

A commodity is what is put on the market to meet the needs of consumers and producers to acquire, use or consume material and intangible goods [1].

Every entrepreneur faces a number of challenges in creating a product policy in his production:

- Uncertainty about the products to be produced. In the number of goods, time of production and the its links;
- Identification of potential markets and consumer segments;
- Determining the amount of human and technological resources needed to produce the products;
- Understanding the capacity of the product to compete with such products in the market [4: 73].

**Conclusion.** Thus, commodity policy can be considered as the main factor for business success. Its managing provides easy understanding of your own product, smart solutions for solving problems and finding creative ideas for development, a free understanding of methods for optimizing its range.

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## **DROPSHIPPING AS A MODERN BUSINESS MODEL**

**Introduction.** In recent years, the Internet has become an integral part of human life and, as a result, e-commerce has been developing rapidly. There are many alternative ways of doing e-business, one of which is Dropshipping. The topic is relevant today, because the term itself is relatively new. Therefore, the concept of how the process itself proceeds from taking an order to delivering the goods to the buyer, can be a problem for the supplier or intermediary, and was not fully researched.

**Review of recent publications.** The study of the conducting Internet-commerce process on the business model “Dropshipping” has been in the focus of such domestic and foreign scientists as M.L. Kaluzhinsky, N.H. Astonovych, S. Kholensen, A.V. Tyrinov, M. Shevchuk, V. Fedorychak. It should be noted that this business model is quite complex and multidimensional, so without underestimating the contribution of leading scientists into the study of dropshipping, not all dropshipping aspects and issues have been researched and developed.

**Objectives of the paper** are to formulate the definition of “dropshipping”, to demonstrate the dropshipping process from the moment the goods are received to the buyer, to analyze possible problems and weaknesses.

**Results of the research.** Dropshipping (eng. Dropshipping - direct delivery) - a trading scheme in which the producer's products are sold by an intermediary (dropshiper). Dropshipping is a type of trade, mainly through online stores, during which an intermediary (dropshipper) first finds a customer (buyer), receives an order for a specific product and prepayment. At the next stage, the intermediary re-orders the buyer order on the seller's website and pays for it by indicating the buyer as the recipient [1].

Dropshipping has its significant advantages over other types of e-commerce because it does not require storage space to store the goods, as well as does not require large financial outlay, of course you need to consider the down payment for the development of the trading platform and trial batch to study the relevance of goods and its quality. Also there is a need for computer or mobile device with constant access to the Internet to communicate with customers and suppliers. Dropshipping scheme consists of several stages as following:

Step 1. The intermediary finds the site of the goods supplier, the price of which is mostly lower than the prices in local markets, provided that the supplier sells his goods by mail.

Step 2. The intermediary orders a trial batch of goods and discusses the terms of cooperation (warranty, shipping conditions, etc.) with the supplier.

Step 3. The intermediary copies the description and image of the goods on the supplier's website or does it by his own, and then exhibits the supplier's goods on electronic trading platforms on his own behalf.

Step 4. Buyers buy the goods from an intermediary with shipment from the supplier. Moreover, the intermediary accepts only the order and transfers the payment to the supplier, leaving a part for the mediation services.

Step 5. The supplier sends the paid goods to the addresses provided to him by the intermediary, and decides on the warranty on the purchased goods [2].

The essence of dropshipping is that it cannot be considered as a type of trade, in fact it is a mediation service between the buyer and the supplier.

Like any business model, dropshipping has its weaknesses, which were described by A.V. Tyrinov [3]. For the dropshipper itself, these are: inability to control the quality, delivery of goods; dependence of the image on the reliability of the supplier; the risk of missing goods in stock; high competition and a relatively low rate of return.

For the supplier, the weaknesses are claimed in the absence of its own customer base, for the buyer - there is the purchase of goods at an inflated price, and the risk of non-receipt of goods for prepayment. Due to the distrust of the Ukrainians to sellers, and the desire to buy goods by cash on delivery, which is not provided by the business model, this method of e-commerce is currently not profitable and promising.

**Conclusion.** Dropshipping is a very convenient business model, unfortunately, in Ukraine it is not as well developed as in the USA or China, but it is quite promising. It has a number of its disadvantages and problems, and in order to receive great revenues from this field of activity, you need to have a large product range with a large customer base. Working in the field of dropshipping, you can acquire useful skills in the field of e-commerce, which in the future may be useful for opening your own online store.

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