



International Journal of Economic Research

ISSN : 0972-9380

available at <http://www.serialsjournals.com>

© Serials Publications Pvt. Ltd.

Volume 14 • Number 15 (Part 4) • 2017

Managing of Small and Medium-sized Trade Enterprises: Efficiency Increasing Methods

Ivanova Svetlana Petrovna¹, Rubtsov Nikolay Mikhailovich², Danilina Marina Victorovna³, Ljubkin Sergey Mikhailovich⁴, Grosheva Yuliana Valerievna⁵, Balakhanova Dariko Kenjebaevna⁶ and Kuligina O.I.⁷

^{1,6,7}Ph.D., Associate Professor, REU Plekhanov, Moscow, Russia

²Ph.D., Associate Professor, Chair Organization of transportations by air transport, FGBOU HPE "Moscow State Technical University of Civil Aviation" (MSTU CA)

³Ph.D., Associate Professor, Finance University, REU Plekhanov, Moscow, Russia

⁴Ph.D., Associate Professor, REU Plekhanov, Moscow, Russia

⁵Ph.D. student, leading specialist, REU Plekhanov, Moscow, Russia

ABSTRACT

The article analyses the retrospective, the current stage and the perspectives of the development of the small and medium-sized trade enterprises in Russia. The authors indicate the existing problems and analyze the possible ways of the increase of the efficiency of the functioning of such enterprises in Russia.

Keywords: Management, economics, enterprise, small enterprise, medium enterprise, efficiency methods, trade, Russia.

Analysis of the State and Development of the Trade Sector in the Russian Federation

In accordance with the Order no 2733 of December 25, 2014 On Approving the Strategy of Trade Development in the Russian Federation for 2015-2016 and the Period to 2020 issued by the Ministry of Industry and Trade of the Russian Federation [1], the consumer market remains one of the most resistant to the risks of economic development of the sectors of the domestic economy. Nevertheless, in 2013 the trend of slowing the growth rate of retail trade turnover intensified. The deterrent effect on the dynamics of consumer demand was caused by a decrease in the growth rates of real money incomes of the population and consumer lending, and an increase in the population's propensity to save.

For 2013, the turnover of retail trade amounted to 23685.9 billion rubles. The growth was 3.9% by 2012. For 9 months of 2014 the turnover of retail trade amounted to 20,851.5 billion rubles. The growth was only 2.6% compared to the same period of 2013. The trade sector continues to be the leader in providing employment for the population: the total number of employees in 2013 was more than 12.4 million people - 18.3% of the average annual number of economic activities [1].

The indicators of the average monthly nominal accrued wages of employees of trade organizations as a whole are characterized by an increase. According to Rosstat data, since 2008, the average nominal accrued wages of employees of trade organizations have increased by an average of 15,649 rubles. and in 2014 was 25,238 rubles. Small business in trade plays an important role in shaping the turnover of retail trade [1].

In terms of the number of small enterprises, trade occupies a leading position in comparison with other branches of the economy: at the beginning of 2012, there were 71.3 thousand small enterprises without microenterprises in wholesale and retail trade, repair of motor vehicles, motorcycles, household products and personal items (30,8% of the total), in 2013 - 68.6 thousand (28.8%). Primarily, the decrease was due to the wholesale trade organizations, whose number decreased by 5.5% in a year, the number of retail trade organizations decreased by only 0.4 thousand units [1].

Small and medium-sized businesses have an important economic and social function, as a channel for marketing the output of small and medium-sized producers of consumer goods, primarily food products, and agricultural producers. Small and medium-sized businesses are also often the first to start selling new products whose manufacturers have not yet reached the necessary scale to create a broad distribution and exit to retail chains. Thus, the presence of a sufficiently large number of small and medium-sized trade enterprises and their entrepreneurial initiatives seriously stimulate the development of domestic production [1].

To ensure a stable growth of domestic production, both stimulation of domestic demand and the maximum expansion of all possible channels of retail sales are required. The second task is carried out by the construction of multi-format retail trade, where the manufacturer, regardless of its size, can take advantage of different sales opportunities. This is also in the interests of consumers who use 6-7 trade formats in developed countries, whereas in Russia this indicator is often at the level of 2-3 trade formats, which indicates that consumer's comfort level is not sufficient [1].

It is also necessary to take into account the specifics of consumer behavior in Russia, especially with regard to food purchases. According to a study conducted by the Ministry of Industry and Trade of Russia, about 60% of Russian consumers buy food every day or every two days. This frequency of purchases is the most comfortable for them. On the one hand, this gives a unique chance to develop local agricultural production and fresh food production, since a consumer with such a frequency of purchases wants to purchase the freshest goods, and not make purchases of products with long storage periods for future use. On the other hand, the retail infrastructure must be adapted to ensure the comfort of everyday purchases of food.

At the same time, it should be taken into account that the proximity of retail facilities to the place of residence and work of the consumer increases the consumption of fresh perishable food, especially agricultural products, which is extremely important for both balanced nutrition and increasing demand for this product and, accordingly, increasing its production. For the development of small trade formats,

minimum investment and capital expenditures of business entities are required to start trading, which is extremely important, especially in the current economic situation.

Accordingly, it is possible to mobilize these sales channels in the shortest possible time, giving impetus to the development of local small and medium-sized food and agricultural products. This task is especially important in the light of fulfilling the tasks of import substitution of consumer goods of foreign production by domestic counterparts. At the same time, we should especially note the contribution of trade to the overall development of entrepreneurship in the country, since it is often trade that is the first (“starting”) type of business for many entrepreneurs.

In this regard, the real possibility of creating and using a low-cost, in terms of initial investment, retail infrastructure, including markets, fairs, non-stationary and mobile commerce, is especially important. This will allow you to start a business with a minimal investment from the side of the business entity. The trade sector plays an important social and economic role not only at the level of the country as a whole, but also at the level of each region. The level of trade development is not uniform across the various territories of the Russian Federation [1].

This is expressed both in the price level, in the provision of the population with retail space, the product range, that is, in terms that directly relate to the trade sector, and in the level of development of the transport and logistics infrastructure, the availability of local producers and other parameters that influence the development of trade in the region. At the same time, for many regions, trade is the basis of the economy. In recent years, the Russian Federation has seen an increase in the total number of retail facilities in both food and non-food retail trade.

The dynamics of growth in general is low (1.0-3.6% per year), although there is a more active increase in the areas of network formats of trade, supermarkets and discounters. In addition, the development of trade formats is very heterogeneous across Russia. For example, the share of Moscow and St. Petersburg accounts for about half of retail space in hypermarkets, supermarkets. Other 30 million cities account for another 30%. Thus, the remaining residents, who make up 75% of the country’s population, account for one-fifth of the area of such facilities. At the same time, remote and inaccessible territories of the Russian Federation often experience an acute shortage of retail facilities (up to their complete absence) [1].

According to the results of the analysis of the development of trade in the Russian Federation and foreign countries, Russian retail trade shows a significant gap from the developed European countries in terms of trade space, as well as the share of distance trade in the total trade. Given the inaccessibility of some of the territories of the Russian Federation, as well as the weak development of the trade infrastructure in a large part of the country, special attention should be given to distance trade, which in some cases is the only way to meet the demand of the modern consumer [1].

Adequate measures of state support for trade activities in such regions should also be considered. The special role of domestic trade in consumer goods in the economy predetermines increased state attention to the development of this sector. Domestic trade stimulates the development of production, transport, communications and other service industries, makes a significant contribution to GDP, ensuring tax revenues. Trade is of strategic importance for ensuring social and economic stability in the country, as the result of satisfying consumer demand ensures availability of goods necessary for life, which in turn determines the dynamics of inflationary processes, the structure of monetary expenditures and the dynamics

of monetary incomes. Trade is traditionally the place or mode of employment for workers released from productive sectors [1].

Development of Small Business

It should be taken into account that from the economic point of view, small formats are usually less effective for objective reasons than large retail, their costs both for renting retail space and for purchasing goods are much higher. The efficiency of using labor resources in large-scale network trade is also significantly higher than small trade formats. At the same time, small formats can ensure the performance of such specific functions as individual approach to customers, the possibility of working in narrow product specialization (for example, specialized bakeries and mini bakeries, butchers, print and press, others).

At the same time, small formats are often the only channel for small and medium-sized domestic producers (primarily agricultural and food products), producers of unique and “piece” goods, including products of folk arts and handicrafts. Specialized small formats for trade in printed matter - kiosks, pavilions, press stands (sale of the press from the hands or trays) are the key and non-alternative channel for the distribution of periodic, primarily daily, print media. Without these sales channels, there cannot be a newspaper and magazine publishing business [1, 2].

Small trade formats also provide for self-employment of citizens and are the most common starting platforms for start-up entrepreneurs. For representatives of small business, the most acute issue is confidence in the future, guarantee of entrepreneurial rights, as often local authorities exert excessive administrative pressure on them, distorting the current legislation and misjudging the role of small trade formats in the country's economy.

A common form of small business in developed and developing countries is trade through vending machines. The problems of automated (vending) trading are mainly in the difficulty of obtaining permits for the installation and operation of vending machines in state and municipal territories. It is necessary to develop a simplified and understandable procedure for the installation and operation of such facilities.

Development of Small Family Trading Business

As part of the implementation of measures to support small and medium-sized businesses and to limit the excessive administrative impact, it is necessary to create conditions for the development of a small family trading business, primarily in stationary premises with registration of ownership or long-term lease, including specialization that allows to provide specialized/exclusive services bakery, confectionery, meat shops, fish stores, etc.).

The development of the family trading business is an important component of the formation of normal civilized traditions of client-oriented trade and can be implemented in various formats - mobile and non-stationary trade, markets, fairs, small stores, including franchises of well-known online trade brands [1, 2].

Development of Distance Trade

The main factors affecting the development of electronic commerce, tele-shopping, trade using catalogs, telecommunications and other means of communicating information about goods sold to consumers are:

1. access of the population to the Internet, television;
2. developed system of postal and courier delivery (depending on the type of distance)
3. developed and reliable (secure) system of electronic payments;
4. a large territory of the country and a low population density.

Especially important is the development of tools for the quality and rapid delivery of goods covering all, including remote, settlements of the Russian Federation, including by continuing the ongoing modernization of FSUE Russian Post. It is worth noting the fast-growing direction of “Tele-stores”. In this area there are no legislative measures that would allow allocating a special amount of airtime for this trade format and not consider “Teleshopping” as direct advertising. Strategies for the development of trade in Russia in 2015-2016 and the period until 2020 are presented in Table 1.

Table 1
Strategies for the development of trade in Russia in 2015-2016 and the period until 2020

<i>Indicator Retail trade</i>	<i>Index</i>					
	<i>Fact</i>		<i>Plan</i>			
	<i>2012</i>	<i>2013</i>	<i>2015</i>	<i>2016</i>	<i>2018</i>	<i>2020</i>
The number of economic entities actually operating in the retail trade, thousand units:						
organizations	263	244	250-280		300-330	
individual entrepreneurs	1228	1150	1200-1300		1300-1400	
Number of stationary trade objects of all formats, thousand units.	697	712	750-800		830-900	
Provision of the population with the area of trade objects, differentiated in different formats, sq. M. m per 1000 people	600	643	680-740		760-820	
Number of non-stationary and mobile trade objects, thousand units.	194	191	200-230		240-260	
Number of places at fairs, thousand units.	396	520	600-700		800-1000	
Number of places on agricultural (including cooperative) and specialized food markets, thousand units.	75	118	120-140		150-200	
Share of Internet commerce,%	-	1,5	2,5-3,5		4-6	
Dynamics of investments in fixed assets in retail trade at the end of the year, in% to the previous year	149,9	110,7	> 90	> 110	> 110	> 110

Source: [1].

With the transition to a market economy, all aspects of the activities of trade enterprises and the external environment are affected. Market changes put forward a number of fundamental tasks. They are oriented to new economic and social regulators. At the same time, attention is being paid to the strategic issues of trade enterprises. Consider the logical scheme of their development in the new conditions of management.

Prerequisites for the establishment and development of trade enterprises with an orientation toward the emerging market. Trade enterprises oriented to the market should solve the problems arising in the course of entrepreneurial activity and take into account the totality of environmental factors. The organization

of business, the development of competition, the use of marketing, the expansion of foreign economic relations, the attraction of foreign capital - this is not a complete list of issues that were previously outside the competence of trading enterprises, and now have become the most important.

In the transition to the market, the role of trade and the development strategy of trade enterprises is strengthened. On the one hand, their activities are predetermined by a set of resources: qualified personnel, competitive goods, modern technical means, investments, information on the state of commodity markets and consumer demand are needed. On the other hand, when entering markets and presenting products for sale, they must be prepared for competitive rivalry. Consequently, the stable and stable functioning of trade enterprises under the new conditions is determined by the potential resources, the strategy of their development and the factors of the external environment [1, 2].

Organizational and economic changes taking place at the regional level. New approaches to regulating and changing the regional economy on the basis of balance are a prerequisite for the development of the region's trading enterprises. The region is a relatively independent subsystem of the overall economy. On a national scale, the center of gravity of economic activity is increasingly moving to regions, the importance of which will gradually grow. At the same time, the complexity and intensity of the tasks they solve increases. The reproduction system as a whole is considered as the main economic factor of the region. It manifests itself in the specialization of the structure of production, the peculiarity of strategic tasks, the degree of infrastructure development, the availability of natural and labor resources. In addition to controlling the processes of a closed cycle of reproduction and consumption, a certain place is assigned to regulating the relations between the import and export of the region's products, foreign economic activity, and the organization of interregional ties.

At the same time, the strengthening of horizontal links between business centers facilitates the simplification of the management system of enterprises and the national economy as a whole and leads to an increase in the effectiveness of market relations.

The basis of sustainable development of the region is the regional balance. Its most important aspects are intraregional proportions and modified production structures, reflecting macro- and micro-interests. These provisions are implemented through legislative and regulatory acts, as well as targeted programs. In the process of transition to the market, the number of commercial enterprises of the state sector was rapidly declining with the simultaneous expansion of entrepreneurship.

With the transition to the market, a special role is assigned to state support for trade enterprises. This means a system of measures ensuring the regulation of trade activities and the development of enterprises: socio-economic measures, the development of organizational and legal acts, regulatory requirements, regulation of taxation and the size of the statutory fund, protection of consumer rights, environmental protection, etc. With the advancement to the market the role of the mechanism of state regulation and support of trade enterprises should be strengthened. As the market relations deepen, new trade should receive new qualitative development. In modern conditions, the objective prerequisites, regulating the activity of trade enterprises, are [1, 2]:

- equality of market entities with different forms of ownership;
- economic responsibility of economic entities responsible for their obligations with their property and monetary assets;

- decentralization of management (self-organization), i.e., the right to independently make commercial and economic decisions;
- mutually beneficial relations with suppliers of goods, built on commercial principles;
- the manifestation of competition leading to the development of the consumer goods market;
- establishment of an equilibrium price for goods sold.

One of the decisive factors that predetermine the further development of trade enterprises is the current stage of the transition to the market. The reality is that as the market moves forward, the nature of commercial and economic tasks being solved becomes more and more dynamic and complex. At the same time, one can assume that the transition period will be quite long and varied both in form and content. Changes that occur during the transition period affect all aspects of the emerging consumer market. Independent purchases and deliveries of goods contribute to the growing saturation of the market with goods and the growth of trade. Positions in the market are mainly determined by the active actions of intermediaries and organizational and economic factors. Trade is becoming an extensive sphere of entrepreneurial activity. It included many enterprising people, capable of conducting commercial business in the new conditions. Many trade and intermediary firms are guided by operations with imported products as the most profitable. To this they are pushed primarily by the existing currency corridor.

A distinctive feature of the transition period is the existence of the so-called unorganized market, there is a stable tendency of growth in the unorganized import and sale of goods. The fall in the standard of living that occurred due to a sharp stratification of the population in terms of income levels affects the effective demand. In fact, since 1990, the quality of nutrition has deteriorated noticeably. The consumption of such important products as meat, fish, milk, fruits has decreased. To a certain extent, the replacement is due to cheaper products: potatoes, vegetables, bakery and groceries.

As a result of the market valuation of business, a financial strategy is built in the form of taking into account the current policy of borrowed funds, creditworthiness, and the formation of financial attractiveness for investors. In the same section, it is possible to calculate a breakeven sale price that ensures a stable market position in the short term. The fifth block makes it possible to assess the degree of probability of a firm's strategic bankruptcy, i.e. to determine the ability of expanded reproduction of the totality of its assets, which determine the productive activity in the modern market [1, 2].

Developing and wishing to increase their own efficiency, trade organizations strive to reduce costs, including the supplied products, to increase operational efficiency. All this leads to stricter requirements for suppliers and manufacturers, which in this situation are forced to seek ways to increase their own productivity and efficiency. Such trends stimulate innovative activity in production processes and, consequently, contribute to the modernization of the Russian economy as a whole. At the same time, it is necessary to take into account that the effect of productivity and efficiency growth along the entire chain is possible only with a sufficiently strong and consolidated retail.

The trade sector employs about half of Russia's small enterprises, employing over 3 million people. The trade sector accounts for more than 70% of the turnover of small enterprises of the Russian Federation. It is small and medium-sized trading companies that are often the first to start selling new products, whose manufacturers have not yet reached the necessary scale to create a broad distribution and exit to retail

chains. Thus, the presence of a sufficient number of small and medium-sized trade enterprises and their high quality stimulate innovative activity in the country. At the same time, it should be especially noted the contribution of trade to the overall development of entrepreneurship in the country, since it is often trade that is the “first step” for many entrepreneurs before moving to other spheres of economic activity. From 2005 to 2010, the revenues of trade sector organizations demonstrated one of the highest growth rates, which amounted to 24.2%, second only to financial services, fishing, construction and education [1, 2].

In modern conditions, when small and medium-sized enterprises are dynamically developing, to improve the efficiency of their commercial activities and maintain their competitiveness, they need modern approaches to enterprise management.

Commercial activity acts in modern conditions as one of the most important factors of the functioning and development of any, including the production enterprise. This activity is constantly improved in accordance with the objective requirements of production and sale of goods, the complication of economic ties, the increased role of the consumer in the formation of consumer properties of goods. Changes in the conditions of production activity, the need to adapt the management system to it, the need to generate new methods for selling products affect the improvement of the business activities of the organization.

In order to develop methods for improving business activities in an enterprise, it is necessary to assess its current status. The evaluation will take place in five blocks [1, 2]:

The first block determines the macroeconomic assessment of the company’s market participation environment. Such an assessment gives a characteristic of the socio-economic environment, of explicit and hidden features that affect financial and economic activity. At the same time, cumulative changes related to economic and political instability at the macroeconomic level are taken into account. Changes are also estimated in cash flow, investments, strengthening or weakening of the tax policy due to the state of the level of inflation, mutual payments, stability of the national currency and other factors. The block takes into account the specifics of the industry in which the trade and intermediary link functions, its competitiveness in world economic relations and the situation, both on domestic and foreign markets.

The second block gives a description of the firm taking into account the situation on the market. It thoroughly examines the organizational structure of management, the availability and evaluation of external suppliers and consumers, the main segments of domestic and foreign markets, the study of the nomenclature of goods and services sold. It is important to give an overall assessment of the sales system. The valuation is carried out taking into account the main competitors in the sales market. The analysis of the position of the main competitors forms an integral assessment of the competitiveness of the goods produced.

The third block includes a factor analysis of the main economic indicators of commercial activity. This block, as a rule, is a key analytical tool that allows you to analyze the state of profit with the allocation of the level of balance sheet, taxable and net profit, which is the real (final) income of the firm. In addition to profit, the level of profitability, sales volume, level of circulating assets, cumulative distribution costs and other most important indicators influencing the development of the firm and a stable position in the market are analyzed.

The fourth block analyzes the financial condition of the firm. Calculate the classical indicators (coefficients) of financial stability, liquidity, solvency. The level of business activity is determined on the basis of calculation of turnover indicators taking into account normative values and established criteria. The assessment of the financial condition allows you to determine the level of financial resources, the existing

structure and quality of assets and liabilities in the dynamics based on the analysis of the discounted cash flow. Along with this, the value of real capital is calculated, and the degree of depreciation and the renewal policy of fixed assets are estimated. Essential in financial analysis is the definition of the level of sufficiency of working capital, the dynamics of net assets, the possibility of internal self-financing of the firm.

The fifth block - monitoring - is generalizing. As a result of using the analytical data of the previous blocks of the model, it becomes possible to give a complete assessment of the firm's market business, its true position. This final stage gives a monitoring assessment of the firm's business taking into account the impact of its capital on the organization of commercial activities, the value change of the firm's assets. In case of its liquidation or in the prospective post-forecast period, the block allows to comprehensively evaluate the market value of the business on the basis of the five-year dynamics of the main indicators of the company's commercial activity.

As a result of the market valuation of business, a financial strategy is built taking into account the current policy of borrowed funds, creditworthiness, and the formation of financial attractiveness for investors. In the same section, it is possible to calculate a breakeven sale price that ensures a stable market position in the short term. The fifth block makes it possible to assess the degree of probability of a firm's strategic bankruptcy, i.e. to determine the ability of expanded reproduction of the totality of its assets, which determine the productive activity in the modern market. Distribution of number of small and medium-sized enterprises by types of economic activity in 2014 is shown in Table 2.

Table 2
Distribution of number of small and medium-sized enterprises by types of economic activity in 2014
(end of the year)

	<i>Medium enterprises</i>		<i>Small enterprises</i>	
	<i>Thousand</i>	<i>In percentages to the total</i>	<i>Thousand</i>	<i>In percentages to the total</i>
Total	13,7	100	2103,8	100
<i>Including by types of economic activity:</i>				
Agriculture, hunting and forestry economy	2,3	16,8	56,1	2,7
Fishery, fish farming	0,1	0,5	3,9	0,2
Mining	0,2	1,6	7,7	0,4
Manufacturing industries	3,3	24,5	199,9	9,5
Production and distribution of electricity, gas and water	0,3	2,3	13,1	0,6
Construction	1,5	11,0	250,4	11,9
Wholesale and retail trade; repair of motor vehicles, motorcycles, household products and personal items	3,6	26,6	815,8	38,8
<i>Including:</i>				
Trade in motor vehicles and motorcycles, their maintenance and repair	0,7	5,1	74,5	3,5
Wholesale trade, including trade through agents, except the trade of vehicles and motorcycles	2,2	16,3	518,7	24,7
Retail trade, except trade of means of transport and motorcycles; repair of household goods and personal items	0,7	5,2	222,6	10,6

(Contd...)

	<i>Medium enterprises</i>		<i>Small enterprises</i>	
	<i>Thousand</i>	<i>In percentages to the total</i>	<i>Thousand</i>	<i>In percentages to the total</i>
Hotels and restaurants	0,1	0,9	63,5	3,0
Transport and communication	0,6	4,4	143,0	6,8
Including communication	0,0	0,3	12,2	0,6
Operations with immovable property, rental and provision of services	1,3	9,4	428,4	20,4
Education	0,0	0,0	6,7	0,3
Health and social services	0,1	1,0	30,6	1,5
Provision of other communal, social and personal of services	0,1	0,8	53,3	2,5

Source: [3].

The Main Ways to Increase Sales of Small Businesses

Each business should strive to extract the maximum benefit from its market share by increasing the company's annual sales volume, by reducing operating expenses and reducing possible losses. Many companies are on the path to maximize sales, however, this approach for small businesses is effective only for a limited period and very rarely can be applied in the long term due to limited resource opportunities. There are several methods that entrepreneurs can use to maximize their gains by increasing sales based on their market position [1, 2]:

- Sell more to existing customers;
- To concentrate the main efforts on expanding consumption among already existing customers, and also to pay attention to the development of the after-sales service system;
- Expansion of the client base by attracting new customers using the connections and recommendations of old customers;
- Development of new distribution channels and/or penetration of new regional or foreign markets;
- Use of the strengths of the business, allowing to create new products and services in demand on the market.

In order to expand sales, small business enterprises adopt various strategies for their further development. This expansion of the client base in the domestic markets, both through improved service system, and through the development of the distribution network in different regions of the country. A powerful means of expanding sales is a rapidly growing network of e-commerce shops via the Internet (hereinafter E-Shops). Many small and medium-sized enterprises in the UK find ample opportunities to increase sales in foreign markets, applying various methods for the successful promotion of exported goods and services in many countries [1, 2].

There are many ways to sell more to existing and potential customers. However, before starting to expand sales, the entrepreneur needs to determine how it is perceived by existing and potential customers. One of the main directions for ensuring the expansion of sales of small businesses is the constant increase

in the client base and the study of its changing needs. In this regard, it is necessary to find out a set of core issues that will help clarify the range of your customers, their needs, how and when they purchase. Among the most important questions that characterize your clients are the following:

- Who are your customers (age, sex, scope, income level, interests, etc.)?
- What and why do they buy?
- How do they buy (retail, wholesale, periodicity, form of payment, their behavior when buying, etc.)?
- Who else might be interested in purchasing goods and services from your company?
- The approximate amount of orders for existing and potential customers?
- Who else can supply them with such products?

Based on the data received, the entrepreneur should clearly identify the reasons why customers are interested in his products, rather than in the products of his competitors. In its development wholesale trade passes several stages. The stage of formation is characterized by the small size of retail companies, which makes wholesalers and distributors critically important, as they provide economies of scale in the system. At the growth stage, there are the first large retail chains and manufacturers that work directly with each other. The market of intermediaries is gradually narrowing [1, 2].

At the stage of maturity, retail trade is consolidated, intermediaries remain narrow product niches, as well as small and remote settlements and small trading business. At the saturation stage, large retail chains or manufacturers cover most regions, intermediaries leave the market or change their business model. At present, the Russian wholesale trade sector as well as the retail sector is on the growth stage. It is expected that with the development of the retail and manufacturing sector, retail and manufacturing companies, as a whole, will develop their own distribution divisions. At the same time, wholesale companies will either integrate in retail, or focus on logistics services, working with small companies (production and retail), niche assortment or remote areas.

Thus, from the analysis of the current state of the trade sector in the Russian Federation, it can be concluded that there are significant opportunities for further growth and development of the trade sector. These opportunities are primarily related to the increase in the total number of retail space, the increase in the share of modern formats, the consolidation of the industry, increased competition between trading companies, the development of small and medium-sized businesses, the development of cooperation and distance trade.

Problems of the Russian Trade Industry

Problems Related to State Regulation of the Trade Sector

Until recently, the regulation of the trade sector in Russia was characterized by a low degree of government intervention [1, 2]:

- in the process of interaction between producers and trade organizations;
- lack of mechanisms to protect the domestic market from foreign retail companies;

- absence of price control for the majority of commodity items;
- lack of environmental control requirements for trade organizations;
- weak interference by the FAS Russia; lack of attention to training issues;
- lack of regulation of wholesale and distribution companies;
- significant delegation of authority to work with the industry to the regions.

Such a regulatory policy has led to a number of both positive and negative effects for the industry itself, as well as for consumers and the state. For example, the absence of tight regulation, on the one hand, contributed to the high investment attractiveness and rapid development of the industry, and on the other, led to the emergence of high entry barriers to regional markets, expressed in protectionist measures by the regional administrations. For consumers, the main positive factor was a significant increase in the number of formats of modern trade, which allowed to reduce prices (compared to traditional formats) and improve the quality of service. However, on the other hand, the high uneven development of the sector has led to a strong disparity in the availability of modern formats of retail space, price levels between different regions.

Chaotic development of municipalities has led to such problems as deterioration of the historical appearance of cities and a decrease in transport and capacity.

The current regulatory framework governing trade relations is characterized by: inadequate systemic nature of existing regulatory legal acts governing trade relations; redundancy of legal regulation.

Problems Associated with Insufficient Level of Infrastructure Development

One of the most acute problems hampering the development of the domestic trade sector in Russia is the insufficient level of infrastructure development, namely the underdevelopment of the trade infrastructure in comparison with the foreign one, the inappropriateness of the infrastructure created prior to the 1990s for the development of modern forms of trade, insufficient rates and volumes construction of new retail space.

Infrastructure in this case is understood not only as basic infrastructure facilities, such as roads, ports, warehouses, retail facilities, electricity supply networks, but also a service infrastructure for the trade sector, including the necessary number of highly developed logistics companies, distributors and wholesale suppliers that certify and license organizations, companies operating in the advertising market, educational institutions. Problems in the field of service infrastructure include weak economic ties between producers and trade organizations; insufficient level of development of cooperation; the presence of a large number of intermediaries between small producers and small trading organizations [1, 2].

The main concern for trade organizations of all product segments is the low availability of roads in many localities and even the lack of road communication between individual territories. This state of affairs does not allow the delivery of goods to many regions in time and in sufficient quantities, violates the process of commodity exchange between regions. Similarly, the situation develops with the warehouse space. For products such as food that require special storage conditions, the problem of lack of warehouses leads to the same consequences as low road availability. The problem is also the complexity and lack of transparency in the procedure for obtaining land and permits for the construction of trade and logistics facilities. Often

the communication should be carried out independently by the companies building the facility, which leads to a rise in the cost of construction up to three times. This situation reduces the investment attractiveness of the industry and inhibits the construction of new trade and logistics facilities [1, 2].

In addition, at present, the technological needs of producers of agricultural and fishery products, as well as wholesale sellers in the material and technical storage base, have been largely dissatisfied. Due to the shortage of storage space, the products produced are partially stored in poorly adapted or unsuitable premises where optimal storage conditions can not be ensured. As a result of such storage, commodity losses are significantly increased, the profitability of production and trade enterprises is reduced. Historically, the dominant trend was the placement of storage facilities in places of consumption. As a result, there is an acute shortage of warehouses and refrigerators in places where agricultural raw materials are produced or fish caught.

Insufficient Attractiveness for Business of Development of Trade in Small and Remote Settlements

In Russia, remote and inaccessible territories are often characterized by acute shortages and even a complete lack of retail space. About 5% of Russia's population do not have access to retail properties, because retail companies do not want to open stores in settlements with low effective demand and infrastructure with insufficient infrastructure from the economic point of view.

A similar situation is typical for the cities of the Far North, the Far East and the North Caucasus, remote from the cities of rural areas.

Among the main problems can be identified:

- lack of effective demand;
- lack of developed infrastructure;
- lack of supply of logistics services;
- lack of qualified personnel of middle and senior level.

The Problem of Lack and Low Skill Level

The trade sector provides jobs for a fifth of the economically active population of the country with a wage level corresponding to the national average. However, in the industry there is a significant deficit and insufficient qualification of personnel, which are mainly due to the rapid growth of the trade sector in recent years, the low social prestige of low-skilled jobs, and the insufficient quality of training in trade specialties in Russian universities. The personnel engaged in retail trade can be conditionally divided into three categories:

- low qualified personnel, for example, cashiers, sellers, shop floor operators, loaders;
- staff of medium qualification, for example, store managers, department heads;
- top management, senior management of retail companies.

The greatest shortage of labor resources is observed at the level of low qualified personnel and employees of medium qualification. Problems with the recruitment of low-skilled personnel are associated,

first of all, with low wages, high turnover of staff, low motivation for work and low prestige of the profession. Staff turnover of this category can reach up to 80% per year, and demand can exceed the supply in some cases twice.

There is also a shortage of medium and high-skilled personnel, which is connected, on the one hand, with the rapid growth of retail trade, on the other hand, with the insufficient quality of training graduates of higher education institutions who are trained in trade specialties.

Problems Specific to Small and Medium-sized Businesses in the Sphere of Trade

Russia lags behind in the development of small and medium-sized business from developed countries. So, the contribution of entrepreneurs to Russia's GDP does not exceed 12 percent, whereas in the USA this figure is more than 50 percent. Among the main problems of development of small and medium-sized business in the sphere of trade, it should be noted:

- presence of administrative barriers in the organization and activity of small enterprises;
- shortage of financial resources;
- complexities in the realization of the right to buy out leased premises;
- problems of connection to engineering communications;
- other.

In recent years, administrative reform has been actively implemented. We managed to do a lot. At the same time, a number of unsolved problems remain. As before, the number of serious barriers includes the need to obtain a significant number of permits, the presence of excessive tax and statistical reporting. Therefore, the urgency of solving the task of further reducing the number of necessary permits and accounting documents remains. One of the significant barriers limiting the development of small business is the lack of financial resources. Lack of funding means:

- Lack of access to bank credit services for replenishment of current assets, as well as for the implementation of initiated or planned investment projects;
- Lack of lending to start-ups (start-ups).

Most of Russian entrepreneurs note significant difficulties with attracting financing both at the start and during the development of business. The existing mechanisms of state support - subsidizing interest rates, granting state guarantees for loans, etc. - effective if a small company works in the market for at least several years. It's quite difficult for a start-up to get a loan. Therefore, it is necessary to improve the mechanisms of financial support for start-ups, involving a division of risks between the state and commercial banks. no less acute is the problem of redemption of rented premises. Federal Law of July 22, 2008 N 159-FZ "On the peculiarities of alienation of immovable property in the state ownership of the subjects of the Russian Federation or in municipal ownership and leased by small and medium-sized business entities and on introducing amendments to certain legislative acts of the Russian Federation" the road to the privatization of real estate leased by small businesses - gave the tenants the right of preemption. However, the process is very slow. The main reasons are the short terms of payment by installments, "prohibitive sheets" for redemption of objects located along the central highways, high market prices for real estate [1, 2].

An acute problem remains the limited possibilities of connection to utilities, in the first place - to power sources. This applies primarily to the high cost of obtaining permission to connect or use additional capacity. The reduction in the cost of connecting to networks for small and medium-sized businesses has eased the financial burden on small entrepreneurs. However, the problem of obtaining an agreement on the technical conditions for connecting to networks remains.

Franchising (commercial concession) is one of the most effective methods of increasing the competitiveness of small and medium-sized commercial enterprises. The market of franchising in Russia is estimated approximately in 4 - 5 billion dollars. About half of the market falls on economic entities engaged in retail trade, more than a quarter - in public catering, about 12% falls on the service sector.

Factors that prevent the more active development of franchising in the Russian market include [1, 2]:

- the absence of unified schemes for regulating franchising relations in the Russian market, caused by the absence of legally approved terms “franchising” and “franchising agreement”;
- the heterogeneity of the development of franchising. It is possible to single out 11 subjects of the Russian Federation in which the most favorable conditions existed for both network trading and franchising relations, including: Moscow, Moscow region, St. Petersburg, Sverdlovsk region, Krasnodar territory, Samara region, Republics of Tatarstan and Bashkortostan, Tyumen Region, Chelyabinsk and Rostov Regions;
- lending to beginner franchisees. If in foreign countries, banks provide incentives for this category of entrepreneurs, in Russia the franchisee falls under the category of a small entrepreneur, which is very difficult, and sometimes impossible, to access credit resources;
- closed franchise offers. Most enterprises that can and are ready to join the franchise system can not make a choice because of the lack of information about existing franchises and the experience of their use, which is due to the limited information that the franchisors represent.

In its development wholesale trade passes several stages. The stage of formation is characterized by the small size of retail companies, which makes wholesalers and distributors critically important, as they provide economies of scale in the system. At the growth stage, there are the first large retail chains and manufacturers that work directly with each other. The market of intermediaries is gradually narrowing. At the stage of maturity, retail trade is consolidated, intermediaries remain narrow product niches, as well as small and remote settlements and small trading business. At the saturation stage, large retail chains or manufacturers cover most regions, intermediaries leave the market or change their business model [2].

At present, the Russian wholesale trade sector as well as the retail sector is on the growth stage. It is expected that with the development of the retail and manufacturing sector, retail and manufacturing companies, as a whole, will develop their own distribution divisions. At the same time, wholesale companies will either integrate in retail, or focus on logistics services, working with small companies (production and retail), niche assortment or remote areas [2].

Thus, from the analysis of the current state of the trade sector in the Russian Federation, it can be concluded that there are significant opportunities for further growth and development of the trade sector. These opportunities are primarily related to the increase in the total number of retail space, the increase

in the share of modern formats, the consolidation of the industry, increased competition between trading companies, the development of small and medium-sized businesses, the development of cooperation and distance trade.

References

- Министерство промышленности и торговли Российской Федерации приказ от 25 декабря 2014 года N 2733 Об утверждении Стратегии развития торговли в Российской Федерации на 2015-2016 годы и период до 2020 года
- Торговые предприятия в новых условиях хозяйствования, обзор. <http://yastudent.com/marketing/torgovye-predpriyatiya-v-novykh-usloviyakh-hozyajstvovaniya.html>
- Federal Service of the State Statistics, Bulletin, Trade in Russia, 2015, http://www.gks.ru/bgd/regl/b15_58/Main.htm
- Приказ Минпромторга РФ от 31.03.2011 n 422 “об утверждении стратегии развития торговли в российской федерации на 2011 - 2015 годы и период до 2020 года”, официальный сайт Минпромторга России, www.minpromtorg.gov.ru
- Eroshkin, S.Y., Kameneva, N.A., Kovkov, D.V. & Sukhorukov, A.I. (2017). “Conceptual system in the modern information management”. *Procedia Computer Science*, 103: 609-612, doi: 10.1016/j.procs.2017.01.079
- S.Yu. Eroshkin, N.D. Koryagin, D.V. Kovkov, D.V. Panov, A.I. Sukhorukov (2017). “The Paradigm of the Integration of Different Types of Management Information Systems in Investment and Construction Company Implementing the Project Approach“. *Procedia Computer Science*, 103: 605-608, doi: 10.1016/j.procs.2017.01.076