

Improving Retail Regulation under Digitalization

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Summary

The article deals with the development of approaches to improving the regulation of retail in the context of digitalization. It is established that retail currently remains a problematic area and has negative consequences for the functioning of the whole domestic market. It is proved that for the active development of retail, it is necessary to ensure the stability of the economy, form a regulatory mechanism that will create conditions for competition in trade, and protect the interests of both sellers and buyers. It is determined that the Internet has completely changed the style of doing business and significantly reduced the costs for retailers. It is found that Internet marketing is one of the most promising areas of development in the Russian Federation. The authors discover that the study of new opportunities for the internationalization of marketing activities using the Internet is particularly relevant.

Keywords:

retail, Internet, marketing, digital economy, market, retail network, regulation.

1. Introduction

Trade is an important source of revenue for the country's budget. Therefore, regulation in this area should primarily be aimed at ensuring conditions for the development of trade business. However, the current economic state causes many difficulties for retail enterprises in the context of ensuring their successful functioning in the domestic market.

Currently, many retail trade enterprises are failing to ensure the efficiency of their activities. Therefore, it is important to study the role of the state in providing for the efficient functioning of the network of retail enterprises and the market as a whole in the context of digitalization.

The problems of retail development were considered in detail in the works by A.O. Danilov [1], O.V. Kaurova [2], N.Yu. Kurganova [3], E.A. Mayorova [4], T.G. Milovanova [5], A.I. Naumenko [6] and others. However, despite the significant amount of research, in the modern economic literature, insufficient attention is paid to improving the regulation of retail trade in the context of digitalization.

2. Methods

The theoretical and methodological framework of the study includes the abstract-logical method, methods of induction, deduction, analysis, synthesis, systematization to substantiate approaches to the development of retail; the graphical method to study the impact of government regulation on the trade sphere.

The information framework of the study is the data of state bodies, legislative and normative documents regulating the functioning of retail, and the results of research [7-9].

During the study, we plan to systematize the economic aspects of the functioning of retail, develop measures to coordinate activities between the main participants in retail and develop proposals for improving the technology of retail in the digital economy.

3. Results

Practice has shown that the final phase of commodity circulation, during which the goods are transferred to the end consumer to meet the consumer needs in exchange for money, is retail. At the same time, retail turnover includes revenue from the sale of consumer goods for personal consumption directly to the population, using cash and non-cash payments through an organized consumer market, that is, a specially organized retail network (shops, pharmacies, kiosks, petrol stations, stations, canteens, cafes, restaurants) by all acting subjects, regardless of departmental subordination, forms of ownership and business.

This can also include the revenue received through the cashier's office of non-trading enterprises, organizations, institutions from the sale of homemade goods, purchased outside or received through barter directly to the population. At the same time, as an economic indicator, retail turnover reflects the volume of commodities in monetary terms, passing into the sphere of personal consumption, and characterizes, on the one hand, the monetary revenue of trade, on the other, the amount of expenses of the population for the purchase of goods.

Moreover, for the implementation of regulation in the field of trade, the state can use the appropriate tools, the list of which and the possible consequences of their use are presented in Table 1.

Table 1. Tools for state regulation of retail

Regulatory tools	Possible consequences of applying regulatory tools
Price control	Leads to restraining price competition between retailers. There is an increase in prices for goods by national manufacturers. Manufacturers begin to abuse their position, which leads to a decrease in intra-industry competition, complicates the relationship between retailers and suppliers. Marketing payments become a key factor in supplier differentiation and selection. Stimulates the development of internal brands. Strengthens the non-price form of competition.
Control of barriers to enter the market	Leads to an increase in retail prices. Reduces the volume of investment in retail, especially in communication and information technology. There is a drop in the level of employment in the field of retail sales, modernization and diversification of the range, increased internationalization of the activities of retail chains, distortion of competition in retail.
Limiting operations	Operation and logistics costs for retailers are on the rise. Difficulties arise with the sale of an expanded range of goods due to slower consumer traffic. There are decreases in the efficiency of retailers. There is a social effect in the form of certain preferences for small businesses.
Regulation of relations between retailers and suppliers	Contract-related discipline decreases. The flexibility of the pricing policy of both retailers and supplying companies drops. Special schemes are applied in contractual relations, which were previously officially issued in the form of bonuses and other payments

First of all, the directions and tools of state regulation of retail enterprises should be determined by the economic development of the country, the degree of its integration into the world economic system, the development of consumer and financial markets, their infrastructure, a significant number of financial instruments used in economic practice as well as the forms of economic relations of various business entities. Therefore, given the integration of the Russian Federation into the world community, it becomes necessary to develop priority directions of state regulation of retail which will ensure the formation of a favorable competitive environment in the consumer market for the efficient business for subjects of the trade sphere.

In this case, we propose the following directions of state regulation of retail: improvement of the legal framework for the regulation of retail; state control in the field of anti-monopoly legislation; stimulation of investment and innovation processes in trade; assistance in improving the quality of products; social protection for the population; increasing purchasing power; formation of

consumer literacy of the population; development of rational economic thinking; support for the national manufacturer.

Moreover, the decline in household incomes in the Russian Federation, the emergence of new business entities in the retail market forces resellers to improve their operations, offering additional benefits to their customers. One of them is the ability to buy the necessary goods without visiting stores, via the Internet. At the same time, purchases of goods in this form allow consumers to obtain a significant amount of information about goods, compare their quality parameters and prices, their user reviews, and quickly buy a newly released product. At the same time, the sale of goods online provides certain advantages to retail intermediaries, since it does not require significant costs but ensures coverage of new market segments.

However, not all retail intermediaries consider the use of digital technologies as an important direction of growth in the volume of sales of their goods and the direction of strengthening competitive advantages in the market. Therefore, to determine the directions of increasing the efficiency of the online stores of retail networks, it is necessary to identify the disadvantages of such a distribution for customers and ways to overcome them (Table 2).

Table 2. Main disadvantages of Internet trade from the consumer's perspective and ways to eliminate them

Disadvantages of Internet trade for consumers	Ways to eliminate the disadvantages
Uncertainty in the quality of goods	Posting information about the composition of the product. Posting a video about the processing and delivery of the order. Creation of a buyers' forum. Providing an opportunity for customers to leave reviews.
Possible scam during payment and delivery	The existence of various payment methods. Checking the order in the presence of the client. The option to return goods to the online store within a certain period.
Information security of the client's data	Using encryption and secure connections. Increasing the level of security of transactions. Decrease in commissions.
Slow delivery	Reduction of delivery times due to the involvement of additional companies. Use of the "super-rate" 1-hour delivery
Difficult order procedure	Placement of interactive instructions for ordering goods. Maximum simplification of the procedure.
Payment for delivery	Determination of the minimum cost at which delivery will be free. Accrual of bonuses for delivery, which can be used for payment.

Another factor limiting the use of online sales by retail chains is the lack of information for consumers about the availability of online stores. Therefore, retail chains need to work more actively in this direction, both using traditional means of disseminating information, with the involvement of social networks, intensifying the development of videos

and viral advertising regarding the convenience of purchasing goods without leaving the home.

Moreover, due to a decrease in the incomes of the population in the Russian Federation and a drop in the number of purchases, increased competition due to the appearance of new business entities in the retail market, resellers are improving their operations by offering additional services. Significant prospects for the latter are also associated with the constant growth of the number of Internet and smartphone users.

Such goods as clothes and shoes, home electronics, and books are online bestsellers. Online food trade, which has been actively developing in Europe and the USA for a long time, is very promising. Purchase of food.

Practice has shown that the Internet brings some retailers to the global level, simplifies and improves the conclusion of various contracts, speeds up communication, and makes it possible to find their target audience and distribute their products via the Internet. It can be argued that the Internet is becoming increasingly important not only for the main Internet user but even for the economic development of various enterprises and states.

The Internet has completely changed the way of doing business and has significantly reduced the costs for retailers. Businesses have to deal with a new direction such as Internet marketing, that is, develop new plans, strategies, organize and monitor commercial operations to constantly identify areas of joint and coordinated interests of retailers and customers, adequate development of relations with clients based on Internet technologies and the conquest of the Internet market.

Online marketing today is one of the most promising areas of development in the Russian Federation. This area is booming despite the economic crises and various kinds of external and internal obstacles. However, despite its development, online marketing is underdeveloped. In this regard, the study of new opportunities for the internationalization of marketing activities with the use of the Internet, the market of which in the country is currently at the stage of development, is becoming particularly relevant.

Practice has shown that elements of traditional marketing are in progress online, so Internet marketing tools can be used to solve problems in various components of the marketing mix from the point of view of a new communication environment. In this case, an important tool for Internet marketing is the creation and development of one's website. With its help, one can significantly improve one's economic indicators, for example, increase the number of sales, improve the search for the target audience, that is, the corresponding potential buyers.

Creation of one's website, from the point of view of Internet marketing, should include the following stages: 1) defining the functions and tasks of the site; 2) studying the target audience; 3) exploring the structure of the site; 4) the formation of the design

and style of the site (graphic presentation of the site, which must be efficient); 5) determination of the navigation model, which should provide ease of access to the informational component of the site; 6) content and support (information on the site); 7) choosing a hosting (this is the place where the site will physically be located).

After defining the goals and objectives of the site, structure, and design, it is crucial to select the target audience and advertising. Besides, one of the most important tools in Internet marketing is advertising. Internet marketing, like classic marketing, consists of demand analysis and advertising. Analyzing online demand involves collecting data for statistical calculations to determine the purchasing power of the target audience. Furthermore, advertising on the Internet provides consumers with the chance to receive the necessary information at any time, that is, any consumer can receive information about a product promptly and buy it without leaving their home. At the same time, advertising online is much more economical than other types of advertising. Using Internet marketing, you can easily and quickly conduct an advertising campaign in another country.

4. Discussion

The reliability of the presented approaches is confirmed by the fact that the trend of retail turnover reflects the proportions between production and consumption, the needs of enterprises in material and labor resources, and the development of a retail network. It should be noted that in the new economic conditions, the role and place of the state in trade management have become less significant and have changed their economic and legal content [10-14]. Consequently, in the relationship between the state and market entities, management functions are replaced by regulatory ones.

In this case, it is necessary to apply effective state functions based on a perfect regulatory legal framework, a developed market infrastructure, and an efficient system of social protection of consumers in market conditions. Moreover, state policy always presupposes the need to define goals and objectives and is associated with certain principles, which are subsequently achieved with the help of appropriate tools and means.

Furthermore, the state policy of trade regulation is noted for the special importance of processes and phenomena, since it affects socio-economic development in general. At the same time, it can be noted that the purpose of the participation of state bodies in the development of retail is to create the appropriate conditions that ensure the normal functioning of business entities in a market environment.

To achieve the appropriate result, the forms and mechanisms of state regulation of retail must be dynamic

and flexible enough to properly fulfill their functions. Besides, in a market economy, the role of the state is primarily to establish certain rules, determine the strategic directions of development and support.

Moreover, the influence of the state on the sphere of commodity circulation occurs to balance supply and demand and involves the implementation of certain tasks. Consequently, the priority tasks in the field of state regulation of trade are development, adoption, control of regulatory legal acts; implementation of the state policy on the development of retail trade enterprises; creation of conditions for fair competition in the market; weakening the direct boundaries of intervention and control over the activities of retail enterprises; implementation of a policy to stimulate the consumer sector.

5. Conclusion

All in all, it can be noted that retail currently remains a problem area in the Russian Federation and has negative consequences for the functioning of the domestic market. Therefore, for its active development, it is necessary to ensure the stability of the economy, form a regulatory mechanism that will create conditions for competition in the field of trade, protect the interests of both sellers and buyers. It is also important to regulate the activities of large market players to avoid monopolization and support small and medium-sized businesses by stimulating entrepreneurial activity based on public justice, that is, the modern system of regulating the retail market should be aimed at achieving such goals as stability, efficiency, and honesty. Accordingly, the system should be based on the following principles: protection of the rights and interests of participants by the state; transparency and accessibility of the information framework required for decision-making; support for fair competition, the existence of a state regulatory body with clearly defined functions and powers.

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