

Features of the Definition of Operational Activity of Retail Chains

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Abstract. The study raises the relevance of the operational activity of retail chains as an economic category. The relevance of the research subject lies in the development of modern trade formats and the need to introduce new solutions for managing operational activities, in terms of improving the efficiency and quality of performing basic management functions. The retail industry undergoes constant transformation. The identification of the mechanism for the functioning of retail chains in Ukraine has not yet become the subject of extensive research, which negatively affects their functioning. The purpose of the study is to examine and clarify the economic category “operational activity of a retail chain”. The study examined the essence and components of retail operations and developed ways to optimise operational management, the main of which are well-built logistics schemes, electronic sales channels, organisation of food halls and food courts, digitalisation and personalisation, building omnichannel communication of retail chains and consumers, the use of big data to improve customer service. The essence of retail operating activities is considered. Based on the use of general economic research methods, the approaches of researchers to the interpretation of “operational activity” are analysed and systematised. The scientific originality of the study consists in clarifying the essence and highlighting the most important characteristics of the operating activities of retail in Ukraine. The practical value lies in the substantiation of the main components of the operating activities of the retail network. Based on the conducted research, it is determined that operational activity in financial and economic activity occupies a core place since it is the main basis for stimulating entrepreneurship

Keywords: means of operating activities, objects of operating activities, operating activities, components of operating activities, retail network

The Problem statement

Consolidation of retail companies and the growth of the scale of activity of retail chains are a general trend of business expansion, which increases the importance of retail chains as the main customer in distribution channels. Retail puts pressure on industrial producers and chooses the range of products that are profitable to sell to them. In the last decade, the list of manufacturing enterprises that are subordinate to specific retail chains in various organisational forms has considerably increased. Such enterprises produce products not under their own trademarks, but under the brand of a certain network. As retailers' own brands gain increasingly strong positions in the market, these companies have the opportunity to influence the development of new products. In other words, trade enterprises have become

a force that generates consumer demand and influences consumer purchasing behaviour.

Analysis of Recent Research and Publications

Studies of national researchers cover issues related to the concept and stages of operational activity of retail trade enterprises. In this area, research has been conducted by I. Ansoff [1], O. Bakunov [2], P. Belinsky [3], O. Blank [4], G. Kapinos [5], Ye. Mnyh [6], M. Meskon [7], V. Seliutin [8], G. Tarasiuk [9], A. Chandler et al [10]. Each individual branch of the economy has its own specific features, which make it necessary to improve concepts and categories in relation to it. This also applies to the activities of modern trading formats.

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Purpose of the Study

The purpose of the study is to examine and clarify the category "operational activity of a retail chain". The main task is to study the "operational activity" as an economic category and determine the main priorities for improving operational management in the context of the development of modern trade formats.

Research Results

In recent decades, the retail industry has become more concentrated, and the share of retail giants has increased considerably. The structure of the market in Ukraine, as a result of dynamic economic transformations, is undergoing considerable changes. The share in the national market of large retail chains is small compared to the volume of markets captured by leading chains in European countries. A prerequisite for further theoretical research on "operational activity" is the definition of essential characteristics and the search for ways to improve the management of operational activities of retail chains in competitive economic conditions. Notably, this need is due to the lack of analysis and research of this concept, therefore, there is a need for further research. The study of "operational activity", including in the context of the development of modern trade formats, is of key importance. An integral component of analysing the state and prospects of introducing new operational solutions is the study of their content and main characteristics in competitive conditions.

The current legislation contains two main interpretations of "operational activity". According to IAS 7 Statement of Cash Flows, operating activities are the principal activities of an entity that generate revenue and other activities that are not investment or financial [11]. National Accounting Regulation (Standard) 1 "General Requirements for Financial Statements" provides the following definition of "operating activity" – the main activity of an enterprise, and other types

of activities that are not investment or financial ones [12]. These interpretations are the most general and do not define operational functions in the operating system. In the most considerable studies on the essential characteristics of operational activities, published by leading foreign and national researchers, the content and interpretation of operational activities differ.

Having studied the definitions of I. Ansoff and A. Chandler [1; 10], it can be determined that operational activity is considered by the author as a component of the long-term development strategy of a trading enterprise. Therewith, researchers do not emphasise its importance, since achieving purpose in the future is a priority in terms of financial results in the current period. According to M. Meskon [7], in the structure of operational activities, it is advisable to also distinguish the functions of management, marketing, finance, personnel, and technical. D. Lozovyt'skyy [13] notes that operating activities are mostly determined by the results of the financial and economic activities of the enterprise, therefore, they require supplementation by including financial aspects in their composition. These interpretations do not define specific types of activities or economic processes that are included in operating activities. Therefore, it is advisable to clarify and more correctly interpret "operational activity". The analysis of scientific sources confirms that the essence of "operational activity" has been covered in many studies of both foreign and national research economists. G. Kapinos and I. Babii [5] interpret "operational activity" as "...activities that are performed within the operating system to create any utility by converting inputs (resources) into outputs", which is the most accurate and attention-worthy definition in the context of studying the operational activities of modern retail chains. The inputs and outputs of the trading enterprise's operating activities include the elements presented in comparative Table 1.

Table 1. Comparative table of information on the operational activities of a retail enterprise and a retail chain

Operating inputs		Operational outputs	
Retail trade enterprises	Retail chains	Retail trade enterprises	Retail chains
1. Objects of operational activity to which the efforts of the system in the process of transformation are fostered		1. Main	
a) products; b) customers; c) customer's owned property	a) products; b) inventories, raw materials, and supplies; c) finished products; d) customers; e) customer's owned property	a) a client whose condition has been changed (satisfaction of a need); b) the customer's owned property, which has been changed	a) finished products, semi-finished products; b) a client whose condition has been changed (satisfaction of a need); c) the client's owned property that has been changed
2. Means of operating activities		2. Secondary	
commercial equipment	a) commercial equipment; b) equipment for preparation and storage of finished products and semi-finished products	a) material; b) energy; c) information	a) finished products, semi-finished products; b) a client whose condition has been changed (satisfaction of a need); c) the client's owned property that has been changed

Table 1, Continued

Operating inputs		Operational outputs	
Retail trade enterprises	Retail chains	Retail trade enterprises	Retail chains
3. Staff			
sales (seller, cashier, consultant)	a) salesperson (consultant, cashier) b) cooking technologists, cooks		

Source: developed by the author based on [5]

Comparative characteristics of the operating activities of retail trade enterprises and a modern retail network allow distinguishing the distinctive features between inputs and outputs depending on the retail format of the network.

The operational activity of a network of retail enterprises consists of a number of consecutive commodity operations, the composition of which depends on the store's trading format [14]. In the context of the study, it is advisable to distinguish in the system of operational activity such business operations that are separate processes but are interrelated and represent a single operational function

of the enterprise. Most modern retail chains, in addition to the main economic activity inherent in retail chains (supply, storage, and sale), produce semi-finished products and finished products, that is, perform trade activities that intersect with the activities of the restaurant business; thus, it is appropriate to supplement the operational activities of retail with processes that are characteristic for restaurants. Considering the approaches and features of modern retail chains, the main stages of operational activity that are characteristic of modern retail chains are identified (Fig. 1).

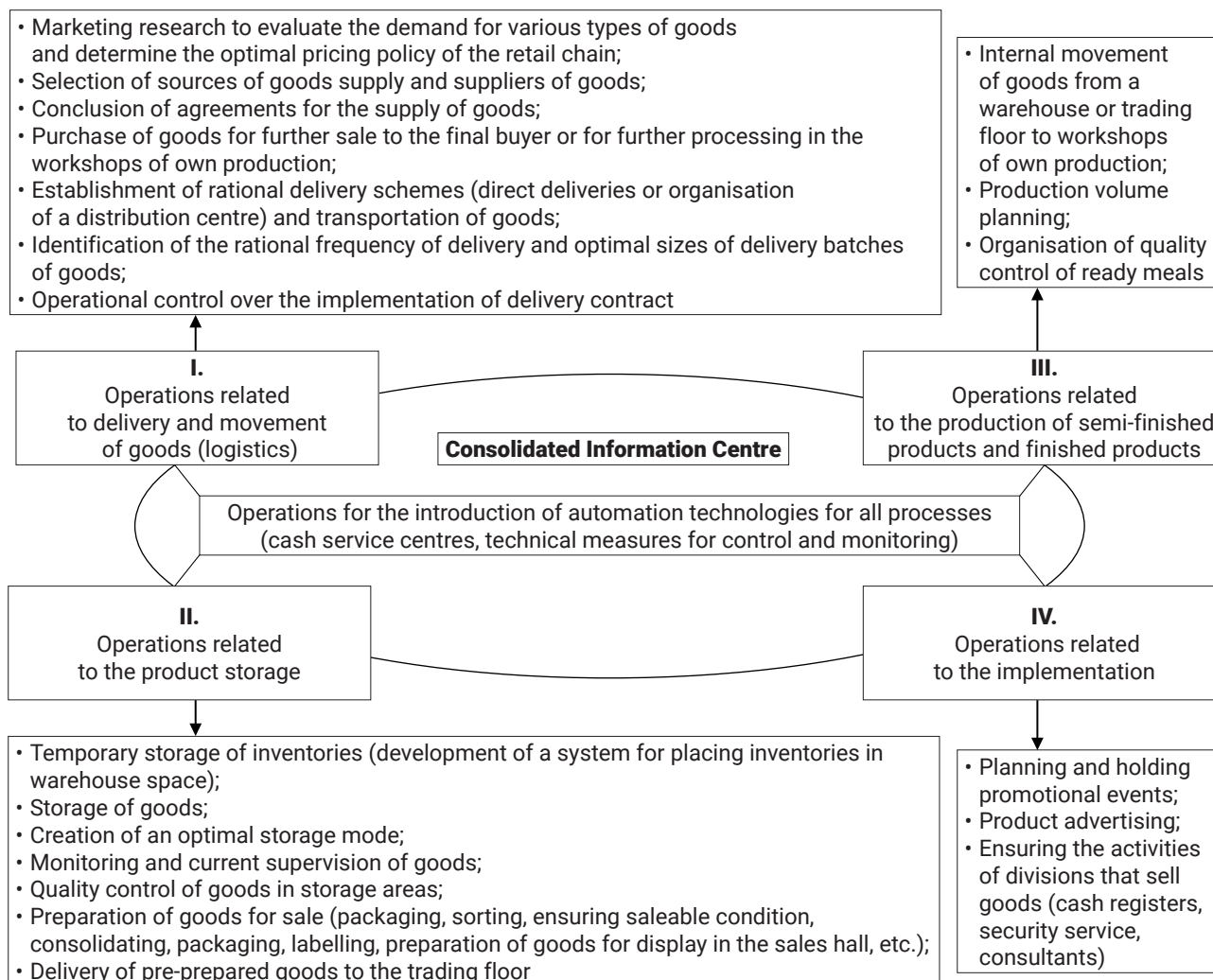


Figure 1. Main stages of the retail chain's operational activities

Source: compiled by the author based on [14]

Retail development is a dynamic positive process for consumers and a serious test for manufacturers, as retailers are exerting more influence on manufacturing enterprises in gaining market share. Suppliers in cooperation with retail representatives are forced to supply products at reduced prices, introduce various discount programmes, finance advertising campaigns [15; 16], and fight for the right to conclude contracts for the supply and sale of products in the retail network. For the most part, this is reasonable, since due to the scale of sales by the retail network, suppliers have sufficient profit and do not suffer losses from the reduced selling price. Thus, the operational activity of a retail chain is a component of the main activity that occurs within the framework of the implementation of the overall strategy for the development of the retail network, a set of interdependent and interrelated procedures related to the use of resources that are of value to external consumers and ensure the acquisition of most of the income.

At the current stage of development, Ukrainian retail lags behind European countries in terms of trade turnover per capita and retail space. Yet given the high potential of network enterprises in Ukraine, further positive development of the trading industry can be expected. Currently, retail's operational activities are focused on such global trends as digitalisation, personalisation, building omnichannel communication between the network and the consumer, and the use of large amounts of data to improve customer service.

A special feature of the operational activity of retail chain enterprises is its cyclicity, which follows from the consistent patterns of the reproduction process and is based on the laws of changing the forms of capital. The content elements of operational activities should be supplemented with processes and operations related to the production and technological basis of the trading enterprise, actions related to financial, marketing, sales, logistics, and other components.

Conclusions

Further research on the state and development of the trading industry is the main task since the information obtained in the future can be used in formulating long-term strategic goals of the retail network. Operational activity occupies a core place in financial and economic activity since it is the basis for stimulating entrepreneurship in the dynamic conditions of the development of a socially oriented economy. Thus, shortly, retail will have to operate in conditions of increasing competition and the need to improve operational efficiency in conditions of lack of labour resources. Currently, electronic sales channels are achieving profitability for large retail chains. This suggests that 15% of total sales can occur online, as global analysts predict. Prospects for further research lie in the need to improve the operational management process, primarily in terms of increasing the efficiency and quality of performing the main management functions – planning, organisation, management, and control.

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Особливості дефініції «операційна діяльність торговельних мереж»

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Анотація. У статті піднімається актуальність поняття операційної діяльності торговельних мереж як економічної категорії. Актуальність теми дослідження обумовлена розвитком сучасних форматів торгівлі та необхідністю впровадження нових рішень щодо управління операційною діяльністю, в частині підвищення результативності та якості виконання основних функцій управління. Галузь роздрібно-торгівлі знаходиться в постійному процесі трансформації. Визначення механізму функціонування торговельних мереж в Україні ще не стало предметом широкого наукового дослідження, що негативно позначається на практиці їх функціонування. Метою статті є дослідження поняття та уточненні економічної категорії «операційна діяльність торговельної мережі». У статті було вивчено сутність і складові операційної діяльності ритейлу, а також розроблено шляхи оптимізації управління операційною діяльністю, основними з яких є грамотно побудовані логістичні схеми, електронні канали продажів, організація фуд-холів та фуд-кортів, діджіталізація і персоналізація, побудова омніканальної комунікації торгових мереж і споживача, використання великих даних для поліпшення клієнтського сервісу. Розглянуто сутність операційної діяльності ритейлу. На основі використання загальноекономічних методів дослідження проаналізовано та систематизовано підходи науковців щодо трактування поняття «операційна діяльність». Наукова новизна дослідження полягає в уточненні сутності та виокремленні найважливіших характеристик операційної діяльності ритейлу України. Практична значущість полягає в обґрунтуванні основних складових операційної діяльності ритейлерської мережі. На підставі проведеного дослідження визначено, що операційна діяльність в процесі фінансово-господарської діяльності займає базове місце, оскільки є основною засадою для стимулювання підприємницької активності

Ключові слова: засоби операційної діяльності, об'єкти операційної діяльності, операційна діяльність, складові операційної діяльності, торговельна мережа