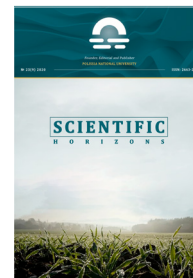


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Formation of an Innovative Business Model of a Trade Organization in the Context of Economic Globalization

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Abstract. The development of Ukrainian trade organizations in ordinary conditions is characterized by a high degree of inertia. Therefore, when situations that need to change arise, business strategies of market participants also change dramatically. Most often, such transformations are connected with external factors, such as the overall economic crisis, a sharp change in the state "rules of the game" in a particular sector of economic relations, as well as another external factor bond to the occurrence of new serious competitors. The development of organizational and economic mechanism to ensure the innovative development of retail trade, requires comprehensive consideration of internal and external factors of the studied system, the formation of strategies and programs to increase the innovation potential of its participants, their active interaction, increasing the use of innovative technologies, generating ideas and transformations. The article considers the issues related to the impact of business globalization processes on the transformation of business models of trade organizations and their operation strategy, as the degree of trade development indicates the standard of living and the state of the economy and society. The authors of the article suggest that retail organizations adapt to the changes in the macro and micro environment, using innovative components in economic and financial activities, which will ensure their competitiveness and prevent crises. The proposed model of an innovative trade organization allows to identify the goals components of innovation activities, which combine the strategic guidelines of the state regulation and help to improve the economic condition of trade organizations

Keywords: trade organizations, retail trade, globalization, innovations in retail trade, strategy, multichannel trade



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INTRODUCTION

Effective business activity is a source of economic growth, which ensures employment in the country and directly affects the quality of life of the population [1]. Intensification of competition of domestic and foreign markets, the occurrence of its new forms, differentiation of consumer demand require the search for new directions for the formation of competitive advantages of trade organizations in the context of globalization [2]. Retail trade, being the branch of the economy closest to the final consumer, serves as the main tool for regulating the main components of the production process (volume and range of products) and allows to monitor consumer preferences, the dynamics of quality of life and much more [3]. Thus, to meet the growing needs of the population, trade organizations need to constantly improve their activities, offer competitive advantages, transform their business models, especially under the influence of globalization of economic processes. All the above-mentioned factors prove the relevance of the study [4-6].

Problems of innovative development of trade organizations have been studied in the works of such scholars as P. Hrynko [7; 8]. If we consider the development of forms of retail trade in the last decade, researchers have studied and offered various theories in this regard: cyclical, environmental and based on conflict theory. Cyclical theories include: "the wheel of retail", one of the main ecological (environmental) theories is the evolutionary theory of A. Drismann, which was developed in the works of M. Forrester and K. Davis [9; 10]. The conflict theory presupposes that under the influence of competitors, retailers must replace their forms of activity with more efficient ones, introducing innovations into their development in order to gain a more favorable position on the market [11]. As for the term "retail innovation", many scientists, including the western ones, do not distinguish it from the general term "innovation", although they have their own characteristic features that are to be justified. The tendencies of functioning of multichannel model of trade are considered as the increase of competitiveness of the trade organizations depends on its organization [12-14]. Using the SCOR-model, which identified main indicators for evaluating the performance of logistics activities, makes it possible to generate competitive advantages in trade enterprises [15; 16].

MATERIALS AND METHODS

The following scientific methods and techniques were used in the research: observation, sampling and grouping – for theoretical grounding in determining the problems and trends of the research topic; a systematic approach to build an innovative model of trade organizations; logical-structural and graphic modeling to illustrate the essence of the phenomena, the relationship between elements of the system; generalization and comparative

analysis to form a strategy for managing innovative development, clarification of the conceptual apparatus.

Facing the threat of invasion global network operators in the Ukrainian market, domestic trade organizations have to intensively mobilize resources and develop new development strategies. At the same time, they demonstrate high abilities to adapt organizational forms of sales technology to global retailers that already exist in the world. Despite researchers' different approaches to understanding the reasons for the change in forms of retail trade, each group of theories emphasizes the need for innovative development of trade organizations as a condition to ensure profit gain and their long existence in the market. Thus, in our opinion, in order to ensure the stability of retail organizations, it is advisable to adapt to the changes in the macro- and micro-environment and use innovative components that ensure competitiveness and counteract crises in economic and financial activities.

Innovation is needed for the innovative development of trade organizations. Regarding the term "innovation in retail", many scientists do not distinguish it from the general term "innovation". Despite this fact, we believe that "innovation in retail" has its own characteristic differences, emphasizing the peculiarity of innovation activities in this area. One of the international methodological standards, OECD Oslo Guide [17], defines four types of innovation in trade: product innovation; process innovation; marketing innovation; organizational innovation. These innovations can be new to the firm / institution, to the market / sector or to society as a whole. We believe that "innovations of trade organizations in the globalization of economic processes, using their mechanisms, provide a process of creating new forms and technologies of offering goods and services, improving logistics, marketing, management concepts, influence the transformation of business models and aim to improve competitiveness, ensuring a positive socio-economic and commercial effect". The key components of trade include: creativity, strategy, implementation, profitability. At the same time, innovations in trade should have such features as novelty, security, compatibility, competitiveness, mobility, etc. The application of innovations in retail provides an opportunity to obtain the following benefits: the efficiency of delivery of goods from producer to consumer increases; the process of using the main working capital of the organization is improved; costs on using innovative technologies, modern equipment, the Internet are reduced; document circulation is reduced, its reliability is increased due to innovative information systems; labor productivity of human resources increases through the prism of innovation culture, the quality of trade services, improved working conditions. In addition, innovations can be applied in changes in the characteristics of the product, trade and technological process, which affect the positive

dynamics in increasing turnover, profit and are not associated with significant investment. This makes it possible to reach the biggest part of the target audience, improve the quality of customer service and, as a result, contribute to the efficiency of economic activity. The role of innovation in retail, ultimately, is reduced to the trade employees' comfort and the process of purchasing goods by buyers, ensuring high quality trade services.

In order to implement innovative activities in trade organizations, a systematic approach is needed, which considers innovations as a part of the system, the successful operation of which is possible only with the integrated interaction of its elements, one of which is

knowledge. In our opinion, the formation of an innovative model of a trade organization in general involves effective knowledge management, risk management, as well as analysis and selection of optimal sources of innovative projects funding. The transfer of retail organizations to an innovative path of development involves designing their innovative model (Fig. 1), which combines the strategic guidelines of the state regulation and improves economic conditions of trade organizations. To accomplish this, it is appropriate to develop and scientifically prove the block of mechanisms and tools of innovative development of retail trade.

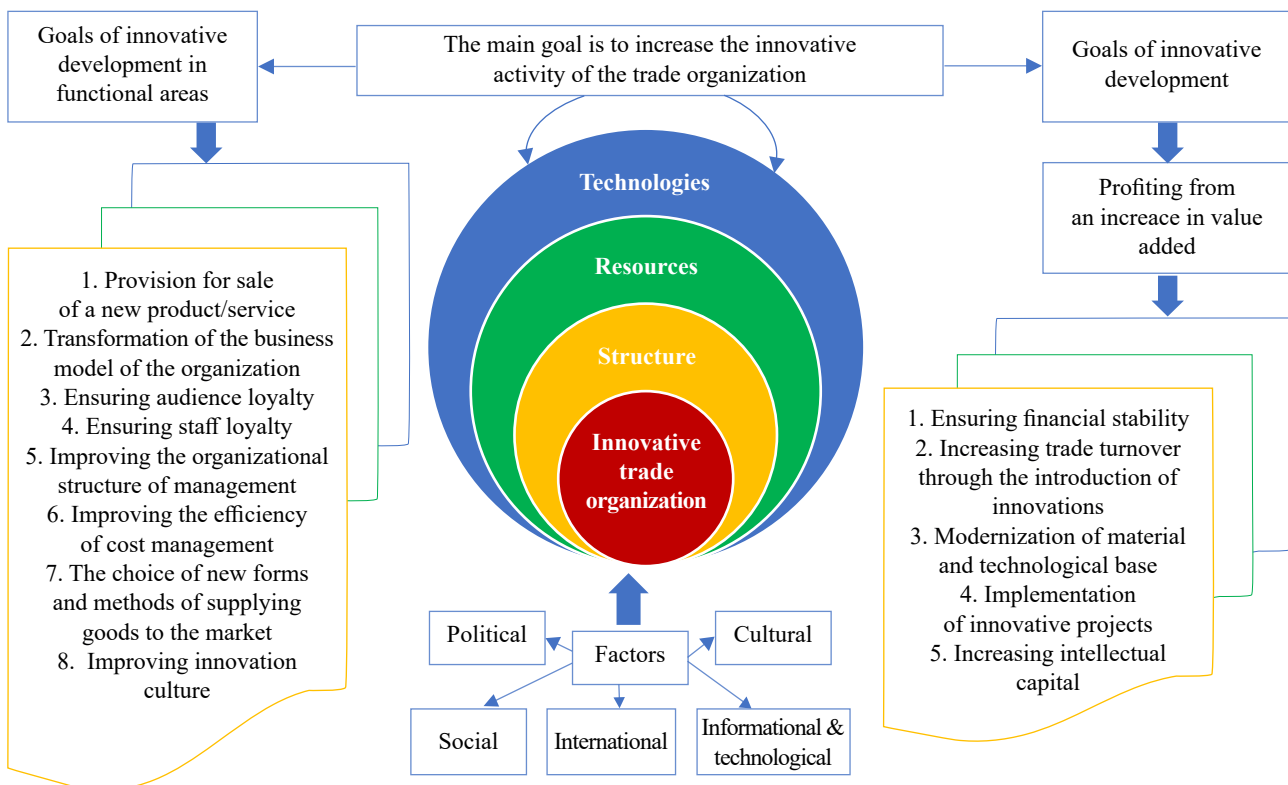


Figure 1. Model of innovative trade organization

Having analyzed foreign experience, trends in the functioning of the multi-channel model of trade were identified. The creation of an Internet commerce channel in digital economy is extremely common. Diversification of distribution channels allows to strengthen the organization's position on the market, significantly expand the target market, customer base, to obtain additional profit.

In order to design a successful model of multi-channel trading, it is necessary to focus on customer-oriented marketing strategies. For example, one of the best-known technologies for building effective relationships with customers is a system of loyalty cards. It is proved that it motivates consumers to use the opportunities of multi-channel trade of the enterprise. Another technology is the use of systems for returning, exchanging, repairing and delivering the purchased goods.

A trading organization that has decided to implement a system of multi-channel trading may face a number of difficulties:

- First, an ability to simultaneously focus on and manage different types of business activities.
- Second, specific characteristics of the sold goods may not correspond the format of e-commerce.
- Third, it is necessary to carefully study the needs of consumers when using multi-channel trade of the organization.
- Fourth, a serious problem is the creation of IT infrastructure – retailers face significant financial expenses, which can be unjustified if customer needs are insufficiently researched.

In order for multi-channel trade to be implemented successfully, it is necessary to transform the

business model of the organization of retail trade. There are three components to which major changes should be directed: the format, activities, management system.

In our opinion, in order to effectively develop a strategy for the implementation of multi-channel trade, it is necessary to follow the methodology for its development (Fig. 2).

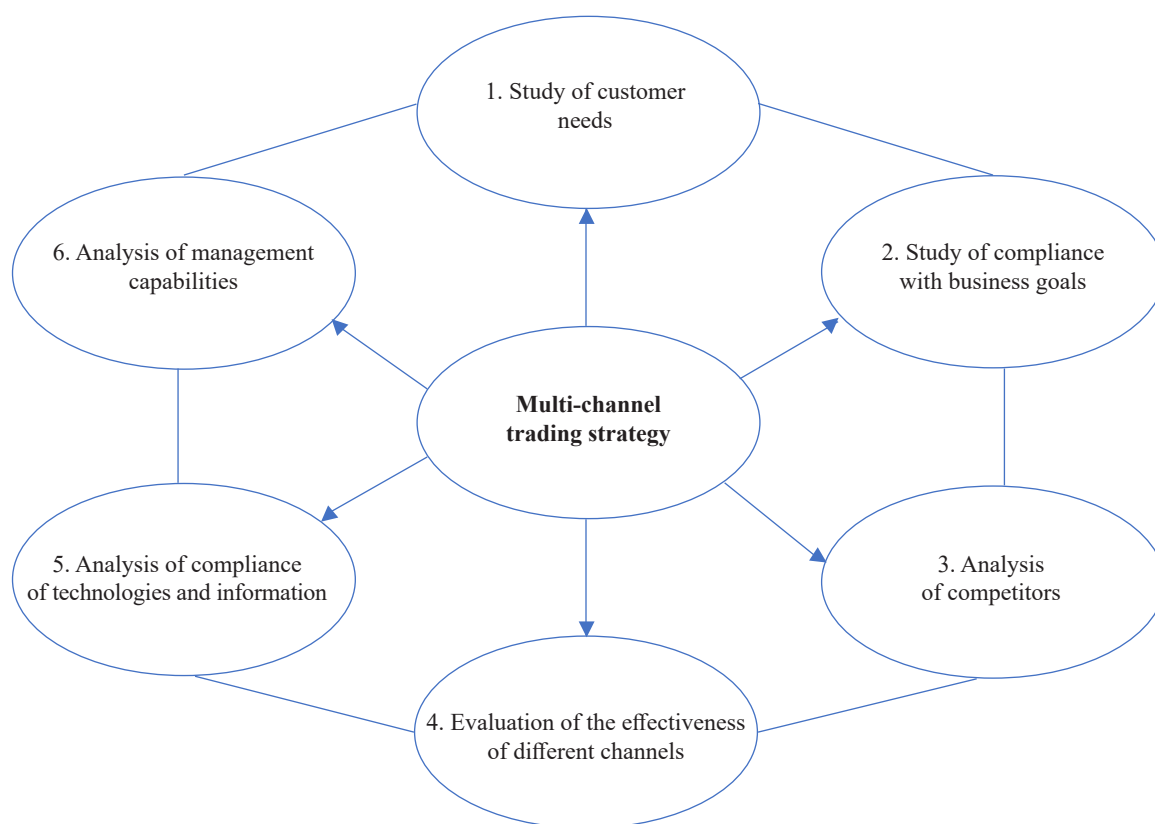


Figure 2. Model of multi-channel trade development methodology

RESULTS AND DISCUSSION

After assessing all the factors considered in this methodology, a trade organization can use the following strategies to implement a multi-channel model of trade:

1. Identification of general synergy interconnections between the key elements of different forms of trade. There are similar elements in traditional and electronic forms. In particular, common infrastructure – warehouses, delivery system; general marketing strategy; common target market. For effective management of multi-channel trade, it is necessary to ensure maximum compliance through clear coordination and control, as well as the adjustment of goals, the structure and opportunities in both formats.

2. The use of common resources of both the traditional the electronic model of trade. Of course, an organization implementing e-commerce as an additional channel can take advantage of such a traditional model as increasing

the security of purchases for consumers. This is explained with the existence of a real store, where buyers can come to solve the problems that arose while buying goods. In its turn, e-commerce to a greater extent provides opportunities to accumulate and analyze a significant amount of information about consumers and their preferences.

3. Development of a hybrid model that can combine the advantages of each form of trade. Based on a combination of business elements of e-commerce and traditional commerce models, we have identified a combined model that allows to take the advantage of both formats (Table 1).

4. Resolving conflicts that arise between trade channels. Conflicts and possible solutions to them, which are often encountered during the implementation of a multi-channel retail system, are given in Table 2.

Table 1. *The combined model of retail channels*

The characteristics of a business model	Traditional form of trade	E-commerce form of trade	The combined model
The advantages of the form	The ability to choose and realistically assess the quality characteristics of goods	The reduction of expenses; Individual work with clients; Multi-format advertising; An opportunity to work around the clock; New forms of partnerships (e.g. dropshipping)	Personalization of purchases; Multi-format advertising; An opportunity to choose and estimate the goods; Optimal pricing
Key assets	Store location, infrastructure, logistics, brand	Information technologies, database; An opportunity to use the mechanisms of the digital economy; Intellectual capital	The existence of a virtual and physical store; Wider market coverage and segmentation; Large customer base; High brand value
Profit model	Goods selling	Goods selling, micro segmenting of market	Goods selling, micro segmenting of market
Structure of major expenses	Rent, store maintenance, equipment, warehouses, staff salaries	Information technologies, initial costs for creating an online store, database, delivery channels, stock management	Initial costs for creating an online store; The cost of technical support for the online store; Rent, store maintenance, equipment, warehouses, staff salaries. The expenses on an item are minimized through synergy interconnections between the channels and an increased customer base

Table 2. *Conflicts and options for resolving them during the implementation of a multi-channel retail system*

Major problem	The essence of the conflict	Options for resolving
Coordination of an organizational structure	The organizational structure is initially designed to provide conditions for the effective functioning of traditional trade, its infrastructure – warehouses, transport, equipment, shops. When a new channel is added, it creates difficulties in coordination, in the sequence of tasks of two or more channels	If an organization decides to implement a new channel (for example, an online store), it will need to transform the structure into an IT infrastructure. For example, change the method of warehousing so that employees can complete online orders quickly, introduce a home delivery system, and so on. Any changes that affect the structure must be explained to the employees at all levels, motivating them to support these changes and transforming the communication
Consumer perception	Customers do not trust online trade enough due to the inability to assess the quality of goods before purchasing, doubt the security of online payments, etc.	Retail organizations need to create sites with the simplest order system, a detailed description of the offered products, the availability of certificates. The payment system must be securely encrypted. It is possible to introduce bonuses, discounts for buying goods online
Resource capabilities of an organization	A retail organization faces many difficulties in implementing a new channel – lack of funding, lack of necessary technologies for integration, qualified staff	An organization can co-work with other organizations to increase its capacities. To technically ensure the quality of an online store, it is possible to outsource the staff

It is worth noting that small and large businesses are forced to constantly update and improve the management of innovative development, so as not to lose their position on the market. It is important to emphasize that

in the era of informatization and dynamically changing interests of the audience it is advisable to approach the management of innovative development via mega-subjects – using the developments (approaches, concepts,

mechanisms, techniques, tools) from different fields of knowledge (innovation and traditional management, marketing, psychology, etc.) [18; 19].

We believe that the analysis of the innovation process from the point of different disciplines, as well as its synthesis with creative tools can lead to positive and original results. Under uncertain conditions, such a strategy can become a solid foundation for building a flexible, efficient and competitive innovation organization, ready to successfully respond to the challenges of the modern economy, thereby controlling the processes of creative destruction [20].

It is determined that modern strategic management provides effective tools for implementation and further sustainable development of the company innovation activity. These tools represent a gradual rebuilding of the strategy through the basic adoption of a market model of innovation activity, the assessment of the current state of the company in the market, the creation of structure, team and portfolio of innovations and the choice of the optimal innovative strategy for entering the market [8].

Based on the research results, we recommend that the choice of a strategy for innovative development of trade organizations should depend on various factors, such as market position and innovation potential, which determines the appropriateness of using a multifunctional form of retail trade. Methodical recommendations during the transformation of a business model of an organization of retail trade are offered; the characteristic features of multichannel trade, possible conflicts and options for their resolving while introducing a multichannel system of retail trade are defined. In our opinion, in order to effectively develop a strategy for the implementation

of multi-channel trade, it is necessary to follow the proposed methodology, which allows not only to assess the appeal of the industry and innovation potential, but also to see problems in innovation development and find ways to solve them.

CONCLUSIONS

The development of organizational and economic mechanism to ensure the innovative development of retail trade requires a comprehensive consideration of the internal and external factors of the studied system, the formation of strategies and programs for its innovative development, generation of ideas and transformations. It is suggested that retail organizations adapt to the changes in the macro and micro environment, using innovative components in economic and financial activities, which will ensure their competitiveness and prevent crises. The innovative way of development of retail trade organizations involves the construction of their innovative model, which combines the strategic guidelines of the state regulation and helps to improve their economic condition. The existing theories of trade organizations development are studied in three groups: cyclical, ecological or environmental, and conflict theories, which, to a greater extent, apply to those organizations that carry out multichannel trade, among which a certain place is occupied by the Internet trade. The proposed model of an innovative trade organization allows to identify the goals components of innovation activities, which combine the strategic guidelines of the state regulation and help to improve the economic condition of trade organizations. To accomplish this, it is advisable to develop and scientifically prove the block of mechanisms and tools of innovative development of retail trade.

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Формування інноваційної бізнес-моделі торговельної організації в умовах економічної глобалізації

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Анотація. Розвиток українських торговельних організацій у звичайних умовах характеризується високим ступенем інертності. Тому під час виникнення ситуацій, які необхідно змінити, кардинально змінюються і бізнес-стратегії учасників ринку. Найчастіше такі перетворення пов'язані із зовнішніми чинниками, такими як загальна економічна криза, різка зміна державних «правил гри» в певній сфері економічних відносин, а також інший зовнішній чинник, пов'язаний із виникненням нових серйозних конкурентів. Розробка організаційно-економічного механізму забезпечення інноваційного розвитку роздрібною торгівлі, потребує всебічного врахування внутрішніх і зовнішніх чинників досліджуваної системи, формування стратегій та програм підвищення інноваційного потенціалу її учасників, їхньої активної взаємодії, формування організаційно-економічного механізму забезпечення інноваційного розвитку роздрібною торгівлі, збільшення використання інноваційних технологій, генерування ідей та перетворень. У цій статті розглядаються питання впливу процесів глобалізації бізнесу на трансформацію бізнес-моделей торговельних організацій та стратегії їх функціонування, оскільки ступінь розвитку торгівлі вказує на рівень життя та стан економіки й суспільства. Авторами статті запропоновано організаціям роздрібною торгівлі адаптуватися до змін макро- та мікросередовища, використовуючи інноваційні складові в господарсько-фінансовій діяльності, що забезпечить їх конкурентоспроможність і запобіжить кризовим ситуаціям. Запропонована модель інноваційної організації торгівлі дозволяє визначити цілі складових інноваційної діяльності, що поєднують стратегічні орієнтири державного регулювання та сприяють покращенню економічного стану торговельних організацій

Ключові слова: організація торгівлі, роздрібна торгівля, глобалізація, інновація в роздрібній торгівлі, стратегія, багатоканальна торгівля