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DIGITAL TRANSFORMATION OF TRADE IN THE CONTEXT OF GLOBAL SUSTAINABLE DEVELOPMENT OF THE INDUSTRY

There is no sphere that is not connected with digital technologies in today's global world. Considering today's complex situation, there is a need to transform any process, operation or product into online mode.

The digital transformation of commerce encompasses a huge number of processes, interactions, transactions, technological changes, internal and external factors. From big data, advanced analytics, artificial intelligence, machine learning and mobility to the Internet of Things, digital innovations are influencing consumer behavior and accelerating other innovations and transformations. In this regard, there is a need to track and assess the level of digital maturity of trading companies in the context of global sustainable development of the industry.

The most systematic view of digital transformation processes is presented in the studies of J. Westerman, D. Bonns and E. McAfee, Zaki M., Ismail Abdelaa M.H., the Global Center for Digital Business Transformation of the Swiss Institute for Management Development IMD and Cisco, Deloitte, McKinsey, Microsoft, BCG, Cognizant.

According to Deloitte's vision, digital transformation is a continuous process that is constantly being improved, and digital maturity is a moving target (Deloitte, 2015), that is, it can be defined as a momentary indicator that shows the relative degree of achievement of the goal, not absolute. According to Deloitte research, companies with a high degree of digital maturity are almost 3 times more likely than less mature companies to report strong net profit and revenue dynamics that significantly exceed industry averages (Deloitte, 2015). Modern technologies (FinTech, HRTech, FoodTech, MarTech) act as growth drivers in various market segments. Leading companies in digital maturity have a competitive advantage across multiple performance metrics, including revenue growth, time to market, profitability, product quality, and customer satisfaction. Thus, they have the financial and organizational capacity to support innovation, which makes it much more difficult for outsiders to maintain a competitive position. Even having the potential for a digital disruption does not provide leadership, as digital transformation is not only the introduction of the latest digital technologies and the development of a wide range of technology-related assets and business opportunities, but also well-coordinated teamwork and a clear organizational strategy. As a rule,

digital maturity is created through the synergistic effect of hard skills and soft skills, where strong leadership, team relationships and digital culture are of decisive importance for established leaders.

The well-known consulting group BCG defines digital maturity as a measure of an organization's ability to create value with the help of digital technologies, therefore it is a key success factor for companies that are starting or are at the epicenter of digital transformation. Annual studies in different regions of the world conducted by BCG prove that only 2% of companies are at the stage of "digital maturity". Leading companies apply a full range of digital capabilities to be useful to the user at any stage of the purchase journey. Digital transformation gives an unconditional competitive advantage and allows to increase company revenues by 20% and reduce costs by 30% (BCG study, 2018; BCG study 2019). Well-known digital maturity models assess the opportunities and gaps that enable companies to be competitive, helping them identify digital development directions, critical skills and the most productive tools.

Ukrainian trading companies, as part of a strategic partnership with various venture funds, technology companies (technological renewal of trade), are preparing to start testing innovative startups to subsequently introduce the best of them into their business practice, realizing that the digital environment is changing every day. Retail chains are offered many different projects for the digitalization of trading activities. In their practice of communicating with technology companies, trading companies first need to convey the real problems of the Ukrainian trading business, which determines the success or failure of an idea. Each decision to implement digital technology requires a lot of effort, time, and money to implement, train employees, form habits and integrate with existing processes. It is necessary to evaluate the opportunities that digital technology can bring to trade, and what will need to be changed for its implementation, when choosing such a solution. (Fig. 1).

Trade companies need to review their business development roadmap and business processes before planning to buy and implement digital technologies, as well as determine the overall architecture of their business for the next 3-5 years. It is necessary to objectively determine the business processes that can create the maximum value for the consumer to make the right choice. And for this, you need to understand which business process is easiest to integrate the benefits of digital technologies (Proskurnina N.V., 2020).

In the conditions of the digital transformation of trade, the buyer interacts with the sales staff from the moment of entering the store to the moment of paying for the purchase at the cash register. Using his mobile phone, the buyer can get any consultation on the trading floor, find the desired product, get a discount. Digital technologies in the sales hall ensure recognition and greeting of the buyer, search for the product, orientation of the buyer and providing him with information about the product, receiving rewards for loyalty and accelerated calculation of the purchase price.

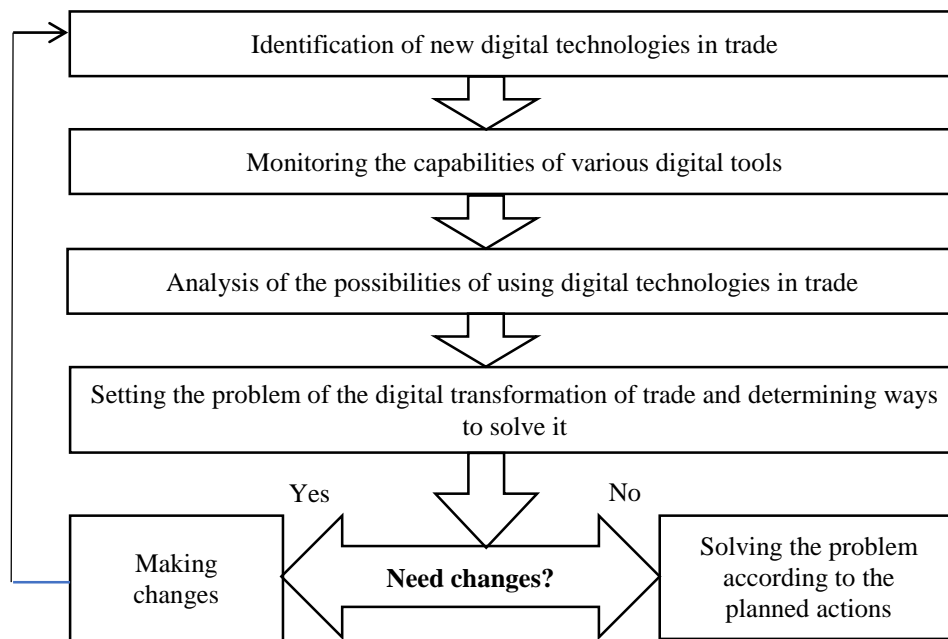


Fig. 1 – Algorithm of the transformation process of digital technologies in trade

Therefore, it is necessary to find out where the result of the work of digital technology will create the most value for the buyer to determine the opportunities (Serpstat, 2019). This can be done by conducting an audit of all digital technologies used in the trading company (Table 1).

Digital innovations in commerce carry a set of economic and social risks that are important to be aware of (World health organization, 2018; Evo.business, 2019). One of the main risks of implementing digital technologies is that these solutions may take a long time to integrate into existing processes due to incompatible technologies. Incorrectly chosen priority leads to the fact that the implementation is delayed, the technology becomes obsolete and the payback slows down.

Table 1 – Opportunities of digital marketing technologies in trade

| Digital technologies | Opportunities of digital technologies |
|---|--|
| 1. Big data technologies and analytics, cloud computing, radio frequency identification technology (RFID), Internet of Things | 1. Increasing efficiency and improving the quality of customer service 2. Detection of emotions of potential buyers and prediction of purchase probability 3. Creation of personalized solutions for consumers |
| 2. Bluetooth technology with low energy consumption | 1. Consideration of consumer behavior 2. Personal contact of the seller with the client 3. Providing assistance to the client in finding the product 4. Providing a loyalty program 5. Operational analysis of income from the sale of goods |
| 3. Technologies of electronic trade | A combination of traditional and digital methods of purchase |
| 4. Technologies for using chat-bots | 1. Perception and processing of user requests. 2. Attracting new customers and informing them 3. Studying the real benefits of your customers |

Thus, it is necessary to objectively evaluate the trading business processes that can create the maximum value for the end customer and understand which business process is the easiest to integrate the benefits of digital technologies to make the right choice regarding the transformation of the existing management system in trade in the digital economy.

Already today, digital technologies have the following main areas of influence on the activities of trading companies (Proskurnina N.V., 2019):

- computerization of the trading company's interaction with consumers;
- building and implementing a complex system of relationships between purchases (when one purchase serves as the basis for forming offers for other related purchases);
- forecasting the number of buyers and taking appropriate actions for adjustment.

The processes of introducing digital technologies into trade have the following main possibilities:

- increasing the efficiency and quality of customer service;
- study of real benefits and accounting of consumer behavior;
- identifying the emotions of potential buyers and determining the probability of purchase;
- creation of personalized solutions for consumers;
- provision of opportunities to combine traditional and digital methods of purchase (change in the trade landscape);
- attraction of new customers, their information and service in social networks.

At the same time, digital technologies are associated with risks and certain financial and material losses:

- the complexity of integrating digital technologies into existing management and trade structures;
- the risk of digital technology not being accepted by buyers unwilling to provide their personal data;
- incorrect definition of the target audience by trade networks, and as a result, the discrepancy between the costs of digital tools in social networks and the benefits of their use;
- personnel problems (in connection with staff turnover, departure of the able-bodied population abroad);
- errors in the functioning of digital technologies, violations of the cyber security regime.

In the last decade, the rapid development of information technologies and the emergence of innovative digital communication channels contributed to the development of digital marketing and became an impetus for the formation of new approaches to communications and interaction with consumers, brand promotion and sales of goods. Digital technologies have made the information environment in which the consumer is located dynamic, and the information flow has become continuous, thereby turning the traditional decision-making process by the consumer in the purchase

of goods / services into a difficult one to predict, radically changing the ways of buying and the nature of interaction with retail facilities.

At the same time, trade operators act as consumers of digital innovations to a much greater extent than producers, which is due to the specifics of their activity. Direct interaction with customers requires companies to respond quickly to changes in their behavior not only offline, but also in the digital environment. Leaders combine the activity of using digital technologies in the field of customer experience formation (trade-technological process) and transformation of marketing operational processes, as buyers expect innovative experiences that combine physical and digital channels in support of the purchase process. The reach of the consumer in online channels contributes to the spread of the practice of using social media as additional technologies that change the profile of commerce.

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