

V.L. Sibruk PhD, A.V. Sibruk PhD
(National Aviation University, Ukraine)

Development of distribution marketing in the context of retail evolution

The theses attempt to analyse the peculiarities of the development of distribution marketing in the context of evolutionary transformations of retail trade. The need for further research is reasoned.

The successful operation of retail trade enterprises in the markets largely depends on timely adaptation to rapid changes in the external environment, which have a significant impact on the peculiarities of the functioning and relationships of all participants in its infrastructure.

At the current stage of the development of distribution products, we can view a tendency towards the growing importance of retail trade in terms of the efficiency of the functioning of both the entire chain as a whole and its individual links. The processes of retail evolution in general show a significant acceleration in the introduction of new and optimization of traditional sales methods.

From the point of view of the product market, several important categories can be distinguished. First of all, the factor of sales volumes and the method of implementation should be distinguished, according to which the market can be divided into wholesale, small-wholesale and retail, while wholesale trade can be detailed into intermediate links (wholesale, medium-wholesale markets). The number of participants in the distribution channel and the volumes of product lots directly affect the final sale price, which in many types of markets is in most cases the decisive motive when making a decision to make a purchase. In addition, this approach is correlated with the factor of product ownership and the answer to the question of who is the dominant link in the distribution chain - the manufacturer, the intermediary or the retailer.

The construction of various forms of cooperation between market participants, whether horizontal or vertical marketing sales systems, and more often mixed-type systems, determine not only the nature of the relationship between participants, but also a large number of aspects of the marketing complex, exerting a significant influence on the formation and management of product, price, sales and communication policies.

The dominance of the manufacturer in the built sales structure turns other participants into passive observers from the point of view of marketing initiatives and simply executors of assigned tactical tasks. Such a situation can arise in a market with a low level of competition, in conditions of dominance of a large manufacturer or in industry sectors and individual market segments characterized by the complexity of products in terms of service and warranty service, the need for quality control of the provision of such services. The implementation of such an approach can lead to the emergence of so-called "myopia" in the manufacturer, i.e. a distorted perception of the advantages of own products in the eyes of consumers and their own understanding

of actual and potential needs due to the lack of reliable feedback in distribution channels.

Intermediaries, who have advantages in financial capabilities over partners, are an important constituent link that can, on the one hand, influence the product policy of manufacturing enterprises at the expense of requests formed on the basis of feedback from retailers who are in direct contact with consumers, and on the other - exert influence on trading establishments by offering new or unfamiliar goods to them, thereby fulfilling the function of monitoring consumer demand, which is very important for manufacturers. Thus, intermediaries should simultaneously use both a pull strategy from trade to production and a push strategy in the opposite direction. In their activity, wholesalers are primarily guided by the indicators of revenue and net income, which can be ensured either at the expense of a high level of mark-up or at the expense of quick turnaround, more often looking for their optimal ratio.

In a situation where retail chains form their own distribution system from the manufacturer to the counter, the impact on channel participants is similar to that of wholesale intermediaries with greater detail in product policy proposals. One of the most important tasks of retail management is constant work on optimizing the product range and price policy, therefore, influence on manufacturers is carried out by drawing up specific requests formed on the basis of a thorough study of consumer demand. The practice of large retail chains creating their own brands is becoming widespread, which positively affects both the development of relatively small manufacturing enterprises and the competitiveness of the sellers themselves. In general, we should note the trend towards the growing influence of retail in many aspects on the formation and management of the product policy of other sales participants and, taking into account the relevance of such processes, we will attempt to analyze individual trends of evolutionary transformations in retail trade.

The classification of the theory of institutional transformations of retail trade, which was proposed by S. Brown in 1987, includes three groups consisting of cyclical theories that explain changes due to the effects of economic cycles, theories of the influence of the external economic environment, and conflict theory, which is based on assumptions about the causes of changes. that gather against the background of conflicts between market participants in a competitive environment [1].

Cyclical theories are based on the principle of repeatability of economic cycles and consist of: the wheel of retailing concept, accordion retailers and life cycle theories.

The essence of the "wheel of trade" theory boils down to the idea that new, innovative methods and forms of trade activity begin with low markups, similar to the price penetration strategy, in accordance with which it is necessary to first attract the consumer with low prices, and then gradually increase them. Thus, the development of certain trade technologies is gaining momentum, attracting more resources, increasing costs, the cost of services, which leads to a decrease in efficiency, and, as a result, competitiveness and the emergence of new methods [2]. Criticism of the theory notes the insufficiency of the factors of marginality and low price as the main and sufficient driving forces for the development of retail trade, for example, in cases of starting a business in luxury segments, the price is immediately high, similarly for companies that have successful projects aimed at premium segments and on their basis

develop new or introduction of online trade with a wide range of cheap to expensive goods.

The concept of the life cycle of retail trade is similar to the analogous theory of the life cycle of goods, which consists of several stages from the beginning of market entry to elimination. However, this approach does not explain the successful long-term operation of such retailers as Sears (founded in 1886), Barnes & Noble (1873), Von Maur (1872), Bloomingdale's (1861), and even the largest Wal-Mart Stores chain has existed since 1962. In general, experts believed that the term of reaching maturity in retail used to be approximately 80 years on average, and for the supermarket format 35 years, with a tendency to decrease even to 10 years today, which forces careful planning of capital investments in new formats of retail establishments with the expectation of a return on investment in the period up to 5-7 years [2].

The "retail accordion" theory attempts to explain the development of retail trade through changes in assortment policy over time from periods of universalization efforts to attempts at assortment differentiation. So, for example, at first, retail establishments offer product positions aimed at specific segments of the consumer market, expanding the assortment if the business is booming, and vice versa, narrowing the assortment, removing obsolete goods and positioning themselves in promising segments. The theory, however, does not explain successful highly specialized formats that have a stable assortment over a long period [3].

Another direction in understanding the evolutionary processes of retail trade is environmental theory, which includes evolutionary or institutional theory and the concept of conflict.

The theory of evolution (evolutionary) is formed on the basis of the principles of natural selection in relation to the evolution of species according to the theory of Ch. Darwin. The development of retail trade in accordance with it occurs at the expense of the survival of those market entities that adapt the fastest to changes in the external conditions of the surrounding macro- and micro-environment. Significant factors influencing the external environment include changes in consumer tastes and preferences, the level of competition, innovation, political and legal state regulation and the general state of the economy, changes in society [4].

The institutional theory claims that there are connections and interactions between retail and the external environment. First of all, this concerns the factors of the microenvironment: competitors, suppliers, manufacturers, consumers, contact audience, and the development of the evolution of trade reflects the influence of processes that take place in the macroenvironment [5].

The theory of conflict is based on the thesis about the ability of retail companies to adapt to each other in the competitive environment, changing management policies through the stages of attacks and defenses, gradually abandoning outdated technologies and introducing modern ones. The result of competitive adaptation are situations when retailers begin to harmonize their own activities in similar directions, i.e. equate to each other, creating a new format of retail trade [6].

The analysis of the theories of the evolution of retail trade in general shows the importance of careful planning of the activities of retail establishments, taking into

account the influence of many factors of the macro- and microenvironment, changes in the stages of the life cycle, taking into account the dynamics and level of competition, as well as the timely introduction of innovations.

In the last two years, due to the restrictions caused by the Covid-19 pandemic, multi-channel sales methods have become especially relevant for retail enterprises, which in general quickly spread together with the improvement of online marketing technologies, but the impossibility of physical contact of consumers with goods in trade establishments has rapidly accelerated the development of Internet trade

The rapid growth of Internet sales (up to a quarter of the total volume) led to an acceleration in the Internet tools themselves, be it research (modern technologies for collecting and analyzing customer data), communications and promotion (social networks, search and contextual advertising), sales (online trading platforms, mobile applications of trading establishments) and also spurred the development of logistics services: storage, sorting, packaging and transportation of orders to the end consumer. The situation has raised questions about the future of traditional retailing, whether it has prospects for development or is gradually receding into the past, despite the fact that traditional ways of trading such as food markets and fairs still exist today. The answer to such a complex question requires thorough research

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