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FEATURES OF RETAIL MARKETING DEVELOPMENT IN MODERN CONDITIONS

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Abstract

Retail trade is of great importance for the economies of many countries and is a complex and constantly developing system with a large number of participants and elements. There are a huge number of international retail chains that, due to the saturation of their domestic market, penetrate the markets of other countries, gradually becoming transnational giants. Large players entering foreign markets have a strong impact on the economies of these countries: they create thousands of new retail locations, change the market share and revenue distribution, displacing smaller local players and, as a rule, affect pricing. However, many retail chains include a range of local manufacturers in their sales, thereby supporting them with additional demand, and earning the loyalty of new customers. In the conditions of constantly increasing competition, the format of retail chains under general management is the most reliable solution, as it has a number of advantages: - centralization and a high level of business management, - qualified personnel, - modern technologies, - competent solutions of marketers. Retail chains are one of the most important economic players that act as a link between producers and consumers. Modern technologies contribute to finding new sales channels and active expansion of retail chains to foreign markets. In this study, an attempt was made to identify the characteristic features of the functioning of the largest retail chains in different regions of the world and to determine the direction of their development in the near future.

Keywords: Global economy, retail chains, retail marketing

1. Introduction

Retail chains are a type of corporate retail that is based on the use of economy of scale, increased purchasing power, better brand awareness, and more qualified employees. The experience of conducting such activities in the world indicates that combining enterprises into a single network is the most effective way to develop retail trade, as it has a number of advantages:

⁻ it is possible to change the range of products in accordance with the preferences of customers;

⁻ sizes of networks reduce logistics costs;

⁻ eliminating the disadvantages that are typical for an individual store due to centralization and a high level of business management;

⁻ efficiency is improved by diversifying activities;

⁻ expenditures for the product cost are reduced, since there is no great need for sales promotion;

⁻ merger of the wholesale and retail trade functions.

Chains also have the ability to produce innovative products with a higher chance of success due to the flow of customers and advertising in stores. Franchises can also deliver local products to various areas: a product that has become popular in an established location has the ability to reach a wider audience through a network of stores. Modern retail chains also face the task of focusing on the use of new technologies that can significantly reduce costs and improve the quality of service. Online trading occupies an important place in trading activities. Demand for e-commerce has increased markedly. Along with the growth of e-commerce, logistics is naturally expanding. Networks in a competitive environment need to develop the appropriate infrastructure.

2. Problem Statement

Retail trade is considered one of the most stable and actively developing sectors of the global economy in general, and the Russian economy in particular. In addition, there is an increase in the influence of retail trade on other industries that operate within a single chain of product movement, including producers, distributors and buyers. Both marketing activities and conducting business often adapt to the customer, making the process of purchasing goods the most convenient and fast. Of course, the strategies of retail chains differ, but we can see a trend that people are increasingly making a choice in favor of cheapness and quality, buying products in the network that are produced under its name. In addition, more and more retail players pay attention to online platforms, develop their stores, and introduce new technologies. The emergence of online stores such as Amazon and e-Bay had a major impact on retail (Von Briel, 2018). One of the significant trends in the activity of commodity networks in modern conditions is mergers and acquisitions, which allow not only to maintain, but also to strengthen the positions of companies. The efficiency of the retail chain is achieved, among other things, due to the synergy of many retail facilities.

3. Research Questions

The authors formulated the following research questions.

1. Goals and objectives of the functioning of retail chains in modern conditions?

2. The main factors influencing the successful functioning of retail chains today?

3. Classification of retail chains and their advantages?

4. Current trends in the development of retail chains?

5. Methods for improving the efficiency of retail chains?

6. New sources of business growth of the retailers?

7. How have consumer habits changed?

4. Purpose of the Study

The crisis caused by the coronavirus pandemic is called one of the most unpredictable. Moreover, each individual period is characterized by its own trends and strategies. Its main feature is a large number of scenarios. Due to the current state and deep systemic crisis in the development of the global economy caused by the coronavirus pandemic, the activities of global retail chains are undergoing significant changes.

Purposes of the article:

- to make an overview of the retail chains functioning in the global economy;

- to consider the current development of retail chains;

- to determine the prospects for the development of retail chains.

5. Research Methods

The theoretical basis of the study is the work of Russian and foreign scientists. The empirical basis of the research is periodical press publications and practice-oriented business studies, which deal with the development of retail chains. Various methods were used in the study. The research methodology is based on general scientific methods. Including methods of formal logic: deduction and induction; analysis and synthesis; comparative, factor analysis of the processes under study; scientific abstraction and classification of data. The article also uses the method of descriptive statistics based on available data. The main results are analyzed.

6. Findings

For many years, consumer goods manufacturers have had a greater impact on the market than retail businesses. This was facilitated by the large expenditures of manufacturers on advertising and creating a positive image of their brands. Recently, however, this trend has shifted from manufacturers to retailers. This was mainly due to the strengthening of large retail companies and the concentration of all their purchasing power, as well as the development of their own brands that compete with manufacturers' brands. Today, the range of retail chains in Europe consists on average of 30% of products under their own brands. Chains also have the ability to produce innovative products with a higher chance of success due to the flow of customers and advertising in stores. Franchises can also deliver local products to various areas: a product that has become popular in an established location has the ability to reach a wider audience through a network of stores. Modern retail chains also face the task of focusing on the use of new technologies that can significantly reduce costs and improve the quality of service. Many retailers are aware that technology

can help improve a firm's performance, and so they incorporated Industry 4.0 technologies to improve customers' service and remain competitive (Flavian et al., 2018). Retail 4.0 technologies help to improve the customer experience, provide convenience for customers, and at the same time increase the efficiency of retailers (Poorni & Ai, 2020).

Online trading occupies an important place in trading activities. Demand for e-commerce has increased markedly. Along with the growth of e-commerce, logistics is naturally expanding. Networks in a competitive environment need to develop the appropriate infrastructure. Outsourcing is also growing in popularity. It is reflected in the fact that large retailers deliberately transfer delivery functions to courier services, which allows for better monitoring. In this regard, the postamat market is actively developing. Online sales increase business profitability, but retail companies also need to stimulate consumers to return to stores. For this purpose, the largest market players are turning to such advanced technologies as virtual reality (VR) and augmented reality (AR), which every year have a more noticeable impact on the objective reality of American retail. Walmart, the world's largest retailer, has shown two advantages of using such technologies in the retail sector: attracting customers and automation. However, there is also a reverse trend, when Internet services go beyond the usual activities and become full-fledged retailers with a network of stores. A striking example is Amazon Go, a chain of stores in the United States operated by the online retailer Amazon. The Amazon Go experiment could completely change the face of retail sales. There are no cash registers in the chain's stores, and cameras and sensors monitor the situation inside retail outlets.

According to product and assortment characteristics, there are different chains: universal, specialized, and with mixed assortment (Filippova et al., 2017). Universal retail chains are focused on selling a universal range of products. Examples of such networks are the network supermarkets "Perekrestok" and hypermarkets "Pyaterochka". Specialized retail chains sell a specific group of products, which allows them to provide customers with a deeper assortment, as well as to have closer ties with their suppliers. An example is the specialized network for the sale of household appliances and electronics "M.video". The development of specialized networks and the expansion of their range is mainly influenced by scientific and technological progress, as well as the growth of household incomes. Networks with a mixed range of products are engaged in the implementation of certain types of food and nonfood products. A striking example is the "Auchan" stores chain. Retail chains are also characterized by the level of prices and geography of trade coverage.

Regional features of global trade networks have the greatest impact on trade activity and trends formation. Europe has the largest number of major retail companies. 83% of companies in the European region operate internationally. European retailers are inherently active on a global scale, as they seek to grow beyond already developed markets. More than 42% of their total revenue came from operations abroad in fiscal year 2018. 83% of companies in the European region operate internationally. By the scale of their operations, French retailers have the most global retail networks, with an average presence in 29 countries (Delloite, 2019). The largest European networks are leaders not only within the region, but they also successfully operate outside it. The main reasons for the expansion of retail chains abroad, of course, include the globalization of the economy, as well as intense competition between Western European networks. The competitiveness of European retailers depends on various factors, including market consolidation, price levels, profit margins, etc. Due to the extremely high competitive environment, retail

and wholesale trade in Europe show very low profitability compared to other sectors, but they account for the largest turnover.

However, despite the rapid growth and expansion of major European networks, they are gradually losing ground to the Asian-Pacific region and other emerging markets. The share of the European region's revenue in the total share of the world's largest networks decreased by 5.6% in 2009-2019, while the share of Asian countries increased by 5%. European retail chains have a high degree of internationalization and concentration. The majority of retail chains are using franchising to enter the markets of other countries. Entering a foreign market is usually a complex process with a high degree of risk. In this regard, retail chains follow the industry leader and focus on countries that are reliable for internationalization, whose population is solvent. You should also pay attention to other countries, as they may show individual competitive advantages. Innovation is an important element in measuring competitiveness. The key driver of innovation is the trend towards online trading. Studies show that 29% of European retail chains that integrate their activities into online trading do so in cooperation with other Internet companies. A widespread trend inherent in retail chains in this region is the development of multi-channel (omniocality). This is a marketing term that refers to the mutual integration of various communication channels into a single system in order to ensure continuous communication with customers. Retail chains from three countries dominate the European market: Germany, France and the UK. They provide two-thirds of the total regional income. Germany has the largest companies with an average size of US $ 24.7 billion, followed by France with an average size of US $ 24.2 billion. Our own brands were and still are the most developed in Europe. Within the region, Switzerland stands out as the leader, with 45% of STM, followed by the United Kingdom and Spain, with 41% in each country. The economies of the Euro zone countries are characterized by a slowdown that began in 2018 after very strong growth due to the following factors: high energy products prices, the high cost of the euro and weakening global demand.

North American retail chains, in comparison with European ones, have a rather low level of globalization. Only 14.1% of total sales revenue comes from foreign operations. More than 42% of American networks are represented exclusively in the United States. A characteristic feature of American retail chains is a high degree of differentiation. The activities of retail chains in the USA are also affected by a combination of economic and political factors that must be taken into account when analyzing the functioning of North American retail chains. Thus, in 2018, the USA government started the significant changes in trade policy. The policy is based on protectionism and the introduction of trade tariffs. This particularly affected China, where a significant set of tariffs was imposed on imports from China. Such measures tend to raise the price level, thereby reducing the purchasing power of consumers.

The role of the Asia-Pacific region in global retail trade is growing. American and European retailers are paying more attention to it because of its high economic growth rates. This region is in the most attractive phase for investors and retailers. Developing countries also accounted for 42% of retail trade turnover in 2019. One of the trends of this market is slow and cautious investment in international operations. The average number of countries in which companies in the Asia-Pacific region operate is 4. Most companies operate exclusively within a single country, thus generating revenue from only one local market. Although the region's product chains have not yet acquired their own image in order to consider it

as a separate example, American and European retailers are paying more attention to it due to its high economic growth rates. These markets are in the most attractive phase for investors and retailers.

Modern Russian retail began to form in the period from 2001 to 2003. It began with the arrival of global retail chains: IKEA (2000), Spar (2001), Metro Cash and Carry (2001), Auchan (2002), and developed rapidly until the financial crisis of 2007-2008 (growth rates were 23-25% per year), which was characterized by a decrease in macroeconomic indicators and a decrease in consumer spendings. Before the pandemic, in some regions, the share of retail chains' presence had already reached the maximum value allowed by law. The development of retail chains in Russia is mainly based on the franchise model. Rapid capital turnover, high profitability, backward infrastructure in wholesale and retail trade compared to Western European countries, as well as consumer demand made the Russian market attractive for foreign retail chains.

Speaking about certain trends that exist on the Russian market, we should first note the development of mainly multi-format retail chains. According to Rosstat, retail chains make up about 33% of the total retail turnover in the country. Another specific feature is heterogeneity. Some regions significantly exceed the average Russian level in terms of retail trade turnover. For example, in the Republic of Dagestan, networks provide less than 5% of the total turnover, and in Saint Petersburg they provide 57.2%, which allows us to conclude that the distribution of retail chains is extremely uneven. An important feature of the Russian market is its relative independence from foreign players. This is partly due to the difficulties of entering this market for foreign retail chains, as well as the aggressive expansion of domestic chains. For foreign retail chains, small cities are becoming more and more attractive, where, due to low competition, it is possible to get revenue no less than in large cities. The most promising regions are the North Caucasus and the Far East. Retail chains operating in Russia should pay more attention to pricing policy. The price factor is the most important for the majority (60%) of Russian buyers. This is primarily due to the level of differentiation of consumer incomes.

Based on the experience of global retail chains, we can identify methods for improving the efficiency of retail chains when entering foreign markets. They face a number of important tasks that need to be addressed (Nordfelt, 2015):

- to determine the overall level of consumption in the whole country, find out consumer preferences;

- to correlate market sales with sales in the retail chain by price groups and conduct segmentation;

- to make a comparison for each brand, compare data on the market and the shares of a particular brand with data on its sales in the retail chain.

International trade networks use a variety of methods when entering new foreign markets. At the same time, the same company can use several ways to enter the market at once or differentiate methods depending on the country. The global unfavorable epidemiological situation has significantly affected most areas of the economy and, as a result, the cost of final products of various industries has undergone serious price changes, primarily for food products. The situation was slightly stabilized due to monetary, fiscal and other measures of support from the governments of most states. Scenarios for the development of the global market situation depend on the duration of global restrictive measures in connection with the COVID-19 pandemic. It should be noted that the level of world prices for key groups of goods will determine the future well-being of the population and entire states.

The coronavirus has made significant changes in consumption habits:

1.Switch to online shopping. Before the pandemic, only 16% of all sales in the United States occurred online, and in March 2020, this figure was 19%. In Russia, online sales in 2020 may exceed data for 2019 by 17%.

2.Simplification of the consumer basket.

3.Reduced trips to the store and, as a result, reduced sales of impulsive products;

4.Growth in purchases of "in store" goods;

5.Increased number of new products while reducing the share of promo.

Transformation processes in new retail are influenced by the following factors:

1.Reduction of the population's income.

2.Falling demand for certain product categories.

3.Increase in food prices.

4.Robotization.

5.Contactless trend.

6.Sales through the stream.

7. Conclusion

First of all, retail markets in modern conditions have shifted to digitalization. In addition, the robotization of all technological processes will accelerate, which will definitely affect the functioning of retail chains. There have also been some changes in the nature of consumer demand, which will lead to a redistribution of shares in trade segments in favor of essential goods. We note that simultaneously with the decrease in prices for many unclaimed goods, there was an increase in prices for individual products. Retailers that focus on the middle class will be at a great disadvantage, and luxury and broad-price retailers will benefit. In this regard, the number of retail chains is likely to decrease. This trend has already been observed in recent years, but the current situation in the world accelerated this process.

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