ANALYTICAL SUPPORT FOR THE EFFECTIVE OPERATION OF A NETWORK RETAILER

Introduction. Modern retail integrates the development of goods and services, their production, sale, exchange and consumption into a global network and is a basis for an accelerated development of services and trade. Network retailers offer consumers not only a wide range of goods and services, but also the opportunity to buy everything in one place, where a large retail space offers up to hundreds of thousands of items. It is network retail that has a purposeful impact not only on the economy of an individual country, but also on global economic processes.

The aim of the article is to study the theoretical aspects and develop practical recommendations for improving the analytical efficiency of network retail.

Results. The article examines approaches to the disclosure of the economic category of "retail". The state and peculiarities of the development of domestic network retail, problems and difficulties of their functioning are analyzed. It is determined that the development of network retail requires professional and quality retail branding, which is a complex category and includes the process of brand development for the retail network and includes components: marketing research; internal audit; creation of a unique logo of a retail trade network; development of the spatial environment of the retail trade network. The method of the analysis of activity of the network retailer in particular the complex comparative analysis of the network retail in the dynamic competitive environment is offered and the balanced system of indicators of the analysis of activity of the network retail is offered.

Conclusions. The development of online retail creates new opportunities for business through the introduction of modern information systems, digitalization of production processes and business, the creation of e-shops and interactive storefronts. The activity of network retail, like any other enterprise, requires a qualitative and comprehensive analysis in order to strengthen its position in the market, a stable position in a competitive environment. Therefore, business owners, executives, senior managers and potential investors and business partners should pay significant attention to the analytical support of the effective operation of the network retailer in order to manage business, finance and further increase profitability.

Key words: retail, network retail, analysis of network retail, complex comparative analysis, competitive environment of network retail.
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АНАЛІТИЧНЕ ЗАБЕЗПЕЧЕННЯ ЕФЕКТИВНОЇ
ДІЯЛЬНОСТІ МЕРЕЖЕВОГО РИТЕЙЛЕРА

Вступ. Сучасний ритейл об’єднує в глобальну мережу розробку товарів та послуг, їх виробництво, реалізацію, обмін та споживання і є основою прискореного розвитку сфери послуг та торгівлі. Мережеві ритейлери пропонують споживачам не лише широкий асортимент товарів та послуг, а й можливість придбати все в одному місці, де на великий торговельній площі запропоновано до сотні тисяч найменувань. Саме мережевий ритейл має цілеспрямований вплив не лише на економіку окремої країни, а й на світові економічні процеси.

Метою статті є дослідження теоретичних аспектів та розробка практичних рекомендацій щодо вдосконалення аналітичного забезпечення ефективності діяльності мережевого ритейлу.

Результати. В статті досліджено підходи до розкриття економічної категорії «ритейл». Проаналізовано стан та особливості розвитку вітчизняного мережевого ритейлу, проблеми та складності їх функціонування. Визначено, що розвиток мережевого ритейлу потребує професійного та якісного ритейл-брендінгу, який є комплексною категорією і містить в собі процес розробки бренду для роздрібної торгової мережі та включає складові: маркетингове дослідження; внутрішній аудит; створення унікального логотипу роздрібної торгової мережі; розробка просторового середовища роздрібної торгової мережі. Запропоновано методику аналізу діяльності мережевого ритейлера зокрема комплексного компаративного аналізу мережевого ритейлу в динамічному конкурентному середовищі та збалансовані система показників аналізу діяльності мережевого ритейлу.

Висновки. Розвиток мережевого ритейлу створює нові можливості для бізнесу через впровадження сучасних інформаційних систем, діджиталізації виробничих процесів та бізнесу, створення е-крамниць та інтерактивних вітрин. Діяльність мережевого ритейлу, як і будь-якого іншого підприємства потребує якісного та комплексного аналізу з метою зміцнення його позицій на ринку, стійкого становища у конкурентному середовищі. Тому власникам бізнесу, керівникам, менеджерам вищого рангу і потенційним інвесторам слід приділяти значну увагу саме аналітичному забезпеченню ефективної діяльності мережевого ритейлера з метою управління бізнесом, фінансами та в подальшому збільшенні прибутковості.

Ключові слова: ритейл, мережевий ритейл, аналіз мережевого ритейлу, комплексний компаративний аналіз, конкурентне середовище мережевого ритейлу.
Introduction. Modern global economy is accompanied by the accelerated development of services and trade. The current economic system must integrate the development of goods and services, their production, sale, exchange and consumption into a global network, which is based on retail. Modern retail offers consumers not only a wide range of goods and services, but also the opportunity to buy everything in one place, where a large retail space offers up to hundreds of thousands of items.

Digitalization and informatization not only of the economy, but also of the world society as a whole contributes to the spread of economic and cultural globalization, strengthening world economic ties. It is network retail that has a purposeful impact not only on the economy of an individual country, but also on global economic processes. Modern domestic online retail faces a number of problems, including exchange rate uncertainty due to political and financial instability, global outbreak of coronavirus infection, insufficiently regulated state customs policy, declining consumer demand due to certain quarantine restrictions, and loss of level. This causes certain difficulties in purchasing and pricing policy, both among imported and domestic production.

Unfortunately, conducting a comprehensive analysis of domestic retail activities is limited due to the lack of official materials of state statistics of Ukraine. Analytical support for the effectiveness of online retail, is of great scientific interest, which led to this study.

Literature review. The work of modern scientists Manrai, L. A., Manrai, A. K., Lascu, D. N., & Dickerson, D. [1], Goloshubova, N. [2], Sak T., Hrytsiuk N. [3], Mazarakii A. [4], Wheeler, W. [5]. Mizyuk B. M. [6], which are devoted to scientific and theoretical substantiation and generalization of the development of network retail.

Through the prism of comparison and competitive advantages, scientists Currah, A., & Wrigley, N. [7], A. Yaremko [8] considers a comprehensive comparative analysis of the trading company. At the same time, the issues of analytical support of the efficiency of network retail in modern business conditions are insufficiently covered.

Aim and tasks. The aim of the article is to study the theoretical aspects and develop practical recommendations for improving the analytical efficiency of network retail.

Results. The category "retail" is the definition of the process of selling products or services to end users, respectively, "retailer" - a natural or legal person who participates in this process and performs the functions of the seller. In modern business structures and academia, the concept of "retail" is not uncommon, and which, for obvious reasons, is often identified with retail.

Modern leading domestic and foreign scientists also often equal the concepts of "retail" and "retail trade", but on the contrary distinguish in a separate economic category, and believe that it has a separate economic meaning.

Given that most authors equal the concepts of "retail" and "retail trade" it is advisable to consider the features and significant differences of these economic categories (Table 1).

Retail has a broader understanding of the category "retail trade", which is focused on a wide range of consumers, focusing on the retail space of a wide range of goods, using programs and loyalty measures for customers, selling goods with minimal trade margins by reducing costs, use of multi-channel communications with suppliers and buyers.

The concept of network retail in the modern interpretation is considered as a single-point outlets, which are united by a single logistics system, product and pricing policy, product promotion policy, as well as common principles of customer service [9-10].

Preferably, online retail refers to a set of outlets whose purpose of association and interaction is related to the operation of a common brand, but may be limited to membership in a retail group without its use.

Modern network retail needs professional and high-quality retail branding. The modern concept of retail branding is a complex category and includes the process of brand development for the retail network using artistic, graphic, color components used in the design of the network for shop windows, halls, posters, advertising, etc. [11-12].
| Table 1. Features and differences of the categories "retail" and "retail trade" |
|---|---|
| Retail | Retail trade |
| 1. Goes outside of the country | 1. Works domestically |
| 2. Association of multidisciplinary enterprises (production and processing of raw materials, production for consumption of finished products, sales), own production in the middle of the retail space ("production under glass"), the use of its own logistic systems | 2. Sales of goods purchased from the manufacturer or reseller |
| 3. Use remote areas with convenient parking and the provision of related services (banking, credit services, delivery, custom manufacturing) | 3. Looking for a favorable location in the village, perform only trade operations |
| 4. Have their own brand, sell goods to a narrow range of manufacturers | 4. Products from different manufacturers are sold |
| 5. A wide range of goods, different groups, that can be purchased in one place | 5. Goods of one group are sold (appliances, food, household chemicals, etc.) |
| 6. Improves the quality of service, using modern methods and forms of sales (self-service in the trading hall and at the checkout) | 6. Employee work is used in the trading hall and at the checkout (which increases the costs of the trading company) |
| 7. Design of the hall, shop windows, counters, price tags | 7. Registration is carried out by the store manager or the seller on his own |
| 8. Concluding long-term agreements with manufacturers, which significantly reduces costs and thus reduces the price of goods | 8. Goods for sale are often taken from an intermediary, which increases the cost of the outlet, that will lead to higher prices. |
| 9. Developed corporate culture, corporate strategy (mission, goals, sponsorship, charity, etc.) | 9. Aimed only at the financial result |
| 10. Developed loyalty programs, maintaining ties with your customer through constant communication (SMS messages for network card holders, holiday greetings, individual offers) | 10. Works only with the customer who makes the purchase |
| 11. Online orders are actively used | 11. Goods are sold directly in the store |

*Source: Compiled by the author*

Here are the main components of retail branding [13-14]:

1. *Marketing research.* The target audience, market specifics, analysis of the competitive environment, formation of marketing goals are studied. Importance should be given to marketing analysis, which is to assess the product range, and analysis of comments and complaints of customers.

2. *Internal audit.* Auditing and identifying the values, mission, philosophy, strengths and weaknesses of the network retail business.

3. *Creating a unique and recognizable logo of the retail chain (color, texture, pattern) and brand.*

4. *Development of the spatial environment of the retail trade network.* Zoning of the trade hall and design of shop windows, price tags, signs.

At the beginning of its formation, Ukrainian retail followed the Western European retail of the post-war period: an extensive network of independent stores, the small owners of which did not even imagine what changes awaited them in the near future.

The current domestic retail is characterized by a change in the behavior of visitors to retail chains, the purpose of which is lifestyle: to have a good free time, have fun, relax, visit a restaurant, etc. In addition, the retail market is firmly engulfed by leaders among discounters, such as ATB, Fora, who are massively opening many stores, even in remote and unpromising regions, constantly changing the format of retail by increasing retail space. They create shops near the house, which are also called "step", "step from home". The main task of such a store is to comprehensively analyze its customer, to consider his needs, to adjust the range of goods and services to the needs of the visitor.

Another feature of modern network retail enterprises is the production under their own brands to reduce production costs.
By expanding their own retail chains, opening new outlets and absorbing weaker competitors, they created strong competition not only for domestic networks, but also for foreign retailers, who assessed the possible risks and their consequences for business when entering the Ukrainian market.

Domestic chain retail is characterized by an increase in the number of stores in 2019 compared to 2018 for all well-known representatives (Fig. 1).

![Fig. 1. Leaders in the pace of development of the network retailer market in 2019](Source: GT Partners Ukraine [15])

In 2019, the leader in the number of stores in grocery retail is the network ATB-market, as well as Fozzy (Table 2). Retail sales depend on the purchasing power of the population and the level of economic development.

The decline in the physical volume of trade in the country since 2013 is associated with the economic and political crisis, military intervention in the Donbass, as well as mass migration of the working population outside the country.

| №   | The company and its networks                  | Number of stores | Growth rate (%) |
|-----|---------------------------------------------|------------------|-----------------|
|     |                                             | 2015 2016 2017 2018 2019 2016/2015 2017/2016 2018/2017 2019/2018 |                 |
| 1.  | LLC "ATB-market" (ATB, ATB express)          | 876 886 910 990 1078 1,14 2,71 8,8 8,9 |                 |
| 2.  | Fozzi Group (Silpo, Fora, Fozzi, Le Silpo, Favore) | 516 529 534 540 561 2,51 0,95 1,1 3,9 |                 |
| 3.  | Volwest Group (Our Land, SPAR, Our Land EXPRESS) | 238 238 245 247 277 0,0 2,94 1,2 12,1 |                 |
| 4.  | Lvivholod TEC LLC (Glove, Under the Side, Glove S) | 129 131 131 141 159 1,56 0,0 7,6 12,8 |                 |
| 5.  | EKO LLC (EKO Market, Simpatik)               | 108 112 114 114 148 3,7 1,78 0,0 29,8 |                 |

Source: [3; 15]
In 2020, due to an outbreak of coronavirus infection, a significant decline in sales of non-food products (appliances, household goods, clothing, etc.) is expected. In the scientific interpretation, there are various techniques and methods of analyzing the activities of the business entity. But not all possibilities can be used in the activities of a trading company, let alone a retailer. In assessing the activities of online retail, it is advisable to use a system of indicators (Figure 2).

![Indicators of diagnostics of network retailer](image)

**Fig. 2. Indicators of diagnostics of network retailer**

*Source: Compiled by the author*

The use of these indicators will highlight the main operational objectives of the network retailer with strategic goals, to transform the retailer's mission into a practical plan to balance short-term and long-term goals. The growth of the level of domestic retail, as well as strong competition force network retailers to use the most important tools of efficient and effective management, the basis of which is the analysis of network retail [16-17].

The analysis of network retail activities should be systematic and balanced. In our opinion, when analyzing the activities of online retail, it is not enough to use only financial reporting indicators, because many companies of this type work with commercial bank loans, intercompany or commercial loans, goods for sale, which are not yet due, and that will significantly worsen financial state indicators, solvency, liquidity and business activity.

Therefore, we consider it appropriate to use a balanced scorecard, which further enhances the value of intangible assets such as knowledge, experience, strong relationships with business partners and customers, innovative culture, strategic views and rapid transformational capacity, entrepreneurial activity of owners.

The balanced system of indicators has a different vector direction. These are, first of all, strategic vector, financial vector, customer vector, vector of business processes, vector of development and improvement (Fig.3).

When analyzing the activities of a network retailer you should calculate these indicators, and achieve certain goals and key success factors.

Network retailers should focus on developing their own development strategies. Retailers own strategy contributes to the formation of values and coordinates the activities of the enterprise, provides an opportunity to diagnose, determine development priorities, ways to achieve them and the deviation of the results from the planned tasks [11].

The financial vector is focused on the cost management process. The issues of cost management are devoted to scientific works [15,16], in which, according to the author, cost management helps to increase the efficiency of enterprise management and maximizes profits.
Strategic vector

**Purposes**: increasing the competitiveness of the network retailer, expanding the network based on increasing sales

**Indicators**: Coefficient of anticipation of turnover over operating costs; Equity growth rates; Debt capital growth rates; Growth rates of accounts payable; Growth rates of receivables;

**Key success factors**: increasing the value of the network retailer, increasing the level of profit, achieving the desired target results

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Financial vector

**Purposes**: increase business activity and sustainability, reduce the costs of the network retailer in the implementation of competitive strategy

**Indicators**: total liquidity rates, return on equity, return on assets, return on operating costs, return on sales, return on assets, financial autonomy rates, absolute liquidity rates, capital turnover, maneuverability rates.

**Key success factors**: cost control, profitability of sales, assessment of current activities

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Customer vector

**Purposes**: growing demand for goods, improving the quality of trade services, strengthening the customer base

**Indicators**: the level of prices for goods, profitability of operating costs, profitability of marketing costs, the coefficient of stability of the product range, the average amount of time spent by the buyer on online service, the level of additional customer service.

**Key success factors**: improving the quality of service and meeting customer needs

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Business processes vector

**Purposes**: creation of innovative competitive advantages for increase of competitiveness, maintenance of the minimum level of the general expenses in logistics chains

**Indicators**: turnover, market share, ensuring a high level of customer service, sales revenue per 1 sq.m. of the retail space, the level of innovation costs from the standpoint of improving existing business processes

**Key success factors**: ensuring a minimum level of logistics costs, increasing innovation attractiveness

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Vector of development and improvement

**Purposes**: formation of an effective motivational environment for the improvement of professional competencies of team members, development of corporate culture

**Indicators**: labor productivity, staff turnover, profitability of personnel costs, the level of employee satisfaction with working conditions, increasing the level of average wages, the cost per unit of labor.

**Key success factors**: staff development, operational efficiency, fast and high-quality access to information about services

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Fig. 3. Balanced system of indicators for analyzing the activities of network retail

*Source: Compiled by the author*

An important element of the analysis of network retail is the vector of development and improvement, because not only business owners, executives and senior managers should be interested in the results of activities, but also staff [19-20].

After all, their common goal, focused on the result will lead to the development of the network and, consequently, increase profitability. When analyzing the activities of online retail one should take into account the risks faced by this area - the risks of product security.
After all, the operational activities of retail are accompanied by shortages, losses, damage, theft of dishonest visitors, loss of appearance and quality properties of the goods. Therefore, more scientific and practical attention should be paid to this issue.

For the purpose of the most exact analysis of activity of network retail it is expedient to carry out the complex comparative analysis. Thus, according to [8], the main purpose of a comprehensive comparative analysis of network retail is to diagnose the state, study changes in its activities due to the influence of business environment factors, study the company's response to their influence, which leads to structural and functional violations. respond in a timely and efficient manner to eliminate the main shortcomings in order to strengthen the position of the trading company in a competitive environment [16]. Thus, a comprehensive comparative analysis has the following main components:

- analysis of the economic environment of network retail in a competitive environment;
- analysis of the results of economic activity of network retail in a competitive environment;
- analysis of the effectiveness of network retail in a competitive environment.

Thus, the components of a comprehensive comparative analysis will allow you to most accurately identify the basic principles of activity, in order to strengthen their own position in a dynamically developing competitive market.

**Conclusions.** Modern network retail needs to update business processes, which are based on tangible, intangible, innovative and strategic processes

The use of innovation in retail will reduce business risks. After all, concluding long-term contracts for network maintenance (banking, information, digitalization, design, clearing, security, etc.) strengthens guarantees for long-term maintenance, which ensures uninterrupted and stable operation of the network.

The development of domestic retail is accompanied by the following features:

- consolidation of the processes continues: competition destroys small retailers, strengthens the position of large network retailers;
- the processes of centralization of procurement activities are improving;
- there is a further development of own brands of network retailers;
- the interest of foreign retailers in Ukraine, which is strengthening its presence in the market, is restored;
- the number of mergers / acquisitions of various brands is growing;
- retail networks are expanding in regions and remote settlements.

Ongoing marketing research is conducted to identify active visitors, issue cards to regular customers, actively introduce discounts for cardholders, etc.

The activity of network retail, like any other enterprise, requires a qualitative and comprehensive analysis in order to strengthen its position in the market, a stable position in a dynamic and powerful competitive environment. Therefore, business owners, executives, senior managers and potential investors and business partners should pay close attention to this in order to manage business, finances and further increase profitability.

According to the results of the study, the views of scientists on the concept of "network retail", features and differences of interpretations of the categories "retail" and "retail trade", the main indicators of network retailer diagnostics and a balanced system of network retail performance indicators. However, given the lack of scientific justification, legal support and own sources of funding, online retail needs to improve analytical support to improve efficiency. And further research on this issue will improve domestic network retail and thus attract more customers, increase job offering, increase profits, and thus increase budget revenues, which will further strengthen the domestic economy.
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