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Features of world experience in the management of e-commerce enterprises as subjects of innovative entrepreneurship

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Abstract. *The purpose of the article* is to analyze the features of the world experience in the management of e-commerce enterprises as subjects of innovative entrepreneurship and study their content. *Methodology.* The study used generalizations, comparisons and systematic methods. *Results.* In the article the specifics of the world experience in the management of e-commerce enterprises as subjects of innovative entrepreneurship are analyzed. The experience of this topic in the leading countries of the world is studied. The list of features of this question is defined. *Practical meaning.* It is argued that the significant reorientation of world trade to online sales channels due to the impact of quarantine restrictions associated with the coronavirus pandemic in 2020 could significantly affect the real level of sales in 2020, adjusting it upwards. It is noted that the industrial revolution turned agrarian societies into production centers and changed people's work and the standard of living they could expect. The digital revolution has also changed the way people communicate, shop and work. Referring to the experience of e-commerce companies, which are directly affected by the digital transformation on the nature and intensity of their activities in both strategic and operational dimensions, it should be noted that digital business strategies continue to review traditional retail through multichannel capabilities. *Prospects for further research.* Statistics show that mobile commerce, especially the use of mobile applications, is becoming increasingly important in the development of online sales strategies. Yes, Amazon is the leading mobile application for online stores in the United States. At the same time, Amazon singles out a list of development risks that are quite obvious to all retailers operating in the e-commerce environment, primarily related to the implementation of international transactions, which the author cites in the article. The author gives an example of successful European experience in managing an e-commerce company, namely the company "C&A" – a Belgian-German-Dutch network of retail clothing stores. Also interesting is the Chinese e-commerce platform Aliexpress, the international online platform Alibaba (aliexpress.com), which was launched in 2010, and Taobao, the online platform Alibaba C2C (taobao.com), which was founded in May 2003. It is noted that almost 80% of small and medium enterprises consider sales on social networks as a proven strategy to increase revenue.

Keywords: management, e-commerce enterprises, innovative enterprise, e-commerce, company.

JEL Classification: F13, L81, O32.

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Особливості світового досвіду щодо управління підприємствами електронної комерції як суб'єктами інноваційного підприємництва

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Анотація. Метою статті є аналіз особливостей світового досвіду щодо управління підприємствами електронної комерції як суб'єктами інноваційного підприємництва та дослідження їхнього змісту. **Методологія.** В ході дослідження використовувалися узагальнення, порівняння та систематичний методи. **Результати.** У статті проаналізовано специфіку світового досвіду щодо управління підприємствами електронної комерції як суб'єктами інноваційного підприємництва. Досліджено досвід даної тематики у провідних країнах світу. Визначено перелік особливостей даного питання. **Практичне значення.** Аргументується думка, що значна переорієнтація світової торгівлі на онлайн-канали продажу внаслідок впливу карантинних обмежень, пов'язаних з пандемією коронавірусу у 2020 році може суттєво відобразитись на реальному рівні показника продажів у 2020 році, скоригувавши його в сторону збільшення. Зазначається, що промислова революція перетворила аграрні суспільства на виробничі центри і змінила роботу людей і рівень життя, якого вони могли чекати. Цифрова революція також змінила те, як люди спілкуються, роблять покупки і працюють. Звертаючись до досвіду підприємств сфери електронної комерції, що відчують безпосередній вплив цифрової трансформації на характер та інтенсивність своєї діяльності як у стратегічному, так і в операційному вимірі, слід відзначити, що стратегії цифрового бізнесу продовжують переглядати традиційну роздрібну торгівлю за допомогою багатоканальних можливостей. **Перспективи подальших досліджень.** Статистика свідчить про те, що мобільна комерція, особливо використання мобільних додатків, набуває все більшого значення при розробці стратегії продажу в Інтернеті. Так, Amazon є провідним мобільним додатком для інтернет-магазинів США. Водночас, Amazon виокремлює перелік ризиків розвитку, досить очевидних для усіх ритейлерів, працюючих в середовищі електронної комерції, передусім пов'язані зі здійсненням міжнародних операцій, які автор наводить в статті. Автором наводиться приклад успішного європейського досвіду управління підприємством електронної комерції, а саме компанія «С&А» – бельгійсько-німецько-голландська мережа магазинів модного одягу в роздріб. Також цікавим досвідом є китайська платформа електронної комерції Aliexpress – міжнародна онлайн-платформа Alibaba (aliexpress.com), яка була запущена у 2010 році та Taobao – це онлайн-платформа Alibaba C2C (taobao.com), яка була заснована в травні 2003 року. Зазначається, що майже 80% малих і середніх підприємств розглядають продажі в соціальних мережах в якості перевіреної стратегії для збільшення доходів.

Ключові слова: управління, підприємства електронної комерції, інноваційне підприємство, електронна торгівля, компанія.

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1. Introduction.

The experience of managing e-commerce enterprises as subjects of innovative entrepreneurship is characterized by the practice of enterprises in the development and application of management tools, as well as responding to interaction with customers, focused on meeting or exceeding their expectations. The positive experience of such interaction, as practice shows, is related to any of its forms – from the creation of an Internet site with information about the product being sold on it, to the software used to serve customers (*eMarketer*, 2018).

The transformation of the modern e-commerce market and the change in the nature and priorities of enterprises working in this field are the result of a significant set of technological changes, which, in our opinion, to some extent characterize how business treats and interacts with customers and business. implements processes and changes them.

Thus, the development of agriculture in the Neolithic era led to a complete rethink of where and how people lived and worked. The industrial revolution transformed agrarian societies into centers of production and changed the work of the people and the standard of living they could expect. The digital revolution has also changed the way people communicate, shop and work, as exemplified by the emergence and development of e-commerce and the organizational and managerial changes that businesses are forced to make in order to remain competitive and achieve their strategic and tactical goals.

2. Literature review.

Management of e-commerce enterprises as subjects of innovative entrepreneurship and research of their content is one of the main issues that scientists ask themselves, teaching modern realities. Example, N. Serebryakova, E. Titova, G. Beliaeva, N. Ponomareva, O. Lukina and E. Savvina (2019); S. Drobyazko, A. Barwińska-Małajowicz, B. Ślusarczyk, L. Zavidna and M. Danylovych-Kropyvnytska (2019). Some researchers O. Sohaiba, M. Naderpourab, W. Hussaina

and L. Martinez (2019) choose useless computing models for e-commerce enterprises – using new methods. Research of forecasting systems for sales information of e-commerce enterprises based on time series models (*Liu, Liu, Zhang and Xu*, 2019), or other methods improve the management functions at the enterprise (*Akhmetshin, Vasilev, Vlasova, Kazakov, Kotova and Ilyasov*, 2019).

3. Methodology.

The study used generalizations, comparisons and systematic methods.

4. Research objectives.

The purpose of the article is to analyze the features of world experience in the management of e-commerce enterprises as subjects of innovative entrepreneurship and study their content.

5. Results and discussions.

According to the statistical portal “Statista”, in 2019 sales in the global e-commerce market reached \$ 3.5 trillion and accounted for 14% of total retail sales in the world. Global e-commerce sales are projected to reach \$ 4.2 trillion by the end of 2020, accounting for 16% of total retail sales (*Statista*, 2019b).

At the same time, the significant reorientation of world trade to online sales channels due to the impact of quarantine restrictions related to the coronavirus pandemic in 2020 may have a significant impact on the real level of sales in 2020, adjusting it upwards. These figures, according to forecasts, will only grow (*Figure 1*).

These data confirm current trends (*Eurostat*, 2019; *Statista*, 2014), which are due, in our opinion, largely to the activity of specific players in the e-commerce market – companies that use certain management tools. An important scientific and practical task is to highlight the world experience of managing e-commerce enterprises as subjects of innovative entrepreneurship in the context of existing trends in this area, problems and prospects of enterprise development and the potential for improving management tools they use in practice.

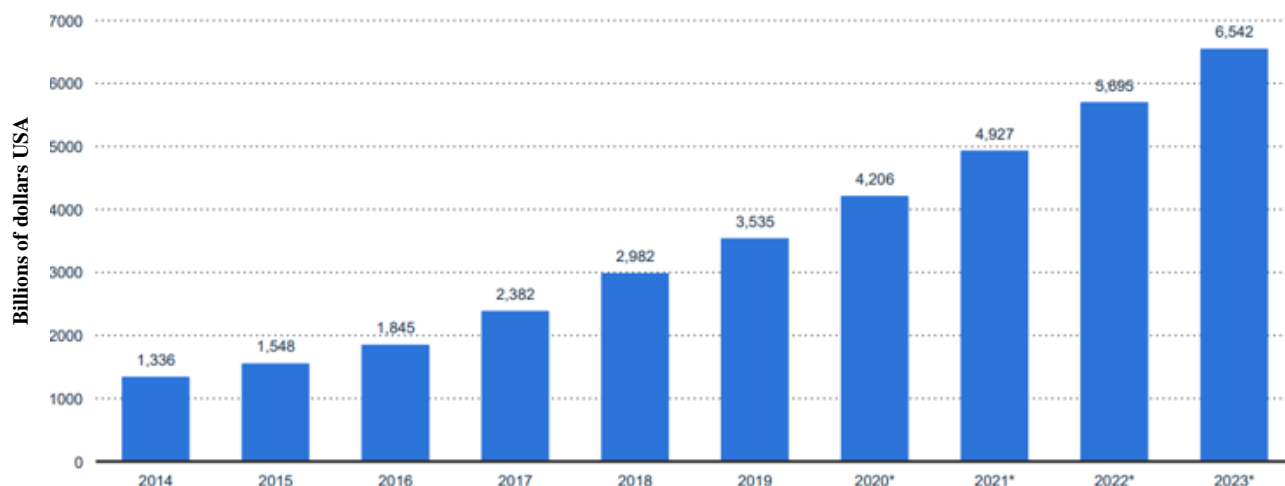


Fig. 1. Retail sales of e-commerce enterprises in the world in 2014-2023 (2020-2023 forecast), in billions of dollars USA

Source: (Statista, 2019c)

In all these cases, it is changes in technology that are the catalyst for the development of society (Merkulova, Lubenets and Yanholenko, 2019). Today's companies that adapt to these changes are forced to innovate and invest in the latest effective management strategies to adapt to both new technologies and the already fundamental market changes. Companies need to adapt because change is happening and will happen around them anyway.

According to the International Data Corporation (IDC, 2019), 85% of business decision-makers see the need to significantly advance the digital transformation in their companies over the next two years.

In this context, the transformation of enterprises in the e-commerce market means adaptation not only to new available technologies, but also to changes in customer expectations, changes in society and industry. In response to these changes, businesses need to become more customer-oriented, flexible, adaptable to new opportunities and efficient to remain competitive. Digital transformation is how they can grow to meet these expectations on a scale.

As businesses undergo digital transformation, they implement technologies, processes, and data to address traditional business challenges. These digitized strategies and new business models open up the potential for new

revenue streams, new partnerships, and broader brand reach.

Referring to the experience of e-commerce enterprises, which are directly affected by the digital transformation on the nature and intensity of their activities in both strategic and operational dimensions, it should be noted that digital business strategies continue to review traditional retail through multichannel capabilities that change boundaries between markets, online stores and traditional retail. In response, e-commerce companies create flexible commercial environments based on customer satisfaction.

Characterizing the world experience of e-commerce companies should show the state and trends of the largest of these companies – Amazon, which last year had:

- more than 5 billion goods annually shipped worldwide;
- more than 560,000 employees;
- More than 100 million users of Amazon Prime (paid subscription company), which receives more than 10 billion US dollars in subscription revenue annually (Moore, 2019).

Statistics show that mobile commerce, especially the use of mobile applications, is becoming increasingly important in the development of online sales strategies. Yes, Amazon is the leading mobile application for US online stores (Figure 2).

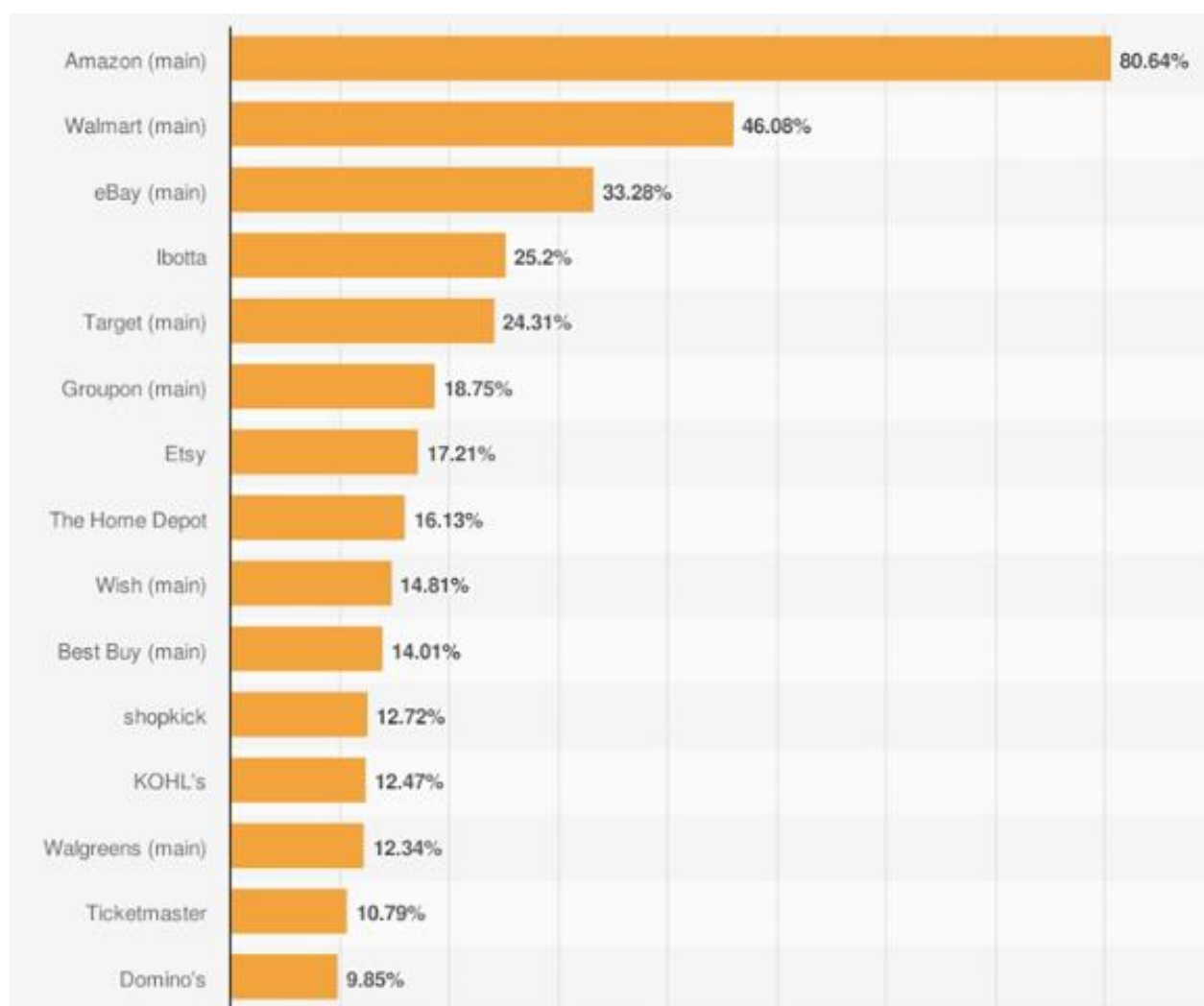


Fig. 2. The most popular mobile applications of e-commerce companies in the United States in 2019

Source: (Statista, 2019b).

The data show that Amazon's sales rose from \$ 135 billion to \$ 178 billion between 2016 and 2017 alone (Figure 3).

At the same time, Amazon identifies a list of development risks that are quite obvious to all retailers operating in the e-commerce environment (Moore, 2019), primarily related to international transactions:

- Local economic / political conditions. Every international relationship is subject to the nuances of ever-changing economic and political conditions. This includes geopolitical events such as terrorism and war.

- International rules in the field of e-commerce: from protective measures by governing bodies to taxes and export laws, it is important to monitor the risks associated with

international sales.

- Business licensing. Certain types of imports and exports may require certification, licenses, or permits. Failure to receive these documents can have negative consequences for business.

- Currency exchange restrictions: there are many restrictions on investment and/or restrictions on foreign exchange, as well as the value of the exchange rate.

- Linguistic / cultural differences. Understanding of linguistic and cultural differences is associated with a certain risk related to communication restrictions and misunderstanding of marketing and advertising ideas by the local population (or even complete rejection of them).

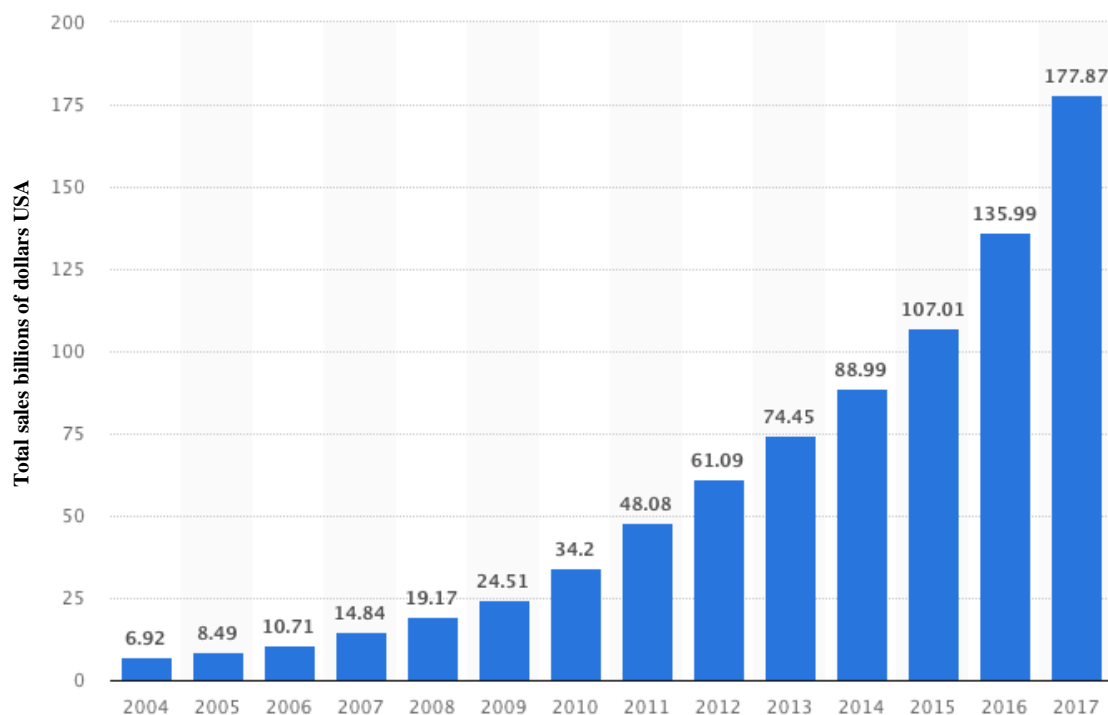


Fig. 3. Amazon's annual net income from 2004 to 2019

Source: (Statista, 2019a)

- Network neutrality and Internet access. Net neutrality and Internet access in general can pose a serious threat to the viability of e-commerce businesses that depend on an Internet connection. For example, China and India, in the case of Amazon, regulate sales through Amazon and its affiliates.

Along with the rapid growth, Amazon has had particular problems optimizing its data centers. This is an important issue for any fast growing online store. With this in mind, the company has identified the importance of an optimized infrastructure to help reduce delivery center costs and increase margins, and efficient logistics are crucial for shipping companies and other carriers. Because Amazon relies on third-party carriers to deliver parcels with its brand, it relies on cost-effective and reliable delivery and high-quality customer service based on a contractual agreement with clearly defined terms.

The rapid growth of Amazon's customer base involves intensifying the company's actions in the field of:

- demand forecasting;

- planning to increase the cost of delivery;
- minimizing the risk of site failure due to increased traffic;
- additional staffing.

The transformation of e-commerce has even resulted in a transformation in the shipping industry, where haulers are under increasing competitive pressure and are constantly improving their efficiency as consumers expect faster delivery of ordered goods via Amazon and other major online retailers. all over the world.

An example of successful European experience in managing an e-commerce company is C&A, a Belgian-German-Dutch chain of retail clothing stores that has been actively expanding its online business in recent years. C&A positions itself as one of the most sustainable and innovative clothing retailers in the world, offering quality, affordable clothing to 100 million customers each year. An interesting management decision of the brand is to focus on the environmental friendliness of production and sales, in particular, the company

offers a departure from the current model of "take, do, throw away" to a cyclical approach, in which nothing is spent on creating or disposing of clothing. C&A's goal is to foster innovation in the supply chain and deliver innovation from the cradle to the wider industry for far-reaching positive change. And in this sense, the activation of e-commerce is an important step towards achieving this goal (*Enterprise Europe Network, 2018*).

Chinese e-commerce platform Aliexpress – Alibaba's international online platform (aliexpress.com), launched in 2010, the main sellers on Aliexpress are small and medium enterprises in China. Products sold on Aliexpress include computers, communications and consumer electronics, clothing, furniture, clothing and car accessories (*Semerádová and Weinlich, 2019, p. 88*). Customer engagement strategies used on the Aliexpress platform include:

- translation services;
- online communication;
- flexible return policy;
- free delivery of some small packages;
- incentive registration programs (*Semerádová and Weinlich, 2019, p. 88*).

Taobao is an online platform of Alibaba C2C (taobao.com), which was founded in May 2003. As of August 2018, there are 634 million active monthly users and 576 million active annual users. Gross sales of Taobao goods reached 428 billion US dollars in fiscal year 2018. Taobao is the largest online market in the world (*Semerádová and Weinlich, 2019, p. 85-86*).

Taobao's success is due to its customer engagement strategies:

1) Taobao transactions are supported by its unique communication application TradeManager, which allows instant communication between buyers, sellers and market managers; Taobao also supports live chat, making it easy to communicate between sellers and buyers;

2) Although most stores on Taobao have a similar design, a personalized store is also supported, allowing sellers to customize their stores to attract specific customers; Taobao

also provides data on purchasing trends to its sellers through the Taobao Index service, which allows sellers to better navigate the consumer market with certain products at certain times or during certain events;

3) With the support of Alipay (Alibaba payment system), the buyer's payment is transferred to a third party – first to the Alibaba account, after the goods are delivered and confirmed by the buyer, the payment is transferred from Alipay to the seller's account. This mechanism provides higher efficiency of delivery and quality control of goods (*Semerádová and Weinlich, 2019, p. 86-87*).

Taobao has also implemented other strategies to attract customers, such as working with commercial TV channels to create programs to promote their stores and products to customers, the introduction of VR (virtual reality) shopping in some stores (*Semerádová and Weinlich, 2019, p. 86-87*).

At the same time, for example, emerging technologies on a global scale, such as virtual reality and e-commerce chats, are still not popular with small businesses due to the lack of a proven return on investment in the near future. Instead, small and medium business owners plan to use channels and tactics such as social advertising (51%), SEO improvements (46.28%) and e-marketing (40.27%) to stimulate revenue growth (*Wallace, 2019b; Meyer, 2019*).

The figures below show the percentage of SMEs surveyed who believe that each online channel or tactic will be a major factor in revenue growth:

- Social advertising – 51%;
- SEO – 46.28%;
- Postal marketing – 40.27%;
- Website redesign – 31.98%;
- Google Shopping – 24.86%;
- Sales on Amazon – 19.46%;
- Sales on eBay – 15.22%.

In addition, 73.23% of small and medium-sized businesses are considering expanding sales to Amazon or Ebay (*Wallace, 2019c*).

In fact, survey data show that almost 80% of SMEs view social media sales as a proven

strategy to increase revenue. In particular, 75.62% believe that Facebook and Instagram have the greatest potential for growth; 49.11% believe that only Instagram has the highest potential for growth; 14.41% believe that Pinterest has the highest potential for growth; 9.43% believe that other channels (such as YouTube) have the highest potential for growth; 0.53% believe that Snapchat has the highest potential for growth (Wallace, 2019a).

6. Conclusions.

Thus, the features of the world experience in the management of e-commerce enterprises as subjects of innovative

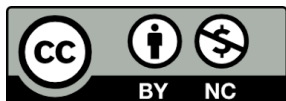
entrepreneurship, according to the author, are the focus on the introduction of the latest technological solutions and modern management approaches that create more opportunities for:

- increasing the speed of interaction with customers, reducing the duration of interaction during the selection and execution of orders and delivery times;
- reduction of transaction and overhead costs of the e-commerce enterprise;
- increase the consumer's choice (payment options, delivery methods, product range, etc.).

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