

JEL O 190



**Dr.hab, Professor Maryna
Baldzhy**
baldgi@ukr.net

ORCID: 0000-0003-4654-9093
Researcher ID: B-1070-2015
SPIN-код: 3268-3700

**PhD, Assoc. Prof.
Victoria Odnolko**
odnolko.vika@ukr.net

ORCID: 0002-9175-6780
Researcher ID: I-7148-2018
SPIN-код: 9109-2530



*Department of Economics, Law and Business Management, Odessa National
Economic University (Odessa, Ukraine)*

PROSPECTS FOR THE DEVELOPMENT OF RETAIL NETWORKS IN THE UKRAINIAN RETAIL SALES MARKET

PERSPEKTYWY ROZWOJU SIECI DETALICZNYCH NA RYNKU SPRZEDAŻY DROGOWYCH UKRAIŃSKICH

ПЕРСПЕКТИВЫ РАЗВИТИЯ ТОРГОВЫХ СЕТЕЙ НА УКРАИНСКОМ РЫНКЕ РОЗНИЧНОЙ ТОРГОВЛИ

Abstract

The article considers the main approaches to the study of trade networks. Based on the analysis of trade networks in Ukraine and assessment of their current status, the development trends of retail trade networks are determined. The ways of stable functioning of shopping centers and stimulation of their improvement are offered. The necessity of forming a scientifically grounded development strategy is proved, which will allow to identify the prospects and identify the weaknesses of the introduction of entrepreneurial activity.

Keywords: *trading networks, retail trade, shopping centers, stimulation of improvement, mechanism for improvement of activities, development strategy*

Streszczenie

W artykule przedstawiono główne podejścia do badania sieci handlowych. Na podstawie analizy sieci handlowych na Ukrainie i oceny ich obecnego stanu, określa się trendy rozwojowe sieci handlu detalicznego. Proponowane są sposoby stabilnego funkcjonowania centrów handlowych i stymulacji ich poprawy. Wskazuje się na konieczność stworzenia naukowo uzasadnionej strategii rozwoju, która pozwoli zidentyfikować perspektywy i zidentyfikować słabe strony wprowadzania przedsiębiorczości.

Słowa kluczowe: *sieci handlowe, handel detaliczny, centra handlowe, stymulacja poprawy, mechanizm poprawy działań, strategia rozwoju*

Аннотация

В статье рассмотрены основные подходы к изучению торговых сетей. На основе анализа торговых сетей Украины и оценки их современного состояния

M. Baldzhy, V. Odnolko

определены тенденции развития розничных торговых сетей. Предложены пути стабильного функционирования торговых центров и стимулирования их усовершенствования. Доказана необходимость формирования научно-обоснованной стратегии развития, что позволит выделить перспективы и определять слабые стороны введения предпринимательской деятельности.

Ключевые слова: *торговые сети, розничная торговля, торговые центры, стимулирование усовершенствования, механизм усовершенствования деятельности, стратегия развития*

Statement of the problem in general outlook and its connection with important scientific and practical tasks. The modern period of the Ukrainian economy's development is characterized by a significant expansion of the trade sector, where competition in the commodity market is growing, and the complexity of economic relations between trading enterprises, their counterparts and consumers and, at the same time, there is the emergence of effective methods of activating sales. This determines the need to consider the problem from a scientific point of view. The lack of a stable theoretical and methodological base in the field of trade leads to its chaotic existence and requires an immediate change in the current situation that will facilitate the development of retail networks in the national market.

Traditionally, trade is considered as a type of economic activity and a scientific basis for its development has been almost neglected. In this regard, the development of national trade is not the highest level, therefore, requires careful study. Development and implementation of substantiated proposals on the strategic direction of the development of trade in the national market, which can become the key to solving the socio-economic problems that the country and its individual regions are important for the Ukrainian economy, where trade is one of the leading spheres of economic activity. In connection with this issue, the question arises about the definition of certain opportunities and ways of their solution in the future for the development of retail networks in the Ukrainian retail industry market. This can serve as an impetus for the flow of funds to territorial communities on the basis of intensive growth.

Analysis of latest research where the solution of the problem was initiated. The study of the problems of the effective

development of trade in Ukraine belongs to the sphere of interests of Kyiv and Poltava scientific schools, which are represented by: A.A. Mazaraki, I.O. Blank, L.O. Lihonenko, I.V. Vysochyn, H.M. Bohoslavets, H.L. Piratovskyi, V.V. Apopii, and others. Significant developments regarding the peculiarities of trade development were studied abroad. In this direction, the works of: B. Berman and J. Evans; J. Ferney, S. Ferney and C. Moore are well-known.

Despite the wide range of developments, still unresolved issues related to the definition of the prospects of the development of retail chains in the retail market, which is extremely important at the present stage of the national economy.

Aims of paper. The main objective of the work is to assess the current state and identify trends in the development of retail networks in Ukraine, as well as the problems that arise in the way of their development; determination of ways of effective use of information support in the management of national retail networks to increase the efficiency of their management.

Exposition of main material of research with complete substantiation of obtained scientific results. The sphere of trade is a leading direction of the Ukrainian economy and greatly affects its socio-economic development state. Considering trade as the leading industry in the country, scientists emphasize the importance of introducing innovative organizational and legal forms of entrepreneurship, namely, retail networks [1, p. 26]. N. Vlasova and O. Kolchakova consider the retail network as a "set of trading objects that have common management principles (preferably guided by a single center), united by the name of the same type (sign-plate), assortment and price policy, strategy for the development and operation,

and , at least, realize one of the main advantages of a network company in comparison with a separate retail facility. Their entrepreneurial activity is carried out in order to obtain a synergistic effect and is aimed at satisfying consumer's demand in goods and services" [2, p. 22].

Foreign experience highlights the advantages of the unions of a retail facility in a single network, which is conditioned by the needs of consumers, the convenience of operation and cooperation with suppliers, the perspective development of retail sales [3, 4]. It is the retail network, such as "the aggregate of retail trade enterprises and other trade units located in a certain territory for the purpose of selling goods and customer service" [5], is capable of providing various consumer needs, in connection with which it gets widespread.

In recent years, there has been a significant increase in retail trade networks in Ukraine with the construction of own shopping centers with an area of up to 100 thousand m². According to ICSC standards in Ukraine, there are 4,600,000 square meters of trading space in the shopping center. Thus, our country ranks No. 12 in Europe in terms of market space in the shopping center. According to ICSC standards, the saturation of trading areas in the shopping center is 103 m² per 1,000 inhabitants. This is the 4th place from the end [6]. This situation causes hot discussions both in the community of investors and among ordinary consumers. This situation is due to several factors, which in each case may have a dominant link. They include: the complexity of economic relations between trading enterprises, high competition in the market, the requirements of society, peculiarities of life and needs of the population. These factors lead not only to the active creation of shopping centers, but in the future, to their fast closing. The experience of foreign countries points to such a frequent phenomenon. Therefore, for a stable functioning of shopping centers, as well as other facilities, a robust strategy is needed that allows to outline prospects and to identify weaknesses in running entrepreneurial activities.

It is interesting to note that it is not possible to just build a shopping center and expect a considerable profit from it. Designing

a shopping center is a complex task and it requires taking into account a number of factors which, in turn, are closely interconnected. Successful development of the shopping center depends largely on the concept and idea. At the heart of this there is its location, the availability and quality of the leased premises, as well as the situation that is currently in the market. The choice of the price segment in which it is hoped to develop such a center is also important: low ("economic"), medium, above the average or high. Besides, it is necessary to understand in what region or city one or another leaseholder is demanded and which commodity groups are better to choose.

Recently, "nearby house" or "corner" stores are being actively developed, which are designed for visitors to nearby houses with goods of first priority (from food to household cleaning goods). The correctly built logistics of delivery, competent use of labor resources and the use of advanced technologies - this is what raises the competitiveness of any trade network.

The discovery of modern hypermarkets was an important event for Ukrainian retail business. This fact marked the beginning of the rapid transition of retail trade to the modern world format and became the starting point for many private trade organizations in redefining their market strategy. The leaders of the spot market placed a bet on, firstly, the fastest expansion of the trading network with the gradual penetration of the regions; and secondly, on the creation of modern procurement logistics as a key factor in growth and reduction of procurement prices; thirdly - on creation of common standards for service and merchandising throughout the network. As a result, rapid growth and concentration of turnover of commodities of several leaders and the lag of other enterprises and state trading, their loss of market share are observed.

In the context of modern formats of trade in Ukraine, the most active development has been received by such formats as discounters and hypermarkets. According to statistics [7], Ukraine has the largest retail infrastructure, which now has over 6,000 retail facilities with a total area of more than 950 thousand square

meters. The annual growth of trade infrastructure is consistently up to 100 thousand m² of retail space (or 200-250 facilities), which today allows to have a system of development and placement (small, medium-sized businesses, supermarkets and hypermarkets), and to achieve high adaptability network to the needs of the population. It should also take into account the fact that hypermarkets are targeted at large cities with a fairly high level of income. And discounters are developed not only in Ukrainian cities and regional centers, but also in district centers and small cities, where there are much lower level of competition and the smaller number of consumers. In the regional cities over the past 5 years there has been a significant increase in investment in the construction of commercial facilities. If we recall the trading markets, we can say that this segment of trade itself has completely reached limits. It can be argued that there are optimization of the network and improvement of infrastructure due to the development of the network principle, the construction and reconstruction of existing stores.

In our time, the following retail networks compete in the consumer market: in the segment of the food chain - Silpo, ATB, Tavria, Metro, Fozzy, etc. In many ways, the country's trade infrastructure development strategy repeats the development model in Europe, but with a significant retard. At present, a model, that is based on the creation of perfect competition and where only the strong players in the market remain, setting the common rules and trends on the market, is formed in Europe.

The opening of new shopping centers only intensifies competition. Therefore, existing large commercial facilities will first face the low filling of leaseholders, which is already partly happening. The emergence of a difficult situation can be the attraction of large international brands and the introduction of new types of services.

The investigative company GT Partners Ukraine has prepared a global report on the FMCG-retail market in Ukraine for 2016. In the focus of attention there is the number of outlets and the emergence of new stores over the past year. In this case, the company did not

share the network according to the format and area of trading facilities - only their number was taken into account. Consequently, several of the most profitable Ukrainian networks: Metro Cash&Carry Ukraine, AUCHAN Ukraine, Retail Group (TM Velyka Kishenya, Velmart) and others did not hit to the top 10 of grocery networks. But local operators who opened many small outlets in the format of "corner stores" or "express": the Volwest Group, Delvoy, TD Avanta and others hit there.

The analysis of grocery networks in Ukraine shows that most retailers continue to place a bet on increasing the number of outlets. ATB is considered as the undisputed leader. In 2016, the country's largest retailer, both in terms of revenue and of number of stores, has increased the network by 111 facilities - up to 835 outlets, including purchasing part of the Western Ukrainian network "Barvinok". In addition, all the company's stores with headquarters in the Dnipro operate under the same brand, regardless of region, area and format. ATB also began updating its old markets. The second line is once held by the largest and most profitable FMCG-group of Ukraine - Fozzy Group. Unlike a competitor, it develops several brands, depending on the specifics of one or another object: hypermarkets Fozzy Cash&Carry, supermarkets Silpo, corner stores near "Fora", Thrash discounters. According to GT Partners data, the group opened 59 stores in a year, but the total number of retailer outlets increased by just 8. Most likely, this is due to the emergence of a new brand in the company's portfolio - a network of discounter Thrash! which develops including on squares used previously for Silpo stores. In addition, Fora decided to leave some regions (for example, the Kharkiv region). So Fozzy did not only open but also closed the stores in 2016. Volyn company Volwest Group closes the top three - one of the few grocery retailers in Ukraine, which chose the development of the network for franchising. So far, the group's brands portfolio includes three brands: Nash Krai, Nash Krai Express, Discount. In January 2016, it became known that the retailer will also develop a network of supermarkets SPAR. By account of GT

Partners, by the beginning of 2017, Ukraine had 214 outlets operating under TM Group: for the year, there were 50 new facilities. But it should be taken into account that the company owns a few stores: most of them are opened on franchising and belong to partners of Volwest Group [8].

The increased level of competitive environment intensifies the activation of trade enterprises in the direction of implementation of modernization at all levels of activity. Modernization of shopping centers covers radical changes and updates on the technical, technological, organizational, managerial, investment-innovative scale and, most importantly, in the features of improving the provision of services. The advantages of modernization consist in the features of its involvement as an integral process, which should include a set of individual transformation processes and is the basis for achieving sustainable and innovative movement and perspective development of enterprises [9, p. 126]. It is proposed the introduction of modernization measures to improve the activities of trade networks, which should be implemented in the form of trust between entrepreneurs and consumers on the basis of business reputation; ensuring the quality of goods and a high level of service; planning of the process of functioning and introduction of innovations; the development of progress strategies and monitoring its implementation.

It is investigated that the tendencies of the development of retail chains in the Ukrainian retail market are cyclical.

Thus, there is a need for changes at different levels:

- organizational and managerial (review of the scale of change, the identification of sensible spots, review of existing domestic policies, the formation of thematic areas, the introduction of a comprehensive update);

- technical and technological (introduction of new equipment, involvement of consumers in specific processes of service provision, availability of modern technical and technological components, advanced

technologies in advertising, storage and sales of goods);

- economic (attraction of innovative business ideas, marketing steps, acquisition of a franchise, search of interested investors and tenants, settlement of the price segment);

- scientific and technical (introduction of the latest scientific developments of the domestic and foreign manufacturer, close cooperation with domestic scientists, involvement of technological engineering).

Consequently, the need for modernization in the shopping centers of the country is not in doubt, which is due to the increase of competitiveness in the domestic market.

For future, it is necessary to justify the introduction of such instruments: trust between entrepreneurs and consumers on the basis of business reputation, high quality of goods and service, reliability and brand, development strategy for the future and other.

Conclusions. Recently, shopping centers have become widespread in Ukraine, which, provide a wide range of services, together with the fact that they sell goods, and therefore they are in demand among consumers. Successful development of the shopping center depends largely on the current concept and logically constructed strategy. The problem of functioning of shopping centers is connected with the incomplete use of large premises, difficulties in the sale of goods, the presence of skilled personnel, significant costs for energy and heat and the high level of competitiveness on the part of small retail outlets. All this requires a conscientious study at the design stage of the shopping center, taking into account the environment, identifying the likely internal causes of negative manifestations in management and activities. Often such factors have not been detected in time, therefore, the introduction of modernization principles is required. The prospects of trade networks in the national market may be a development strategy that will outline the prospects and identify the weaknesses in the carrying out the entrepreneurial activity.

Bibliography:

1. Підприємницькі мережі в торгівлі: монографія / Н.О. Голошубова, О.О. Кавун, В.М.

- Торопков [та ін.]; за заг. ред. Н.О. Голошубової. – К.: Київ. нац. торг.-екон. ун-т, 2014. – 344 с.
2. Власова, Н. О. Роздрібні торговельні мережі: регіональні фактори розвитку: монографія / Н. О. Власова, О. В. Колчкова. – Х.: ХДУХТ, 2012. – 232 с.
 3. Краткая история развития западного ритейла [Электронный ресурс] / BTL-маркетинг: [офіц. веб-сайт] – Режим доступу: http://www.btlregion.ru/stat/ros_retail/d7a8899d3477c9b411780ca6b6f9e64a/index.htm. – Назва з екрану. – Дата перегляду: 25.02.2018.
 4. Ферни, Дж. Принципы розничной торговли / Дж. Ферни, С. Ферни, К. Мур ; пер. с англ. У. Сапшиновой. – М.: Олимп-Бизнес, 2008. – 416 с.
 5. Торговое дело: экономика, маркетинг, организация : учебн. / за общ.ред. Л. А. Брагина. – М. : ИНФРА-М, 2000. – 559 с.
 6. Торгові центри України. Тенденції та перспективи [Електронний ресурс] / RSS [офіц. веб-сайт] – Режим доступу: <https://100realty.ua/uk/news/37148>. – Назва з екрану. – Дата перегляду: 25.02.2018.
 7. Державна служба статистики України: офіційний веб-сайт [Електронний ресурс] / Статистична інформація. – К.: Державна служба статистики України, 1998-2018. – Веб-сайт. – Режим доступу: <http://www.ukrstat.gov.ua/> - Мова укр., англ. – Дата останнього доступу: 25.02.2018. – Назва з екрану.
 8. Информационное агентство All Retail: офіційний веб-сайт [Електронний ресурс] / Информационное агентство All Retail; Аналитика. – К., 2009-2018. – Веб-сайт. – Режим доступу: <https://rau.ua/ekonomika/top-10-produktovyh-setej-3/> – Мова: рус. – Дата останнього доступу: 25.02.2018. – Назва з екрану.
 9. Проблеми та тенденції формування соціально-інноваційної політики сталого розвитку держави, регіонів, підприємств : колективна монографія / за ред. К. Ф. Ковальчука. – Павлоград : АРТ СИНТЕЗ- Т, 2014. – 352 с.
 10. Бабаєв Р.В. Тенденції розвитку розничної торгівлі в Україні // Вісник НТУ «ХПІ». – 2014. – № 37(1080). - С. 83-88.
 11. Споживчий ринок. Державна служба статистики України [Електронний ресурс] – Режим доступу: <http://ukrstat.gov.ua/>.
 12. Волкова Н.А., Гогняк І.О. Аналіз стану роздрібної торгівлі України та напрямки її розвитку // Науковий вісник Херсонського державного університету. – 2016. – Вип. 21. – Ч. 1. – С. 180-183.
 13. Тимофеева О. Проблеми розвитку продовольчих торговельних мережі в Україні // Вісник КНТЕУ. – 2007. – №6. – С. 69–76.
 14. Апопій В.В. Організація торгівлі : підручник. – 2-ге вид., пере- роб. та доп. / Апопій В.В., Міщук І.П., Ребицький В.М. та ін. – К. : Центр навчальної літератури, 2005. – 616 с.
 15. Платонов В.Н. Организация торговли : учеб. пособие / В.Н. Платонов. – Минск : БГЭУ, 2002. – 287 с.

References:

1. Golosubova, N.O, Kavun, O.O., Beglarashvili, O.P., Toropkov, V.M. and Gry`gorenko, T.M. (2014). Pidpry`yemny`cz`ki merezhi v torgivli [Entrepreneurial networks in trade], Kyiv, Ky`yiv. nacz. torg.-ekon. un-t [in Ukrainian].
2. Vlasova, N.O. and Kolchкова, O.V. (2012) Rozdrіbni torgoveli`ni merezhi: regional`ni faktory` rozvy`tku [Retail trade networks: regional development factors]. Xar`kov, XDUXT [in Ukrainian].
3. Kratkaya y`story`ya razvy`ty`ya zapadnogo ry`tejla [Brief history of Western retail development]. (n.d.) base btlregion.ru. Retrieved from http://www.btlregion.ru/stat/ros_retail/d7a8899d3477c9b411780ca6b6f9e64a/index.htm [in Russian].
4. Ferny`, Dzh., Ferny`, S. and Mur, K. (2008) Pry`ncy`py rozny`chnoj torgovly [Principles of Retailing]. Moskva, Oly`mp-By`znes [in Russian].
5. Bragy`n, . L. A., Dan`ko, T.P., Y`vanov, G.G., Koxanenko, V.V., Kurenkova, V.P., Stukalova, Y`B. et al (2000) Torgovoe delo: ekonomy`ka, markety`ng, organy`zacy`ya [Business: economy, marketing, organization]. Moskva, Y`NFRA-M [in Russian].
6. Sait RSS [portal «Ukrainian Truth»] uk/news.ua. Retrieved from <https://100realty.ua/uk/news/37148> [in Ukrainian].
7. Sait Derzhavna sluzhba staty`sty`ky` Ukrainy` [State Statistics Service of Ukraine]. ukrstat.gov.ua. Retrieved from <http://www.ukrstat.gov.ua/> [in Ukrainian].
8. Y`nformacy`onnoe agentstvo All Retail: oficijny`j [Information Agency All Retail]. rau.ua. Retrieved from <https://rau.ua/ekonomika/top-10-produktovyh-setej-3/> [in Ukrainian].

9. Kovalchuk, K. F. (2014). Problemy ta tendentsii formuvannia sotsialno-innovatsiinoi polityky staloho rozvytku derzhavy, rehioniv, pidpriemstv: kolekt. monohrafiia [Issues and trends of formation the social-innovative policy of sustainable development of the state, regions, companies: collective. Monograph]. Pavlohrad: Art SYNTEZ-T [in Ukrainian].
10. Babaev, R. V., (2014), "Tendencies of development of retail trade in Ukraine", *Tendencii razvitiya roznichnoj trgovli v Ukraine, Visnik NTU "HPI"*, № 37(1080), pp. 83-88.
11. Consumer market, (2018), Electronic Resources: finding resources by subject [Online], Retrieved from: [http:// ukrstat.gov.ua/](http://ukrstat.gov.ua/)
12. Volkova, N.A. and Gognyak, I.O., (2016), "Analysis of retail trade in Ukraine and the direction of its development", *Analiz stanu rozdrubnoi torhivli ukrainy ta napriamky yii rozvytku*, Scientific Journal of Kherson State University, issue 21, part 1, pp.180-183.
13. Timofeeva, O., (2007), "Problems of development of food retail chains in Ukraine", *Problemy rozvytku prodovolchkykh torhovykh merezhi v Ukraini // Visnik NTU "HPI"*, № 6, pp. 69–76.
14. Apopius, V.V., (2005), *Orhanizatsiia torhivli [Organization of trade]*, Kyiv, Center for Educational Literature [in Ukrainian].
15. Platonov, V.N., (2002), *Organizaciya trgovki, [Organization of trade]*, Minsk, BGEHU [in Belarus].