INVESTMENT IN WHOLESALE STORES AND SHOPS AND TECHNOLOGICAL EQUIPMENT DEVELOPMENT

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Abstract. When we choose a strategy, which is based on the maintenance of existing position (even if not the best, but stable and available), it is most important to maintain good relations with wholesellers. It is also necessary to eliminate possible activity of rivals. In this case cooperators have to reduce their part in the market. None of these strategies is better or worse than the other, but under some conditions, one is more suitable, and under other conditions, the other. When we choose a strategy, firstly the possibilities of cooperation, selling of production and conditions of competition should be mentioned.

Enterprise strategies are planned differently. Mostly enterprise workers’ experience, creative and intellectual powers are used. In other cases the consultants, who have more experience and information, and who are more objective in evaluating strong and weak parts of enterprise, are applied to.

Keywords: cooperation, wholesale stores, competition, investment evaluation methods, evaluation purposes, Chain Supply management.

1. Problem

At present it is necessary to regroup big giant trade distribution stores into a smaller net of trade and to leave some of them, but it is necessary to mechanize loadings, unloadings, work of storing, so that commodities could be easier, quicker received for assortment and sending. For this it is important to apply the newest stores technology and to create schemes.

Further the aspects of trade enterprises location choice are considered.

The choice of trade enterprises location, virtually, is the problem of investment. Investment calculation methods are distributed into static and dynamic. They also differ in this way: dynamic methods are based on the idea that due to investment at different periods of time different income and expenditure are obtained, but static methods neglect this. Frequently static methods are invited to help.

Profit comparison, profitableness calculation, economy/thrifts and capital investment shopping methods are ascribed to static methods. For this purpose commodities turnover, incomes and expenditures are counted. The quality of this method is that it does not only allow to choose optimal location of a trade enterprise, but also gives the answer if it is worthy to build a shop in this exact place.

2. Future purposes

A closed joint-stock company (JSC) „Kooperacijos didmeninė prekyba” (“Cooperative wholesale trade”) (JSC KOOPDI) has 8 branches in the largest towns of Lithuania and in the Klaipeda port. The company’s store area is more than 100 000 m². In Vilnius, Klaipeda and Panevėžys open type stores of custom-house are established [1].

The purpose of JSC KOOPDI is to provide commodities of different assortment for customers of cooperative stores, which are in all Lithuanian centers. About 1/3 wholesale turnover is made by turnover with private trade enterprises.

Wholesale trade is used by district customers’ co-operative stores, agriculture enterprises of buying up of products and raw materials.

The closed joint-stock Company Center of Co-operative trade provides cooperative society with equipment, raw materials and subsidiary materials.
3. Development of Retail Trading Networks

The main factor indicating a prosperous work of a trading company is the creation of appropriate assortment. Pricing, use of the means of communication, stock buying in, shopfitting and a workspace of trading premises depend on assortment policy [2].

The meaning of expansion conception is the preparation and realization of original type trade enterprises which are suitable for members and all strata of population. Retail trade enterprises are important in creating customers’ corporation system, which in all cases meets their members’ interests.

In the conception of a retail trade net expansion the means of trade premises, equipment, permanent design renewal are supposed to exist, because they all rather increase the rivalry between trade enterprises.

The company must decide on a desirable number of stocking locations. More stocking locations mean that goods can be delivered to customers more quickly. However, warehousing costs go up. The number of stocking locations must strike a balance between the level of customer service and distribution costs.

The requirements for trade equipment of trade premises are the same as for any other marketing means. The main aim is to enlarge the profitability of trade premises [3].

The solution of the equipment of trade premises comprises the following items:
- the layout of a shop i.e. the division of premises into different functional zones and the arrangement of those zones;
- spare utilization i.e. groups of goods and their layout
- the interior design of a shop i.e. decoration of trade premises [4].

The importance of the equipment of trade premises increases with the higher requirements of consumers who wish to shop in more pleasant and impressive surroundings as shopping becomes a certain form of leisure. The research shows that the equipment of trade premises and its design in different trade spheres rises in importance determining the strategic success [5].

One of the biggest customers cooperation qualities is its opportunity to go to market as to a harmonious system, which is able to buy commodities with great dispatches and also influences their quality and assortment and the most important – the price. However, if it is possible to make use of this merit, it should have a strong wholesale team. Therefore, with the creation of retail trade net expansion conceptions, cooperation wholesale reconstruction started taking into consideration new conditions of work in competitive environment. Let us look what investment was for retail trade in different years: in 2000 – 4047.000 Lt., in 2001 – 8237.000 Lt. The percentage compared with 2000 increased by 203.5%; for wholesale trade: in 2000 – 455 000 Lt., and in 2001 – 335 000 Lt. Comparing the year 2001 with 2000, the percentage decreased by 73.6 %. Cooperations of closed joint-stock companies are created working in partnership with retail trade enterprises.

Closed joined – stock companies, whose capital is made up of cooperation wealth, have the main idea to buy, store and distribute commodities to organisations under useful conditions. By using special computer programs these companies constantly test commodities demand and provide shops which have shortage of commodities.

Wholesale trade is described as an activity of all firms or juridical persons, who participate in providing commodities if they purchase commodities for resale purposes. The most important functions of wholesalers are: storing, setting of commodities and also distribution for retail trade merchants (sometimes and for final customers). Wholesalers who obtain a lot of commodities are risking much more than retailers.

Retail trade merchants rarely agree to embrace institutions of retail trade because they give possibilities to buy much cheaper commodities from producers. It is necessary to say that a producer might use the action of pressure which is related to logics, which has an object – to rule the movement of commodities by optimizing all bounded operations. The purpose is that customers would get commodities on exact time [6].

From the standpoint of all system, management is strategically important to commodity market and to all its objects. Now production and commodity realization have big influence on customers, decide their needs, structure of use. Therefore, it is obvious that a central position of circulation sphere, its improvement of this activity will consolidate, regulate and manage more. But the whole supermarket – production - circulation-use – will be much more effective from the social and economic standpoint.

Efficiency is the most important and this is nothing else, but profit. In other case, under the conditions of market we will not survive. All this is for the sake of customers. And knowing the purpose, we are able to create a strategy.

At present under free-market conditions, it is important to mechanize and automatize the work of load transportation, loading and unloading, also storing.

Organizations of customers’ cooperation are small recipients mostly. When they get big dispatches, they are unable to guarantee, for example, the right model and colour of garments, that is why not all commodities can be provided to shops, but they must be sorted. This is made in the districts of wholesale trade bases. Some commodities from these bases can be provided to the shops, but others (in smaller amounts), which are gained from local providers, might be taken to shop subsidiary warehouses. Aforetime, I think, village and district shops, which were established earlier, have no big subsidiary warehouses.
Because of this, they are not allowed to bring more commodities from the factory [7].

Trade, which is related to other fields of economy, depends on the results of its activity and also makes influence upon it. It is characterized by dynamics of various processes. By using old methods (on old technical base) these problems cannot be solved. Without an automatized and computerized managing system it is impossible to achieve the neccessary level of management under the conditions of market. In order to figure on economic and other questions optimally on the level we need, the economic analysis is necessary.

Practically, the progress in trade is realized while working in these directions:

1. Rational allotting of scientific technical bases.
2. Modernizing and automatizing the processes which require much work.
3. Rationally organizing:
   A) The motion of commodity up to customers and providing shops with needed assortment commodities.
   B) Constant stocktaking and keeping.
4. Improving the settlement with customers regiving operations to retail trade management.
5. Widely installing modern management methods.
6. Preparing high skilled staff.

Trade workers have to know the stucture of equipment, rules of its exploitation and how to choose the equipment and calculate their needs.

By absolute automatization of all commodities account operations, it is possible to reduce receptivity of work, to concentrate more information about country customers, better to calculate the rest of commodities in warehouses, more operatively to regulate book-keeping account, rationally to organize commodity realization, operatively to react to various changes of customers’ needs. As our country’s and foreign countries’ experience shows, it is neccessary to install the achievements of science and technology into warehold economy (regardless of how big or how small these wareholds are), so that the work of main and subsidiary loading operations would be automatized.

When the work in a warehouse is improved, it is important to distribute it properly; then the warehouse administration is able to deal with various organisational questions operatively, in a better way to organize not only the work, but also commercial activity.

Today we have to think also about the forms of warehouse management. It is necessary to take into account the overall dimensions of loads and the assortment of commodity, ways of loading, weight, etc. Improving the management of warehouse economy, the gained load completing and the location specialization level have a big influence. It is neccessary to take into consideration physical and chemical properties of stuff, to guarantee anti-fire safety in warehouse economy.

Commodity warehouse was founded with a stock-in-trade, which was formed in trade because of:

a) trade conditions, when parties of commodity (up to needed amount) are held in the warehouse of a factory before sending them;

b) seasonal prevalence of production and use, when production is produced only in certain periods, but sold little during the whole year;

c) conditions of commodity sale, because providing customers in wholesale and retail trade a stock-in-trade is made;

d) seasonal prevalence of commodity delivery.

Regardless of many factors, which characterize separate warehouses work, it is possible to define the main principles of operations organization in warehouses. The main principles are:

- speeding commodity circulation and guaranteeing permanent providing into a trade net, it is neccessary to complete every operation promptly;
- to make warehouse workers’ work easier, to increase its effectiveness, it is neccessary to improve the equipment and mechanisms;
- to guarantee the safety of stored commodities;
- consecutively to complete the operations of a warehouse.

Willing warehouses to work rationally, it is necessary to keep some conditions, which guarantee successful work. Local load mechanized and automatized warehouse organization requires to prepare commodities for transference and transportation correspondingly.

On the bases of wholesale trade electrical loaders “Balkankar”, electrical loaders EV-817-56, EV-654 33-12, EB 717 33-12, EB 687 33-10, EB-792 made in the Czech Republic are used most often. They help to narrow the distance between racks, to increase load warehousing height 2–3 times and to quicken load circulation by about 60–70 % [8].

Long years of experience show, that scientific technical trade reconstruction is a difficult and complex problem. The matter is that there is not enough financial stock for new technology today. To speed the technical progress, it is necessary to divide all extra commodity profit gained after installing the above mentioned scientific and technical novelty, like this: to devote a quarter to trade organization workers’ material stimulation fund, a half – to equipment establishing, and the remaining part – to finance other technical means. This would stimulate to establish new equipment and to guarantee skilled technical service. More opportunities would appear (on a self – supporting agreement basis) to cooperate with scientific reseach institutions, to produce and install non-standard trade technology, to guarantee the use of promising scientific and technical novelties and to accelerate the change of the old equipment by a new one.
The efficiency of scientific technical progress depends not only on installing of the newest technology, but also on using of the main funds more effectively and the improvement of production. It is necessary to create wide possibilities for massive use of reliable, practically used novelties of technology in order to get the biggest profit. It would be useful rapidly and purposefully to arrange scientific projection and construction work, which would allow to create and use new technology and technique.

*Investments into financial capital.* The usage of currency for the equipment and purchase of other means of labour is a type of those investments.

The analysis of preliminary project is usually done before presenting it to the investor. It is done with the purpose to clear out if this project is worth further expenditure and if the amount of cash is enough to cover all the expenses in order to get an average profit [9].

This needs investment, which is very important to attract. This is the index of country’s economic changes. This index depends on production development, financial stability, business facility status, the perfection of political decisions and strategic integrity deciding the questions of taxation, privatization, decreasing of bureaucracy obstacles and other urgent questions. This is not simple, because of political, industrial, economical, financial, also other strategical stocks, by which strategies of investment pulling are expanded.

Direct investment of foreign countries is not spontaneous purpose, but an indispensable remedy to stimulate economic expansion. Therefore, the most important directions of economic policy are:

- to stimulate projects of investment;
- to create more auspicious legal and economic conditions for investment;
- to expand and strengthen the system of banks.

According to Economical cooperation and expansion organization (OECD) methodology applied by the Department of Statistics, direct foreign investment also includes:

- a direct foreign investor which complies with a part of enterprise personal capital (some per cent of authorized capital part). It is a conformable part of enterprise nominal capital, capital reserves and also non-distributed profit;
- reinvested income – It is the income part which is attributed to a direct foreign investor. The part, which is not distributed to him in the form of a dividend, is not remitted income, which belongs to foreign investment;
- other capital. Enterprise’s share which does not concede a voice right, enterprise’s and direct foreign investor’s interdependent loans and obligations, commercial debts, added but not paid out in dividends.

Many economic specialists and analysts maintain that direct foreign investments are loans gained also in the name of Lithuanian Republic, and loans with the guarantee of the Government. However, these loans fall short of the requirements of direct investment methodology, which is used by the European Union and most countries of the world [10].

Motives of investing project formation conditionaly can be divided into inner motives, when it is tried to take into account economic activity needs; and outer motives, when a discussed activity is wanted to be introduced in the society or to possible partners. Mostly inner activity motives mean a need to analyse and improve some of its activity aspects (sponsorship, technological renewing, etc.).

Outer motives of investing project mostly are these:

- aspiration to find concerned partners for further activity;
- a try to solve sponsorship problems;
- a need to present its activity to society, also trying to gain support from Government, foreign funds [11].

Of course, this dissociation of motives is conditional. For example, when there is no substantiated plan of activity perspective, it is hardly possible to interest a new investor or a partner.

4. Conclusions

Many Lithuanian production facilities are nothing but unattractive for foreign investments. This is especially characteristic of companies traditionally manufacturing for export purposes. Foreign investors are frightened by the size of the Lithuanian enterprises, especially by low efficiency of labor, old technologies, insufficient management. As a result, it is often more reasonable to build new facilities than to reconstruct the old ones.

The general business environment plays the decisive part here, it determines attractiveness of one or another country. Many researches have been made in the world in order to ascertain attractiveness factors of foreign investments [12].

Cooperation members try to settle their problems successfully all over the world. Unfortunately, they still are of slight assistance for cooperative societies of our country. But the members should feel some tangible benefit, to make sure that they really need cooperative society. Only then members shall pay their share and actively participate in the activities of their cooperative society.

Members of the Western deviation of consumers cooperatives are usually stimulated for buying goods in their shops. Members of Swedish cooperative societies have some special cards with boxes. One box price is 100 crones, it is crossed out when one buys some goods for this amount. When the amount makes 2500 crones, the member becomes 50 crones repaid [13].

The Government of Japan appreciates small and medium-sized enterprises as the most important market
It is necessary to renew technology of trade, industry and other enterprises, and this requires many investments, which are actively sought in own and foreign countries.

References

INVESTICIJOS DIDMENIAMS SANDĖLIAMS IR PARDUOTUVĖM AMS BEI TECHNOLOGINIAMS ЈRENGINIAMS TOLBULINTI

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Santrauka

Didelį prekybos skirstymo sandėlių reikia pergrupei to į mažesnį prekybos tinklą ir dalį palikti. Būtina gerai mechainiizuot krovos, sandėliavimo darbus, kad būtų galima greičiau prekes rūšiuoti ir išsiųsti – tam reikia pritaikyti pačią naujausią sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienoje šalyje politinė, gamybinė, ekonominė kryptis, kurios nėra naudojama sandėlių technikos ir nėra sudaryta schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryti schemas. Tam reikia investicijų. Tai nėra paprasta, nes skiriasi kiekvienos šalies politinio, gamybinio, ekonominio, finansinių ir kitų strateginių išteklių, kuriais kurti ir stiprinti bendrovę, būtina perimti ir išlaikyti – tam reikia pritaikyti pačią naująjį sandėlių techniką ir sudaryt...
Vienas iš didžiausių vartotojų kooperacijos privalumų yra jos galimybė išeiti į rinką kaip darniai sistemai, galinčiai pirkti prekes didelėmis siuntomis ir kartu daryti įtaką jų kokybei ir asortimentui, o svarbiausia – kainoms. Tačiau norėdama pasinaudoti šiuo privalumu, ji privalo turėti stiprą didmenų grandį. Todėl kartu su mažmeninės prekybos tinklo plėtros koncepcijų kūrimu prasidėjo kooperacijos didmenų pertvarkymas, atsižvelgiant į naujas darbo konkurencineje aplinkoje sąlygas.

Reikšminiai žodžiai: kooperacija, didmeniniai sandėliai, konkurencija, investicijų vertinimo metodai, vertinimo tikslai.

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