions of uncertainty](Source: developed by the authors)
of binary numbers and follow from the provider to the consumer [7]. In turn, the main definition of digital television is the term IPTV. This is the delivery of media content, video or live TV over an IP network. IPTV (Internet Protocol Television) can use the Internet, a private local area network (LAN), or a wide area network (WAN). IPTV is defined as the secure and reliable delivery of video entertainment, live broadcasts, and related services over an IP data network.

The global IPTV (Internet Protocol Television) market was valued at USD 59.68 billion in 2022 and will grow from USD 68.78 billion in 2023 to USD 211.32 billion by 2030, according to Future Business Insights year, showing a CAGR of 17.4% during the forecast period [8].

In the context of the study of IPTV television, it is also worth mentioning the term OTT platform. An OTT (Over-The-Top) platform is a streaming service that delivers content such as movies, TV shows, music, and other media directly to viewers over the Internet, bypassing traditional cable or satellite providers.

The Over the Top (OTT) market was valued at USD 350.6 billion in the previous year and is expected to grow at a CAGR of 28.19% to reach USD 1,555.6 billion by the next five years. The most common OTT service is video streaming. Netflix, Amazon Prime, HBO Max, Disney+, Hulu, and YouTube are OTT providers in the video streaming space, while WhatsApp, Telegram, Slack, and Signal are considered OTT platforms in the web messaging space [9]. That is, in fact, in the field of television, there is a logic presented in Fig. 5.

Content is the basis of the range for all providers in the digital television market. Content means any digital product that is broadcast or produced to inform, entertain, or convey any information to the end consumer using television. It can be both films and TV series, as well as TV channel broadcasts. In particular, all content can be divided into information transfer formats: audio, video, and text content. Since the main focus of the work will be on OTT platforms that work with IPTV technology, it can be argued that it is digital content that forms the assortment in this market.

The digital television market in Ukraine is dynamic and developing at a high rate. As of the summer of 2023, OTT connection occupies the largest market share in Ukraine. In contrast to world trends, the main device for consuming television content in Ukraine is televisions (47.8%). This is explained by the high gap in the provision of technology between the urban and rural populations, who often do not have smartphones and other screens.

By the end of 2022, the five largest domestic OTT services had more than 1.3 million paid users. According to Big Data UA, the distribution of this number was as follows [10]:

- Megogo – 800,000 users;
- Sweet.tv – 120-150 thousand users;
- Volia – 120-150 thousand users;
- Kyivstar TV – 120-150 thousand users.

Based on the data provided, Megogo is the leader of IPTV television and direct OTT services in Ukraine. The Megogo service range is presented in the Table 1.

The main needs that Megogo's OTT platform satisfies are remote entertainment and receiving new information. The value chain analysis for the Megogo company is presented in the Table 2.

Megogo has the resources and potential to continue to maintain its position as a market leader, but it needs to actively work on its product portfolios in order not to lose audience and market share. Therefore, the main task of the Megogo company today is to improve management methods and convey the benefits of the service range to end users.

According to the developed model of situational analysis and management (Fig. 4), the main areas of improvement of Megogo's assortment policy were highlighted:

- adding new functions for content recommendation and selection;
- work on keeping the user's attention and busyness while using the service;
- optimizing the balance of the number and relevance of selections of films and TV series to find the point where the user will not lose interest and will not search for content for too long;

![Figure 5. Interaction in the digital television market](image)

**Table 1**

<table>
<thead>
<tr>
<th>Depth of assortment</th>
<th>TV channels</th>
<th>Movies</th>
<th>Serials</th>
</tr>
</thead>
<tbody>
<tr>
<td>216 TV channels</td>
<td>15000 movies</td>
<td>300 serials</td>
<td></td>
</tr>
</tbody>
</table>

| Additional content | Educational materials from educational schools |

Source: developed by the authors
According to the authors, the main components of changes on the company's retention rate indicator. At the next stage, there is a need to calculate the impact of changes on the company's retention rate indicator. According to the authors, the main components of influence are:

- testing the variability of creatives for the announcement of films and TV series;
- work on content for inbound marketing (YouTube content, broadcasts, and social networks).

At the next stage, there is a need to calculate the impact of changes on the company's retention rate indicator. According to the authors, the main components of influence are:

- adding new functions for content recommendation and selection;
- work on keeping the user's attention and busyness while using the service;
- optimizing the balance of the number and relevance of movie selections.

Calculations were made according to two scenarios – optimistic and pessimistic.

**Optimistic:** according to the benchmarks of the world market leader Netflix, the achievable retention goal is 40% for 6 months. Let's amend the resource limitations of Megogo and the peculiarities of the Ukrainian market (audience's ability to pay, high level of piracy), we can set the goal of raising the Retention Rate – 6 months = 30%, that is an increase of the existing level by 13%. Thus, customer retention will increase proportionally in other months as well, with a factor of 1.2 (average churn rate). The resulting plan is presented in the Table 3.

So, according to the calculations, we can conclude that a completely realistic option is to strive for a 90% retention rate in the user's zero month on the platform.

**Pessimistic scenario.** Accordingly, the next step is to calculate a pessimistic forecast. Given that the proposed changes should not have negative consequences, namely a drop in the level of user retention, the pessimistic forecast will be an increase in the Retention Rate – 6 months to 22%. That is, it will be a 5% increase in this indicator relative to the existing one. We will also establish a proportional increase in maintenance in other months with a coefficient of 1. We will enter the data in Table 4.

So, after analyzing the possible consequences of implementing the proposed solutions, we can say that they can be effective from a product point of view. The next stage will describe the marketing strategy, which should maximize the effectiveness of these actions.

### Table 3

<table>
<thead>
<tr>
<th>Monthly retention (%)</th>
<th>M+0</th>
<th>M+1</th>
<th>M+2</th>
<th>M+3</th>
<th>M+4</th>
<th>M+5</th>
<th>M+6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention Rate</td>
<td>70%</td>
<td>58%</td>
<td>47%</td>
<td>45%</td>
<td>30%</td>
<td>25%</td>
<td>17%</td>
</tr>
<tr>
<td>Optimal plan</td>
<td>90%</td>
<td>75%</td>
<td>62%</td>
<td>52%</td>
<td>43%</td>
<td>36%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: compiled by the authors

### Table 4

<table>
<thead>
<tr>
<th>Monthly retention (%)</th>
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<td>17%</td>
</tr>
<tr>
<td>Pessimistic plan</td>
<td>75%</td>
<td>63%</td>
<td>52%</td>
<td>50%</td>
<td>35%</td>
<td>30%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Source: compiled by the authors
In the next step, we will propose changes to the marketing strategy step by step. Accordingly, the main part of the marketing strategy to be improved will be the product strategy.

The global product strategy for Megogo is to improve the content recommendation mechanisms and algorithms to end users, as this will enable them not only to access a large content library but also to ensure that their needs for finding movies and series to watch are met. We will single out three main areas of improvement of the commodity policy in this context:

1) technological improvement of recommendations;
2) qualitative changes in the approach in the content recommendation system;
3) refining the positioning of the assortment before end consumers.

1. Technological improvement of recommendations is a more valuable approach to improving the assortment policy; however, if modern technologies are not used and they are not implemented in the Megogo service, this may lead to the company losing its leadership position.

Among innovative solutions in the direction of OTT platforms, the main trend stands out – the growth of the use of AI Tools in the work of services. Artificial intelligence tools have become an integral part of the OTT ecosystem. They are used for various purposes such as content recommendation, personalization, content creation, and content delivery. One of the most important advantages of artificial intelligence tools is the ability to provide personalized recommendations to users. By analyzing the behavior and preferences of users, artificial intelligence algorithms can offer relevant and interesting content, which helps to increase user satisfaction and keep them on the site. AI tools are also used to optimize content delivery. Another important area of application of artificial intelligence is the automated tagging of content. It helps identify and categorize content, making it easier for users to find relevant content in more niche categories [11]. Which perfectly corresponds to solving the marketing management problem of Megogo company.

2. Qualitative changes in the approach to the content recommendation system. This direction refers to the implementation of changes in the categorization (distribution of content into categories) and the approach to "highlighting" the assortment of the Megogo service. The main hypothesis regarding this question is that the reorientation of content selections and recommendations to a more problem-oriented approach will have a positive effect in the form of increased customer retention and fuller satisfaction of their needs. Therefore, a possible way to modernize recommendations and selections may be the integration into the Megogo service of more "vital" topics that respond to a large number of people. It can be an adaptation of such a direction of psychotherapy as film therapy. When we gather to watch a movie, it's a collective experience that can have a profound effect on our emotions and thoughts. We can look into other worlds, both real and imaginary. Kinotherapy uses this influence as a catalyst for healing. Customers watch a movie to see themselves reflected. They may become close to the characters or find that their experiences are completely different. For example, the selection "Problems of parents and children", "Love at a distance", "Far from home", etc.

3. Refining the positioning of the assortment in front of end consumers. The simple appearance of a full library of 15,000 films can have an impact on new users, but for those who already use the service, this is not so important, unlike the ability to find interesting content in this library. Therefore, it is important to position the assortment not only as large but also as relevant, and useful. A diversified content support strategy can help with this. This includes meeting the needs of niche audiences can be achieved by creating curated sub-libraries (libraries manually created by platform experts) dedicated to specific genres such as documentaries, foreign films, independent productions, and cult classics. This approach promotes loyalty and engagement of certain user segments. In addition, partnerships with independent filmmakers, YouTubers, and local content creators can expand the diversity of content, opening up fresh perspectives and empowering users to discover new talent.

They also help in changing the positioning of the assortment – content clustering and thematic collections involve grouping content by certain topics, moods, or events. For example, "Romantic Comedies for a Rainy Day", "International Thrillers" or "Documentaries that Changed the World". It facilitates content discovery by matching suggestions to user preferences and situational context, increasing user satisfaction and reducing search fatigue.

During the evaluation of the effectiveness of the measures, we found that since the introduction of the new changes, the total number of active users of the platform will increase by 43,722 users in the first year. At the same time, at the current level of Retention Rate, the audience of the service would increase by 33,071 users. That is, the introduction of the proposed changes could potentially increase the annual growth of Megogo's audience by 10,000 active users. A comparison of changes in LTV and MRR indicators is presented in Fig. 6–7.

Analyzing the obtained results, it can be concluded that the proposed changes are economically feasible and profitable both from the point of view of product indicators and financial indicators. Therefore, we can talk about the relevance of the new Megogo assortment policy management model in the context of increasing the efficiency of using the existing content library and conveying its benefits to the audience.

Conclusions. During the execution of this work, its goal was achieved, namely, the development and improvement of theoretical and methodological provisions for managing the assortment policy of IPTV services in conditions of market uncertainty to increase the efficiency of using their rich content libraries.

The scientific novelty of the obtained results:
- the author's definition of assortment policy is proposed;
- a model of situational analysis and enterprise management in conditions of market uncertainty was developed;
- new approaches to recommending content in OTT services are proposed;
- improved the process of conveying the benefits of the content library to end users of OTT services.

Practical significance of the research results. Analyzing the obtained results of the evaluation of the economic
feasibility of the proposed changes, it can be concluded that they are economically feasible and profitable both from the point of view of product indicators and financial indicators. In particular, under the new model, the potential growth of MRR-12 months can be 32% better than under the existing model. Therefore, we can assert the relevance of the new Megogo assortment policy management model in the context of increasing the efficiency of using the existing content library and communicating its benefits to the audience.
References: